REPUBLIC OF MOZAMBIQUE

AFRICAN PEER REVIEW MECHANISM

MOZAMBIQUE SECOND COUNTRY REVIEW REPORT

FEBRUARY 2019

COUNTRIES PARTICIPATING IN THE AFRICAN PEER REVIEW MECHANISM (APRM) AND APR PANEL OF EMINENT PERSONS

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Professor Mahamoud Khayal, from Chad, representing Central Africa

(Member)

Ambassador Ombeni Sefue, from Tanzania, representing Eastern Africa (Member)

Bishop Dinis Sengulane, from Mozambique, representing Southern Africa (Member)

Professor Augustin Loada, from Burkina Faso, representing West Africa (Member)

Hon. Fatima Karadja, from Algeria, representing Northern Africa (Member)

Ambassador Omar Mona Attia, from Egypt, representing Northern Africa (Member leading the Mozambique Review process)

Professor. Al Amin Abu Manga, from Sudan, representing Eastern Africa (Member)

APRM Secretariat

Professor Eddy Maloka,
Chief Executive Officer
P.O. Box 1234, Halfway House 1685
Midrand, South Africa
Tel: +27 +11 2563400/1http://www.aprm-au.org

ACKNOWLEDGEMENTS

The APR Panel of Eminent Persons welcomes esteemed readers to the second APRM Country Review Report of Mozambique, and further expresses its profound gratitude to the President of the Republic of Mozambique, H.E. Filipe Nyusi, for his leadership and openness in the conduct of the peer review of Mozambique. The Panel congratulates members of the Mozambique APRM Focal Point, Hon. Adriano Maleiane, who is the Minister of Economy and Finance, as well as Professor Lourenço do Rosário, the Chairperson of the APRM National Forum and his team, who worked relentlessly to produce a thorough Country Self-Assessment Report that, through wide consultations, successfully canvassed the views of a large number of Mozambicans in civil society, media, the private sector and government. We are grateful for their relentless efforts in that Mozambique is the only Member State in Southern Africa that has completed a second APRM governance review. Mozambique now joins Kenya and Uganda as APRM states that have so far undergone this second cycle of review.

The APR Panel extends its gratitude to all stakeholders who interacted with the Country Review Mission. These included representatives and officials of various State Institutions, Ministries and Agencies including the Ministries of Labour and Social Community, Interior, Foreign Affairs, Defence, Health, Justice and Constitutional Affairs, Education, Youth and Sports, Human Rights Commission and Anti-Corruption Agency etc.

The Panel also appreciates all stakeholders for the efforts of other various stakeholders among which are the representatives from the private sector, civil society organisations, NGOs, women groups, and political parties. Special mention goes to the media for the crucial role they played in creating awareness about the APRM process in Mozambique. Above all, we are grateful to all the people of Mozambique for their effective participation in the sessions organised for the review mission.

The Panel also thanks the members of the Mozambique Country Review Team (CRT), led by Ambassador Omar Mona Attia, who made the review a success. The CRT comprised of 14 African Consultants and experts from more than 10 Member States of the African Union. The team who included Professor Jinadu Adele (Nigeria), Professor Koffi Opoku (Ghana), Professor Mutiu (Nigeria), Mr. Terry Tselane (South Africa), Mr. Pierre Demba (Chad), Dr. Mutuma Ruteere (Kenya) held fruitful meetings with the President of Mozambique, H. E Filipe Nyusi, the Prime Minister, Rt. Hon. Carlos Agostinho do Rosário, Speaker of Parliament, Rt. Hon. Verónica Nataniel Macamo Dlovo and members of Parliament, Heads of Government Ministries and Agencies, Leaders of Political Parties, as well as civil society, Women, Youth and private sector representatives in meetings in Maputo as well as three regional provinces across the country, namely Zambezia, Nampula and Gaza.

Finally, the Panel thanks Mr. Ferdinand Katendeko who coordinated the Mission, and assisted by members of the APRM Secretariat, namely Mr. Valery Yao Yao (DPG), Ms. Ejigayhu Tefera, (EGM), Mr. Hugues Manzila (CG) Ms. Karabo (SED), Ms. Virginia Mudhokwani (Logistics and Finance) and Ms. Liziwe Masilela (Communications), for the work well done.

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Map of the Republic of Mozambique

Source: Country Self-Assessment report

Country Information[1]

Location	Southern Africa, towards the Indian Ocean coast, with more than 2000 km coastline, Mozambique shares land borders with 6 countries: Swaziland, South Africa, Zimbabwe, Zambia, Malawi, and Tanzania.
Total area	799.380 km2
Climate	Inter-tropical with two seasons, (wet/hot and dry/cool)
Date of Independence	25 June 1975
Official language	Portuguese
Constitution	1990
Legal system	Based on the Portuguese civil code and customary law
Executive	President: Filipe Jacinto Nyusi (from 15 January 2015) Prime Minister: Agostinho do Rosário (from 15 January 2015) Elections: president elected by popular vote for a five-year mandate (eligible for reappointment); last elections were held on 15 October 2014 (next elections will be held in October 2019); Prime Minister appointed by the President Electoral results: Filipe Jacinto Nyusi (57,03%); Afonso Dhlakama (36,61%); Daviz Simango (6,36%)
Legislative	Parliament (250 seats; members elected by secret ballot based upon proportional representation, for five-year mandates). FRELIMO has 144 seats, RENAMO 89; MDM 17
Judiciary	Supreme Court (final Courts of appeal, some judges are professionals appointed by the President); other courts include the Constitutional Court, Administrative Court, Customs, Labour, and Maritime Courts
Currency	Metical

[1] Source: Country Self-Assessment Report

Exchange rate MT/USD, annual average, 2018	60.6 MT)
Common native languages	16
Population	28, 8 million inhabitants, 48% Male e 52% Female. Population growth rate 2.5% and projections indicate that by 2030 the country will have approximately 36 million inhabitants. Urban population represent 38% of the total population.
Population density	36,1 inh. /km2
Life expectancy at birth (years)	54,6
Infant mortality rate (per live 1000 births)	75,9 %
Crude birth rate	41,6%
Population growth rate	2,6%
HIV/AIDS prevalence (15-49 years)	13,2%
Illiteracy rate (2017)	44,9 %
Proportion of seats occupied by women in Parliament	39,6 %
Unemployment rate (population 15 years of age and over 2017)	25,04 %
GDP per capita (2017)	415, USD
GDP (real growth 2017)	3,7 %
Net international reserves, 2017	2,300 million USD
Current revenue, 2017, (% GDP)	12.5%
Stock of external debt, 2017	661,000 million USD)
Annual inflation, 2017	15,11 %

Source: Country Self-Assessment report

Main Macroeconomic Indicators of Mozambique[2]

	2010	2011	2012	2013	2014	2015	2016	2017
General macroeconomic indicators								
GDP (Meticais)	345 216,80	384 999,84	424 262,97	470 472,69	526 495,00	591 677,00	689 213,00	808 815,00
GDP growth (%)	6,7	7,1	7,2	7,1	7,4	6,6	3,8	3,7
GDP per capita (MT)	15 399,86	16 703,09	17 900,86	19 308,49	21 024,54	22 997,48	26 083,22	29 814,18
Exchange Rate (vs USD)	32,98	29,06	28,23	29,91	30,69	38,28		
Inflation (Headline)	12,4	11,2	2,6	4,3	2,6	3,6	19,9	15,1
Interest rate (%) Lending rate	24,2	30,9	26,7	28	28	27,8	31,7	35
Exports (% of GDP)	0,7	0,8	0,9	0,9	0,7	0,6	0,5	0,6
Imports (% of GDP)	1,0	1,4	1,9	1,8	1,5	1,3	0,7	0,6
Public Finance management								
Government expenditure MT	107 085,48	127 935,18	145 245,27	182 190,53	227 049,10	200 490,90	220 626,90	247 265,70
Government revenue – Meticais	63 566,12	81 099,76	98 476,60	126 318,80	156 336,00	155 893,00	166 285,10	192 363,30
Government cost of borrowing Meticais (interst payments due)	2 672,90	3 501,00	4 125,40	3 969,70	5 192,90	7 621,90	16 308,90	18 019,60
Fiscal deficit including grants Meticais	-14 316,12	-26 629,11	-22 127,52	-26 310,63	-52 977,00	-18 887,80	-23 699,80	-19 782,20
Fiscal deficit % of GDP (Budget Deficit (incl Grants) / GDP)	-3,4	-6,3	-5,2	-5,6	-10,1	-3,2	-3,4	-2,4
Public Debt (% of GDP)	40,99	38,94	39,07	43,09	48,88	73,05	101,81	81,77
External Debt (% of GDP)	38,7	32,9	35,0	36,9	44,4	54,6	89,1	
Tax revenue - Meticais	63 566,12	81 099,76	98 476,60	126 318,80	156 336,00	155 893,00	166 285,10	192 363,30
Tax revenue as a percentage of GDP	20,2	22,2	23,2	26,8	29,7	26,3	24,1	23,8
Trade statistics								
Imports values $million	3 512,43	5 367,58	7 903,06	8 479,53	7 951,66	7 576,56	4 732,90	5 223,09
Exports valus $ million	2 333,25	3 118,27	3 855,57	4 122,60	3 916,43	3 413,27	3 354,94	4 725,30
Current account USD	-1680,0	-3385,0	-2213,6	-6253,4	-5797,1	-5967,9	-3846,0	-2585,5
Current Account (% of GDP)	-0,5	-0,9	-0,5	-1,3	-1,1	-1,0	-0,6	-0,3
Balance of payment $				-396	106	678,4	461	-1091,3
Other Indicators								
Foreign direct investment, net (BoP, current MT)	2 531 661,75	3 558 543,61	5 629 409,70	6 175 124,64	4 901 790,09	3 866 831,99	3 093 429,23	2 293 088,45
Investment " IDE" (annual variation in %)	281,8	140,6	158,2	109,7	79,4	78,9	80,0	74,1

[2] Source: Government of Mozambique

International Reserves (USD)	713 149,60	712 082,70	810 250,30	930 021,80	1 153 121,70	1 167 145,10	1 373 879,20	1 615 346,90

External macroeconomic factors 2010-2017

USD millions, unless otherwise indicated	2010	2011	2012	2013	2014	2015	2016	2017
External debt stocks	4,130.80	4,648.50	5,489.80	8,517.40	9,450.00	10,344.70	10,705.30	12,009.90
Long-term external debt	3,170.00	4,031.70	4,792.60	7,447.70	8,685.30	9,192.60	9,681.90	10,628.20
Public and publicly guaranteed	3,170.00	4,031.70	4,792.60	7,447.70	8,685.30	9,192.60	9,681.90	10,628.20
Foreign direct investment	410.1	1,402.00	216	959	553.2	1,128.10	805	668
Exports of goods, services and primary income	2,712.90	3,668.30	4,780.70	4,902.40	4,769.20	4,248.40	3,873.90	5,548.30
Imports of goods, services and primary income	5,220.20	8,001.30	12,609.40	12,576.70	11,938.70	11,018.20	8,240.40	8,771.40
Current account balance	-1,679.40	-3,328.90	-6,790.00	-6,253.40	-5,797.10	-5,967.90	-3,846.00	-2,585.50
International reserves	2,159.40	2,468.80	2,770.20	3,142.30	3,010.00	2,411.40	2,022.50	3,179.20
External debt stock to exports (%)	152.3	126.7	114.8	173.7	198.1	243.5	276.3	216.5
Concessional to external debt stocks (%)	72	78.9	77.6	63.9	65.5	64.4	66.8	67.1
Multilateral to external debt stocks (%)	52.5	52.7	50.6	37.9	35.4	34.4	34.5	33.7
Reserves to external debt stocks (%)	52.3	53.1	50.5	36.9	31.9	23.3	18.9	26.5

Source: World Bank, International debt statistics accessed on 26 November 2018 on http://datatopics.worldbank.org/debt/ids/country/MOZ#

Abbreviations and Acronyms

ACDEG:	African Charter on Democracy, Elections and Governance
ACHR:	Advisory Council on Human Rights
ACP :	African Caribbean and Pacific
AfDB :	African Development Bank
AGOA:	African Growth and Opportunity Act
AIDS :	Acquired immune deficiency syndrome
APIEX:	Agency for Investment and Export Promotion
APR :	African Peer Review
APRM :	African Peer Review Mechanism
AU:	African Union
AVACYEP:	Agriculture Value Chain and Youth Empowerment Project (AVACYEP)
BDV:	Brussels Definition of Value
BICA:	Business Integrity Country Agenda
BIPAC:	Business Integrity Pact against Corruption
BVM:	Mozambique Stock Exchange
CAADP:	Comprehensive Africa Agriculture Development Programme
CBS :	Central Bureau of Statistics
CEDAW:	Convention on the Elimination of All Forms of Discrimination
CEO :	Chief Executive Officer
CFC:	Committee of Food Security
CIP:	Centre for Public Integrity
COMESA:	Common Market for Eastern and Southern Africa
CNAQ:	High Education National Council for Assessment and Quality Control
CNE:	National Electoral Commission
CPA:	Comprehensive Peace Agreement
CPC:	Community Scorecard
CPI :	Consumer Price Index
CPI:	Investment Promotion Centre
CRC:	Citizens' Scorecard
CRM :	Country Review Mission
CSAR :	Country Self-Assessment Report
CSO :	Central Statistics Office
CSO:	Civil Society Organizations
CSR :	Corporate Social Responsibility
CSSDCA:	Conference on Security, Stability, Development and Cooperation in Africa
CTA	Confederation of Economic Associations
DAL:	Dal Group
DILS:	Diagnostic Trade Integration Study
ECOSOCC:	Economic, Social and Cultural Council (of the AU)
EIB :	European Investment Bank
ERB :	Employment Rights Bill
ESC NED :	Electoral Supervisory Commission National Elections
ESP:	Economic Salvation Programme
EU :	European Union
FAO :	Food and Agricultural Organization of the United Nations

FARE:	Economic Rehabilitation Support Fund
FAT :	Free Trade Agreement
FDA:	Agriculture Development Fund
FDI:	Foreign Direct Investment
FDD:	District Development Fund
FFP:	Fisheries Development Fund
FFPI:	Small Industries Development Fund (FFPI)
FGM:	Female Genital Mutilation
FIU:	Financial Information Unit
FPTP :	First past the Post
FSL :	Food Security and Livelihood
GAMC	Women and Children Victim Assistance Units
GAZEDA	Economic Accelerated Development Zones
GCCC:	Central Office for Combat against Corruption
GoM	Government of Mozambique
GDP :	Gross Domestic Product
GFMS:	Government Financial Management System
GMC:	Government Musharka Certificate
GNDI:	Gross National Disposable Income
GNI :	Gross National Income
GNP:	Gross National Product
GOFR:	Government Overall Financing Requirement
HAC :	Humanitarian Aid Commission
HDI :	Human Development Index
HIPC:	Heavily Indebted Poor Countries
HIV :	Human Immunodeficiency Virus
HRC:	Human Rights Commission
HRDC :	Human Resource Development Council
HSGIC	Heads of State and Government Implementation Committee
IAS :	International Accounting Standards
ICAC :	Independent Commission Against Corruption
ICAO:	International Civil Aviation Organization
ICS:	Institute for Social Communication
ICT :	Information and Communication Technology
IDF:	Import Declaration Form
IDPs :	Internally Displace People
IFAD :	International Fund for Agricultural Development
IFFs:	Illicit Financial Flows
IGEPE:	Institute for Management of State Participation
IGS:	Office of the General Inspectorate of Insurance
ILO :	International Labour Organization
IMF :	International Monetary Fund
IOMdz:	Mozambican Institute of Directors
INC:	Interim National Constitution
INEFP:	National Institute for Employment and Professional Training
INGC:	The National Institute of Disaster Management
IOM:	International Organization of Migration

IPEX:	Export Promotion Institute
IPCG:	Portuguese Institute of Corporate Governance
IPSAS:	International Public Sector Accounting Standards
LDC:	Less Developed Country
MDG :	Millennium Development Goal
MDGs:	Millennium Development Goals
MEF:	Ministry of Economy & Finance
MITESS:	Ministry of Labour, Jobs and Social Security
MAFS :	Ministry of Agriculture and Food Security
MPD:	Ministry Planning & Development
MoH :	Ministry of Health
MoI:	Ministry of Industry
MoM:	Ministry of Mining
MoU:	Memorandum of Understanding
MOZEFO:	Economic and Social Forum of Mozambique
MP :	Member of Parliament
MTFF:	Medium Term Fiscal Framework
NA:	National Assembly
NAG:	National Advisers Group
ND:	National Dialogue
NBHS:	National Baseline Household Survey
NCC :	National Children's Council
NCCG :	National Committee on Corporate Governance
NCSP:	National Council for Strategic Planning
NCW :	National Council of Women
NEC:	National Elections Commission
NEPAD :	New Partnership for Africa's Development
NGO :	Non-governmental organization
NHRC :	National Human Rights Commission
NNP :	National Nutrition Policy
NPC :	National Wage Council
NPC:	National Population Council
NPF :	National Pension Fund
NPLs:	Non-Performing Loans
NPOA:	National Plan of Action
OAU :	Organization of African Unity
OCAM:	Mozambican Association of Accountants and Auditors
OCHA :	United Nation Office for Coordination of Humanitarian Affairs
ODA:	Official Development Assistance
OECD:	Organization for Economic Co-operation and Development
OIC:	Organization of Islamic Cooperation
OSCI :	Objectives, Standards, Criteria and Indicators (of the APRM)
PFM:	Public Financial Management
PHC :	Primary Health Care
POCA :	Prevention of Corruption Act
PRA:	Participatory Rapid Appraisal
PRGF:	Poverty Reduction &Growth Facility

PRS :	Poverty Reduction Strategy
PRSEIE:	Corporate Social Responsibility Policy
PSC :	Public Service Commission
PWA	Persons with Albinism
PWDs	Persons with disabilities
RBB :	Results-based Budgeting
RDI :	Relative Development Index
SDGs:	Sustainable Development Goals
SED :	Socioeconomic Development
SFDRR:	Sendai Framework for Disaster Reduction (2030)
SME :	Small and Medium Enterprises
SMPs :	Strategy for Macroeconomic Stability
SOE :	State-Owned Enterprise
SRC:	Strategic Reserve Corporation
STAE	Technical Secretariat for Electoral Administration
SWOT:	Strengths, Weaknesses, Opportunities, and Threats
TFA:	Transitional Financial Arrangement
TOR :	Term of Reference
TSA:	Treasury Single Account
TWG :	Technical Working Group
UN :	United Nations
UNAIDS :	United Nations Programme on HIV/AIDS
UNAMID:	United Nations African Mission in Darfur
UNCAC :	United Nations Convention against Corruption
UNCTAD :	United Nations Conference on Trade and Development
UNDAF:	United Nations Development Assistance Framework
UNDP :	United Nations Development Programme
UNECA :	United Nations Economic Commission for Africa
UNESCO :	United Nations Educational, Scientific and Cultural Organization
UNFPA:	United Nations Population Fund
UNHCR:	United Nation High Commission for Refugees
UNICEF:	United Nations International Children’s Emergency Fund
UNODC:	United Nations Office on Drug and Crime
URESS:	Unit for Reform of the Health Sector
USA :	United States of America
USD :	United States dollar
VAT :	Value-added Tax
WASH:	Water, Sanitation and Hygiene
WB :	World Bank
WFP :	World Food Programme
WHO :	World Health Organization
WGI:	World Bank Governance Indicators
WIPO :	World Intellectual Property Organization
WTO :	World Trade Organization
WTTC:	World Travel & Tourism Council

Executive Summary

The APRM Process

Mozambique was one of the pioneer countries to accede to the African Peer Review Mechanism (APRM) in March 2003 and the Government subsequently established the APRM National Secretariat, including the formation of the National Forum, and the four thematic Committees.

In 2004, an Advance Mission was fielded to advise on the formation of the APRM National Structures. However, the process awaited the election and eventual swearing in of President Armando Guebuza in February 2005.

The President then appointed Hon Aiuba Cuereneia, Minister of Planning and Development as the APRM Focal Point, to coordinate the APRM process in the country.

APRM implementation in Mozambique came into operation in July 2007, and was characterised by wide citizen participation, process promotion, dissemination, civil society mobilisation seminars, either contributing in the interviews, focal groups discussion, and taking part in household surveys in the whole country, which culminated into the writing of the first Country Self-Assessment Report (CSAR). This report was validated at the national level by different validation seminars held in all provincial capitals, hence paving the way for an external review Mission.

From 7 to 22 February 2008, the Country Review Mission led by Amb. Bethuel Kiplagat, the then Lead Panel member for Mozambique, visited the country and interacted with the former President of the Republic, H.E Armando Guebuza, who launched the Mission. The Review Mission further interacted with government agencies, NGOs, CSOs, the private sector, religious bodies and even visited provinces to validate information given in the CSAR.

This review process was completed with the presentation of the first Country Review Report in July 2009 in Sirte, Libya, at the XI Heads of State and Government Summit of APRM member countries, which included recommendations by the APRM Panel of Eminent Persons, and the National Plan of Action (2010-2014).

The presentation and discussion of the first Country Review Report at the XI Summit of Heads of State and Government was followed by a process of dissemination of the said Report, together with the implementation of the APRM Panel of Eminent Persons' recommendations duly flagged in that report. In January 2014, Mozambique took part in the XX APRM Summit held in Addis-Ababa, Ethiopia, and presented its first progress report in the scope of APRM (2010-2012), which signalled not only the progress achieved in the construction of political, economic, legal and institutional foundations, aiming for Peace consolidation, national harmony, and economic development, but also short, medium and long-term key challenges in the country.

In January 2016, at the XXIV APRM Summit, Mozambique presented the second Progress Report (2014-2016) which shared the progress achieved in the various APRM thematic areas and its challenges. The report underlined the fact that these challenges can only be overcome in an environment of harmony, and permanent dialogue involving concerted efforts amongst Government institutions, civil society organisations, the private sector, faith-based groups, academia, and other social actors. Through the referred report, Mozambique reiterated its 2003 commitment at the time of accession, of translating APRM and NEPAD values, and principles into government practices reflected into the Rule of Law, wise economic, and corporate management, aiming at inclusive social, and economic development, strengthened by a continuous self-assessment, comprehensive, and participative process. By presenting the second Progress Report, Mozambique completed the first APRM cycle, opening up the way for the second review.

Subsequently, Mozambique hosted the Country Support Mission led by Ambassador Omar Mona Attia, member of the APR Panel, from 4 to 6 October 2017. During this Mission, H.E President Filipe Nyusi signed the Memorandum of Understanding (MOU) related to the Technical Assessment and the Country Review Visit. Amb. Omar Mona Attia signed the MOU on behalf of the APR Forum.

The APRM National Structures then embarked on a country-wide sensitisation on the APRM Process for the second Review. Different stakeholders, including the National Assembly, Government Ministries and Agencies, Women Groups, the Youth, Opposition Parties, CSOs, Institutions of Higher learning, Law Association, and the Media were sensitised, in preparation for the second review.

The second Country Review Mission (CRM) visited Mozambique from 10 to 26 November 2018 to carry out the widest possible range of consultations with the government officials, political parties, parliamentarians, academia, trade unions, faith-based organisations, private sector, CSOs, professional bodies and others, to learn about perspectives of the different stakeholders on governance in the country and to clarify the issues identified in the Issues Paper that were not taken into account in the Preliminary Programme of Action of the Country and to build consensus on how to address them.

The CRM comprised of the following:

- Amb. Omar Mona Attia, the APR Panel Member leading the process
- Designated officials from the APRM Secretariat, namely Mr. Ferdinand Katendeko, Mr. Valery Yao Yao, Ms. Karabo Chadzingwa, Ms. Ejigayhu Tefera, Mr. Hugues Manzila, Ms. Virginia Mudhokwani and Ms. Liziwe Masilela.
- Independent experts for each thematic area were as follows:
    - Democracy and Political Governance: Prof. Jinadu Adele, Dr. Mutuma Ruteere and Mr. Terry Tselane,
    - Economic Governance and Management: Dr. Mutiu Onyinlola,
    - Corporate Governance: Prof. Koffi Opoku, and
    - Socio-Economic Development: Mr. Pierre Demba.

The CRM held meetings with the Chairman of the National Forum, Prof. Lourenço do Rosário and his team, the Focal Point, Hon Adriano Maleiane, the APRM National Secretariat and the Technical Research Institutes that drafted the CSAR in order to ascertain its validity and the APRM process in the Country. The CRM also met with the Speaker of the National

Assembly, members of the Assembly, the Leaders of the main Political Parties, FRELIMO and RENAMO.

The CRM further met representatives of Government Ministries and Agencies, including the Ministry of Foreign Affairs, Ministry of Interior, Ministry of Defence, Transport and Communication, Ministry of Land, Environment and Rural Development, Ministry of Labour, Jobs and Social Security, Judicial Service Commission and Human Rights Commission, among others, to exchange views on Governance and the Socio-Economic Development of Mozambique as well as its challenges. Meetings were also held with Civil Society Organisations and the Private Sector.

The CRM divided itself into sub-teams, and accompanied by the members of the National Forum and, visited the Provinces of Mozambique from 18 to 23 November 2018, and met State representatives and non-State stakeholders from the following three provinces:

- Zambézia for Central Provinces,
- Nampula for Northern provinces,
- Gaza for Southern Provinces.

After meeting all stakeholders in the country, the CRM compiled this report and summarized as follows:

- Chapter One: This Introductory chapter;
- Chapters Two to Five present the Review Mission findings for the key issues identified by the Country Review Mission under the four thematic APRM pillars; and
- Chapter Six is a general conclusion, summarising and analysing commendable practices as well as cross-cutting issues

Summary of findings in the key Thematic Areas

Standards and Codes

Mozambique has signed and ratified some international and African standards and codes on Governance. However, the country has not signed or even ratified the Optional Protocol on the Elimination of All Forms of Discrimination against Women. Mozambique has also not ratified the protocols relating to the Right to Development (1986) and Sustainable Development Goals (2002). Furthermore, Mozambique has also yet to ratify the Southern African Development Community's (SADC) Protocol on Gender Equality and the Convention on Disability. This is ironic, given that females comprise 52 per cent of the country's population and the number of disabled people is high as a result of the 16-year civil war.

The CRM noted that in some cases, the dates of ratification of certain international instruments are not provided. There is a general lack of awareness and understanding among stakeholders of the various codes and standards to which the Government is a Party. Major factors that hinder the dissemination of information on the ratified standards and codes are the high rates of illiteracy and the weak mastery of the Portuguese language across the country. As a result, Mozambique's level of implementation of international instruments is not open to public scrutiny. There is also a lack of information on the depository of ratified and domesticated standards and codes.

That notwithstanding, the implementation of these standards and codes has reached an advanced stage in Mozambique, as they have been mainstreamed in key political and socioeconomic programmes and strategies, such as Agenda 2025, PARPA, the PQG and the annual Economic and Social Plan (PES).

Democracy and Political Governance

Elections and competitive party and electoral politics

Mozambique has made considerable progress since 2010 towards addressing and muting the weaknesses identified in the conduct of elections and in the country's competitive party and the electoral process. For example, the country's electoral law was amended ahead of the 2018 Municipal Elections to make for the reconstitution of membership of Electoral Commission (CNE) and Administrative Secretariat (STAE) at the national, provincial and district levels.

The political space for competitive party and electoral politics have been opened up since the adoption of the 1990 Constitution of Mozambique. The recent amendments to the electoral law and the freedom of expression about complaints to the Electoral Commission, point to another decreasing trend in terms of representation of political parties in Parliament, with the growing hegemony of one political party, FRELIMO, and continued fractionalisation of RENAMO, partly brought about by the unfinished leadership succession process. Nevertheless, the competitiveness of the party and elections also shows another trend, the growing dissatisfaction with and the dropping of popularity of the ruling party in Northern Mozambique, in particular.

Separation of Powers

Following its separate consultations with Parliament and the Judiciary, and with other stakeholders in Maputo and in the Provinces, the CRM was left in no doubt that the Judiciary and Legislature lack the combination of the administrative, human, financial, and infrastructural capacity that is necessary for them to exercise and undertake their respective constitutional countervailing and oversight powers and functions under the separation of powers effectively. For example, during its consultations with the Judiciary, the CRM was informed that one major reason for the backlog of cases in court was the human and related financial and infrastructure capacity deficits. The CRM heard similar observations of human resource and financial resource deficits in the Assembly of the Republic.

Sustainable Peace Building

After the politico-military tension in between 2013 and 2017, the country has made important progress in consolidating peace, mainly due to the ongoing negotiations for the involvement of the former RENAMO soldiers in the Defence and Security Forces, de-reparation and disarmament of RENAMO and de-partisanisation of the Public Administration and the reduction of conflicts of interest on the part of the civil servants that is intended to ensure through the Public Probity Law approved in 2012. Despite these efforts, the CRM heard the prevalence of allegedly politically motivated intimidation, violence and killings, which constitute a major threat to peacebuilding. Furthermore, there were reported attacks on the populations of a Coastal Northern Province of Cabo Delgado of Mozambique, where gas has recently been discovered. Sustainable peacebuilding requires the country to address the main sources of conflicts in order to protect its population.

Realisation of Women's Rights

The CRM observed that Mozambique had made commendable progress in the participation of women in key decision-making processes, with women accounting for 37.2 per cent of seats in Parliament. It also noted that the FRELIMO party that has been in power since independence in 1975, has put in place quotas to ensure increased participation of women and youth. The CRM, however, noted that the participation of women was more limited in lower levels such as school councils and community councils. Local traditions and customs, as well as poverty and illiteracy, constrained their participation at these lower levels.

Protection of the Rights of Children

Mozambique has continued to make appreciable progress in ensuring enrolment of children into primary education, with the net enrolment rate standing at 84.4% in 2017. There does not appear to be a major disparity in the net enrolment between girls and boys. In some of the consultations in the provinces, the CRM heard that enrolment rates for girls are higher than that of boys in some regions. The major challenge that was highlighted by the CSAR, and confirmed during the CRM consultations, was the high dropout rate before completion of primary education.

Management of Diversity

Despite Mozambique's strong economic performance and two decades of peace and political stability, prosperity has not been inclusive. Mozambique, similar to most African states has experienced serious challenges in addressing inequalities and social inclusion. Economic growth has had limited reach to some of the most disadvantaged in society, including internally displaced persons (IDPs), the elderly, persons with disability (PWDs), persons with albinism (PWA) and refugees.

The CRM learnt that the unaccompanied children refugees, IDPs, the elderly, PWDs, PWAs, find themselves in a state of extreme vulnerability and risks, including the lack of access to educational opportunities. In tackling the challenges faced by these groups, Mozambique, as a post-conflict country, would provide these marginalised groups, who constitute a sizeable proportion of the Mozambican population, with equal opportunities.

Economic Governance and Management

In pursuit of good governance and transparency in financial management towards promoting growth, poverty reduction and shared prosperity, Mozambique has signed standards and codes concerning Economic Governance and Management. These include the AU Convention on Preventing and Combating Corruption (2003), UN Convention against Corruption (2003), AU Abuja Treaty establishing the African Economic Community (1994), and the AU Charter on Statistics. However, the CRM noted that the only Standards that do not need ratification adopted by Mozambique is the Extractive Industries Transparency Initiative (EITI) in 2012.

The CRM further noted that since the first review Report in 2010, Mozambique has made appreciable improvements. Despite this performance, there are still numerous challenges in the management of the economy. The challenges are highlighted below:

Macroeconomic management challenges

Mozambique's economic policies and performance are challenged with issues such as GDP growth sustainability, high inflation rate, exchange rate depreciation; fiscal strains, current account deficit, gross foreign exchange reserves, vulnerability to internal and external shocks. The CRM noted that the capacity of Mozambique to maintain stable and sustainable economic growth was challenged with the suspension of budget support by donor agencies in 2016, an action prompted by the discovery of a hidden debt in the same year. Earlier gains in the economy in the form of outstanding economic growth, single-digit inflation, stable and strong exchange rate were dampened as the trajectory of the economy takes a downturn. Thus, the Panel recommended a broad-based economic diversification and enshrine more openness in financial and fiscal matters.

Public finance management challenges

Mozambique further faces public management challenges such as high level of corruption, insufficient domestic resource mobilization, limited fiscal decentralisation and public debt. As service delivery and proper management of public funds are critical to the development of any country, Mozambique needs prudent financial management, ensuring accountability and transparency in the use of state funds for the benefit of the populace. The role of further domestic resource mobilisation through tax reforms and fiscal decentralisation are crucial in Mozambique.

Sectoral performance challenges

Mozambique depended on agriculture. However, the country is currently experiencing a structural change in its economy after the discovery of mineral resources. The significant decline of the agriculture sector poses the challenge of ensuring self-reliance in achieving and sustaining economic growth targets. Additionally, the country has not yet fully utilised the service sector, especially tourism as one of the major drivers of economic growth.

Business and domestic investment environment challenges

Mozambique has tailored policies towards creating an enabling environment to attract foreign investment. However, high-interest rate/ access to credit are key issues challenging the business development and investment in the country. To address these issues, the country is advised to implement the National Financial Inclusion Strategy (2016-2022) and SMEs friendly policies.

Corporate Governance

Mozambique has made tremendous efforts in adopting standards and codes. In this regard, the Mozambican Institute of Directors (IODMz) was established in 2007, with a mission to promote corporate governance in the country with principles aligned to international standards, specifically to the OECD and the Commonwealth principles. In 2011 the Corporate Governance Code of Mozambique was also launched.

The Institute for the Management of State Participation (IGEPE) has also developed a Corporate Governance Code for State-Owned Enterprises (SOE) and activities of these companies are governed by the Law No. 3/18 inspired by the international corporate governance standards. However, knowledge and application of Corporate Governance Code by Small and Medium Enterprises (SMEs) is limited. With the exceptions of the City of Maputo and Matola, there is an obvious lack of knowledge of the Code and the basic principles of Corporate Governance (CG). Information gathered during visits to Zambezia and Gaza provinces support the assertion by the 2010 CSAR report this fact.

Creating a favourable business environment

Mozambique has strived to create a conducive environment for businesses. The use of International Financial Reporting Standards and the increase in the number of banks are indicators of these efforts. However, the country needs to strengthen its strategies to address the issue of skilled labour shortage and embark on a further expansion of financial institutions to all provinces.

Transparency and accountability

The CRM observed that the country has strong anti-corruption legislation and established supporting institutions such as the Center for public integrity and the National Advisors Group just to mention a few. However, there are structural challenges obstructing the conduct of business with integrity in the country. The Panel recommends, among others, the strengthening of business ethics education and the introduction of International Standards for Public Sector Accounting.

Ensuring that organisations act as good corporate citizens

Though the country has approved several acts to promote corporate social responsibility, there are still pockets of violation of the rights of workers in companies. The CRM noted the limited applicability of CSR initiatives, especially from Mega Projects, despite the tax incentives granted by the Government.

Ensuring that companies treat stakeholders fairly and equitably (Minority shareholder protection)

Mozambique has undergone profound reforms in investor protection legislation. The CRM noted the dominance of men resulting in insufficient representation of women in companies' board.

Socio-economic Development

During the Country Review Mission, CRT identified four key issues, and these include (i) Policy formulation for sustainable development; (ii) Policy and capacity for social service delivery; (iii) Poverty and Inequality; (iv) Gender equality and women empowerment. They need further attention by the Mozambican government.

Policy formulation for sustainable development

The CRM noted that the consultation process for the strategic policy documents such Agenda 2025 was inclusive, as citizens were interested and contributed to policy formulation. However, their views were not adequately incorporated in final policies of the country.

Policy and capacity for social service delivery

Although Mozambique has performed well in health; education; water, sanitation and hygiene, energy, transport and communication and social protection, the country needs to improve services to adequately address the needs of the population.

Poverty and Inequality

The poverty headcount ratio in Mozambique, measured by $1.9 a day, has declined from 69.7% in 1996/7 to 46.1% in 2014/5. The CRM noted that the poverty reduction performance is uneven across the regions of the country. The CRM also noted that there are regional provincial inequalities. The demographic explosion that the country has registered is a cause for concern. Mozambican population almost doubled in the last decade, reaching more than 28 million people. This demographic evolution has not been positively reflected in socio-economic indicators, particularly in the reduction of poverty rates in the country. Moreover, in Mozambique, and in Africa in general, this exponential increase in the population has no relation to the level of development, but rather with customary practices. The Panel recommends to address poverty, inequality and family planning challenges in the country.

Gender Equality

The CRM noted the substantial advances made by Mozambique in women representation. However, they should be further empowered, especially through education in order to be equipped intellectually and have an equal chance to participate actively in the socio-economic development of their country.

Commendable Practices

Democracy and Political Governance

National Peace Dialogue

The Government of Mozambique and RENAMO, former rebel movement and Mozambique's largest opposition party, are confident of a breakthrough in the ongoing talks to end renewed terror that has led to deaths and thousands fleeing to neighbouring countries.

President Filipe Nyusi initiated a Peace dialogue with the late leader of RENAMO, Mr. Afonso Dhaklama to negotiate peace and settle their political differences. The Peace negotiations are still ongoing with the new leadership of RENAMO, which is expected to end political hostilities in the country.

Women representation

After the Fourth World Conference on Women in Beijing in 1995, the Government of Mozambique embarked on a series of initiatives aiming to accelerate and develop policies and systems for gender-related issues. Since 2002, the Government formulated the National Action Plans for the Advancement of Women and Gender Equality Policy and its Implementation Strategy (PGEI) to work on gender equality.

In Mozambique, women's political participation is generally very high. This high political participation may largely be attributed to the quota system of the ruling party, FRELIMO (The Liberation Front of Mozambique), but also to the government's effort to the strengthening of national machinery and policy-making towards gender equality and respect to women's rights since 2004. As a result, the political environment has been transformed and women have gained ground in political decision-making. Existing literature often perceives an increasing number of women in parliament and political decision-making positions as an effective tool to achieve gender equality and greater empowerment of women overall.

Economic Governance and Management

Domestic Resource Mobilisation

The revenue mobilisation system of Mozambique has undergone a series of reforms over the years, especially from 1998, which largely conforms to international best practices. The major reforms for domestic resource mobilisation include (i) the enactment of the value-added tax (VAT) in 1998; (ii) introduction of a new income tax system in 2002 which separated the tax on companies (Imposo sobre o Rendimento das Collectivas, IRPC) and individuals (Imposto sobre o Rendimento das Pessoas Singulares, IRPS); (iii) modernisation of the tax administration, tax simplification, and improvement of the tax culture; (iv) establishment of the Mozambique Tax Authority by the Law 1/2006; and (v) enactment of the General Law on Taxation, Law 2/2006; Customs law, Law 3/2007, Mining and Petroleum Laws, up to changes in the VAT Law, Corporate Income Tax ("IRPC") and Personal Income IRPS, all in 2007, and to the Simplified Tax for Small Taxpayers (ISPC) of Law 5/2009, which contributed to the recovery of the economy, especially after the suspension of budget support to Mozambique.

These measures have yielded a sharp increase in revenue even after the suspension of the budget support, which was about 17% of the GDP in 2010 and up to 27.5% of the GDP in 2014 before the decline to 24% in 2016. This ratio increased marginally to 25.1% of the GDP in 2017.

Mozambique's Timber Industry

Mozambique is one of Africa's top Timber exporters to China. Until the recent ban imposed on log export by the Ministry of Land, Environment and Rural Development (MITADER), the vast majority of timber produced in the country used to be exported unprocessed resulting in huge job creation and revenue losses.

CRM consultations in Zambezia and Nampula providences requested the government to continue enforcing such practices and encourage local value addition in the timber industry rather than simply ripping out logs or squared timber for export to China.

Corporate Governance

Improving business sector

The Confederation of Business/Economic Associations of Mozambique (CTA) is an umbrella organisation for 110 business association. The CTA does backstop for its members providing data and information to "lobby" the interests of the business community through focal persons in each ministry. The business community has a monthly meeting with the focal point person, a bi-monthly meeting with the Minister of Industry & Commerce , quarterly meeting with the Prime Minister and an annual meeting with the president of the Republic.

The CTA proposed the tourism visa concept to the Government, which has been adopted to boost tourism, and there are ongoing discussions on the local content law.

Socio-economic Development

Social protection

To alleviate poverty and protect the poor and vulnerable population, the Government of Mozambique has enacted the Law No. 4/2007 to provide for social protection. In addition, the Mozambican Ministry of Gender, Children and Social Welfare, together with the United Nations system, launched, on 23 February 2018 in Maputo, a "Joint Programme on Social Protection" for the next three years, budgeted at 18 million US dollars. The programme is intended to support the Mozambican government's capacity to carry out the second phase of the National Basic Social Security Strategy and to make its action plans operational. This is of significant importance since it will strengthen the government capacity to provide assistance for individuals and social groups living in poverty and vulnerability. This is intended to alleviate poverty and assist persons with disabilities (PWDs).

Youth employment initiatives in Mozambique

Mozambique has been making progress on the development of youth to further addresses the challenges of youth unemployment.
Since 2012, the Government has been implementing job promotion programmes for young people, such as the Financial Education Programme, entrepreneurial initiatives, and individual youths, small and micro enterprises. In 2016, the Job Market Observatory was created and is being consolidated to collect, analyse and disseminate job-market information and statistics that enable one to follow the trends in the labour market, especially employment, to guarantee that supply meets demand. The observatory is using its job market bulletin to disseminate information.

Through the National Institute for Employment and Professional Training (INEFP), the Government is implementing the Project for Improving the Model of Professional Education in Mozambique (2017 - 2021) with financing from Japan. Such incentives have brought more and better-trained candidates and entrepreneurs to the market. Due to such transversal and multisectoral efforts for employment, 10,249 recently trained young people with a talent for entrepreneurship had access to 3,524 toolkits for self-employment and, between 2015 and 2018, 1,190,200 jobs were created in Mozambique, of which 532,682 were held by women.

Cross-Cutting Issues

There are many cross-cutting issues identified in this report as featuring across the four thematic areas of assessment. By their character, these issues impact developments beyond any particular thematic area and deserve to be highlighted for consideration. These cross-cutting issues are Corruption, Youth employment, Environment and climate change. At its present level of political, social and economic development, Mozambique stands to gain a lot from giving needed attention to and addressing the highlighted cross-cutting issues.

Corruption

Corruption in Mozambique is perceived as a major problem by many people. Mozambique's capacity to prevent and control corruption is ranked by the World Bank Institute (2002) as one of the worst in the SADC region.

However, the country has created a Central Office for Combat against Corruption (GCCC), which has the Strategic Anti-Corruption Plan. This Ant-Corruption Plan is reinforced by Anti-Corruption Law no. 14/2012, by the Organic Law of the Public Prosecutor's Office No. 4/2017 and by the Law on Protection of Witnesses. The aim is to mitigate the spread of corruption.

In addition, the Country has taken concrete actions to promote business ethics among stakeholders. It has raised awareness about Corruption among the Institute of Board of Directors of Mozambique (IODMz). The IODMz has partnered with the Ethics Institute to promote regular business ethics events. These awareness campaigns are meant to create values and ethics against corruption.

Youth unemployment

The issue of youth unemployment is a common development issue across the African continent. The main factors driving youth unemployment in Mozambique are: a) the generalised lack of employment opportunities due to the underdevelopment of the national economy; b) high rates of population growth; c) Small private sector; d) low literacy and numeracy rates; e) poor quality of education and an education sector that equips young people with limited industrial skills. Attempts to address the problem of youth unemployment in Mozambique must, of necessity, examine how these factors are implicated in the phenomenon.

The government of Mozambique has embarked on a series of reforms geared towards addressing the issue of youth unemployment. These include the approval of a policy for youth employment; the approval of the Industrial Policy and Strategy 2016-2019, including the pillar for Development of Human Capital, the consolidation of the Reform of Professional Education, creation of the Fund for Skills Attraction, Training and Orientation; Financial Education Programmes for self-employment, savings, investment and financing entrepreneurial initiatives both in urban and peri-urban zones; and implementation of the

Project for Improving the Model of Professional Education in Mozambique (2017-2021), with financing from Japan. As a resul of all these efforts, 10,249 recently trained young people with a talent for entrepreneurship had access to 3,524 toolkits for self-employment and, between 2015 and 2018, 1,190,200 jobs were created in Mozambique, of which 532,682 were held by women.

Critical challenges to successfully implement these programmes include, among others, poverty, HIV/AIDS, illiteracy, discrimination against girl child and underdevelopment. It would be, therefore, necessary to design mechanisms for promoting sustained economic growth through employment-promoting strategies as well as creating opportunities for young people in rural areas.

Climate Change

The location of Mozambique gives great potentials the country for its economic development in terms of tourism and seaport provisions. Despite this, Mozambique's vulnerability to climate change is a function of its location and geography: large areas of the country are exposed to tropical cyclones, droughts (every three to four years) and river/coastal storm surge flooding. This vulnerability is heightened by the country's 2,470 km of coastline and socioeconomic fragility. More than 60 per cent of the population lives in low-lying coastal areas, where intense storms from the Indian Ocean and sea level rise put infrastructure, coastal agriculture, key ecosystems and fisheries at risk.

Furthermore, Mozambican is vulnerable to waterborne diseases affecting the local population due to its coastal location, with rivers and water masses. Although migration to urban areas is rising, two-thirds of the population still resides in rural areas with limited access to electricity, improved drinking water and sanitation. Forty-five per cent of the population lives below the poverty line and 70 per cent depends on climate-sensitive agricultural production for their food and livelihoods. Increased frequency and severity of intense storms, droughts and floods are likely to exacerbate these development challenges. For example, El Niño conditions in 2015–2016 caused the worst drought in 35 years, reducing food availability by 15 per cent. Food insecurity caused by the drought worsened in 2017 with Cyclone Dineo, which damaged crops and destroyed infrastructure.

However, the country has put in place institutional framework to mitigate climatic changes. For instance, the 2013–2025 National Strategy for the Adaptation and Mitigation of Climatic Changes, approved in 2012 and it is linked to the 2025 Agenda. In addition, a Climate Change Coordination Unit (Unidade das Mudancas Climaticas) was established in 2014. The unit developed a climate knowledge management hub run by the Mozambique Academy of Sciences, which also hosts an online course on adaptation and disaster risk reduction. Mozambique also established a climate and health observatory in 2016 to support evidence-based decision making.

The government elected in 2014 approved its five-year plan for 2015-2019, which includes climatic changes under its strategic objectives, and promises to (i) promote studies and research to reduce the risks from calamities and adaptation to climatic changes, and (ii) reduce the vulnerability of the economy and infrastructures to climatic risks and natural and anthropogenic calamities.

Internationally, these efforts are aligned with the ratification of the Paris Agreement adopted by the United Nations' Fourth Convention on Climatic Change; the Sendai Framework for Disaster Reduction (SFDRR 2030); and the Sustainable Development Goals.

That aside, the Government needs to mitigate these coastal challenges to maximise full potentials as a result of its coastal location. The Government needs to improve strategic planning mechanisms to address climate change as well as focusing on modern technologies in the responses to the impact of climatic change.

The National Programme of Action

"The primary purpose of the National programme of Action is to guide and mobilise the country's efforts in implementing the necessary changes to improve its state of Governance and socio-economic development. In addition, the National programme of action is the key input delivered by the country into the peer review, and it, therefore, serves to present and clarify the country's priorities; the activities undertaken to prepare and participate in the APRM; the nature of the national consultations; as well as to explicitly explain the responsibilities of various stakeholders in government, civil society and the private sector in implementing the programme" (NEPAD/APRM/Panel13/guidelines/11-2003/Doc 8 P10).

The Mozambican National Programme of Action (NPOA) is a major output of the country's review process. It accompanies the Country Self-Assessment Report (CSAR) and is, therefore, an integral part of the CSAR. The NPOA is detailed and has identified key priority areas the country seeks to address as presented in four thematic areas, namely the Democracy and Political Governance, Economic Governance and Management, Corporate Governance and Socio-Economic Development. The NPOA has prioritized the key issues within the thematic areas on which Mozambique is intending focus in order to avoid being over-ambitious. The estimated total amount required to implement the Mozambique NPOA is USD 27,714,471.5. To arrive at this figure, the required actions under each thematic objective were analysed and broken down into achievable tasks within a period of four years (2019 to 2024). The breakdown indicates that USD 5,220,409.5 will be allocated to Democracy and Political Governance, Economic Governance and Management will get USD 4,377,259.0; Corporate Governance will be allocated USD 887,295.0 while USD 17,229,508 will be committed to Socio-Economic Development.

Chapter one: Introduction

Historical Context and APRM process in Mozambique

1. This Chapter commences a historical and political overview of Mozambique, referring to current socio-economic dynamics, key issues, and new challenges in governance for sustainable development, followed by a brief outline of the APRM process in Mozambique.

2. Mozambique gained her independence from the Portuguese rule in 1975. Mozambique had been colonised by the Portuguese for about 490 years. After independence from Portugal, Mozambique entered into a 16-year civil war that ended in1992. Despite these years of socio-political turmoil, the country had been considered as the fastest growing non-oil economy in Sub-Saharan Africa from 1997 to 2014, with the growth averaging 7.5% per year. After these years of steady growth, Mozambique's economic performance has slowed down since 2015, declining to 3.3% in 2017. The outlook is modest, with growth projected to cool down further to 3.0% in 2018 and 2.7% in 2019. Mozambique's past high GDP growth was mainly based on large inflows of Foreign Direct Investment (FDI) mostly linked to natural resources exploitation; high levels of Official Development Assistance (ODA) averaging 89.2 US$ per capita (one of the highest Aid/GDP ratio in Africa)[3]; and strong growth in the agriculture sector.

3. It is worth noting that Mozambique also has been going through tough economic times since 2015. This has been brought on by the uncovering of hidden debts and subsequent cuts in foreign aid, and by lower international prices of the country´s main export products, such as coal and aluminium. This situation resulted in a steep depreciation of the local currency, the Metical (MZN), and an increase in the rate of inflation and the fiscal deficit. The crisis seems to have reached its peak in 2016. Despite a gradual economic recovery in 2017, the country still faces severe constraints, namely: lack of economic diversification, weak institutions, high costs of financing and weak infrastructure development that hinder private sector competitiveness, in particular, the Small and Medium Enterprises (SMEs).

4. The country faces numerous political as well as socio-economic development challenges. The economy is still dominated by exploitation of agricultural resources and mining. Growth driven by these sectors remains inadequate to reverse the negative trends in poverty, which still affects a vast majority of the population. In order to achieve inclusive economic growth for poverty reduction, the government recognized the need for good governance as a prerequisite for human security and political stability, sustainable economic growth and socio-economic development, and accelerated regional economic integration.

5. To this effect, Mozambique joined the African Peer Review Mechanism (APRM), which was established during the meeting of the Heads of State and Government Implementation Committee (HSGIC) of the AU held in Abuja, Nigeria, in March 2003. Mozambique, therefore, became one of the pioneer countries that acceded to the

[3] AfDB Statistics Department, and National Institute of Statistics

APRM in March 2003 and began immediately the task of operationalizing and institutionalising the APRM process, which culminated in July 2010 with the publication of the APRM Country Review Report.

6. Following the presentation of the second progress report on the implementation of the National Programme of Action (NPoA), Mozambique expressed interest in carrying out the second assessment in the scope of APRM by publicly signing, on the 21st December 2017, the Memorandum of Understanding with the APRM Forum of Heads of State and Government. A Country Review Mission was undertaken from 10 to 26 November 2018 in order to collect data and carry out the Second-Generation Country Review Report. In the area of socio-economic development, the mission identifies four key issues to analyse and make pertinent recommendations geared towards improving the socio-economic conditions of the population.

7. The government of Mozambique signed, ratified and adopted a number of international and regional standards and codes. However, the majority of the population and of the relevant bodies (public institutions, political parties, NGOs, economic partners) are not in the position to certify that these agreements are ratified and disseminated. In addition, socio-cultural and religious factors constitute a major hindrance to the domestication and implementation of some international instruments.

8. With a territory of about 799.380 km2, the Republic of Mozambique is located in Southeast Africa and is bordered by Zimbabwe, Swaziland, South Africa, Tanzania, Malawi, Zambia and the Indian Ocean. It is also separated from the island of Madagascar by the Mozambique Channel. In 2018, Mozambique has an estimated population of 28.86 million[4], which is significantly higher than the 2007 census figure of 21,397,000. Mozambique remains fairly sparsely populated with 29 people per square kilometre. The north-central provinces of Nampula and Zambezia are the most populous regions of Mozambique and account for 45% of the total population. Maputo (previously Lourenço Marques), is the largest city and capital, with a population of 1.2 million in 2007. The next-largest city is Matola, with a population of 671,000 in 2007.

9. Mozambique's steady growth is yet to be translated into benefits and opportunities for all men and women in the country. Persistent inequality with more than half of Mozambique's population living below the poverty line and inequity in access to social services and economic opportunities are creating deficits in human development and slowing progress towards achieving sustainable development goals.

10. In order to overcome challenges to political governance, sustainable socio-economic development, in particular poverty in his various forms, the Government of Mozambique undertook series of actions including the strategic planning framework, the Agenda 2025, a strategic exercise of reflection over the future of Mozambique, looked at participation as the key element for the entire process. This was particularly important for obtaining legitimacy and empowerment for the exercise. Without legitimacy and empowerment, or commitment from the actors,

[4] National institute of statistics

the implementation of recommendations issued by the respective studies would have been extremely difficult, if not impossible.

11. The Five-Year Plan 2015-2019 is the key medium-term programming instrument of the GoM and is based on Agenda 2025 and national and sector strategies. The central objective is to increase the living conditions of the Mozambican people. Three crosscutting pillars support the plan: Consolidate the democratic rule of law, good governance and decentralization; promote a balanced and sustainable macroeconomic environment and reinforce international cooperation.

12. The National Poverty Reduction Paper, PARPA 2011–2014, serves as the key framework document for international assistance to Mozambique and as a benchmark for monitoring the Paris Declaration commitments and post Busan actions. The PARPA is based on strategic objectives established by the Five-Year Plan. Mozambique aims to reduce the incidence of poverty by promoting 'pro-poor' growth. Furthermore, all provinces have their own Provincial Strategic Development Plan.

13. In addition to the above strategic documents, which underscore the willingness of the government of Mozambique to achieve the objective of inclusive economic growth for reducing poverty, the government recognized the need for good governance as a prerequisite for human security and political stability, sustainable economic growth and socio-economic development, and accelerated regional economic integration. To this effect, Mozambique adhered to the idea that NEPAD countries should subject themselves to a voluntary self-assessment process intended to review progress in the achievement of mutually agreed targets and compliance with mutually agreed standards by joining the African Peer Review Mechanism (APRM), which was established during the meeting of the Heads of State and Government Implementation Committee (HSGIC) of the AU held in Abuja, Nigeria, in March 2003.

14. Since the adoption of the report by the Forum of APRM Heads of State and Government, the government of Mozambique has spared no effort to implement the National Programme of Action (NPOA), which is part and parcel of the Country Report. In order to follow-up on the implementation of the programme, a progress report covering the period 2010-2012 was prepared in conformity with APRM rules, procedures and operations. Taking into consideration the challenges identified by the first progress report, a second progress report was prepared for the period 2012-2014 and presented to the Forum in 2016.

15. Following the presentation of the second progress report, Mozambique expressed interest in carrying out the second assessment in the scope of APRM by publicly signing, on the 21st December 2017, the "Memorandum of Understanding with the APRM Forum of Heads of State and Government. Soon after, the Continental Secretariat undertook Review Visits to the Republic of Mozambique in order to organize the current Country Review Mission, which carries out the Second-Generation Country Review Report. The chapters of the report reviewed the issues challenging Mozambique in the light of some regional and international standards and codes as well as through specific objectives and made recommendations geared

towards improving good governance and socio-economic conditions of the population.

16. In addition to the introduction, the present Report scrutinizes the country's current political, socio-economic issues in Mozambique since the country was reviewed in 2009 in Sirte, Libya and after presenting two progress Reports of 2010-2012 and 2014-16 on the implementation of the National Programme of Action. These issues are based on the first Country Review Report, the second progress report, the interactive sessions and the internal CRM discussions, and constitute the outline of the report. This Report thus analyses the evolution of the Issues through the first Country Review Report of 2010, the two progress Reports with information provided within the Country Self -Assessment Report.

The African Peer Review Mechanism process

17. The African Peer Review Mechanism (APRM) established by the African Union in 2002, is a self-assessment tool, voluntarily acceded to by African Union (AU) member states, which facilitate the achievement of the New Partnership for Africa's Development (NEPAD) by promoting the adoption of policies, standards, and practices that will lead to political stability, high economic growth, sustainable development, and greater global economic integration.

18. NEPAD’s vision is “to eradicate poverty in Africa, and to place African countries, both individually and collectively, on a path of sustainable growth and development, thus halting the marginalisation of Africa in the globalisation process”. This demands from both, public or private entities, better governance, and action plans outlining realistic sustainable development goals, strengthening best practices, identifying gaps and shortcomings, and assessing capacity building needs in all African countries. In this context, the APRM is a process owned and managed by African countries.

19. APRM facilitates assessments in four thematic areas namely: Democracy and Political Governance, Economic Governance and Management, Corporate Governance and Socio-economic development. Each thematic area focuses on selected aspects of promotion, and the setting of good democratic governance standards, as defined by the African Union. These translate into institutions, acting as a support mechanism on which governance can be measured. The assessment process shall be as follows:

(i) The first stage consists of data collection at the national level: on political, economic, corporate governance, and country development, based upon updated reference documentation prepared by APRM Continental Secretariat, and on the country’s self-assessment, which is subject to review, and on material prepared by national, regional and international institutions. The country also prepares an Action Programme project;

(ii) The Second Stage consists of a Visit by the Review Mission: consultations are carried out widely with government officials, political parties, members of

Parliament, representatives of civil society organisations (including media, academic institutions, trade unions, business and professional associations);

(iii) The Third Stage includes the development of a Mission team report. The report is based on the findings of the first and second stages. The report is analysed on the basis of the country's commitments and on its Action Programme, applicable in the political, economic, corporate governance, and in the scope of socio-economic development;

(iv) The Fourth Stage begins with the submission of the report to the Government for comments, which i is an integral, and mandatory part, before it is submitted to the Forum of Heads of State and Government of the members States through the APRM Continental Secretariat. Consideration, and adoption of the final report by the Heads of State Forum at a Summit level, including the decisions made in this regard, marks the end of the initial stage;

(v) The Fifth Stage consists of a public presentation of the APRM report. In addition to the official launching of the report at the national level, this is submitted to key regional, and continental fora, such as the Pan-African Parliament, the African Commission for Human and Peoples' Rights, the Council of Peace, and Security, and the AU Economic, Social and Cultural Council (ECOSOCC).

20. As guided by APRM base Documents, the APRM principles are based upon the assumption that all its reviews must be technically competent, transparent and credible. It should be noted that by January 2018, thirty-seven (37) countries joined APRM, representing over 65% of African Union member countries, of which more than a half have been reviewed.

21. Owing to the growing number of African Union member countries adhering to APRM, the Heads of State and Government Summit held on 26 August 2016, declared the year 2018 as the APRM universal ascension year. As a result, the APRM objective of becoming a truly African institution gathered momentum.

22. At the 28th Summit held in Addis Ababa, Ethiopia, on 30 and 31 January 2017, the AU Heads of State and Government Assembly decided that the African Mechanism of Peer Review "be enhanced to follow up implementation, and supervise monitoring, and evaluation in key governance areas in the Continent". The referred Assembly also repositioned APRM to perform a key role in monitoring, and evaluation of the African Union 2063 Agenda, and the 2030 United Nations Sustainable Development Goals.

23. The operation of APRM at the continental level is supported by a set of rules, and guidelines reasonably detailed, and managed by three key bodies: The APRM Forum of Heads of State and Government, comprising Heads of State, and Government from all participating countries, the highest decision-making authority; The APRM Panel of Eminent Personalities responsible for the supervision of the review process, and for ensuring its integrity, and professionalism; and the APRM Continental Secretariat, which provides administrative, and technical support services; and coordination with all member country structures.

24. Notwithstanding the fact that the continental trilateral structure has been operating well for some time, a fourth body comprising National Focal Points – referred to as the APRM Focal Points Committee – was added in 2012 to further improve and streamline the effectiveness of the Mechanism. The Committee was established under paragraph 11 of 2012 APRM Operational Procedures to act as an "intermediary body between the APRM Heads of State Forum, and the Continental Secretariat, which includes the Focal Points of APRM Participating Countries". The Committee is responsible, amongst other things, for fundraising, assessment, and recommendation to the Forum of Heads of State and Government, of a working programme and the annual budget of the Continental Secretariat

Implementation of the APRM process in Mozambique

25. Mozambique joined APRM in March 2003 by signing the Memorandum of Understanding [NEPAD/HSGIC/03-2003/APRM/MOU] committing itself to endeavour all the necessary efforts to ensure total APRM functionality in the country.

26. APRM implementation in Mozambique came into operation in July 2007, and was characterised by wide citizen participation, process promotion, dissemination, civil society mobilisation seminars, either contributing in the interviews, focal groups discussion, and taking part in household surveys in the whole country, culminating in attendance of validation seminars held from 7 to 22 February 2008, in all provincial capitals. This process was completed with the presentation of the first evaluation report in July 2009 in Sirte, Libya, at the XI Heads of State and Government Summit of APRM member countries, which included recommendations by the APRM Panel of Eminent Personalities, and the National Action Programme (2010-2014).

27. The presentation, and discussion of the first evaluation report, at the XI Summit of Heads of State and Government, was followed by a process of dissemination of the said report, together with the implementation of the APRM Panel of Eminent Personalities recommendations duly flagged in that report. In January 2014, Mozambique took part in the XX APRM Summit held in Addis-Ababa, Ethiopia, and presented its first progress report in the scope of APRM (2010-2012), which signalled not only the progress achieved in the construction of political, economic, legal and institutional foundations, aiming for Peace consolidation, national harmony, and economic development, but also short, medium and long-term key challenges in the country.

28. In January 2016, at the XXIV APRM Summit, Mozambique presented the second progress report (2012-2014) sharing with its peers, the progress achieved in the various APRM thematic areas, also identifying challenges the country faced, underlying the fact that these can only be overcome in an environment of harmony, and permanent dialogue involving concerted efforts amongst Government institutions, civil society organisations, private sector, faith-based groups, academia, and other social actors. Through the referred report, Mozambique reiterated its 2003 commitment at the time of accession, of translating APRM and NEPAD values,

and principles into government practice reflected into the Rule of Law, wise economic, and corporate management, aiming at inclusive social, and economic development, strengthened by a continuous self-assessment, comprehensive, and participative process. By presenting the second progress report, Mozambique completed the APRM cycle, opening up the way to the second review.

National structures supporting the process

29. In August 2005, the Council of Ministers appointed the former Minister of Planning and Development as the APRM Focal Point in Mozambique, responsible for coordinating the entire process. However, in the scope of the new government cycle started in 2010, the role of APRM Focal Point is performed by the Minister of Economy and Finance.

30. The National APRM Forum, was formally established on 3 July 2006, with the key objective of setting up guidance, establish structures to operationalize the APRM process in the country, monitor, follow up its implementation, as well as ensuring inclusive, and independent participation in APRM, with professionalism, and credibility.

31. The National Forum, initially comprising 57 members representing various social actors, was restructured in 2017 aiming at adjusting it to the continental operational, and organisational model. Currently, it comprises 25 members, representing Civil Society, Social, Professional, Youth, Disabled, Women, Faith Based Organisations, the Private Sector, and Trade Unions.

32. In January 2007, and in order to operationalize the APRM process, the National Forum established a "Technical Unit in support of the APRM National Forum". The referred Technical Unit was responsible for the administration of the whole APRM operational process in Mozambique in the initial stage until 2009, following the completion of the first assessment.

33. However, in 2012, and in order to ensure technical sustainability of the process, the Council of Ministers enacted the Decree Nr.14/2012 of 22 May, setting up the APRM National Secretariat, providing it with permanent staff, paid regularly with public funds, to provide assistance to the APRM National Forum in its coordination with the Government, and Continental APRM structures, as well as in monitoring, and evaluation of the APRM National Action Plan.

Methodology adopted for the development of a self-assessment report

34. The methodology used in data collection consisted of (i) desk review, (ii) 1.150 household survey in the Provinces of Cabo Delgado, Zambézia, Tete, Nampula, Gaza, Maputo-Province and Maputo City, (iii) individual interviews with relevant (key informants) for the country's self-assessment exercise, and mixed groups comprising representatives of different focal groups, namely, the youth, human

rights organisations (women, children, disabled, and demobilised soldiers), political parties, and law enforcement institutions.

35. As recommended in the country review methodology, no consultation, interview or meeting were conducted during the municipal electoral campaign, which took place between 25 September and 8 October 2018.

36. The first draft reports/outcomes of the research conducted were analysed in regional validation seminars held in the Northern (Nampula), Central (Zambézia) and Southern (Maputo) regions. In the light of suggestions, recommendations, and positive inputs, subsequent drafts were developed and presented to pillar coordinators. This report was developed following the addition of inputs at these two levels.

Procurement of research institutions

37. In August 2018, following a public call for tender launched in April of the same year, the following research institutions were hired, with a mandate to conduct the self-assessment research in the four key areas, as provided in the APRM baseline questionnaire: Department of Anthropology and Archaeology of the Eduardo Mondlane University, Arts and Social Sciences Faculty (to develop a report on Social and Economic Development), MAP Consultoria Lda (to develop a report in the area of Democracy and Political Governance), MZC & c Consulting (to develop a report in the area of Corporate Governance), and Cowi Moçambique Lda (to develop a report in the area of Governance and Economic Management).

Research Methodology

38. For the purposes of the Country-Self-Assessment Report, two methods were combined, which consisted of desk review, qualitative field research comprising open and semi-structured interviews, discussions with the focal groups, and submission of citizens' opinions; quantitative approach based on a National Institute of Statistics (INE) standard sample, covering questionnaires in the Provinces of Cabo Delgado, Zambézia, Tete, Nampula, Gaza, Maputo-Province, and Maputo City.

39. In each Province one district and one Municipality were covered, striking a balance between the rural and urban population, and data was disaggregated by gender, pursuant to national statistics. The sample was based upon population probability sampling at 95% confidence level, with a margin of error of +/-5%, a uniform stratified sampling technique was also applied. Population stratification was based upon administrative convenience, with Provinces constituting strata.

40. In this context, the total selected sample was distributed by strata (Provinces) in direct proportion of the number of households in each Province. The result of this exercise was a sample calculated at a national level out of a total of 1150 interviewees, distributed throughout the three regions in the country (Southern, Central and Northern) in direct proportion with the number of households in each region. The samples of each selected Provinces were calculated on the basis of regional samples, applying the same principle of direct proportion. In turn,

Provincial samples were distributed by previously selected districts and/or Municipalities. This form of selecting samples ensures greater representativeness, as the population is unevenly distributed.

41. Quantitative data was systematised in the Statistical Package for Social Sciences (SPSS), which was also used for extracting data descriptive statistics, used in the analysis presented in the report. Part of quantitative data was obtained from desk review analysis.

Validation of self-assessment results

42. The results of self-assessment were validated in three regional seminars held in the provinces of Nampula, Zambézia and Maputo attended by civil society representatives from the Northern, Central and Southern regions.

National Programme of Action

43. The self-assessment work was based upon a comprehensive, and inclusive process, and had the participation of the civil society, the public and private sectors, through combined methodology, both scientific and participatory, allowing all stakeholders to provide their perceptions about governance in the different areas of their lives.

44. The National Programme of Action (NPOA) has been developed by the National Forum and the Country Review Mission in line with multiple objectives of the APRM Questionnaire, in terms of importance and priority, as stated in Country Self-assessment Report.

45. The participation of Government and other stakeholders was necessary, in developing the National Programme of Action, so that the recommendations are adopted and mainstreamed in Government regular plans, as well as in those of other stakeholders, such as the civil society and the private sector. This NPOA clarifies actions, timelines for inclusion in the Action Plan. This National Programme of Action shows, by pillar and by key objectives, the specific results to be achieved, expected outcomes, activities or actions to be carried out, monitoring indicators, and specific targets, those stakeholders responsible for implementation.

Chapter Two: Democracy and Political Governance

Overview

46. The Democracy and Political Governance thematic area seek to contribute to the strengthening of the political and administrative structures of African countries in line with the principles of democracy, transparency, accountability, integrity, respect for human rights and the promotion of the rule of law.

47. Under the Democracy and Political Governance (DPG) theme, there are eight objectives which are:

- Constitutional Democracy and the Rule of Law
- The Separation of Powers
- Prevention and reduction of intra and inter-state conflicts
- Promotion and Protection of Civil and Political Rights.
- Ensuring accountable, efficient and effective public service delivery at the national and
- Decentralized levels
- Promotion and Protection of the Rights of Women
- Promotion and protection of the rights of children and young persons
- Promotion and protection of the rights of vulnerable groups

48. Related to the objectives above, the CRM identified the following key issues: elections and competitive party politics; political decentralisation and service delivery; separation of powers: navigating checks and balances; crime; peacebuilding process: prospects and challenges; realisation of women right; protection of children's rights and management of diversity. These issues are discussed in detail in the sections below.

Issue 1: Elections and Competitive Party Politics

49. Recent constitutional and political reform introduced by the third wave of democratic transitions in the 1980s placed an important premium on competitive party and electoral politics. A number of African standards and codes, such as the African Charter on Democracy, Elections and Governance (ACDEG) provide the principles and benchmarks for evaluating the practice of competitive electoral politics in APRM member states. It is in the context of such provisions that the CRM to Mozambique turned its attention to the country's conduct of elections and competitive party and electoral process since the base CRR 2010. The choice of elections and competitive politics as an issue derived from the constant reference to it as an important driver of democratic development and peace in the country during the consultations of the CRM with state and non-state actors in the capital of the country, Maputo, as well as in the provinces.

Evolution of the Issue

50. The CRR 2010 noted that the Government of Mozambique was committed to consolidating the democratic process in the country and, doing so, with upholding African and international standards on electoral integrity. This was illustrated by the government's commitment to the electoral reforms and the country's accession to and/or ratification of the standards and codes. The CRR 2010 further noted that, although there were 54 registered political parties in the country, the major ones were FRELIMO and the RENAMO, thereby making Mozambique a two-party state. The CRR 2010 pointed out that the low voter turnout during elections in the country could be attributed to this factor. To address the low turnout problem, the report recommended the introduction of Civic Education on a massive scale.

51. The report pointed out to allegations of electoral irregularities and bias levelled against the National Electoral Commission (CNE) and the Technical Secretariat for Electoral Administration (STAE). These allegations generally contributed to the rejection of the elections results by RENAMO. The CRR 2010 observed that a major concern expressed by some stakeholders during the CRM consultations was the composition of the CNE and STAE. The concern was illustrated with the fact that the President of the Republic of Mozambique appoints the Director General of (STAE) whilst the FRELIMO and RENAMO appointed the two Deputy Director Generals of (STAE).

52. The CRR 2010 recommended that the Electoral Law should be amended to address this concern. The Mozambique 2nd Progress Report noted considerable progress in the amendment of the electoral law to provide for the inclusion of other opposition parties than RENAMO in the CNE. The 2nd Progress Report also noted that, though opposition political parties have now been included in the membership of the CNE, its composition is still problematic. As the report observed, "the arrangements of the CNE composition do not represent the best possible solution, but it is rather a viable solution to the political parties that have taken part in these negotiations, which shows that political distrust remains quite striking in the Mozambican reality" [para.25].

53. The report identified the conduct of the Police and the Army during elections as a big threat to electoral integrity. According to the report, "the municipal elections held in 2013 and 2014 presidential, legislative and provincial assembly's elections showed the defence and security forces performance and conduct that required correction in order to avoid spreading an image that can call into question their impartiality. There were registered cases of detention of journalists, observers and representatives of political parties other than that in power" [para. 26].

54. Another recommendation of the CRR mentioned in the Progress Report (2014-2016) was that on civic education. The report observed as follows: "With regard to the recommendation concerning the introduction of a national civic education programme to promote the rule of law, there have been some improvements. For instance, the Technical Secretariat for Electoral Administration (STAE) in Maputo developed a strategy called, "the Civic Education Massification Campaign" as a way to mobilize voters to participate in presidential and parliamentary elections in October 2014. This campaign consisted in mobilizing agents as well as the presentation of television and radio programmes. Several debates to mobilize the

electorate and on electoral offences were promoted with the participation of youth, religious leaders, and others. In Maputo city, this programme mobilized around 614,000 voters registered on the electoral roll of about 700 000 provided" [para. 21].

55. The Progress Report (2014-2016) drew attention to the trend towards party pluralism, in the form of a multi-party system that was reflected in 2013 municipal and 2014 general elections, showing "the emergence of the Democratic Movement of Mozambique (MDM) as a third political force in the country. These results showed a better balance in the political system, which suggested that the opposition came to occupy a more prominent place by representing an important fragment of the electorate" [paras.28]. But the report also observed the following negative trends in competitive party and electoral politics in the country: (i) partisan, and imbalanced coverage of the election by both the public and private media, which in the case of public media violated "the election laws that establishes that public media agencies be impartial," in their coverage of elections [para. 29]; (ii) "the question of transparency in the publication and availability of the electoral register for public consultation"; and (iii) "electoral vote counting remains quite problematic. Its credibility was quite contested by political parties and most media agencies in the last elections" [para.30].

CRM Findings

56. Mozambique has made considerable progress since the CRR 2010 towards addressing and muting the weaknesses identified in the conduct of elections and in the country's competitive party and electoral process. For example, the country's electoral law was amended ahead of the 2018 Municipal Elections to make for the reconstitution of membership of CNE and STAE at the national, provincial and district levels [Table I].

57. Reconstituted Membership of CNE & STAE at National, Provincial and District Levels shows a 50 per cent parity between FRELIMO and the combined membership of RENAMO and MDM at each mentioned levels.

Table I: Membership at CNE and STAE

Party representation at CNE—National level Total membership of CNE: 17 a) Frelimo: 5 b) Renamo: 4 c) MDM: 1	Party representation STAE---Provincial level Total membership of STAE: 15 a) Frelimo: 3 b) Renamo: 2 c) MDM: 1
Party representation at STAE-National level Total membership of STAE: 18 a) Frelimo: 9 b) Renamo: 8 c) MDM: 1	Party representation at CNE: District level Total membership of CNE: 15 a) Frelimo: 3 b) Renamo: 2 MDM: 1
Party representation at CNE---Provincial level Total membership of CNE: 15 a) Frelimo: 3 b) Renamo: 2 c) MDM: 1	Party representation at STAE: District level: Total membership of STAE: a) Frelimo: 3 b) Renamo: 2 c) MDM: 1

Source: Guilherme Mbilana, *Case Study: Mozambique*, in mimeo, p.9.

58. Other improvements included the following: (i) increase in the number of electoral staff at a voting station level from 5 to 7. These staff members include the President, Vice President, Secretary and four scrutinizers; (ii) removal of STAE's power to appoint electoral staff at voting stations; (iii) the transfer of CNE's power to entertain elections petitions and objections are now vested in District Courts, which must adjudicate the disputes with a specified time limit; (vi) indemnity for party agents against being arrested while on duty at voting stations, in view of reported cases of police arresting the representatives of the opposition parties while on duty at the voting stations.

59. However, during the consultations of the CRM in Maputo and in the provinces, a number of stakeholders complained about the composition of the CNE and STAE. They pointed out that the dominance of FRELIMO and RENAMO is a result of the exclusion of small parties from the decision-making processes and structures of CNE since they are not represented in the Assembly of the Republic. Other complaints pointed to the conflict of interest of an electoral body made up predominantly of political members. But when the CNE Vice President was told of the complaints by the CRM team, He argued that the CNE draws its legitimacy and creditability from the fact that all political parties represented in the National Assembly have representation in the CNE. He further alluded to the temptation for losers in elections to become bad losers.

60. If the political space for competitive party and electoral politics seems to have been opened up and enlarged since the adoption of the 1990 Constitution of Mozambique, and the recent amendments to the electoral law, the complaints expressed in the above paragraph point to another trend, the "decreasing trend in terms of representation of other political parties in parliament, with the growing hegemony of one political party," and continuing fractionalization of RENAMO, partly brought about by division between its members in the Assembly of the Republic, and the party machinery outside it. The competitiveness of the party politics and electoral processes show another trend, the continue support to RENAMO in provinces such as Nampula Sofala and Zambezia.

Table II: Election Results of October 2018 Municipal Elections in Maputo

Name of Political Party	Votes Obtained	%	Number of Seats Won
FRELIMO	214, 103	56.95	37
MDM	19,269	5.13	3
RENAMO	136,947	36.43	24
JPC	2,809	0.75	0
CAD	427	0.11	0
E-POVO	368	0.10	0
UE	164	0.04	0
PPPM	159	0.04	0
PVM	409	0.11	0
PASOMO	279	0.07	0
SCM	715	0.19	0
PDM	269	0.07	0
Total	**375, 918**	**100.00**	**64**

Source: Electoral Commission of Mozambique

61. The progress towards political decentralisation is certainly associated with RENAMO's demands for political inclusion. Indeed, RENAMO capitalised on its popularity and won elections in 8 of the 54 municipalities. In terms of the global results, Renamo got 38.7 per cent (Renamo's best performance so far), FRELIMO had 51.95 per cent (Frelimo's worst result in any election) while the MDM had 8.8 per cent and the other political parties combined 0.84 per cent

62. Renamo perceived good performance was described by some stakeholders during the CRM consultations as one of the outcomes of the current political decentralisation process

63. In addition, the CRM learnt from stakeholders that the political space is still hugely constricted, within and across the political parties, to make for the social and political pluralism so essential for the conduct of free and fair elections. The CRM further noted about the limited media coverage to the opposition parties whereas the ruling party enjoys wider visibility in particular in the state-owned media. This is opposed to the fair and equal access, as stipulated in the law.

64. Furthermore, contrary to the constitutional provision about the freedoms of speech and of association, the CRM consultations across the country showed evidence of a political culture of self-censorship as citizens are restrained to speak out for fear of their safety owing to the recent events of allegedly politically motivated intimidation, violence and killings in the country.

65. This observation about the seriousness of violence and killings featured prominently during the CRM consultations, where stakeholders agreed that, although it was difficult to assign categorically who was behind the intimidations, violence and killings, the state, the private sector, civil society, and the international community ought to address the issue more vigorously as a human rights issue. These events point out to the shrinking of the civic space for competitive party and electoral politics.

Panel Recommendations:

The Panel recommends:

- In line with the Article 27 of the Charter on Democracy, Elections and Governance, the Government to develop a system that will strengthen political parties in order to empower them to perform their role.
- Establish a party platform which should hold regular consultations to build trust among parties and peace in the country;
- Alternative dispute resolution mechanism be established and localized to ensure speedy resolution of electoral disputes;
- A transparent and more equitable formula for party funding;
- Private funding of political parties must be transparent and regulated; and
- Urgent action be taken to address the problem of allegedly political motivated intimidation, violence and killings.

Issue 2: Separation of Powers: Navigating Checks and Balances

66. A central pillar of the design of the governance architecture is the principle of separation of powers under a checks and balances system. The adoption of the principle, set against the immediate post-colonial political history of authoritarian and personal rule in Africa, is to prevent a relapse into authoritarian rule. It is expected that the introduction of entrenched constitutional provisions for separation of powers will constrain abuse and arbitrariness in the exercise of political power by public authorities alongside a broader system of countervailing powers in state and society.

67. The objective of separation of powers contains standards and codes. For example, in acceding to The African Charter on Democracy, Elections and Governance (ACDEG), NEPAD's Declaration on Democracy, Political, Economic and Corporate Governance, and the OAU/AU 2002 Declaration on the Principles Governing Democratic Elections in Africa, APRM member states commit themselves to provide for the separation of powers, including the protection and guarantee of the independence of the judiciary and of effective parliaments in their governance architecture and practice.

68. In line with the standards and codes, the 2004 Constitution of the Republic of Mozambique (which was amended in 2007), under Title V, Organization of Political Power, the Article on Separation and Interdependence, provides that "the sovereign public offices [viz., the President of the Republic, the Assembly of the Republic, the Government, the courts and the Constitutional Council, listed under Article 133] are established on the principles of separation and interdependence of powers enshrined in the Constitution and shall hold obedience to the Constitution and the laws." Specific and detailed provisions on the "separation and interdependence of powers" are set out under Title VI-Title XI, Articles 146-248 of the Constitution. In relation to the principle of separation of powers, Article 137, on "Incompatibility" specifically establishes that there shall be is mutual incompatibility for "the offices of the President of the Republic, President of the Assembly of the Republic, Prime Minister, President of the Supreme Court; President of the Constitutional Council, President of the Administrative Court, Attorney General of the Republic, Ombudsman, Vice President of the Supreme Court, Deputy Attorney General of the Republic, Deputy Minister, Secretary of State, Provincial Governor, District Administrator, military personnel on duty."

69. It is clear from the observations in the paragraph above that Mozambique is committed to upholding the principle of separation of powers, moderated by checks and balances. Yet, the impression of the CRM based on its consultations with stakeholders across the country is that, in practice, the separation of powers is more often breached than respected. This is particularly attributed to the predominant executive branch that has in practice used the amplitude of Presidential powers vested in the President of the Republic effectively to reduce the legislative and the judiciary to subordinate positions. As the APRM CRR 2010 (para 339) observes, "the principle of the separation of powers has faced challenges in Mozambique, due to some provisions in the Constitution as well as constitutional practice. The balance of

power tilts towards the President and the Executive at the expense of the Legislature and the Judiciary."

70. The strong residual concern expressed over compliance with the latter, and particularly the spirit of the constitutional provisions for the "separation and interdependence of powers" in Mozambique since the CRR 2010, makes it inevitable that it will be an issue for closer consideration in the Progress Report (2010-2012), [Mozambique APRM Progress Report, 2012], the Progress Report (2014-2016) on the Implementation of the APRM, 2015 [Mozambique 2nd Progress Report, 2015], and the CSAR 2018.

Evolution of the issue

71. The CRR 2010, the Progress Report (2010-2012), Progress Report (2014-2016) and the Mozambique CSAR 2018 provide the starting point for the consideration of how the separation of powers, generally, and the issue of a dominant executive specifically, are currently working in Mozambique. Mozambique CRR 2010 makes the following observations in this respect:

- **Separation of Powers:** "It is clear that Mozambique is experiencing difficulties as far as the separation of powers and the autonomy of the Executive, Legislature and Judiciary are concerned. This flows from the constitutional structure, which provides for a strong and powerful President backed by the Executive, as opposed to an ineffective, weak, and under-resourced Legislature and Judiciary…" [paragraph 141].

- **Independence and accountability of judges**: "Judges and prosecutors interviewed during the course of an AfriMap's research listed specific examples of direct and indirect "undue" interference with the courts by members of the Executive seeking to influence legal decisions. Interferences reported included government officials applying pressure on the criminal investigation police (PIC), prosecutors and judges regarding cases they were handling. The report also refers to lawyers interviewed who said that, based on their first-hand experiences, they had no doubt that ministers and other high-ranking government officials exert intense pressure on judges and prosecutors… It is also noted that the appointment of judges is politically biased and, therefore, this compromises their independence." [paragraphs 349-350]].

- **Level of Independence of the Legislature:** "…FRELIMO's comfortable majority in the Legislature has contributed to the weakening of the General Assembly [of the Republic] vis-à-vis the Executive. Key legislation has been passed without the participation of RENAMO MPs, who declined to vote on the laws, arguably due to FRELIMO's clear intention of ignoring the arguments brought by the opposition during the discussion of the law." [paragraph 352].

72. The CRR 2010 also refers to a number of instances and other factors that undermine the independence of the Judiciary and the Legislature as follows:

- "The Legislature and Judiciary suffer from a lack of capacity and low levels of public confidence as a result of the greater power vested in the President [of the Republic] and Executive…" [paragraph 353]

- "…The current political practice in Mozambique also favours a blurring distinction between the ruling party, the government and the state." [paragraph 353].

- "The General Assembly sits part-time and has a limited number of days for doing oversight functions. …The 15-25 days in the year allocated to for doing oversight functions are grossly inadequate…Financial constraints are cited as an excuse for the short period allocated to oversight functions…[It] is undesirable that the General Assembly [of the Republic] should be constrained from doing its oversight functions for lack of financial resources…" [paragraphs 354-355].

- "Another constraint on the effectiveness of the General Assembly [of the Republic] is its newness as a democratic institution [paragraph 355].

73. Based on its findings on the state of separation of powers in Mozambique, the CRR 2010 (paragraph 359) recommended the following measures to strengthen it:

    a) Depoliticise the appointment of judges, in order to protect the integrity of the Judiciary;

    b) Train the Judiciary in Ethics, accountability and transparency;

    c) Make membership of the General Assembly [of the Republic] a full-time capacity and increase the number of days for oversight;

    d) Ensure that the General Assembly [of the Republic] has its own budget, which would be increased in view of greater involvement; and

    e) Enhance the capacity of the General Assembly [of the Republic] through training MPs in policy analysis and oversight functions."

74. What the excerpts above underscore is the need, beyond the constitutional provisions for "separation and interdependence of powers" in Mozambique, there is a need to develop a durable political culture that encourages respect for limited government and the rule of law among the country's political leadership and elite, and to provide the requisite administrative and financial capacity to enable the Legislature and Judiciary to enjoy and assert their independence.

75. In view of the recommendations in the CRR 2010, to what extent has there been the demonstration of the political will and leadership to nurture a political culture and environment that is conducive to facilitating the independence of the Legislature and the Judiciary in the country? What insights do the Progress Report (2010-2013), and the CSAR 2018 provide to help answer the questions?

76. The Mozambique Progress Report 2010-2012 observed as follows regarding the recommendation of the CRR, 2010 to "Depoliticise the appointment of judges…":

a) "…The Supreme Court indicated that separation of powers is clearly defined in the Constitution [of Mozambique] and entry into the judicial profession, on top of other requirements defined in the Statute of the Judicial Magistrates and in the General Statute of Civil Servants and Agents, it is conditioned to the passing on specific test recognised by the High Council of Judicial Magistrate…. [paragraph 45]

b) "…The High Court [Tribunal Supremo] noted that the previous experience shows that in the cases [of] negative opinion by the Council, the President of the Republic did not appoint such] personality. On the other hand, the appointment is subject to ratification by the Parliament [whose] procedures includes a hearing with the nominee by the Commission for Legal and Constitutional Affairs, which is followed by secret voting by the members of Parliament..." [paragraph 46].

c) "The Constitution and the ordinary legislation guarantee the independence and impartiality…The President of the Republic appoints the President and Vice President of the High Court (TS) and once they have assumed office he has no power, whatsoever, to determine the cessation of office over their mandates." [paragraph 47]; However,

d) "In a meeting organized by the Association of Magistrates of the Prosecuting Council in Maputo on 22/03/2013…. judicial magistrates and those of the Prosecuting Council…complained about the interferences in their activities showing some kind of concern regarding this situation. In the same meeting, they also underlined the need for a clear separation from the Executive power through the strengthening the financial resources allocated to the judiciary…" [paragraph 49].

77. However, the 2015 Mozambique Progress Report refers to attempts to politicize the Judiciary, while also commending the professionalism of "young judges" in resisting the attempts, as follows:

a) "…prevailing public perceptions point to the existence of informal and political partisan mechanisms that affect the performance of the judges and other staff of the judicial system. Indeed, there has been a certain "mischievous voluntarism" by key actors of the judiciary in relation with the executive even in situations where it is not deemed necessary. However, it is to praise the courage and professionalism which has been demonstrated by young judges in the struggle for the dignity and independence of the judiciary. Challenges remain!" [paragraph 40]

78. On the observations and recommendations of the Mozambique CRR, 2010, on the Legislature, the Mozambique Progress Report points out to the following:

a) "…On the need to increase continuously the budget of Parliament…the Government informed that it has been gradually increasing the stake of the budget since 2010…:in 2010 the Parliament received …501,859,130.00MT; in 2011 566,440,049.32MT; and in 2012…649,825,740.00MT. However, in real terms, Parliament has been complaining …that the amount allocated by the State Budget is not sufficient for the efficient implementation of tasks that by Law are under its responsibility." [paragraph 52].

b) "…on the need for the Parliament to improve the overseeing activities of the Government, the Parliament has been doing its best in the context of its prerogatives and working capacities in terms of human and financial resources. " [paragraph 53]

c) "…there are a set of challenges that the "House of the People is faced with in relation to the effective increase of its performance, namely: (i) find mechanisms for [making] the activities of the [MPs] on a full time basis, which is also dependent upon a Constitutional Review; (ii) re-examine the budget of the Parliament vis-à-vis its portfolio; and (iii) continuous training of the MPs in specific matters where they have more difficulties." [paragraph 54]

79. With regard to the Legislature, the 2010-2014 Progress Report makes the same observations, as those made in the 2016 Mozambique Progress Report about the financial and human capacity deficits that are hampering the oversight functions of the Legislature ":…the challenge is to allocate adequate resources for decent and professional performance of the parliamentarians and that the use of these resources is monitored at the level of Parliament bodies…This requires not only an increase in the parliament budget but also its autonomy in order to strengthen its independence from the executive as established in the Constitution.

80. The 2018 CSAR reports the following findings on the separations of power in the country since 2010:

a) "…the judiciary...continues with only formal independence from the executive. Indications of impartial judgements [against]officials in positions of power and leadership have increased; however, the general perception of the citizens is that the courts are not independent…from the Government and the Frelimo Party in [their] decisions…The current practice of the CC [Constitutional Council] …with court judgements on electoral disputes…unfavourable to the …opposition…in terms of the results of electoral processes [do not reflect] the independence that this body should have. The functioning of the judiciary is also stained by procedural delays; the Public Administration failure to comply with court rulings and recommendations made by the Ombudsman" [paragraph 78].

b) "…Parliament's capacity to discuss and approve legal instruments, particularly in the area of decentralization, extractive industry, constitution revision… [Shows] that it is perceived …as an organ strongly dependent and widely influenced by the Executive." [paragraph 79].

81. To strengthen the separation of powers, the CSAR 2018 recommends the adoption of the following constitutional measures to (a) remove "factors preventing the effective realization" of the independence of the Judiciary and the Legislature; and (b) "consolidate mechanisms of institutional checks and balances by strengthening [their]] technical and resource capacities" [paragraph 79].

82. The picture painted by the findings of the Mozambique Progress Reports (2010-2014) and (2014-2016), and the CSAR 2018, shows that much is yet to be done to strengthen the separation of powers, through enhancing the administrative and financial capacity of the Judiciary and Legislature. The Progress Report (2014-2016) and the CSAR 2018 show that there is a persistent perception that the Judiciary in the country is under the influence, if not the control, of the Government and Frelimo Party. How do the picture and the perceptions stand up against the findings of the CRM?

CRM Findings

83. Following its separate consultations with Parliament and the Judiciary, and with other stakeholders in Maputo and in the Provinces, the CRM was left in no doubt that the Judiciary and Legislature lack the combination of the administrative, human, financial, and infrastructure capacity that is necessary for them to exercise and undertake their respective constitutional countervailing and oversight powers and functions under the separation of powers effectively. For example, during its consultations with the Judiciary, the CRM was informed that one major reason for the backlog of cases in the courts was due to human and related financial and infrastructure capacity deficits. The CRM heard similar observations of human resource and financial resource deficits that put great strains on the work of the Assembly of the Republic.

84. Although claims of the executive branch interference with the Judiciary were forcefully made by non-state actors at stakeholders' meetings in Maputo and the provinces, especially in relation to the adjudication of elections disputes by the Constitutional Council in favour of the ruling party, FRELIMO, there was scant concrete evidence to back the claims. When the CRM brought up the claims during its consultations with the Judiciary, the response it got from the Judiciary, in respect of the adjudication of elections disputes before the courts, was that "what goes to the public is not what goes to the court," by which was meant that elections petitions adjudicated by the Constitutional Council were fundamentally flawed technically, in not complying with procedural requirements laid out in the Constitution of Mozambique and/or in the electoral legislation. But this leaves unanswered the question of the substantial issues raised in the election petitions and that of whether aggrieved parties that seek redress in the courts had timely access to relevant public/electoral agencies to gather and timeously submit materials to support their petitions.

85. Although there are constitutional guarantees of the independence and security of tenure of judges of the Supreme Court, of the judges of the Constitutional Council, of the Attorney General and the Deputy Attorneys General, there are also constitutional provisions that may put their tenure in jeopardy and at the discretion of the President of the Republic. For example, (a) the constitutional provision [Article 242(2)] for the appointment of Judges of the Constitutional Council, including the President of the Constitutional Court, for "renewable terms of five years," is effectively a power of removal since the renewal is neither automatic nor

iron clad, being at the discretion of the President of the Republic and the other public authorities, such as the Assembly of the Republic and the Superior Council of the Judiciary, vested with the power of appointing members of the Constitutional Council, under Article 242(1)(a-c) of the Constitution.

86. The constitutional provisions [Article 159(h); and Article 239(c)] for the appointment of the Attorney General of the Republic and the Deputy Attorneys General of the Republic subject the appointments to five years, and to dismissal by the President of the Republic. Both the limitation of the appointments to five years and their tenure being subject to termination by dismissal, with no provision for due process or clearly stipulated cause may constitute constraints on the independence of the holders of the offices.

87. The progressive reduction of RENAMO members of the Assembly of the Republic, from 129 in 1994, to 89 in 2014,[5] and divisions within RENAMO, between its members in and outside of the parliament, have arguably raised questions about the independence of the Assembly relative to the executive branch, by strengthening prospects of party discipline among the majority party in the Assembly to the advantage of the executive branch. In terms of the Constitution, the provisions of the Article 188(1), empowers the President of the Republic "…to dissolve the General Assembly if it rejects the Government Programme, and "call new legislative elections, " also tilt the balance of separation of powers to the advantage of the executive branch.

88. But there have been occasions when the Assembly of the Republic has had reasons to complain about the executive branch "affront to the principles of separation of powers…" This point was made in the Report of the Parliamentary Commission of Inquiry into the Situation of the Public Debt, dated 30 November 2016, which reads as follows: "It is the conviction of this Commission that the Government has violated the budget laws because it exceeded the legal limits on the guarantees to be granted, which obliged it to ask Parliament [Assembly of the Republic] for authorization to retrospectively issue the guarantees, in both 2013 and 2014…The guarantees constitute an affront to the principles of separation of powers that informs our democratic system." [6] The reference here is to the grant of loans to the Mozambique Tuna Company (EMATUM), Mozambique Assets Management (MAM), and Poindicus, a maritime security company in 2013 and 2014. The loans were said to contravene the Article 179 (p) of the Constitution of the Republic of Mozambique that vests power in the Assembly of the Republic "to authorize the government to contract or grant loans and to undertake other credit operations, for periods exceeding the financial year and to establish the limit for guarantees that may be granted by the state."

[5] See, Guilherme Mbilana, *Case Study: Mozambique*, in mimeo, p.9: So, there has been a decreasing trend in terms of the representation of political parties in parliament, with the growing hegemony of one political party…It is clear from the election results from 1994 to 2009 that there has been a reduction from 121 in 1999 to 59 in 2009, which is a combined 62 opposition seats in the AR [Assembly of the Republic]. On the other hand, over the same period, the ruling party increased its number of seats by 62 (from 129 members of parliaments in 1994 to 191 in 2009…" p.9.

[6] *Mozambique News reports & clippings*, 359, 19 February 2017, Editor Joseph Hanlon, p2

89. In the consultations of the CRM with state stakeholders and the ruling party references were repeatedly made to the commitment by the Government and Frelimo to the democratic principles, including the separation of powers, enshrined in the Constitution of Mozambique, 2004.

90. During the consultations with academic stakeholders in Maputo, the CRM heard a distinct perspective on the issue of the separation of power in Mozambique, which leans towards the confirmation of the allegation of the blurred boundaries between the ruling party and the state, which were made by some stakeholders at various CRM consultations across Mozambique. This seems to suggest that beyond the constitutional provisions for the "separation and interdependence of powers," the real lever of exercise of political power in Mozambique lies in navigating the minefields of power politics between the President of the Republic (who is also the president of Frelimo) and the Political Commission of Frelimo.

91. The CRM also came across the following observations credited to Teodato Hunguana, a former Minister of Information, Minister of Justice, Judge on the Constitutional Council, and Frelimo Member of Parliament in Mozambique at a public lecture, entitled, *Democracy and the Rule of Law in Mozambique: Analysis and Prospects,"* delivered in September 2016 at the Higher Institute of International Relations (ISIR), quite apt: "According to Hunguana, the credibility of national institutions depends not only on their formal independence, competence and technical attributes but also, above all, on their degree of emancipation…The Mozambican state's efforts in the short to medium terms should give…substance to efforts to the principle established in the Constitution regarding the balance of powers."[7]

92. CRM consultations, especially in the provinces, highlighted concerns among stakeholders about the weak condition of separation of powers at sub-national levels in Mozambique and its intertwined connection with the lingering issue of political decentralization in the country.

Panel Recommendations

The Panel recommends:

- Constitutional review to strengthening the independence of the Judiciary and the Legislature, as indicated in the findings on this issue. [President of the Republic, the Government, and the Legislature];
- Enhancement of the administrative, financial and human resource capacity of the Judiciary and Legislature to enable them to exercise their powers and undertake their functions more effectively and efficiently [The President, the Government, and the Legislature];
- Observance of separation of powers at sub-national levels of government. [President, Government, Judiciary, and the Legislature].

[7] Club of Mozambique, Teodato Hunguana: On Democracy and the Rule of Law in Mozambique, 30, 2016. https://clubofmozambique.com/news//teodato-hunguana-democracy-rule-law-mozambique/ accessed 28 November 2018.

Issue 3: Sustainable Peacebuilding

93. During the second half of the 20th century, Mozambique's history witnessed decades of violent armed conflicts, first in the country's fight for independence from Portuguese rule (1964-1975), and then in the post-independence civil war (1977-1992), which resulted in deep division of the country and the death of about one million people[8].

94. With the immediate causes of the civil war being embedded in international considerations, and as international peace talks unfolded, the 4 October 1992 Rome General Peace Accords (GPA) officially put an end to the civil war and provided a reference for the resolution of intrastate conflicts, as well as the conditions for establishing and consolidate peace in the country (CRR 2010, p. 3).

Mozambique then established a new democratic framework and became internationally a success story for the resolution of civil conflicts[9], a rare case of post-civil war success in Africa. Within this context, peace building and peace keeping, reconciliation of political parties' competing interests were then identified as the country's main focus areas in order to ensure social coexistence among the communities and the protagonists, promote citizens' rights and enhance socioeconomic development.

Evolution of the issue

95. The CRR 2010 (para. 238) noted the fragility of the prevailing general peace in Mozambique, with the peace process and the country threatened by weaknesses in the implementation of the confidence-building aspects of the GPA.

96. According to the same report, the main challenges include the gradually eroding trust between the protagonists, especially in the practice of political pluralism, which lies at the heart of the GPA framework, incomplete disarmament, economic and social exclusion, limited progress in the reconciliation and reintegration of former combatants, the high crime rate in the country, especially with the circulation of small arms, poverty, control of, and access to land as well as the lack of proper electoral management systems.

97. To address these issues, the Panel recommended (i) payment, as a matter of urgency, of the outstanding pensions of ex-combatants and assistance to those who were still not integrated to enable them reintegrate in a sustainable way; (ii) disarming RENAMO ex-soldiers who are still keeping arms under the GPA mutually agreed terms; (iii) establishing modalities for attaining lasting and genuine reconciliation between FRELIMO and RENAMO, and putting an end to discriminatory political, economic and social practices; and (iv) separating party cells from public institutions in order to make the public service neutral of political interferences.

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[8] Regalia, S. (2017). The resurgence of conflict in Mozambique ghosts from the past and brakes to peaceful democracy.

[9] Istituto Affari Internazionali. (2013). Lessons Learned from the Mozambican Peace Process. Available at http://www.iai.it/sites/default/files/iaiwp1304.pdf.

98. With regard to the payment of pensions and the social integration of former combatants, as recommended by the Panel of Eminent Persons of the APRM, the Progress Report (2010 – 2012) on the implementation of the national APRM programme of action noted that the Government has been progressively dealing with these issues as they create discontent among former combatants and demobilised soldiers, resulting in recurrent public demonstrations. The Government ensured that in the context of the State Budget, payment of pensions was being made to the former soldiers both from FRELIMO and RENAMO. As part of this process, the Progress Report (201-2016) reports that in the context of Social Protection, the Government approved in 2010, 4,937 pensions under the implementation of the new General Statute for Civil Servants and State Agents (GdM, 2010). As for 2011 and as an example, under the Law N°3/2002, of 17 of January, about 6.140 processes were dealt with and approved 8,010 pensions of the former soldiers in the provinces of Cabo Delgado, Zambézia and Tete[10].

99. Similarly, for further implementation of the programme, the Fund for Peace and National Reconciliation was created under the Decree 72 / 2014 of 5 December. The above-mentioned fund aimed at promoting the creation of jobs for the ex-combatants, providing support to their initiatives and development projects, strengthening their capacity to establish and manage a business as well as promoting associations among them.

100. The CSAR 2018 records a progress during the first two decades of the implementation of the GPA, especially until the 2009 elections. However, despite this positive development, the CSAR (2018) reports that the period after 2009 was unfortunately marked, by the regression in the process of national reconciliation, i.e. the upsurge in violent conflicts in the country due mainly to the resumed of the political-military conflict involving the FRELIMO Government and RENAMO.

101. Within this context, the CSAR 2018 (Para 60) points to the leadership change in the country, with President Armando Guebuza being succeeded by President Filipe Nyusi in 2015, followed by succession within the ruling party, FRELIMO. The period was then marked by the rekindling of the conflict between the Government and RENAMO, due to electoral disputes and Renamo's claims that the Government's breaching of the GPA. Additionally, the report notes that the death of RENAMO Leader, Afonso Dhlakama, in 2018 had implications for the leadership succession since this was never discussed while he was alive. After some speculations, an interim leader, General Momade Ossufo, was nominated as a coordinator and he is leading the organisation. However, there have been rumours that this nomination has fractured the party between those members in parliament and those based at Renamo's headquarters in the Gorongosa historical military base. It is not clear how the succession will unfold but for now the current interim leader is the counterpart in the negotiation between Renamo and President Filipe Nyussi.

102. On the positive side, the CSAR 2018 (Para 68) notes that after the politico-military tension in 2017, the country has made important progress in consolidating peace, mainly due to the ongoing negotiations for the involvement of the former RENAMO forces in the Defense and Security Forces, de-reparation and disarmament of

[10] GdM, 2011.

RENAMO and de-partisanisation of the Public Administration and the reduction of conflicts of interest on the part of the civil servants that is intended to ensure through the Public Probity Law approved in 2012.

103. Major threats to the peace building process reported in the CSAR 2018 (Para 69) relate to regional imbalances and regional inequalities mainly caused by the cumulative concentration of investments and infrastructure, goods and wealth in the main capitals of the country; exploration of and competition in access to natural resources and land with foreign private interests; military attacks in Northern Mozambique attributed to an Islamic group international drug trafficking that pass through the Mozambican territory.

CRM Findings

Crime

104. During the consultations, the CRM heard recurrent allegations of killings in the country some of which associated with the possession of not registered guns. The ruling party calls for total disarmament of the RENAMO so as peace to prevail in the country.

105. Furthermore, there were reported attacks on the populations of a Coastal Northern Province of Cabo Delgado of Mozambique, where gas has recently been discovered. Some of the attacked population have migrated to neighbouring Tanzania, fearing for their lives. The reasons for attacks are scanty. Some stakeholders attribute them to angry youth who have no jobs and are easily lured to carrying out such heinous attacks. They also blame poverty and long marginalisation both politically and economically, while other stakeholders say that these attacks are externally driven, citing the Somali 'jihad' Al-Shabab terrorist groups who use the same methods of attacks. They burn houses, kill people and destroy cars. They have even attacked police stations and military patrol convoys. The CRM were unable to establish the root cause for these attacks, but government should take necessary measures to secure the population of this Province.

106. The current developments which have historical roots in the schisms within the nationalist movement, FRELIMO, and between them and RENAMO forces, clearly highlight both the fragility of the peace building process. Furthermore, there is a nexus of negotiations, elections, decentralisation, institutional capacity, political succession, the unfinished peace process

107. The CRM confirms that Mozambique's political architecture, namely its electoral rules, elections, Constitution and decentralization model and community involvement in the General Peace Agreement, are all important key drivers both for conflicts and stability and peacebuilding in the country.

Elections

108. The CRM confirms that electoral processes and the management of elections, especially electoral controversy, remain key triggers for violence, and in this regard, limited efforts have been made to take the necessary steps to avoid pre and post-

elections conflicts. RENAMO, the main opposition party remains convinced that the outcome of the country's various elections, including general and municipal elections, have hardly been fair, just and transparent. In some instances, the Electoral Commission and the Constitutional Court have been accused of refusing to investigate evident cases of irregularities. When RENAMO's leader Dhlakhama left Maputo for Nampula and retreated to the former guerrilla stronghold of Gorongosa threatening to resume war, there was in Mozambique a feeling of a pervasive disillusion with the rewards of these 20 years of peace11.

109. Despite the successive elections being credited as fair and transparent amid irregularities, consultations unveiled the general lack of confidence in the electoral system, partly due to falling support for the major political parties. This has, in turn, led to a steady decline in voter turnout from 88% in 1994 to around 40% in recent elections.

Decentralisation

110. Consultations with Parliament and political parties in Maputo and in Provinces clearly highlight that since 1994, noticeable efforts have been made to create a co-management system, also termed as 'decentralisation', a transfer of power, due to the general observation that the 'winner takes all' approach to political competition does not work; rather it results in frustrations among opposition parties and the communities. Decentralisation is, therefore, important for peace consolidation, acceptance of diversity and strengthening of national institutions. Despite this reform, it emerged that the real power rests in the hands of the Head of State.

111. The new Law on Decentralisation which allows the winning party at provincial elections to appoint the Governor is a commendable practice. Its application as from the next local governance elections in 2019, will not only be perceived as an advancement of democracy and the opening of the political space but also as a potential tool to minimize the occurrence of conflicts at the provincial level.

Disarmament, Demobilization and Reintegration (DDR)

112. With regard to the DDR, which resulted from the GPA, in 1994, most RENAMO soldiers and officials, including Generals became parliamentarians. The inclusion of these elites in State institutions was mandatory soon after the GPA. While the efforts of the Government have been noticeable, a clear framework for the completion of the DDR process is still needed, and this will showcase credibility and evidence of the further political will and commitment of the Head of State. Shortage of financial resources is still the major hindrance to the completion of the process. Nevertheless, DDR has gained a new impetus with the agreement reached between the late Afonso Dhlakama and Filipe Nyusi in 2016, which the current Renamo's coordinator is continuing to follow.

[11] Istituto Affari Internazionali. (2013). Lessons Learned from the Mozambican Peace Process, P. 14.

Box 1: Commendable practice: National Peace Dialogue in Mozambique

The Government of Mozambique and RENAMO, the former rebel movement and Mozambique's largest opposition party are confident of a breakthrough in the ongoing talks to end renewed terror that has led to thousands fleeing to neighbouring countries.

There have been peace initiatives made by the current President of the Republic, President Filipe Nyusi, to the RENAMO, culminating in his meeting in 2017 with the RENAMO leader, Alfonso Dhlakama who, unfortunately, died in mid-2018. The late Afonso Dhlakama agreed a cease-fire in hostilities in the centre of the country between RENAMO's armed wing and the Mozambican armed forces with President Nyusi in late 2016. Subsequent to his death in mi-2018, the President of Mozambique, H.E. Filipe Nyusi, promised that peace-building would continue with RENAMO's new leadership.

RENAMO's interim leader, Ossufo Momade, and President Filipe Nyusi have met recently and reached a late agreement, which is a key milestone towards a comprehensive peace. Both parties agreed to appoint three top commanders of RENAMO to key army command posts, including the positions of Director of Operations, Director of the Military Information, and Director of Communications, as part of peace-building efforts between the Government and RENAMO.

All these opportunities for peace will require a real commitment and huge efforts from the parties involved and, whenever required, the support of international actors for the existing synergies and positive factors to lead to the building of peace.

113. Apart from the DDR process, which tends to address the historical political imbalances, there has been no proper reconciliation forum aiming at disarming the minds and the hearts of the population, both at national and provincial levels. As a result, the consultations showed that there is a marked social exclusion based on political affiliation, a visible sign of obstacles to trust and coexistence among political parties which is cascaded to the population at large.

114. The CRM noticed that the Mozambican population has been affected by the recurrent conflicts between the Government and Renamo due to the inadequate implementation of the GPA. Efforts to reintegrate ex-combatants following Mozambique's civil war concentrated exclusively on avoiding a return to violent conflict. Though widespread conflict has not resumed, two challenges to long-term security remain: first, the involvement of certain ex-combatants in organized criminal activity; second, the political instability due to the on-going politicization of the reintegration issues. Mozambique's reintegration programme by only aiming at avoiding the return to war, failed to address these two issues, which have affected Mozambique's developing over the past two decades.

115. The CRM believes that the apparent stall in pursuing the GPA to its logical end remains a major economic, political, and security matter that should be addressed urgently.

Political succession

116. The CRM noted that the death of Dhlakhama has brought further fragility to the peace process, with the interim leader not having enough power to engage his party in the negotiations with the ruling party. The FRELIMO Government alleges that, for the moment, no reliable representative of RENAMO is available to speed up the National Dialogue though efforts have been made.

Institutional capacity constraints

117. The CRR 2010 (para 379) acknowledged that capacity weaknesses, including those related to the ownership of processes and donor coordination, were inherent in Mozambique, for understandable reasons. As a result of the devastation of social and economic infrastructure by the civil war, Mozambique became one of the poorest, highly aid-dependent, and debt-ridden countries in the World, thus ranking low in Human Development Index when compared to other Southern African countries.12 The period soon after the signing of the GPA recorded substantial mobilization and flow of international support to Mozambique, with several debt relief initiatives and of huge amounts of Official Development Assistance (ODA), hosting one of the largest donors' joint programmes in Africa, both in terms of volume and donor agencies involved13. A study has evaluated all of the budget support operations undertaken in Mozambique from 2005 to 2012. These operations amount to a resource transfer of US $ 3,354 million – an annual average disbursement in excess of US $ 400 million, on average $16 per annum per head of the Mozambican population, provided by 19 Development Partners. [14]

118. According to USAID[15], when the 1992 Mozambique Peace Agreement ended 16 years of civil war in the country, USAID began a war-to-peace transition programme, which continued to respond to emergency needs resulting from war and drought but also supported the peace process and the reintegration of Mozambicans into productive social and economic activities. This programme included support for demobilization, demining, elections, rehabilitation of roads and bridges, and the provision of seed, tools, and health services to millions of Mozambicans displaced or affected by war and drought.

119. Despite the strong support from the donor community, the CRM noted that there were criticisms against the effectiveness of these support in improving the state's capacity in building a peaceful environment for most of the citizens.

Panel Recommendations

The Panel recommends:

- Continuing peace dialogue initiatives between the President of the Republic and RENAMO leadership as a matter of urgency.
- Establishing a peace and reconciliation Commission to address residual problems of terrorism, violent conflicts and increasing insecurity [Government, Parliament, SADC, African Union];

[12] World Bank (2005).
[13] Bruschi, F. (2012). Mozambique at a turning point: From aid dependence to development effectiveness? GREAT Insights, Volume 1, Issue 10. December 2012. Maastricht: ECDPM
[14] Independent Evaluation of Budget Support in Mozambique Final Report Volume I 2014. Available at https://www.open.ac.uk/technology/mozambique/sites/www.open.ac.uk.technology.mozambique/files/files/Independent%20Evaluation%20of%20Budget%20Support%20in%20Mozambique%202005-2012.pdf
[15] USAID. (2018). History of USAID Assistance to Mozambique. Available at https://www.usaid.gov/mozambique/history

- Reviewing the composition of the Electoral Commission and establish an electoral management system to ensure fair, transparent and equitable elections [Government, Opposition, Parliament, SADC, African Union]; and
- Ensuring an effective implementation of the new Law on Decentralisation to allow the winning party at provincial elections to appoint the Governor and establish adequate funding for provinces regardless of political affiliation [Government, Parliament, Judiciary, and Civil Society Organizations].

Issue 4: Decentralisation and Service Delivery

120. This issue seeks to ensure that public office holders and civil servants are accountable, efficient and effective in Mozambique. The indicators under this objective are meant to ensure quality service delivery and accountability of public officials to citizens. This enables citizens to express their views on the performance of the government and to hold civil servants accountable for their actions. Decentralisation mechanisms allow local communities to participate in decision-making affecting their destiny.

Evolution of the Issue

121. The CRR 2010 ackowledges that the Government of Mozambique has taken significant steps to ensure political decentralisation. The report also indicates that despite insuficient financial and human resouces, significant strides have been made in terms of service delivery, .

122. Another factor that the report raises is the shortage of well-trained and qualified civil service staff. This situation is largely attributable to the fact that the system in place rewards people with university diplomas (who, by the way are few) than those with proven working experience.

123. The Report further noted that institutions of governance in Mozambique are weak and there is insufficient or weak coordination between various layers of governance, which affects the way they adequately carry out their responsibilities. .

124. The Progress Report (2014-2016) also noted significant strides made particularly in the Fiscal decentralisation to the District level. It was pointed out that Training Advisory Councils were established and were largely responsible for the identification of projects that needed to be implemented at the local level. In the Article 34 of the African charter on Democracy, Elections and Governance, state parties are urged to decentralise power to democratically elected authorities. The rollout of the decentralisation programme in Mozambique, is, therefore, partly an effort to complying with the African charter to which Mozambique is a signatory as well as the pressure exerted on the government.

CRM Findings

125. The CRM observed that there was inadequate coordination between Local and Provincial Authorities and Central Government leading to parralel routines.

126. In the CRM interactive sessions, participants expressed fear that the government might be tempted to recentralise as it had done back in 1997 or 1987?. There was a lot of suspicions and skepticism about FRELIMO party's commitment to decentralisation. CRM further noted that the majority of participants complained about a top-down approach of central government which hindered the local communities in the implementation of projects. It was pointed out that decentralisation would only succeed when there is a strong involvement of local communnities on issues that affect them. This active participation by local communities would have to start with the conceptualisation and planning of projects at local level.

127. It was further pointed out during the interactive sessions that decentralisation must be transparent (free of corruption) and must have a commensurate allocation of resources,[16] otherwise it would lead to catastrophic consequences.

Panel Recommendations

The Panel recommends:

- Government to provide sufficient resources to local governments;
- Government must empower local communities through training and capacity building initiatives;
- There should be integrated development plans between the central government and local communities; and
- Decentralisation dividend must benefit local communities.

Issue 5: Realisation of Women's Rights

128. The protection and promotion of women's rights remain a priority issue of the government of Mozambique as established in the country's Constitution, policies and programmes. Mozambique's Constitution explicitly sets out the "Principle of Equality" in the Article 36 declaring that "Men and women shall be equal before the law in all spheres of political, economic, social and cultural life." Whereas the country has over the years made satisfactory progress with regard to the representation of women in political leadership at senior levels, women continue to lag behind men in other areas of socio-economic development. Rights and gender equality remain a challenge in the country. Women remain vulnerable to gender-based violence and have limited access to capital and resources such as land, and their mobility from poverty is still limited by structural forms of discrimination.

Evolution of the issue

[16] It also emerged that, in most instances, the local communities and Districts were not allocated resources to implement their programmes. The participants felt that this defeated the very essence of decentralisation

129. Mozambique has committed itself to both international and regional norms that shape and strengthen the state's efforts and measures to ensure progress in these three areas of women's rights.

130. On the participation of women in decision making, the Convention on Elimination of all forms of Discrimination Against Women (CEDAW), which Mozambique has ratified, states that women's must have equally participation in decision making and calls on all States Parties to ensure that they have taken all measures to ensure participation of women in all spheres of life.

131. The Protocol on the African Charter, Human and Peoples' Rights, and the Rights of Women in Africa (Maputo Protocol) has also called on states' parties "to take specific positive action to promote participative governance and an equal participation of women in the political life of their countries through affirmative action, enabling national legislation and other measures" (Art 9.1) and to also take measures to "ensure increased and effective representation and participation of women at all levels of decision-making" (Art 9. 2). The Article 12.3 of the SADC Protocol on Gender and Development has enjoined states to specifically "ensure that all legislative and other measures are accompanied by public awareness campaigns which demonstrate the vital link between the equal representation and participation of women and men in decision making positions, democracy, good governance and citizen participation" and to "ensure the equal participation of women and men in decision making by putting in place policies, strategies and programmes" (Art. 13.2).

132. On violence against women, CEDAW which calls on states to "adopt appropriate legislative and other measures, including sanctions where appropriate, prohibiting all discrimination against women." (Art 2.b). CEDAW, also requires states to report on measures they have taken to address violence against women and 2018, Mozambique submitted its combined third and fourth reports to the treaty monitoring committee detailing efforts that the country has taken to address the challenge of violence against women.

133. The Maputo Protocol provides that "States Parties shall adopt and implement appropriate measures to ensure the protection of every woman's right to respect for her dignity and protection of women from all forms of violence, particularly sexual and verbal violence." (Art 3.4). The Protocol requires states to "enact and enforce laws to prohibit all forms of violence against women including unwanted or forced sex whether the violence takes place in private or public." (Art 4.2.a) and to "adopt such other legislative, administrative, social and economic measures as may be necessary to ensure the prevention, punishment and eradication of all forms of violence against women." (Art 4.2.b). Similarly, the SADC Protocol on gender and development has called on states to take various measures, including legislation to address the problem of gender violence.

134. On the question of access to land, Art 14 of CEDAW specifically requires states to take measures to ensure that women are not discriminated against and, in particular, to ensure that they are accorded "equal access to equal treatment in land and agrarian reform as well as in land resettlement schemes." (Art 14.2.g). The Maputo Protocol similarly requires states to take measures to provide women with

access “to land, and the means of producing nutritious food.” (Art 15.a). as well as to “promote women’s access to and control over productive resources such as land and guarantee their right to property.” (Art.19.c). The SADC Protocol on Gender and Development requires states to review laws and policies to “end all discrimination against women and girls with regard to water rights and property such as land and tenure thereof” (Art 18.a).

135. Mozambique’s Constitution in Article 122 addresses itself to the place, role and status of women in the Mozambican society and commits the State to “promote, support and value the development of women, and shall encourage their growing role in society, in all spheres of political, economic, social and cultural life of the country” (Art 122: 1) and to “recognize and hold in high esteem the participation of women in the national liberation struggle and in the defence of sovereignty and democracy” (Art 122.2).

136. The CRR 2010 identified women’s rights as a critical area of concern for Mozambique. The CRR 2010 noted that “despite progress made in the promotion of women’s’ rights and welfare, women remain highly discriminated against and marginalized, especially at community and family level” (p.146).

137. The CRM observed that Mozambique had made commendable progress in the participation of women in key decision-making with women accounting for 37.2 per cent of women in parliament. It also noted that the FRELIMO party that has been in power since independence, has put in place quotas to ensure increased participation of women.

138. The CRM however pointed out that the participation of women was more limited in lower levels such as on school councils and community consultative councils where local traditions and customs as well as poverty and illiteracy constrained their participation. The Panel recommended that Mozambique takes measures to “strengthen the effective role of women’s participation at local level through training programmes…” (p.352).

139. The Progress Report (2014-2016) noted that Mozambique was implementing its third National Plan for Advancement of Women and that in total, the country had established nine Women’s Promotion Centres “aimed at empowering women in various subject areas in order to facilitate greater involvement of women in economic, political and social arenas.” (p.95). As of the end of 2014, 128 District Councils for the Advancement of Women had also been established with the aim of monitoring government policies and programmes on women and gender (p.95).

140. Ahead of the second Country Review, Mozambique in its CSAR noted that with 38.8 % female members of parliament, 28.5% ministers and 40% Deputy General Attorneys, the country had continued to make appreciable progress on the participation women in decision making. The CSAR, however, pointed out that “the general situation is that women are underrepresented in decision-making positions despite making up a further 52% of the Mozambican population.” (p.28). The CSAR consequently recommends that the country intensify efforts to achieve the SADC target of “at least 50% of decision-making positions” to be filled by women (p.28).

141. On gender-based violence, the CRR 2010 noted the "lack of an appropriate legal framework, specifically for perpetrators of domestic violence, limits the sanction's mechanisms." (p.147). Consequently, CRR made a number of key recommendations: (i) that the country adopts a comprehensive "Law on Domestic Violence"; (ii) that Mozambique undertakes "vigorous multi-sectoral awareness campaign on domestic violence in its forms and caused, and to undertake preventative mechanisms vigorously"; (iii) that police units dealing with violence against women be equipped to handle victims of violence; and (iv) that domestic violence and gender issues be included in police training of issues (p.149).

142. The Progress Report (2014-2016) noted that the law against domestic violence had been enacted as per the recommendations of the first review. The Report noted that women have been using the Law on Domestic Violence, but the results were mixed, and official records continued to indicate a rise in the cases of violence against women in the country. The country had also held a National Conference on Gender and Violence as part of harnessing and focusing efforts on the problem.

143. The Progress Report (2014-2016) also indicated that the government had initiated countrywide interventions on domestic violence in the form of seminars, debates and public talks and these interventions were used as a way of disseminating various instruments dealing with violence against women and the rights of women. These include the Family Law, the National Plan against Violence, the SADC Protocol on Gender and Development, the Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa, the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) and its Protocols. The state has also worked closely with civil society groups to create awareness of violence against women. Training of police officers on in the Women and Children Victim Assistance Units (GAMC) has also been undertaken,

144. The CSAR 2018 noted that in addition to the Domestic Violence Act, the country had also adopted the National Plan for Preventing and Combating Gender-Based Violence 2018-2021 and the Fourth National Plan for Advancement of Women 2018-2014. Mozambique had also launched the Campaign against Sexual Violence against Women and Girls (Chega) aimed at promoting gender equality and equity in all social spheres of development. The campaign involves both men and women and uses theatrical plays and discussions to raise awareness and promote social change.

145. However, violence against women remains a significant challenge with UN Women noting that 22% of Mozambican women aged 15-49 who had been in relationships had experienced "intimate partner physical and/or sexual violence at least once in their lifetime."[17] UN Women also reported within a 12-months, period, 16% of women aged 15-59 16% reported experiencing "intimate partner physical and/or sexual violence".[18]

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[17] UN Women, Global Database on Violence against Women: http://evaw-global-database.unwomen.org/fr/countries/africa/mozambique#1.

[18] UN Women, Global Database on Violence against Women: http://evaw-global-database.unwomen.org/fr/countries/africa/mozambique#1.

[18] FAO, The State of Food and Agriculture: Women in Agriculture, Closing the Gender Gap for Development (2011), p. 104.

146. The CSAR 2018 noted that a number of challenges remain with regard to the application of the Domestic Violence Act. There are still many procedural complexities in the justice system and some magistrates have difficulties in interpreting and applying the law. In addition, a shortage of advocacy professionals and the limited number of courts particularly in the rural areas makes access to justice a challenge to many Mozambicans.

147. On the issue of women's access to land and other natural resources, the first review report noted that Mozambique had enacted progressive and comprehensive laws on land access, use, tenure and inheritance with important provisions aimed at protecting women's rights. It is important to reiterate that Mozambique's constitution clearly provides for the equal protection of women and the country has also enacted various pieces of land laws that are in alignment with this constitutional principle as well as Mozambique's regional and international commitments on women's rights.

148. In spite of these constitutional principles and the regional and international commitments, women in Mozambique continue to face significant barriers in access, use and inheritance of land even though, 94% of women in the labour force work in the agricultural sector. [19] Customary law governs land tenure in most of the country with decision-making and authority on land use and tenure resting on men. Women's land rights are therefore significantly circumscribed by the patriarchal nature of both the matrilineal and the patrilineal systems of land rights that are in effect in most of the country. In a country where the overwhelming majority of people depend on land for their livelihoods and incomes, the limitation on women's land rights means that they are limited in incomes as well as economic development. The broader impact of this gender disadvantage is that women's economic mobility and the realisation of their capabilities in other dimensions of freedom and development remains limited in Mozambique.

CRM Findings

149. Although the country has continued to register progress in some areas such as the representation of women in political leadership, there is a recognition of the importance of the realization of women's rights in Mozambique, especially in respect of: (i) representation of women in decision making, (ii) gender-based violence, and (iii) access to land.

150. The issue of adequate representation of women in decision-making is both a matter of women's rights as well as a socio-economic one as the consequences of exclusion of over half of a country's population has an impact on the overall development of the country. The issue remains a key concern for Mozambique, given the many constraints and barriers that women continue to face that result in their exclusion and underrepresentation in governance and economic processes.

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[19] FAO, The State of Food and Agriculture: Women in Agriculture, Closing the Gender Gap for Development (2011), p. 104.

151. With respect to gender-based violence, the problem remains widespread even though Mozambique has enacted legislation to combat the challenge and has put in place several policy mechanisms. Gender-based violence significantly and disproportionately affects women on account of the patriarchal nature of the society as well as their socio-economic vulnerability. Given the structural nature of the problem of gender-based violence, it is a challenge that Mozambique is not likely to resolve overnight but one that calls for concerted and comprehensive measures and interventions.

152. The continued reliance on land for livelihoods and income for the overwhelming majority of Mozambique's women means that land is a key determinant of the socio-economic development of women in the country. Whereas land reforms have been undertaken in Mozambique and women have the right to own land just like men, there are cultural barriers that continue to marginalize women.

153. The CRM observed that women's representation at local levels of governance remains limited. In many places that the team visited, participants in the consultations lamented that patriarchy and widespread illiteracy among women continues to limit their opportunities for leadership at local levels. These limitations call for a multiplicity of measures that will increase women's access to education, bring down the patriarchal barriers rooted in culture, and also level the playing ground to ensure that women have an equal opportunity with men to participate in decision making.

154. However, in addition to the long-term investment in transforming culture and increasing women's education opportunities, there is also a short-term opportunity for political parties to increase the levels of women participation at local levels through nomination rules that increase women's chances for election at local levels.

155. On violence against women, the CRM appreciated the recognition by Government officials of the significance and urgency of the problem. The CRM heard from senior government officials that as per the National Action Plan following the first review, the state had adopted the Domestic Violence Law, undertaken awareness creation on gender-based violence and strengthened police units dedicated to violence against women. Police units also continue to be trained on violence against women and gender issues.

156. Moreover, the issue of domestic violence was underlined as an issue of serious concerns in the consultations that the CRM team held in Maputo, Gaza, Nampula and Zambezia. It was pointed out that the problem of domestic violence is fuelled by inadequate understanding of the law among the general public, strong cultural beliefs that justify violence against and the economic vulnerability of many of the women who face the abuse. The problem of gender-based violence against men, by their spouses, was also raised in the consultations although the magnitude of the problem is significantly lesser. Nevertheless, there is need to ensure that even the men who are victims of gender-based violence, receive professional assistance and support from the police without being subjected to ridicule as is sometimes the case at the moment.

157. It is important and commendable that Mozambique has criminalized domestic violence. However, the interactions with various sectors of the society confirm that there is need to address the cultural basis for such violence by engaging community leaders both men and women who can provide awareness needed to transform the beliefs. Leaders at all levels should also take lead in denouncing and delegitimize domestic violence. All this should be guided by evidence through data to ensure that the effectiveness of various interventions can be assessed.

Box 2: Commendable practice: Women representation in decision-making
In the assessment of the CRM, Mozambique's progress and achievement in inclusion of women in decision-making at senior levels is a commendable practice that should be shared with other countries. The CRM notes that the country has remained committed to the expansion of women's representation in leadership and as the CSAR noted, to the achievement of at least 50% of women in decision-making in line with SADC guidelines. On political participation of women, Mozambique is ranked 3rd among African countries on the 2017 Global Gender Gap Index. However, on other social indicators, Mozambique continues to lag behind on gender parity and equity and in the UNDP Gender Inequality Index for 2017 the country was ranked at 138 globally.

158. The capacities of police units should continue to be strengthened to address domestic violence as the patriarchal beliefs prevalent also found among police officers. Besides, the specialized units that deal with domestic violence, continuous refresher training of all officers on domestic violence is key.

159. The CRM also heard from participants in the various consultations that women continue to face in Mozambique in spite of the country's progressive constitution. In some cases, women are disinherited of their land in the event of the death of their husbands and they are forced to leave their home by the husband's family. Even though the law provides for women to own theirs and recognizes their right to inherit property, they are still left vulnerable to community decisions on land that privilege men over women.

160. Although Mozambique has been considered as one of the few African countries where women's empowerment has gained particular dominance, much still needs to be done since these advancements in spite of everything have not impacted much on rural communities where the majority live, and most important, contain the stigmas that accompany those women who are in power. The resistance for changes in relation to women's leadership must start from the top and reach the bottom[20].

161. In consultations about some of the public institutions established to promote and protect the rights of women, among other rights such as the rights of children and vulnerable groups, the CRM learnt about the challenges that the country's nascent National Human Rights Commission faces in its operations. The challenges revolve around a human, administrative, financial and logistical deficits of the Commission. It currently has only 10 members of staff, of whom 4 are administrative staff, three lawyers, with the remaining general officers, all seconded from other public agencies, far short of its projected need for 70 members of staff. The CRM also

[20] Inês M. Raimundo. Women Empowerment in Mozambique: A Fiction Move or Reality.

learnt that the budget of the Commission over the past few years has averaged about US$230000. The CRM also learnt that, unlike human rights commissions in several other APRM member states, it is not entrenched in the Constitution of the Republic of Mozambique as a democracy-promoting agency.

Panel Recommendations

The Panel recommends:

- All political parties should develop and implement rules for the inclusion of women in leadership positions at local levels to correct the current deficit in representation;
- Strengthen implementation of the law against domestic violence and women's access to land;
- Mozambique should provide training to all police officers on domestic violence beyond the specialized units; and
- Capacitate the National Human Rights Commission to promote and protect human rights in the country.

Issue 6: Protection of the rights of children

162. The recognition of the need for the protection of children is codified in Mozambique's Constitution and has remained an issue of policy and public concern in the country since independence. Indeed, under the Constitution, all actions concerning children, whether by public bodies or private institutions, must take the "the paramount interests of the child". (Art 47.3) Moreover, the concern over children's rights and welfare is reflected by the comprehensive legislation that the country has enacted as well as the various policies that have been developed and implemented.

163. When the first country review was undertaken in 2010, the review and recommendations of the Panel highlighted the centrality of children's rights as an integral aspect of the country's governance as well as socio-economic development. This concern and commitment to improving these rights was underscored by the government in its adoption of the National Action Plan in line with the recommendations.

164. Since the 2010 review, it is evident that Mozambique has continued on a positive path of addressing challenges to the realization of the rights and welfare of children through various legislative, policy and programmatic interventions. Progress has been made in some key areas. Nevertheless, from the Progress Report 2012-2014 and the Country Self-Assessment Report as well as other studies, it is also clear that significant challenges and barriers to the effective and full realization of children's rights remain.

165. The progress on access to quality education, combatting early marriages/child marriages, the vulnerability of orphans and street children, child labour, sexual violence and exploitation, has also met with intractable challenges and significant barriers linked to culture, limited institutional capacities as well as resources.

UNICEF has pointed out that poverty continues to affect millions of children in Mozambique, with almost half of children living in severe deprivation.[21] In the consultations with various sectors of the society, children's rights emerged as a critical concern and one that calls for continuing state focus in a comprehensive manner. The 2nd CRM identified four areas on children's rights that calls for particular attention by the state. These are (i) Education, (ii) Early Marriages/ Child Marriages, (iii) Child labour, and (iv) sexual violence and exploitation.

166. Mozambique is party to all the major international and regional instruments on children's rights. The country has ratified the United Nations Convention on the Rights of the Child, and its two Optional Protocols: Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict (known as the child soldier treaty), and the Optional Protocol on the Sale of Children, Child Prostitution and Child Pornography. The country has also ratified the International Labour Organization (ILO) Convention Concerning Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour and at the continental level, the African Charter on the Rights and Welfare of the Child.

167. Mozambique has also enacted comprehensive legislation and policies to give effect to these normative commitments and principles on child rights. The Children's Act gives effect to the international commitments on children's rights, provides for the comprehensive protection of children and sets out the responsibilities of various authorities and actors in the promotion and protection of children's rights and welfare.

168. Article 121 of the Constitution elaborates on the protection of children's rights and specifically provides that "All children have the right to protection from the family, from society and from the State, having in mind their full development." (Art 121.1). The Constitution also provide for the particular protection of "orphans and disabled and abandoned children" against all forms of discrimination and ill treatment (Art 121.2) and also prohibits child labour (Art 121.4).

169. Overall, it is clear that Mozambique has put in place a commendable legal infrastructure for the protection and realization of children's rights.

Evolution of Issue

170. The issue of children's rights is not new to Mozambique's review process, as it was the subject of assessment in the CRR 2010 and has subsequently been highlighted in the country's progress reports as well as the CSAR 2018. The 2010 CRR had noted that the country was still facing challenges in fully realizing the ideals and commitments on children's rights in spite of the satisfactory progress that had been made at the normative and legal levels and the efforts at policy and institutional levels. The CRR had put a specific spotlight on child labour, street children, unregistered children access to education as well as violence and sexual exploitation and abuse of children. The CRR had also noted that with regard to education, girls were significantly more likely to drop out of school than boys even

[21] United Nations Mozambique, Child Poverty and Disparities in Mozambique 2010: Summary Report [United Nations Children's Fund (UNICEF)], p.5.

though the country had made substantial progress in addressing gender disparity in primary education. Girls who had become pregnant were also at a disadvantage as they were required by a ministerial decree to attend night school rather than regular day classes.

171. The Progress Report (2014-2015) and the CSAR 2018 did not address the issue of sexual violence and exploitation of children. However, the issue was raised in several CRM consultations and highlighted as a significant problem. The exact nature and extent of the problem remain unknown which makes it difficult to make interventions.

172. The Panel recommended: (i) the acceleration and intensification of implementation of strategies to retain girls in primary and secondary school, (ii) the establishment of mechanisms for effective rehabilitation of children in need, and (iii) the strengthening of the government's capacity at regional, national, and sub-national levels to fight child trafficking, and (iv) establishment of mechanisms to provide adequate education to children including those living in IDP camps.

173. The Progress Report (2014- 2016) pointed out that the country had achieved satisfactory progress in addressing the recommendations of the APRM Panel and in implementing the National Plan of Action. In particular, the country had, as of 2013 assisted about 71,652 children in children's centres and community kindergartens and had also identified 3,986 children and youth with disabilities nationwide that would benefit from inclusive and special education. The country had also adopted and was implementing a Retention Strategy in school aimed at keeping girls in school which, among others, addresses protection against sexual abuse in schools and public awareness raising on the importance of educating girls. However, the influence of institutions such as those of traditional leaders at local levels continues to negatively contribute to low retention levels of girls.

174. The CSAR 2018 also addressed itself to the commitments of the country and developments following the CRR 2010 and highlighted that the country had continued to make legal, policy and programmatic progress on a number of areas. In particular, the CSAR noted that the country had adopted and was implementing the National Plan of Action for Children (2013-2019), the National Youth Policy, the National Strategy for Preventing and Combating Premature Marriages (2016-2019) and the National Basic Social Security Strategy (2016-2024) that provides for a subsidy for children 0-2 years of age with aim of reducing the child's vulnerability.

175. The CSAR 2018 further noted that cross-border trafficking of children had reduced. On education, the CSAR noted that the net enrolment in primary education stood at 84.4% in 2017 but more than 50% of the children do not complete their education. There are also challenges with the quality of education, as well as challenges for students with disabilities and special needs. Early or child marriages is an issue of concern as well as sexual violence and exploitation of children. The enactment of the Family Law that sets the age of marriage at 18 is an important development, even though there is a provision for the marriage of girls at 17 years.

CRM Findings

176. The CRM consultations and reviews identified four areas for attention by the country: (i) Quality of Education, (ii) Early Marriages/ Child Marriages, (iii) Child labour, and (iv) Sexual Violence and Exploitation.

177. On education, the CRM noted that the country continued to make appreciable progress in ensuring enrolment of children into primary education with the net enrolment rate standing at 84.4% in 2017. There does not appear to be a major disparity in the net enrolment between girls and boys with UNESCO reporting a 2017 net enrolment of girls at 86.23% and that of boys at 88.83%.22 The CRM further noted that the enrolment rates for girls are higher than that of boys in some regions. The major challenge that was highlighted by the CSAR 2018, and confirmed in the consultations, was the high dropout rate before completion of primary education which affects more than half of all students enrolled. In addition, a large number of students of primary school going age still remain out of school with the figure standing at 728,531 in 2017 according to UNESCO.[23]

178. Moreover, there is a concern with the quality of education due to the high level of the student-teacher ratio which according to UNICEF study stands at 1:63.[24] This problem as well as overcrowding in schools were highlighted in the consultations. As a result, some students are forced to go to night school which affects their health given their age and also increases their vulnerability to sexual violence as well as the risk of trafficking.

179. The CRM further noted that the country had made efforts to expand opportunities for access to education for children, including those with disabilities and special needs. However, the problems of retention and quality as well as large numbers of out of school children remain challenges to the effective realization of the right to education for all children.

180. The CRM confirmed that the early/child marriage remains to be widespread with Mozambique ranking 7th country in Africa. This issue had been identified in the CRR 2010 and so far, the country has enacted the Family Law that sets the age of marriage at 18 and also adopted the National Strategy for Preventing and Combating Premature Marriages 2016-2019. However, there is a loophole in the Family Law that allows for an exception that "a woman or man who is over 17 years of age may exceptionally marry when circumstances of recognized public and family interest occur and have the consent of the parents or legal representatives."[25] During the consultations, the CRM heard that in many cases, poor families marry off their girls before 18 years for the bride price. Cultural beliefs and entrenched patriarchy further entrench this practice. The high prevalence of child marriages means that girls are disadvantaged in completing their education and begin to bear children before they are ready, increasing their vulnerability to health risks and often consigning them to a cycle of poverty.

[22] UNESCO Mozambique, http://uis.unesco.org/en/country/mz.
[23] Ibid.
[24] UNICEF Mozambique: http://www.unicef.org.mz/en/our-work/what-we-do/education/
[25] National Forum of the African Peer Review Mechanism (APRM), Country Self-Assessment Report, October 2018, p.29.

181. Child labour was highlighted as a problem in Mozambique during the country's base Country Review. Although the Progress Report (2014-2015) and the CSAR 2018 did not address the problem, it has been cited by other studies as a continuing challenge in the country. UNICEF reports that 22% of children aged 5-14 are engaged in labour primarily in the agricultural and domestic work sectors.[26] Although the formal age for work without restrictions is 18 year, children between the ages of 15 and 18 years can work provided that employers offer education and professional training and on condition that the working conditions are not physically and morally harmful to their development. Under exceptional circumstances, and with the authorization of the ministries of Labour, Health and Education, children between the ages of 12 and 15 may also be allowed to work.

182. There is no data on the nature and extent of the worst forms of child labour, it has been reported in the media that children are involved in exploitative labour in the freight transport sector, mining, agriculture and street vending with some even recruited into prostitution. Migrant children are in particular most vulnerable to exploitation in labour in areas such as Ressano Garcia where they are, in most cases offered employment for a salary ranging from $27 to $29 per month (800 to 1000 Meticals).[27]

183. Mozambique has made some progress in addressing the problem with the 2015 launch of the National Reference Group for the Protection of Children and Combating Trafficking in Persons and sustained provincial-level reference groups throughout the country and the launch in 2017 of the National Action Plan to Combat the Worst Forms of Child Labour (2017-2022). The Action Plan intends to undertake a mapping of 70% of the worst forms of child labour and are enrolled in the government Basic Social Subsidy programme. The government also adopted a list of hazardous activities that are prohibited for children. However, it has been pointed out that law enforcement agencies lack the capacity to adequately address the scope of child labour in the country.[28]

184. On sexual violence and exploitation of children, the CRR 2010 noted that children were subjected to sexual abuse both in schools and in the villages and noted that in many cases of the rape of girls, the accused are asked to pay a sum of money "lobolo" or "bride wealth" to the parents of the victim and let off the hook. In schools, girls were subjected to sexual abuse from teachers.

Panel Recommendations

The Panel recommends:

- Mozambique should improve the quality of education particularly the problem of overcrowding and the student-teacher ratio.
- The state should progressively abolish night schools as they expose children to various risks.

[26] UNICEF Mozambique: https://www.unicef.org/infobycountry/mozambique_statistics.html

[27] UNICEF. (2013). Strengthening child protection systems for unaccompanied migrant children in Mozambique P. 28 Available at https://www.unicef-irc.org/publications/pdf/iwp_2013_mozambique.pdf.

[28] US Bureau of International Labor Affairs. (2017). 2017 Findings on the worst forms of child labour. Available at https://www.dol.gov/sites/default/files/documents/ilab/Mozambique.pdf.

- Mozambique should consider addressing the issue of early marriages/child marriages.
- Strengthen the capacity of law enforcement agencies to conduct assessment, inspections and take action on incidents of child labour.

Issue 7: Management of diversity

185. Following independence in 1975, Mozambique was faced with numerous and severe challenges hindering its development, and a brutal civil war that ravaged the country for almost two decades. Mozambique overcame that difficult legacy to emerge as a politically stable democracy, with the Government embarking on a series of reforms that led to extraordinary progress and dramatic improvements in the economic growth rate of the country. Despite strong economic performance and two decades of peace and political stability, prosperity has not been inclusive. Mozambique, similar to most African states has experienced serious challenges with the management of diversity[29]. Economic growth has had limited reach to some of the most disadvantaged in society and has not been leveraged into a significant reduction in poverty.[30]

186. Transformation towards political and social integration and justice, participation and equality, is a matter of vital significance to Mozambique in order to promote, protect and sustain human rights and build an inclusive society. The main objective of this looking at this issue is to assess the existence and efficacy of the legal and institutional protections of the rights of vulnerable groups. The term vulnerable group, from the APRM perspective and within the ambit of this report, refers to internally displaced persons (IDPs), the elderly, persons with disability (PWDs), persons with albinism (PWA) and refugees. In tackling the challenges faced by these groups, Mozambique, as a post-conflict country, would provide these marginalised groups, who constitute a sizeable proportion of the Mozambican population, with equal opportunities.

Internally displaced persons (IDPs)

187. Like other African sub-regions fostering regional integration, the Southern African Development Community (SADC) has been afflicted by internal displacement of population resulting from a variety of causes. Virtually every SADC member state, including Mozambique, has experienced some form of internal displacement of population, the so-called "exodus within borders[31]". The frequency of natural disasters (occurring every 3 to 4 years) such floods and internal conflicts between FRELIMO and RENAMO, the number of IDPs has been increasing, putting millions of Mozambicans at risk of livelihood losses and increases.

[29] Uganda Country Review Report, 2017.

[30] A/HRC/26/28/Add.1. (2014). Report of the Special Rapporteur on extreme poverty and human rights, Magdalena Sepúlveda Carmona

[31] Oucho, J.O. (2005). Internal displacement of population in the SADC region: an overview.

188. The most affected by droughts include the southern provinces of Gaza and Maputo, along with adjoining districts in southern Manica and Inhambane, as well as several districts in northern Manica, southern Tete and, to a lesser extent, parts of Cabo Delgado and northern Nampula. In 2017, droughts triggered most of the 170,000 in Mozambique. Mozambique ranks third amongst the African countries most exposed to risks from weather-related disasters and worldwide is placed 43rd out of 173.

The elderly

189. Articles 14 and 15 of the Constitution of the Republic of Mozambique on Age-old Resistance and National Liberation, Defence of Sovereignty and Democracy, stipulate that the Republic of Mozambique shall esteem the heroic struggle and age-old resistance of the Mozambican people against foreign domination and shall acknowledge and esteem the sacrifices made by those who gave their lives to the national liberation struggle and to the defence of the country's sovereignty and democracy.

190. A total of 5 per cent of the Mozambican population is above the age of 60, giving it the third-largest older population in Southern Africa[32]. This older population is expected to increase from just over a million people currently to an estimated nine million in the 2070s[33]. The recent Law on the Promotion and Protection of Older People's Rights (2013) encourages the State to take immediate steps to implement the measures set out in the legislation as a matter of priority.

Refugee management and integration

191. Mozambique adheres to the OAU Convention on Refugees of 1969. Additionally, a Consultative Committee for Refugees exists, which comprises representatives of different institutions: The National Emigration Services, the Ministry of Home Affairs (MAI) and the Ministry of Foreign Affairs and Cooperation (MINEC), with permanent participation of the United Nations High Commission of Refugees.

192. Mozambique made significant reservations to the 1951 Convention, more specifically to articles 13, 15, 17, 19, 22, 26 and 34. Despite the reservations registered, UNHCR noted with satisfaction that Mozambique, in general, maintains a generous asylum policy through the adoption of practical arrangements which grant asylum-seekers and refugees rights similar to those of its nationals. Reservations to the 1951 Convention have hence had limited impact on the actual treatment of refugees and asylum-seekers, who enjoy most of the relevant rights in practice. The only restriction observed is the limitation of the right of refugees and asylum-seekers to freedom of movement and choice of residence, based upon a Ministerial Instruction, issued in 2001 and implemented in 2003, banning refugees from residing in the capital Maputo.

[32] Institute of Social and Economic Studies, "Population ageing in Mozambique: threat or opportunity?", presentation at the Week of Social Protection, Maputo, 18–22 June 2011.

[33] IESE. (2013). Growing old in Mozambique: Dynamics of well-being and poverty. http://www.iese.ac.mz/lib/IESE_DynPov.pdf.

193. Article 20 of the Constitution of Mozambique on Support for Freedom of Peoples and Asylum provides that (i) ‘the Republic of Mozambique shall support and be in solidarity with the struggles of peoples for their national liberation and for democracy, (ii) ‘shall grant asylum to foreigners persecuted on the grounds of their struggle for national liberation, for democracy, for peace and for the protection of human rights and (iii) the law shall define political refugee status.

194. The majority of refugees and asylum-seekers reside in Martine refugee camp, the only refugee camp in Mozambique. The remainder lives in various urban areas in the country and are generally self-reliant, thanks to Mozambique’s favourable protection environment. The majority of refugees originate from the Democratic Republic of Congo, followed by Burundians, then Rwandese and a host of mixed nationalities from Somalia, Ethiopia, Eritrea, Congo Brazzaville, Uganda, Sudan, Angola and Afghanistan. Up until recently, asylum claims were pending the decisions of refugee status determination. In addition, already recommended for the refugee status by the National Eligibility Commission, were pending the signature of the Minister of Interior. This hampered the reaching of durable solutions for people of concern.

195. According to verification of refugees and asylum-seekers conducted in 2016-2017, there are 22,400 refugees and asylum-seekers in Mozambique. Similarly, there are approximately 7,500 Mozambican returnees from Malawi and Zimbabwe.

Persons with Albinism (PWA)

196. There are about 30,000 albinos living in Mozambique, who are discriminated against and marginalised by Mozambican society, with the lives of many of them being at risk34.

197. Physical attacks against persons with albinism, including kidnapping and trafficking in body parts, have been reported in the majority of the provinces of Mozambique, although Zambezia seems particularly affected.[35]

Evolution of the issue

Internally displaced persons (IDPs)

198. The CRR 2010 (Para 475) positioned Mozambique as a highly exposed country to natural disasters such as cyclones, droughts, floods, earthquakes, wildfires, tsunamis and landslides, with cyclones and tsunamis occurring in the north, floods in the centre, while droughts are more prevalent in the south.

199. The National Institute of Disaster Management (INGC) was established, with the mandate to provide emergency relief, prevent and mitigate disasters, coordinate

[34] Amnesty International’s 2017-18 report.

[35] Report of the Independent Expert on the enjoyment of human rights by persons with albinism on her mission to Mozambique.

the 30 districts in arid and semi-arid regions, assist populations at risk, emergency responses, and relocation and rebuilding.

200. The CRR 2010 (Para 477) informs the design by the INGC of a ten-year plan to prevent and reduce vulnerabilities due to natural disasters as well as a contingency plan for the rainy and cyclone season since 2000.

201. The Progress Report 2010 – 2012 (Para 92) showcases that subsequent to the Panel's recommendation, the Government started in 2010 with this system and expanded to the city of Beira for the monitoring of water flow in Chiveve channel, at Chire river, covering the districts of Morrumbala and Mopeia (Zambézia), Mutarara (Tete) and in the Licungo basin. Presently meteorological stations are undergoing rehabilitation. These actions continued over the year of 2011, with the creation of Committees for the management of risks from calamities, among other actions. In addition, training and capacity building were carried out involving communities to reduce the impact of disasters, manage disasters and organization of simulations on disasters at national, community and other public places levels.

202. The Progress Report 2014-2015 (Para 76) highlights the country's significant improvement in its ability to respond to situations of natural disasters. In line with the efforts in this area, among others, the Government approved Law 15/2014 of 20 June which establishes the legal regime of disaster management. Herein is defined as the early warning system and its components, as well as issues on the special protection regime of vulnerable people, particularly, the elderly, women, children, sick and disabled. This system includes i) priority in evacuation and resettlement; ii) special protection from abuse during emergency periods, and iii) right to continuing education. These reports conclude that, notwithstanding these efforts, the country remains highly exposed to natural disasters.

203. According to the CSAR 2018 (Para 89), Government efforts continued through 2016 with the First National Social Security Strategy I (2010-2014) and II through resolution No.46/2017 as part of general efforts to reduce poverty and vulnerability.

204. However, Government has limited resources and can only assist 18% of the total population of vulnerable groups.

The elderly

205. With regard to the elderly, the CRR 2010 (Para 454) reports that the INGC provides pensions for the elderly, as well as survival pension, but still does not cover the majority of them. There is also a Strategic Old Age Policy as well as the National Plan of Action for the Elderly.

206. It is reported in the CSAR 2018 (Para 91), that in the area of protection of the elderly persons, the Government passed the Law No. 3/2014 of 5 February that celebrates the promotion and protection of the Elderly and established the National Plan for the Elderly Person 2015-2019. It also acknowledges the limited resources of the Government to provide comprehensive assistance to the majority of the elderly.

Persons with disabilities (PWDs)

207. Measures put in place to ensure protection of the rights of the persons with disabilities include the establishment of the Ministério para os Asuntos da Mulher e Acção Social (MMAS) whose mandate is to handle concerns and welfare of elderly people and PWDs, as well as oversee the implementation of the Disability Policy of 1990 and the National Plan of Action. The National Institute of Employment and Professional Training within the Ministry of Labour has also put in place programmes for vocational training of PWDs.

208. In passing the adoption of the Decree 53/2008 of 30 December on the accessibility to buildings and public places, the government confirms its political will and commits to protecting the rights of the vulnerable groups.

209. The CRR 2010 (Para 461) reports that PWDs face systematic discrimination at all levels of society, be it public, community or family. This discrimination relates to their right to education, due to lack of access to good educational institutions that would cater for their needs; employment due to their low level of education and the reluctance of employers; lack of implementation of the sign language as stipulated in the Constitution; and the PWDs-friendly infrastructure in the country.

210. The Panel recommended (i) ratification of the Convention on the Rights and Dignity of PWDs and passage of a law on the rights of PWDs expeditiously; and (ii) passage of the law regulating the design of public buildings or infrastructure to make them more accessible to PWDs.

211. Legislative and policy steps taken by the Government of Mozambique that indicate a commitment to advancing the rights of persons with disabilities include:

- Signing and ratifying (in 2012) the United Nations Convention on the Rights of Persons with Disabilities (CRPD) and its Optional Protocol, the first international, legally binding treaty aimed at protecting the human rights of persons with disabilities

- Signing and ratifying other treaties that advance the rights of people, including those with disabilities, for example the UN Convention on the Rights of the Child, the African Charter on Human and People's Rights, the Convention on the Elimination of All Forms of Discrimination against Women – all of which make some reference to protecting the rights of persons with disabilities to fair treatment, appropriate care, inclusion and full participation in society.

- Ratifying the Optional Protocol to the Convention against Torture (in 2014) which requires that the government must establish a body independent from government to inspect all places of detention including mental health facilities.

212. The Progress Report (2010–2012) (Para 88) reports that the Government passed a regulation on the construction and Maintenance of Technical devices for accessibility, circulation and use of the system of Public Service by persons with disability or with conditioned mobility, technical specifications and use of international access symbols. This legal instrument was gazetted in (Boletim da República, 1ª Série – 4º Suplemento) on 30 December 2008. However, it is important that this Law is publicised. In 2010, the Parliament ratified the UN

Convention on the Rights and Dignity of Persons with Disabilities and its complementary legislation at the country level.

213. According to the Progress Report 2014-2015 (Para 91) on the promotion of the right to education, 3,986 children and youth with disabilities have been identified and referred to the special inclusive education (2013). In 2014, the number of referred children and youth was 3,463. Therefore, there remains a challenge to find ways to ensure greater inclusion of children and youth with disabilities.

214. The Progress Report 2014-2015 further indicated that the actions were undertaken in the implementation of Decree N°.53/2008 of December 30th included (i) Presentation of the Regulation on accessibility to buildings and public places in seminars held by institutions such as Inspection of Public Works and Handicap International, on techniques to assist Persons with disabilities; (ii) Control of access conditions in public building projects submitted to this Ministry and the Provincial Directorates of Public Works and Housing; (iii) Recommendation to adopt the conditions of accessibility in buildings under construction, when they do not comply with regulatory requirements.

215. The Progress Report 2015 (Para 74) also highlights the slow implementation and limited lack of law enforcement of the law in addressing the accessibility of infrastructures, especially buildings under construction that need to be fitted with adequate infrastructures for access to persons with disability in a continuous manner.

216. Additionally, according to the CSAR 2018 (Para 91), the sign language is expected to be introduced in 2019 as a discipline in schools.

Refugee management and integration

217. The CRR 2010 (para. 473) informs that the only functioning centre in Nampula had over 4,000 refugees who originated from the Democratic Republic of Congo, Rwanda and Burundi. These refugees enjoy freedom of movement from their camp to the Town, have their own farms and have been able to build permanent houses. They have access to social services, such as schools and hospitals within the camp. Learners in the refugee camp have access to institutions for higher learning, such as universities. They also have a government representative who links them to the UNHCR.

218. The main issue raised in the CRR 2010 (Para 474) was illegal migrants who take the advantage of the liberties granted to refugees by claiming such the refugee status, some of which commit crimes which are attributed to refugees by committees and leads to the resentment of the communities against refugees.

219. However, there was no specific recommendation by the APR Panel concerning refugees and their management in Mozambique.

220. The CSAR 2018 (Para 92) confirms the right to freedom of movement, opportunities for access to education, health, employment, or income-generating business development.

221. Despite the enjoyment of these rights, the CSAR 2018 (Para 92) raises the major challenges faced by the refugee community in Mozambique including the lack of allocation of refugee status since 2010, due to absence of a ministerial order, with around 12,000 applications pending and the irregular distribution of food, the impediment of traveling abroad due to barriers created by travel agencies; poor quality of health services and lack of opportunities for their children to further their education at higher education institutions.

Persons with Albinism (PWA)

222. The CRR 2010 (Para 453) provides an exhaustive list of the vulnerable groups in Mozambique which excludes persons with albinism, failing, therefore, to acknowledge them as part of the vulnerable groups. As a result, there was no discussion and recommendation in the CRR and subsequent Progress Reports on the issue.

CRM Findings

Internally displaced persons (IDPs)

223. The CRM observed that the issue of internal displacement has become more prominent because of the realisation that peace and reconstruction in Mozambique depend on the effective reintegration of displaced persons.

224. The Government of Mozambique has provided consistent efforts to IDPs in situations of conflicts, droughts and the like. However, these efforts in organising the necessary assistance to displaced persons, preferably in their original places of residence have been limited.

225. After coordinating initial relief operations, the Government of Mozambique has shifted its focus to the recovery phase of the emergency through the development of relocation communities housing internally displaced.

226. In accommodation centres such as Guro and Mossurize, more than 75% of the displaced persons do not have access to their own shelters due to the fact that the number of tents distributed was not sufficient.[36]

227. In all centers, there is a lack of availability and quality of water, sanitation and hygiene (WASH).

The elderly

[36] IOM MOZAMBIQUE, https://displacement.iom.int/reports/mozambique-%E2%80%94-flood-drought-and-conflict-related-displacement-report-2-december-2016?close=true

228. Mozambique is yet to ratify the International Covenant on Economic, Social and Cultural Rights but it has ratified other core international and regional human rights treaties. There are a number of policies, instruments and programmes in place to protect the rights of older people in Mozambique, such as the National Policy of Older People, the Basic Social Subsidy Programme and the draft Law on the Promotion and Protection of Older People's Rights.

229. During consultations, especially in Zambezia (Quelimane) and Nampula, the CRM noted the complaints of the elderly who sometimes have difficulty accessing pensions because payments were always or often late. Linked to the elderly are the widows. In most cases, upon the death of their husbands, they have difficulty accessing their pensions. These are considered as considerable levels of neglect in social care and support. However, in spite of the discrimination they face, the elderly reported that they participate actively in political and community life.

Persons with disabilities (PWDs)

230. The CRM learned that PWDs still find it difficult to meet certain mainstream and specific needs with regards to health, education, professional training and employment, social programmes, and even sport and culture. Among the many obstacles to accessing these services are economic factors, the poor physical accessibility of buildings, a lack of information and the absence of training for service professionals.

231. People with disabilities experience acute difficulties in accessing information on existing programmes and opportunities. This explains the very significant differences noted between the level of needs for programmes and the level of awareness on the part of the inhabitants.

Refugee management and integration

232. During consultations, the CRM noticed that refugees in Mozambique enjoy the freedom of movement in the country except Maputo City where apparently they are "not welcome".

233. The CRM found that the unaccompanied children refugees find themselves in a state of extreme vulnerability and risks, including lack of access to educational opportunities, child labour exploitation, trafficking and smuggling. Mozambique, therefore, needs to create a safe environment for children both for local and migrant children and ensure sound policies are in place, and this should be a collective responsibility of harmonising internal legislation in the SADC countries.

234. The fragility of the peace process mainly due to renewed fighting between RENAMO and government forces in the country has caused many Mozambicans to flee to neighbouring countries such as Zimbabwe. Some of them living in refugee camps such as Tongogara Camp are keen to go back home when the political situation stabilises.[37]

[37] Hardship for refugees from Mozambique at Zimbabwe's Tongogara refugee camp.

Persons with Albinism (PWA)

235. During consultations, the attention of the CRM was drawn on various discriminations against the persons with albinism essentially related to their dehumanization, which lays the foundation for horrifying physical attacks against them.

236. The CRM heard that hundreds of ritual attacks against persons with albinism, particularly children, have been reported in various countries. Many more cases remain undocumented or unreported because of the ostracism of victims and their families, as well as the secret nature of claims of witchcraft. The violence, which is largely met by social silence and indifference, and is seldom followed by investigations or the prosecution of perpetrators and remains a concern.

Panel Recommendations

The Panel recommends:

- Combat stereotypes, prejudices and harmful practices relating to PWDs and promote awareness of the capacities and contributions of persons with disabilities [Government, Parliament, CSOs];
- Speed up the dispatch of Refugee Status Determination Processes, and ensure smooth integration of refugees [Government, Parliament, Private sector]; and
- Ratify, as a matter of urgency, resolutions (HRC resolutions 23/13, 24/33 and 26/10, ACHPR resolution 263); Criminalize, investigate and prosecute perpetrators of crimes against PWAs [Government, Parliament, Civil Society Organizations].

Chapter Three: Economic Governance and Management

Overview

237. This thematic area is focused on the processes, institutions, policies and programmes that the relevant economic authorities; the state, regulatory agencies and businesses and organisations are adopting in the management of the economy.

238. The broad national economic policy frameworks, the institutions, processes and practices in place that are aimed at facilitating, supporting or otherwise promoting an economic climate that encourages growth, poverty reduction and improvement in the general welfare of the citizenry constitute the Economic Governance and Management thematic area of this report.

239. Broadly, the thematic area is assessed on two main grounds. First, the international standards and codes. These are further categorised into two, namely: (i) standards that need signing and/or ratification and (ii) standards that do not need ratification and accepted Best Practices. In the CSAR, there is no treatment of this area. There is no report of any standards or codes signed and/or ratified in this section.

Issue 1: Standards and codes

240. The CRM observed that although the dates signed and ratified exist for many standards and codes, the dates of signature and ratification were not indicated for UN Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997). It would be useful to get this information to show the country's commitment to tackling corruption. The standards that have been signed and/or ratified by the country include the AU Convention on Preventing and Combating Corruption (2003), UN Convention against Corruption (2003), AU Abuja Treaty establishing the African Economic Community (1994), and the AU Charter on Statistics. The country also ratified and adopted the Extractive Industries Transparency Initiative (EITI) in 2012. The CRM noted that there is no evidence that the country has adopted the Best (Commendable) Practices for Budget Transparency (2002), Guidelines for Public Debt Management (2003), Anti-Bribery Convention (1999), and International Standards on Auditing. However, the 2018 CSAR report indicated that Mozambique ratified the international and regional judicial instruments, especially the African Charter on Democracy, Elections, and Governance of 2017, whose ratification was pending after 2010 when it was signed.

241. The challenges facing the adoption of some of these standards and codes relate to: (i) weak capacity to implement instruments effectively, (ii) the mechanism to monitor and ensure the government effective implementation, and (iii) general lack of knowledge of the principles, materials and norms by both citizens and the various sectors involved in the operationalization of the instruments. Meanwhile, the Progress Report (2010-2012) noted that the country has been making efforts in order to create organs for the storing and management of international Treaties and Conventions signed by the country. And in relation to this, a division of

Parliamentary Documentation had been created in the Parliament that worked directly with the Committee for International Relations. In addition, the Ministry of Foreign Affairs had, for its part, created an International Treaties section within its Legal Department. To ensure effective public access to Treaties and Conventions, important advances have been registered by the government with the approval of the Right to Information Law by Parliament in 2014.

242. Under the Economic Governance and Management theme there are six objectives:

- Design and implement economic policies for sustainable development;
- Encourage ownership and participation of key stakeholders in policy formulation and implementation;
- Promote sound public finance management;
- Fight corruption and money laundering;
- Accelerate and deepen regional integration in the monetary, trade and investment domain; and
- Develop and implement trade and investment policies that promote economic growth.

243. The CRM identified the key issues which relate to these objectives and will be discussed in the sections below. The analysis identified the strengths, key challenges, and weaknesses of the economy as well as recommendations. An analysis of the macroeconomic policies and the implementation framework in this period showed that Mozambique has put in place and promoted predictable policies and programmes. This is evident in the upward trend of the level of income per person till it stabilised between 2016 and 2017 and manifesting into a reduction of poverty headcount ratio at national poverty line from 54.7% in 2012 to 46.1% in 2016.

244. The above performance notwithstanding, there are some challenges in the management of the economy. The CSAR 2018 and evidence from consultations with relevant stakeholders reveal the challenges Mozambique faces, some of which are new. The CRM has identified and prioritised key issues and then broadly classified them into four:

- **Macroeconomic management:** The strength of the capacity of Mozambique to maintain stable and sustainable economic growth was challenged with the suspension of budget support by donor agencies; an action prompted by the hidden debt crisis in 2016. Earlier gains in the economy in the form of outstanding economic growth, single-digit inflation, stable and strong exchange rate were dampened as the trajectory of the economy took a downturn.

- **Public finance management:** There is the utmost need for prudent management of the finances of the country in addition to ensuring accountability and transparency in the use of state funds for the benefit of the populace. Intricately linked to the management of finances is the fight against leakages through corrupt practices. Institutions and processes in fighting corruption are also examined and deeper introspection is done with the goal of ensuring that citizens receive services. In addition, the critical role of domestic resource mobilization through tax reforms to avert problems of tax evasion and avoidance is examined along the fiducially role of the central government and the related fiscal decentralization in Mozambique in general. Overall, the bourgeoning public debt and the attendant impacts on the economy is put in proper perspective.

- **Sectoral performance:** The changing structure of the economy has come to the fore especially in terms of export products. The decline in the relative importance of the agricultural sector and the prospect of the service sector, especially, tourism, are interrogated deeply. This is even more pertinent as the country focuses on self-reliance in achieving and sustaining economic growth targets.

- **Business and domestic investment environment:** The major impediments to growing national wide sprawling businesses are critically examined in this section. The role of the observed high-interest rate and the general access to credit are focused on. The policies of the country tailored to mobilizing the needed domestic investment are also compared to the policies made to attract foreign investment.

245. The analysis of the above key issues carefully dissects the critical state of economic governance and management in Mozambique and hence, spans across the objectives of the thematic areas in the questionnaire. The structure of the analysis in the thematic area follows a four-level analytical framework. The first section presents a description of each of the issues, followed by the evolution of the issue which tracks the issue from the base review CRR 2010 till date (2018); section three succinctly captures the findings of the CRM, and section four presents the recommendations.

Issue 2: Macroeconomic management

246. The issue of economic management focuses on the capacity of Mozambique to implement sustainable economic policies to ensure stable economic growth and guide, monitor and evaluate the performance of these policies.

Macroeconomic policies and performance

247. Mozambique's economic growth was one of the highest for African non-oil economies as the country recorded significant economic growth, with an annual real GDP growth rate of over 7.5% within the period 2002-2012. In addition, the country has relied on strategic planning framework which consists of a series of development plans including the Poverty Reduction Action Plan, 2011-2014, the Five-Year Plan 2015-2019 and Agenda 2025. All these plans rest on international cooperation to sustain the observed growth.

248. Agenda 2025 presents medium to long-term priorities for developing Mozambique. The attainment of the set priorities is anchored on three main pillars for development of the country: governance, human capital and economic development. The Agenda is primarily targeted at increasing productivity in agriculture and fisheries, with a spotlight on the need to provide medium-and long-term investments in these sectors.

249. A key Plan that feeds into the Agenda 2025 is the Five-Year Plan. This is the key medium-term programming instrument of the Government of Mozambique (GoM) and is based on national and sectoral strategies. The principal target is to improve the standard of living of the people of Mozambique. A three-pronged approach is adopted to achieve the goal. These are consolidation of the democratic rule of law, promotion of good governance and decentralization; promotion of a balanced and sustainable macroeconomic environment and reinforcement of international cooperation.

250. The national Poverty Reduction Paper (PARP) 2011–2014, served as the key framework document for international assistance to Mozambique and as a benchmark for monitoring the Paris Declaration commitments and post Busan actions. The PARP is based on strategic objectives established by the Five-Year Plan. Mozambique aims to reduce the incidence of poverty by promoting 'pro-poor' growth. Furthermore, all provinces have their own Provincial Strategic Development Plan.

Evolution of the Issue

Sustainable GDP growth rate

251. In discussing issues regarding the management of the economy, the CRR 2010 recommended more efforts to achieve broad-based economic growth that would reduce poverty and inequality through adequate empowerment of people to participate in the growth process. The Progress Report (2014-2015) noted that there have been substantial achievements which manifested in form of the high GDP growth rate of 8.2% in the first half of 2014, a reduced inflation rate of 2.56% in 2014, increased export volume and improved per capita income. Nonetheless, the report also noted that spending on priority areas of the Poverty Reduction Action Plan has reduced despite an increase of 10.9% in the total expenditure. In addition, the observed high growth rate was underpinned by a strong and increasing performance from megaprojects, and that the economy of the country became more vulnerable to shocks in the natural resource market as the country depended on international commodity prices.

252. The CSAR 2018 noted that Mozambique's macroeconomic performance was remarkable after 2010 until the 2015. From here the economy start to reduce the performance partially due to adverse international environment, a key factor to explain the economy performance; and from other side due to the crises of the debt which come out with the discovery of a commercial debt in 2015 contracted by the government (also commonly called "hidden debt"), the combination of fiscal constraint, monetary policies, depreciation of Metical against US dollar, reduced

foreign direct investment (FDI) and exportation and acceleration of the general levels of prices. Due to these structural and economic challenges, the country's economic performance has weakened with GDP growth falling to 3.7% in 2017 against 6.6% in 2015. Agriculture and mineral sector where the main areas which contributed to this growth.

High Level of Inflation

253. The CRR 2010 stated that monetary policy in Mozambique is geared towards price stability, with the objective of reducing inflation to single-digit figures. The Bank of Mozambique (BM) uses monetary targeting rather than inflation targeting as the main instrument for monetary policy. Specifically, the Governor of the Bank of Mozambique expressed caution in using inflation targeting, arguing that current conditions in Mozambique do not justify the use of this approach. The monetary targeting policy was used to successfully manage inflation, which was kept at a single digit between 2005 and 2007.

254. The Progress Report (2010-2012) revealed that annual inflation was around 10.37% on average between 2007 and 2011, with the lowest being 3.79% in 2009. The determining factors of this reduction in the inflation rate were the strong dynamism in the real economy and consequent increase in internal supply of fruit and vegetables, good coordination of monetary and fiscal policies, relative stability of the Metical[38] in relation to currencies traded in the foreign exchange market, the continued cushioning of the prices of some goods and services brought in to mitigate the impact of the 2009 financial crisis, with emphasis on the prices of petrol, water and energy. The fall in the prices of international goods also contributed to the inflation in that year. The Progress Report (2014-2016) hinted that the maintenance of low inflation, especially as it reduced from 4.26% in 2013 to 2.56% in 2014, was underpinned by cheaper imports from South Africa, the main trading partner of Mozambique, due to the relative weakness of the South African Rand.

255. The CSAR 2018 noted that the effect of the post-2009 internal and external shocks on the economy also affected the inflation rate of Mozambique. Basically, inflation increased upward briefly (from less than 5% between 2012 and 2014) to two digits (with a peak of almost 25% in 2016) but it was again controlled afterwards. The higher inflation partly triggered by the depreciation of metical as well as the adverse effect of the El Niño induced drought on agricultural output has seen the BM encouraging a restrictive or tighter monetary condition in recent times. The 2018 CSAR, however, noted that the Bank of Mozambique tight monetary policy stance to curb inflation has resulted in an increase in the cost of borrowing. Thus, the exchange rate must effectively be managed to restrict the current decline of credit flows into the economy. Based on this mixed achievement, the CSAR 2018 noted that there have been important improvements in the design and implementation of policies aimed at improving the performance of the Monetary and Financial Sector.

[38] Metical is the Mozambican currency.

Exchange rate depreciation

256. A major development that occurred in the economy was the depreciation of the Metical. The base review report of 2010 noted that the country operated a floating exchange rate regime. Hence, its management involved a tight credit ceiling and control over money supply. The need for Mozambique to take some precautionary measures to ensure stability in the flow of foreign exchange was highlighted. The report warned of the need for the country to provide a tool for managing exchange volatility emanating from the impact of a sudden withdrawal of foreign investment.

257. The Progress Report (2010-2012) noted that new Exchange Rate Law was introduced on 11 July 2011, and this has led to greater availability of funds in the markets and consequently to a reduction in the reliance in the use of International Reserves to finance imports. Indeed, the Metical was relatively stable mainly between the period of 2012 and 2015.

258. As noted in the CSAR 2018, the depreciation of the Metical since the beginning of 2015, is a major concern for Mozambique especially as it negatively affects businesses. The report observed that after a period of near stability, it depreciated to more than double in 2016. Thus, despite the overall positive outlook of the Mozambican economic as indicated earlier, the metical at end of 2016 yet registered 40% devaluation against the U.S. dollar, making inflation to suffer a 10-fold increase to 19.8%.

259. With a large trade deficit, rising debt levels and a strong US dollar weighing it down, the rapid pace of depreciation of the Metical has the potential of prompting not only higher inflation rate but also international reserves and external accounts deterioration. Therefore, there is a need to restore macroeconomic stability and the value of the Metical to gain confidence in Mozambican businesses.

Fiscal strains

260. The ability of a country to keep fiscal deficit within a certain threshold demonstrates adherence to the guiding policies and ability to enshrine fiscal discipline. Indeed, the CRR 2010 alluded to the fact that Mozambique has made considerable progress in reducing fiscal deficit, which is central to its macroeconomic strategy. While the country aimed at reducing fiscal deficit to below 5% of the GDP by 2010, the ability to achieve this goal was weak. The Progress Report (2014-2016) and the CSAR 2018 mentioned that fiscal deficit is of main concern because of the significant reduction in the donations and external funding that were the major source of financing the deficit.

Current Account Deficit

261. Mozambique's rich endowment in natural resources represents significant trading opportunities that could transform the country from one which is dependent on agricultural, marine, mineral and energy-based exports, to being a major player in the global market of value-added products. However, just like many of other low-income countries, one of the rationales for Mozambique's poor trade performance with the outside world has been its concentration on the said products, particularly

from the export perspective. Mozambique's import activities consist mainly of fuels, machinery, base metals and vehicles.

262. These aforementioned characteristics as pointed out in the CSAR 2018 has the potential to further widen Mozambique's trade deficit situation. For instance, in addition to the likely adverse impact of the slowdown in global demand on Mozambique's export volumes, the rising import bill attributable to these commodities will consequently enlarge Mozambique's trade deficit.

Gross Foreign Exchange Reserves

263. One of the government's overall macroeconomic targets in Mozambique is the accumulation of gross international reserves. The CSAR 2018 shows that the net international reserves of Mozambique as of 2017 is USD 2.3 billion. Meanwhile, CRR 2010 recommended the external reserve position of Mozambique be evaluated in terms of months of imports. This was justified on the grounds that foreign reserves as a percentage of external debt as the country has recently benefited from debt forgiveness. This may be the reason why the trend in the flow of gross foreign exchange reserves of Mozambique was not reviewed in the CSAR 2018.

264. The CRR 2010 noted that the country would pursue policies leading to a reduction in import and provide an enabling an environment for the growth and development of the private sector. It was further noted in the Progress Report (2010-2012), that efforts to promote accumulation of foreign reserves through the provision of enabling an environment for the growth and development of the private sector had intensified.

265. The Progress Report (2010-2012) pointed out some important activities that were carried out to ensure a targeted incentive structure linking the industrialization process with the country's resource base. These included: opening up and connecting the country through intensive rehabilitation of primary roads; rehabilitation of transport corridors and infrastructure in development corridors; expansion of vocational schools; approval of the integrated investment programme that established an inter-sectoral vision and identifies some of the criteria to be used in project selection; and production of monitoring reports on the provision of services crucial to the development of the private sector such as roads, communication systems, electricity, and infrastructure.

266. The report further stated that various measures to boost the industrial sector were taken to ensure implementation of the recommendations of the Summit of Heads of State of the African Union in February 2007 according to which at least 1.0% of total GDP should be allocated to industry. Meanwhile, the report identified budget classifications used in the country which do not allow easy identification of the percentage of budget allocated to the industrial sector as the main challenge.

267. The CSAR 2018 shows that Mozambique imports reduced from about USD 10 billion in 2013 to about USD 5.9 billion in 2017. Consequently, the coverage of imports by exports has increased steadily since 2013 to rise up to 82.3 per cent in 2017. This has a positive implication for trade balance and in effect, for

Mozambique foreign reserves. However, a fair rise in commodity export was noticed between 2016 and 2017. This suggests that the newly introduced industrial policies are having a positive impact on export and foreign reserves.

Vulnerability to Internal and External Shocks

268. The CRR 2010 noted that the country is faced with prevalent internal and external shocks due to its high dependence on external aid and export of agricultural commodities. The fact that agriculture remains the most important sector of the Mozambique economy makes the economic base to remain fragile. Specifically, over half of the country's earnings are derived from aluminium exports, while aluminium prices – like those of many primary agricultural commodities – are extremely volatile. This reflects Mozambique's high vulnerability to external shocks.

269. In dealing with the problem of vulnerability to internal and external shocks, CRR 2010 reveals that the country would pursue the issue of diversification of the economy. The key sectors identified to have high growth potential are agriculture, mining and tourism. Aside from reducing the nation's vulnerability to uncertainties in the international markets, economic diversification is expected to boost industrial development, reduce unemployment, the creation of local infrastructure, and development of productive capacity and of trade. In the CRR 2010, Mozambican government was urged to come up with a carefully prepared plan to control spending, borrowing and encouraging economic diversification, as well as a system of anti-corruption checks and balances as the extractive industry expands.

270. Meanwhile, CSAR 2018 reported that the country's vulnerability has surfaced, in the form of a lack of means to honour established commitments and a decline in efforts towards achieving the diversification of the economy. The observed internal and external shocks around this period include (i) termination of external State Budget support, and to the Scale of Payments, by a number of international cooperation partners; (ii) reduction in prices in the external market; (iii) increase in Mozambique external debt service; (iv) climate events with adverse impact on agriculture; and (v) harmful effects of political and military tension between 2013 and 2014. Thus, observing from the sectoral contribution to GDP, little sign of diversification and a strong concentration in the extractive industry is evident. There was also a deficient performance, in the last two years (2016-2017), in sectors which performed fairly better in previous years such as transport, financial services and public administration.

271. To reduce country's vulnerability to external and internal shocks, Mozambican government is encouraged to implement recommendations from the CSAR 2010. There are discussions on fiscal matters which explain the spending and borrowing activities of government, and on anti-corruption efforts. However, these are not discussed in relation to the issue of economic diversification. More importantly, diversification efforts in sectors identified to have high growth potential such as agriculture, mining and tourism are not discussed.

272. The CSAR 2018 stated that in the post-2010 period macroeconomic performance has been mixed despite the various policy initiatives. During the period between 2011 and 2015, the country maintained a trend of robust economic growth

attributable to the increase in foreign direct investment in the form of mega-projects and considerable flows of foreign aid. The CSAR attributed the downside as experienced after 2015 to a number of factors including suspension of aid to the State Budget and Balance of Payments, increase in the external debt of Mozambique, and the occurrence of adverse climatic conditions for agriculture.

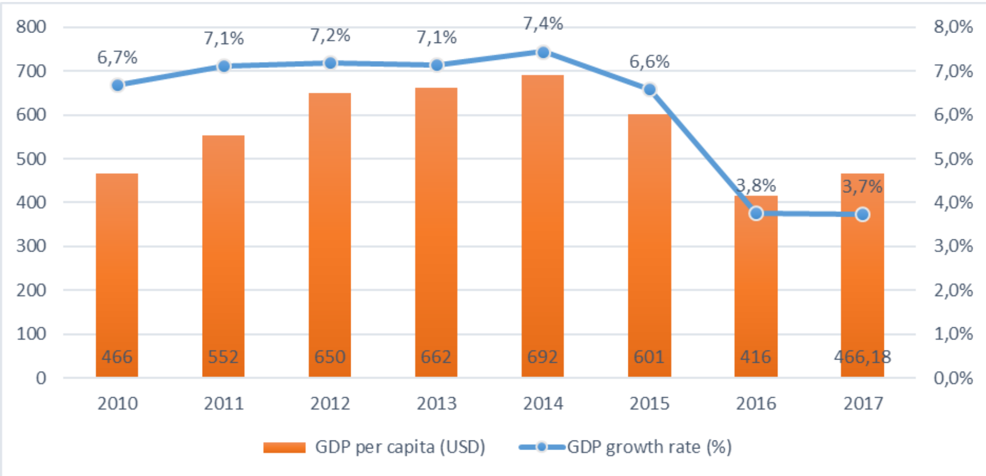
273. The CSAR 2018 shows that the excessive and unsustainable indebtedness of the country has, to a certain extent, interrupted a cycle of achievements, given the consequences it had and is still having with the halting of direct foreign aid to the budget and the balance of payments. Due to insufficient means, the State attention has been shifted to the provision of means for the operating budget, neglecting the investment budget. Although this option allows the state to continue functioning, it is penalizing the private productive sector that provides services to the State, especially in the area of public works construction. It is advised that Mozambique should cut down the borrowing rate and look inward to generate more funds for financing government activities including coordination of development policies.

CRM Findings

Sustainable GDP growth rate

274. The GDP growth rate is one of the pointers of the well-being of a country. At the individual level, the GDP per person gives a sense of how individuals have benefited from the economic prosperity. However, these are not enough to describe the shared opportunities in the country. Indicators such as the poverty headcount and measure of inequality in the country provide a better measure of how the common citizens have performed since the last country review. The figure 1 below describes the trajectory of the economic performance since the last the 2010 Country Review.

Figure 1: GDP performance (growth rate and per capita)



Sources: INE and the World Bank https://data.worldbank.org/country/mozambique retrieved on 24 November 2018.

275. Mozambique maintained an impressive growth trajectory from 2010 to 2015, with the growth rate ranging between 6.6% - 7.4%. The growth rate of GDP slipped to 3.8% in 2016 and further to 3.7% in 2017. This level of growth is underpinned by the

stronger-than-expected recovery in the agricultural and extractive sectors. In terms of income per person, there was an increase in the upward trend till 2014 after which it slightly reduced to USD 601 in 2015. Thereafter, the GDP per capital reduced to USD 416 in 2016 but propped marginally to USD 466 in 2017. While the GDP during this period showed positive performance when measured in terms of Metical, the current USD value presents a scenario similar to the earlier discussion. Indeed, Mozambique's income reached the peak of almost USD 17 billion in 2014, before sliding gradually to USD 12 billion in 2017 (see the Table below). The economy is expected to maintain the recovery stride with real GDP growth of 3.5% to 4% in 2018, and 4.0 % to 4.5% in 2019 (IMF Economic Outlook, 2018).

Table 3.1: GDP levels (2010-2017)

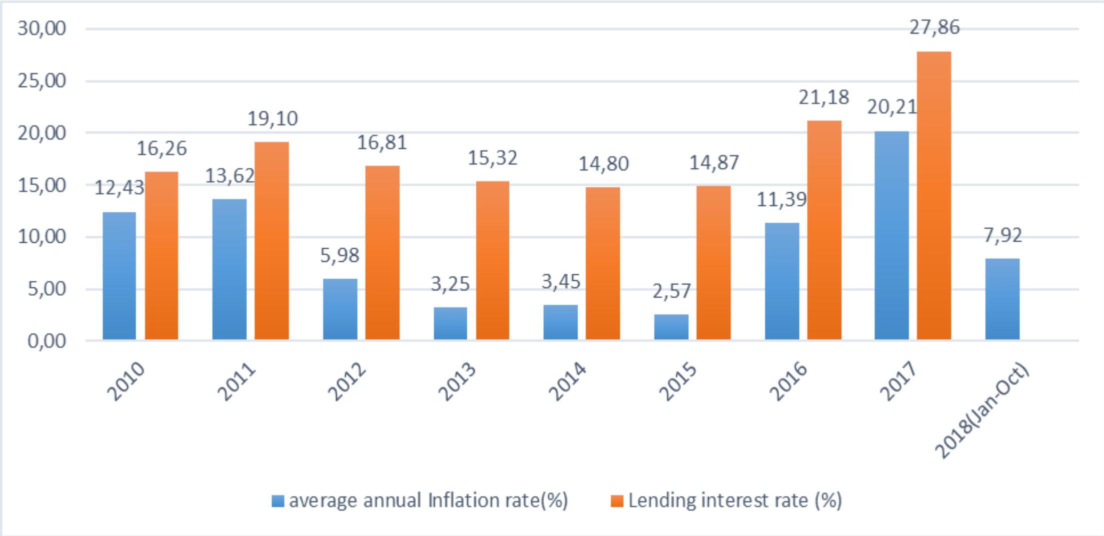
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP (current) MT million	344,839	381,692	433,121	482,233	531,777	591,677	687,117	804,464
GDP (current USD)	10,154.24	13,131.17	14,534.28	16,018.85	16,961.12	14,798.40	11,014.86	12,333.86
GDP (constant, 2009) MT million	320,351	343,153	367,853	394,124	423,463	451,386	468,372	485,875

Source: INE, http://www.ine.gov.mz/estatisticas/estatisticas-economicas

High rate of Inflation

276. A key highlight in respect of inflation over the period under review is the vacillating rate of inflation. As shown in the figure below, there was a notable unceasing control of inflation from 13.62% in 2011 to 2.57% in 2015. The rate rose steeply to 11.39% in 2016 and further to 20.21% in 2017. The BOM deployed a contractionary monetary policy, thus leading to an increase in lending interest rate to 27.86% in 2017. This action came through as the inflation rate gradually subsided in the first 10 months of 2018, easing to 7.92%. While this is commendable, the average inflation rate in 2018 was still higher than the desired level of below 5% and that the associated increase in interest rate is a major drag to the growth of businesses and domestic investment.

Figure 3.2: Inflation and lending rates, 2010-2017



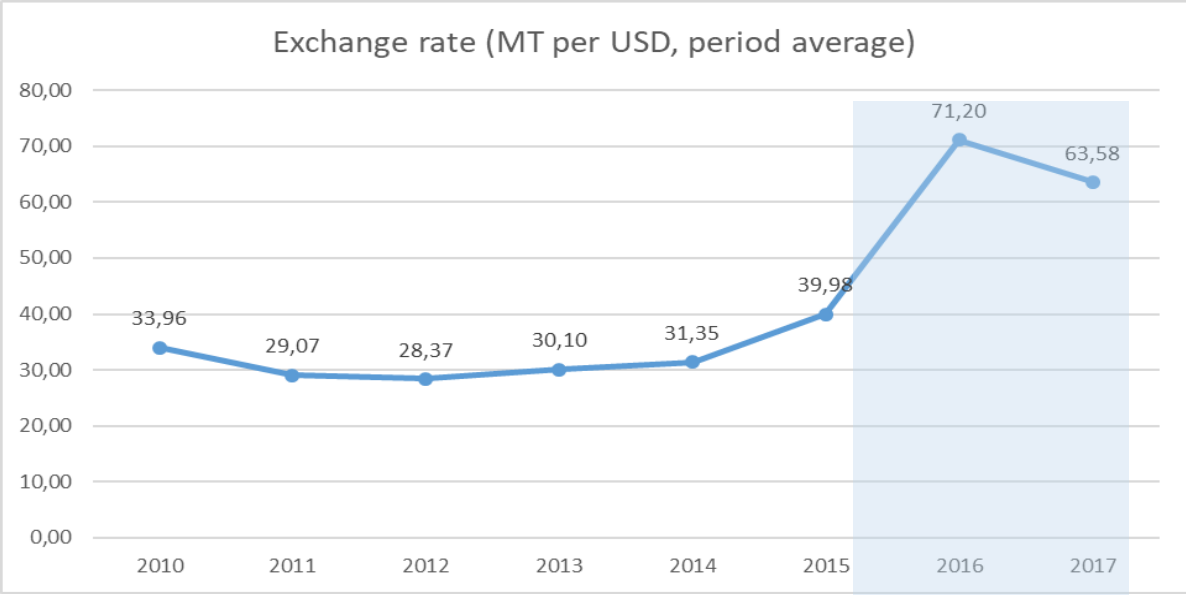
Source: INE on http://www.ine.gov.mz/estatisticas/estatisticas-economicas/indice-de-preco-no-consumidor/quadros/nacional retrieved on 25 November 2018.

Exchange Rate Depreciation

277. Figure 3 below presents the pace of depreciation of the Metical since the last country review in 2010. There was a mild appreciation of the Metical between 2010 and 2012, before trending upwards. The average exchange rate at this period was about 32 MT per USD. Then, there was a sudden devaluation between 2015 and 2016, and the USD was exchanged for 63 MT on the average. The effect of this devaluation, in part, led to the observed increase in inflation rate during the period.

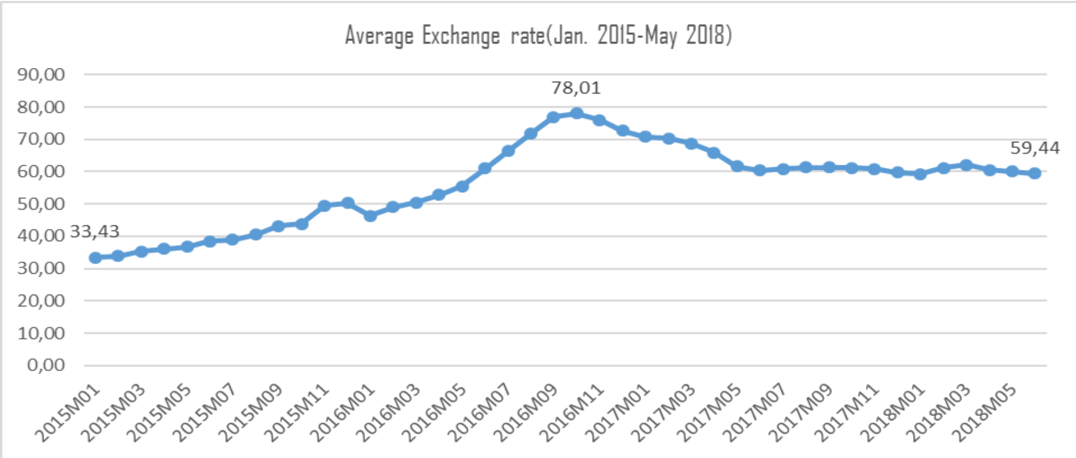
278. The Metical has made substantial improvements since the last quarter of 2016 after reaching an all-time high of 78 MT to the US dollar in October 2016. This trend was sustained by improved export earnings and monetary policy tightening. A deeper assessment of the period 2015 and 2017, especially on a monthly basis in Figure 4, shows that the currency appreciated 23% against the US dollar between October 2016 and May 2018. A number of factors can be ascribed to this observed positive trend. A key factor is the recovering commodity prices which led to increased export earnings. In addition, the tight monetary policy that reduced liquidity also reduced the supply of metical, hence, the appreciation.

Figure 3: Average annual exchange rate (MT per USD)



Source: INE 2018

Figure 4: Average monthly exchange rate (MT per USD), Jan 2015- May 2018



Source: INE 2018

Fiscal strains and External position

279. A major fiscal issue in Mozambique centres on how the country will emerge from the strains caused by the withdrawal of the budget support by donors. The support was responsible for a less than 5% of GDP deficit for five years prior to 2014. Fiscal discipline was relaxed in 2014 and the deficit soared to -9.8%. Subsequently, in 2015 the government embarked on fiscal consolidation, reducing the deficit to -2.2% of the GDP. The feat was maintained in 2016 at -2.8% but worsened slightly in 2017 at -4.4%. The measures implemented by the government in reaction to the withdrawal of budget support include tax policy measures (new excises on soft drinks, plastic bags for example) and new customs and tariffs (e.g., surcharges on imports of electrical conductors, new telephone call service rates). In addition, there was also some austerity measures that mainly target the wage bill (reductions in specific allowances and bonuses).

Figure 5: Fiscal position, 2010-2017

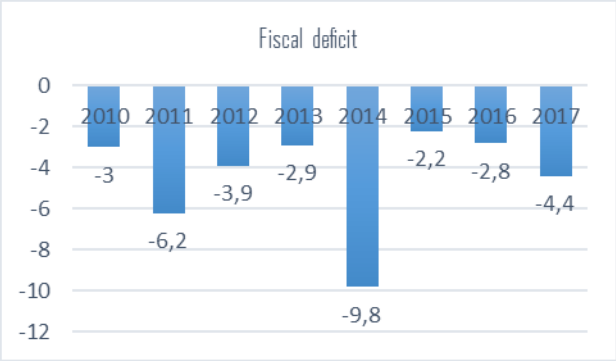
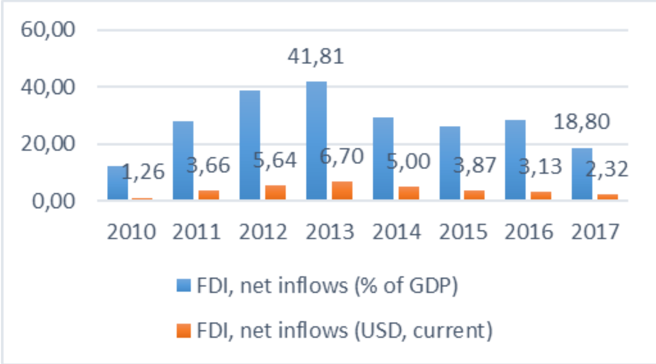


Figure 6: Foreign direct investment,



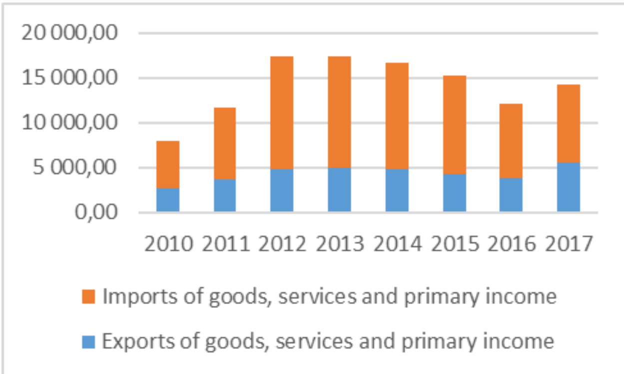
Source: INE 2018

280. Indeed, Mozambique was able to maintain a relatively healthy fiscal position since the withdrawal of budget support by donors, the fiscal space in the country will still be under some strains in the short to medium term. However, the pressure will ease with the realization of improved growth of the economy and increased inflows of capital from sales of natural resources.

281. The CRM observed that the external position, as captured by performance in FDI, current account and international reserves show mixed outcomes. A decline in the FDI was observed especially since 2013 at about 42% of GDP to 19% of GDP in 2017 (USD 2.32 billion). Nonetheless, the prospect of inflows is high especially as Mozambique intensifies efforts in attracting investors in the extractive sector. The current account balance eases from USD -6.2 billion between 2012 and 2015 to USD -2.5 billion in 2017. At the same time, the international reserves that dwindled consistently from 2013 to 2016, took an upturn in 2017. With respect to trade, the total trade volume decreased from 2012 to 2016 but improved in 2017.

Figure 7: Current account balance and reserves

Figure 8: Imports and exports



Source: INE 2018

282. The CRM noted that in general, the external position presents a fragile situation. The recovery largely depends on improvement in commodity prices and the performance of the South African economy, which in 2016 contributed the largest inflows of FDI (USD 0.9bn), accounting for 29% of total foreign investment. As a

growing sector, the extractive industries attracted almost 60% of the total FDI inflows.

283. Overall, the macroeconomic management capacity has seen a growing economy declined from 7% to 3.8%. Government lost access to important external financing since 2016 due to the discovery of the USD 2 billion hidden debt in April 2016. Consequently, a series of cascading effects and reactions followed. The first set of effects led to the reduction of foreign currency to the government from the suspension of budget supports by donor countries, hence, the government's development expenditure declined. To sustain some level of expenditure, the government resorted to borrowing, leading to a phenomenon increase in the debt stock up to 110% of the GDP. At the same time, the inflow of FDI subsided from USD 3.9 billion in 2015 to USD 2.3 billion in 2017.

284. The action of the government in a form of holistic and clear fiscal measures to address the sudden lack of foreign exchange led to the government resorting to borrowing internally, thus further exacerbating the excessive debt problem in the country. Consequently, this led to the devaluation of the currency and overall macroeconomic imbalance. In reaction to the problem, the BoM increased the interest rates leading to a negative impact on productive activities. While the inflation rate reduced, the interest rate remains high thus, macroeconomic environment remains very fragile.

Panel Recommendations

The panel recommends:

- The government of Mozambique is encouraged to ensure a broad-based economic diversification and enshrine more openness in financial and fiscal matters (Ministry of Economy and Finance).
- Government and monetary authorities should harmonize thought to enhance synergy in the coordination of monetary and fiscal policies for economic management; including inflation, foreign reserves and exchange rate. (Ministry of Economy and Finance, Bank of Mozambique).

Issue 3: Public finance management

285. Mozambique has made considerable efforts in providing a transparent and sound public finance management system. Despite these efforts, the country was hit by the hidden debt of USD 2 billion in 2016. This raise concerns on the linkage of the level of management of public funds and corruption prevalence in the country. The country admitted that the debt contracted by State Owned Enterprises, namely Proindicus, MAM and Ematum was authorised by the government in 2013 and not included in information given to the International Monetary Fund.

286. The CSAR 2018 shows that the country has designed a policy framework and related instruments to promote sound public finance management. In the CRR 2010, the Panel recommended (i) development of viable investment plans and

programmes that can promote industrialization through development of small and medium-sized enterprises (SMEs); (ii) strengthening and sustaining financial administration of the state (SISTAFE); (iii) the development of rules and measures to evaluate public resources; and (iv) sustaining tax system reforms. However, it was indicated that suggestions were partially implemented due to some challenges highlighted in the subsequent discussion.

287. The CSAR 2018 highlights the ongoing dialogue between the country, the conference of economic associations (CTA) and different ministries in terms of the public-private partnership. Focusing on local content from SME-based development, CSAR 2018 confirms that there were efforts on SMEs development to explore Mozambican business opportunities through mega-projects, private sector participation (Association of Small and Medium-sized Enterprise) and the conference of economic associations. The report also shows that SMEs need policy support that can facilitate business opening, credit facility and creation of support conditions for procurement processes. The report noted that these objectives were achieved except the issue of debt accumulation without parliament approval which leads to the suspension of international cooperation to the government.

288. Non-commitment of Mozambique government led to the withdrawal of the budget support by donor partners. In sum, the implementation of the initiated reforms has promoted efficient management of public resources through an increased number of institutions under expenditure implementation by means of managing units at national, provincial and district levels (for instance, the percentage of decentralization rose from 72% in 2013 to 92% in the first semester of 2018). There are also efforts on the modernization of tax administration and this includes implementation of NUIT (taxpayer number) registration module.

289. Some challenges on public information transparency were identified in the CSAR 2018, which are non-provision of budgetary information to the public most especially at rural level and negative note on the credibility component of the Mozambican State Budget. Also, some factors were attributed to weak and limited budgetary control such as deficient budget oversight by the external auditor and lack of follow-up of audit reports.

Evolution of issue

High rate of Corruption

290. Corruption is one of the key challenges in public finance management. The inefficiency associated with public service delivery in many countries in Africa is mainly the result of corruption prevalence. Public resources are diverted to private investment, which largely affects the wellbeing of the vast majority largest share of the population. In addition, contracts awarded for the development of a country through public infrastructure, human capital as well as basic amenities are sometimes inflated. Corruption has been bedevilling the progress of many African countries such as Mozambique. Institutions saddled with the responsibility of prudently management the public resources are found to be responsible for embezzling, diverting, and sometimes collecting bribes. The development of PFM

systems has characterized by wastefulness, fraud and abuse. Also, the inefficient PFM systems allow corruption to thrive due to high informality, lack of professionalism and abuse of authority. In an environment where there is the absence of rules and procedures, the absence of record-keeping, high inaccurate and untimely non-user friendly reporting system, the absence of controls on spending, rigid procedures, excessive fragmentation of funds, weakness of rule of law and accountability, and lack of transparency the PFM will promote corruption. All these characteristics are found in the public finance management system of a country like Mozambique. Thus, the issues raised in CRR 2010 and CSAR (2018), and progress reports (2010-12, 2012-2014) were evaluated below. According to the CRR 2010, the Panel recommended the following:

- Vigorous condemnation of cases of “big corruption”;
- strengthening of human and financial resources of institutions to fight corruption;
- Establishment of an open process for the appointment of the Director of the Central Office for Combating Corruption (GCCC);
- Raising of awareness about continuing corruption and disseminate the anti-corruption law to all citizens; and
- Harmonization of legislation on anti-corruption with the African Union Convention and to the SADC Protocol on Corruption.

291. In the Progress Report (2010-2012), it’s recognized that Parliament made a very important step with the approval of a Law on Public Integrity in late 2012 in the context of a so-called “anti-corruption legislative Package”. The country witnessed trials and condemnation by the corruption of senior government officials at various levels and institutions. This suggests that impunity is no longer the rule in the country and that the Government is committed to revert the scenario.

292. The Progress Report (2010-2012) also showed that SADC Protocol against Corruption has already been ratified by the Parliament and it is in force in Mozambique according to article 18 of the Constitution and in line with other universal and continental instruments against corruption. However, it should be stressed that corruption is a crosscutting phenomenon; therefore, it continues to be a huge challenge for the whole country despite the legislative packages and the creation of repressing mechanisms to fight corruption.

293. The CSAR 2018 indicated three broad measures to address the menace of the high rate of corruption in Mozambique. These include strengthening and rendering effective legal instruments for the fight against corruption; eliminating “impunity” in corrupt activities and introducing radical changes to approaches to corruption. The expected results are to provide: a greater public awareness of anti-corruption legislation; public and private sectors with appropriate legal instruments for dealing with instances of corruption, and to reduce corruption in Mozambique. It will also help to educate the Mozambican society to fight corruption. The CSAR 2018 further stated that an approach will be developed to reduce bad attitudes; provide adequate legal instruments; reduce the cases of grand corruption judged and their numbers; reduce corruption to the barest minimum and instil more confidence of the public in the political leadership.

294. The CSAR 2018 highlighted actions taken by the government to strengthen and apply effective legal instruments to fighting corruption. These are the government commitments:

- To enact and implement anticorruption legislation and strategy, adhering to the broad definition of corruption as provided for by the AU Convention on Combating and Preventing Corruption and the SADC Protocol against Corruption, as a matter of legal principle.
- Eliminate the "impunity" of corruption activities,
- Strengthen measures for preventing corruption, in particular within institutions with a higher number of cases (such as the police, education, health and customs); and
- Approve legal instruments for the GCCC to act on reported cases and place the GCCC agents that are brought forward for them to judge.

295. However, the CSAR 2018 indicated that the fight against corruption is ineffective until the Laws of the package are all approved and enforced.

Domestic resource mobilisation

296. The Mozambique government mobilises revenue specifically through income taxes, property tax, VAT, excise taxes, taxes on international trade and other non-tax revenues such as grants and social contributions. The government has been implementing different reforms since 1998 to enrich its revenue mobilization. For instance, the country makes significant progress in its revenue generation as its revenue increased from 14 per cent of GDP in 2005 to 20.09% in 2016 (WDI, 2016).

297. The CRR 2010 reports that the government intends to increase revenue generation by reviewing tax exemptions given to megaprojects such as Mozal (an aluminium smelter located close to Maputo), after expiration. The tax exemption was granted to those companies to show investors the country is economically attractive. Furthermore, the CRR 2010 showcased that the government intends to promote private sector development. Also, the report alluded to the fact that megaprojects did not address the challenges of employment and thus, the government initiated industrialisation through SMEs with tax exemption to address the gap.

298. The challenges of low revenue mobilization (resulting from tax exemption) and poor rural development put the government in a tight corner at balancing the two objectives. Thus, the APR panel recommended:

- That the country should improve the structure of the tax administration for efficiency, reviewing the tax and regulatory regime (removal of unnecessary barriers, and excessive and undue regulatory burden) for megaprojects to encourage and facilitate investment, and effectiveness and consolidation of economic and industrial strategies to increase focus.

- That the country should ensure proper utilization of public fund by joining the Extractive Industries Transparency Initiative (EITI) in 2008 for the promotion of transparency in the payment and revenue received from extractive industries.

299. Following the recommendation by APR panel on tax and regulatory regime review, the Mozambique government initiated some legislative actions which include: revision of Fiscal Benefit Code with approval of Law No. 4/2009, of 12 January (creation of specific tax regimes for small entrepreneurial initiatives and substantial reduction of megaprojects incentives); preparation of proposal by tax authority to design specific tax regime for mining industry; approval of Law No. 15/2011, of 10 August for designing guidelines of the procurement process, implementation and monitoring of public-private partnerships, large-scale projects and businesses concessions (facilitation of national businesses' inclusiveness in megaprojects).

300. From 2018 CSAR report, the efforts of government in the area of revenue mobilization was greatly acknowledged through different reforms as explained above. It was further captured in the report that government aims at promoting simple tax system and computerization of income tax and value-added tax to significantly reduce the cost of meeting taxpayer obligations and for improvement of the taxpayer-to-tax ratio. Also, the electronic revenue collection system has commenced with 101 locations nationwide and primary functionalities supporting a VAT, ISPC and common processes in 40 collection units out of 76. Though the approach is still at the pilot stage and full implementation is expected to bring tax administration closer o the taxpayers for more revenue generation.

301. The Government is also developing the integration of e-Tributcao with e-SISTAFE and commercial banks to ensure flexibility and availability in the classification process. This is expected to be completed in 2018. The features for IRPS and IRPC in 2019 captures taxes on fuel and mining activities representing about 20% of global revenues. Finally, the implementation of all other taxes and remaining common processes such as audits, monitoring and support to the operation of the system in 2021.

302. However, there is still a challenge of renegotiation of megaprojects contracts and publication of contracts for operating conditions to be known and predictable. The Mozambique government is trying to review each case for possible tax regime and major project incentives renegotiations. In addition, the government designed mechanisms and tools to widen the tax base for efficiency and transparency of the tax system. Some of the mechanisms and tools are the introduction of simplified tax for small contributors, reform of tax law, opening and consolidation of collection stations, Directorate of the relevant fiscal area among others.

Fiscal decentralization

303. From the CRR 2010 report, Mozambique started fiscal decentralisation through decentralisation of budgetary execution in the Ministries of Education and Health. This issue of fiscal decentralisation was seen as a recent phenomenon. The report also indicates that fiscal decentralisation has now been extended to all sectors both at central and provinces. The report shows that there are three levels of fiscal management in the country which are: the ministerial level, the administration of courts, and the parliamentary level. The report also shows that there was assurance

of participatory budgeting process, movement from the district level to provincial level and finally to the central government.

304. However, it was noted that fiscal decentralisation needs huge resource mobilization from local authorities. The local authorities need to be dissuaded from their high dependency on the central government for funds to finance their development. Therefore, in 2010, the government was designing clear legal, regulatory and institutional framework for resource mobilization; allocating expenditure responsibilities and functions of subnational administrative units.

305. To further strengthen the fiscal decentralisation in the country, APR panel recommended the acceleration of fiscal decentralisation process.

306. The Progress Report (2010-2012) indicated that Mozambique has recorded several improvements in the area of decentralization of resource mobilisations to provinces and districts. These include approval of the National Policy and Strategy for Decentralization by the Cabinet; allocation of more resources to local state bodies (specifically, 10 light/protocol vehicles and 158 cars distributed to other sectors at provincial level); construction of 307 buildings and rehabilitation of 302 buildings for local state bodies across the country between 2010 and 2011; capacity building and training courses for Provincial Assembly members and production of electronic accountability report (e-SISTAFE) at local level; and significant increase in execution process as e-SISTAFE expanded to over 38, 22 and 18 institutions at central, province and districts respectively.

307. The CSAR 2018 report indicated that fiscal decentralization in Mozambique basically focuses on the transfer of financial resources from central government to municipalities. Thus, the Chapter III of Law 1/2008 emphasizes several ways of the tax-transfer:

- Municipal Compensation Fund (FCA): 1.5% of the tax revenue is regarded as a block grant or general-purpose grant, which the municipal government can utilize to fund operating or capital expenditure. The allocation of FCA is on formula basis using two criteria (i.e. the number of inhabitants and the territorial area).
- Municipality Initiative Investment Fund (FIIA): this is based on FCA criteria. The law (Article 48 of Law 1/2008) allows the government to take from the annual allocation in State Budget to finance investment projects of municipal initiative complementing municipal’s resources.
- Financing investment projects and socio-economic development: establishment of PERPU-Strategic Plan for the Reduction of Urban Poverty for the benefit of capital cities.
- Road Fund (FE-A): central government is allowed to transfer 10% of its resources annually to municipalities for construction and maintenance of roads.
- Others are extraordinary transfers, local initiative fund (the “7millions”), 2.75% transfer from the extractive industry revenues to local communities.

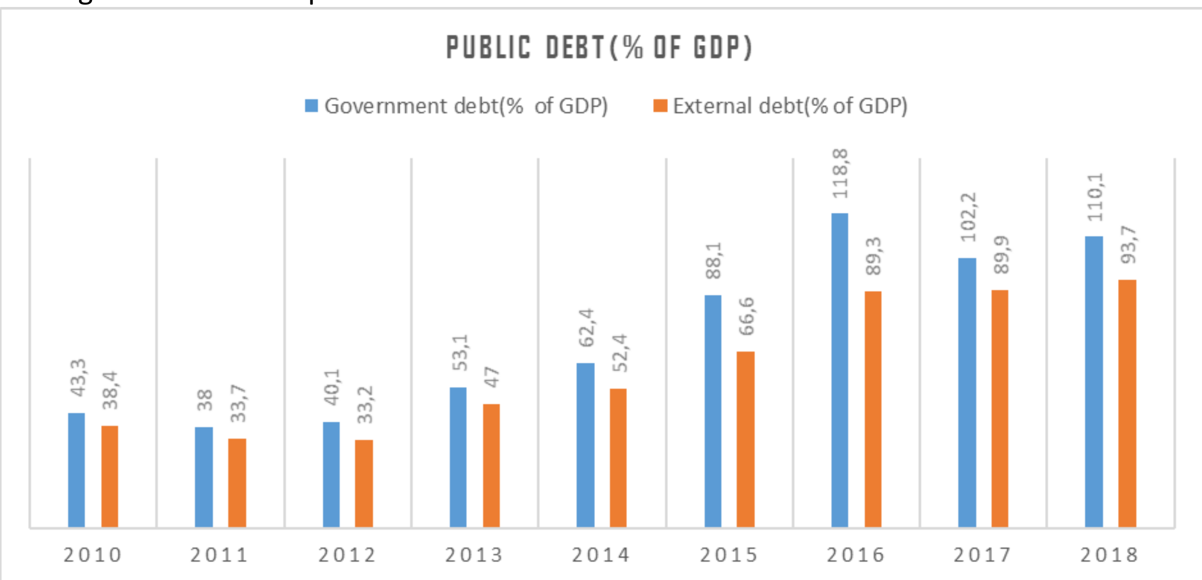
308. The government has, therefore, shown commitment in promoting fiscal decentralisation but there is a need to address issues attached with each initiative to fully maximize their benefits.

309. Public Debt

310. The CRR 2010 reported that Mozambique is highly aid-dependent and debt-ridden countries in the world. However, sound economic management, massive international debt relief and a great investment in human capital played a significant role in poverty alleviation of the country. Given the high level of debt and a good economic reform track-record, the country was the first country in Africa to qualify for debt relief under World Bank and IMF-initiated Heavily Indebted Poor Countries (HIPC) initiative in the 2000s. Since then, the country has been exploring effective debt management policy measures to promote private sector-led economic growth.

311. Despite the effort, CRR 2010 shows that Mozambicans' high credit risk and poor financial intermediation were partially linked to the lack of institutional capacity to: enable lenders to collect debt upon default, efficient debt enforcement for unsecured loans, comprehensive laws that consider collateral systems and efficient bankruptcy laws and assist lenders with their credit selection decisions. The figure below shows the transactions within Mozambique's official listing market. The country's government debt as a percentage of the GDP rose from 43.3% in 2010 to 118.8% in 2016 and expected to slow down to 110% in 2018. It is worth noting that the external debt largely determined the trajectory of the government debt until 2016. By then, external debt was 89.3% of GDP, but on the average, has contributed 84% of the total debt.

Figure 9: Mozambique Public Debt to GDP



Source: IMF Regional Economic Outlook, 2018.

312. In the Progress Report (2010-2012), stated that the government has completed and approved a Public Debt Management strategy to operationalize the Medium-

term Debt strategy. In addressing the issue of public debt, APR panel recommended that the public debt treasury bonds/bills issuance should be increased across various maturities to produce a “yield curve”. The private sector is expected to use it to test the performance of prices practised by the issuers of private debt instruments on the market. It was acknowledged in the report that Mozambique has made progress in the issuance of public debt instruments, but this has not produced the desired outcome.

313. Despite the effort by government, the 2018 CSAR shows that the government utilized state-owned defence and security companies to borrow an additional USD 2 billion between 2012 and 2014 without parliamentary approval. This clearly reinforces the finding in CRR 2010 that the institutional framework is still very weak which damage long-term economic development. The report further shows that the decline of external debt form 118.8% in 2016 to estimated 102.2% in 2017 was due the appreciation of the Metical. This implies that there is no strong debt management framework to address the country’s high debt level. The government defaulted on its sovereign bond in January 2017. Thus, the debt management issue has not been given proper attention as shown in figure 9. As previously mentioned, the lack of transparency by the government has led to the withdrawal of donor nations (G14).

314. The CSAR 2018 confirmed the above challenges of debt management as the country’s external debt services continue to increase. The report also shows that Mozambique has been facing challenges in the area of performing its function due to the debt crisis. The debt scandal has contributed to the significant decline in foreign direct investment flows to the country. Despite the enactment of a law which assigns the separate role to each arm of government, there are still gaps in the proper functioning of the Parliament and the Administrative court to check any illegal loans. The report further revealed that the excessive and unsustainable indebtedness has contributed to the interruption of achievements cycle as the direct foreign aid to the budget decline significantly.

Findings of the CRM

High rate of Corruption

315. The CRR 2010 shows that corruption has been an abiding and wide-spread problem in Mozambique which is mostly related to the public sector. Some of the challenges identified in fighting corruption were understaffing of entrusted bodies and lack of appropriate legal skills.

316. CRR 2010 the acknowledgement of the government on the pervasive nature of corruption and its implication for economic growth of Mozambique. Then, government effort in talking the scourge is the introduction of fairly comprehensive reform package to reduce corruption (the ratification of international, regional and sub-regional anticorruption conventions, such as the United Nations Convention against Corruption (the Mérida Convention), the AU Convention on Preventing and Combating Corruption, and the SADC Protocol against Corruption). The report acknowledged that the government have recorded some success stories in this area

which include Phase II of the PSR programme (2006-11) and the Anticorruption strategy (2006-10). Despite this progress, the report still established that approaches to fighting corruption have not yielded expected results. It was recommended that institutions fighting corruption including GCCC should be supported with sufficient human and financial resources, transparency in the process of appoint of Director of GCCC, publicizing all verdict on pending cases, adequate witness protection, monitoring and accountability, and the establishment of a mechanism for addressing money laundering.

317. Given the recommendation in CRR 2010, the CSAR 2018 report shows the Global Corruption Perception Index as presented in Table 2 below. The table shows how chronic the phenomenon of corruption in Mozambique is. The fight against corruption remains unchanged in the last six years clearly shown in the Table below. The country was ranked 123rd (out of 174) in 2012 and further worsened in 2017 as it was ranked 157th (out of 180). There is consistency in the reports of both international and national assessments. The 2018 CSAR report shows that corruption has increased significantly in the country.

Table 2: Mozambique's Global Corruption Perception Index

Year	2012	2013	2014	2015	2016	2017
Mozambique's Position	123	119	119	112	144	157
Number of evaluated countries	174	175	174	1681	177	180

Source: CSAR, 2018

318. During the consultations with relevant stakeholders, the CRM was informed that corruption is rampant across the country and supported by the ranking of Mozambique in recent years by the Transparency International. Mozambique consistently fell in the rank from 31 in 2015, to 27 in 2016, to 25 in the 2017 index. In terms of ranking, Mozambique is in a 153rd position out of 180 countries. In 2016 it was in 144th position out of 177 countries, and in 2015 it was 112th out of 168 countries. Mozambique was only better in ranking than four countries (Madagascar, Zimbabwe, Democratic Republic and Angola) in the 15-member Southern African Development Community (SADC).

319. It was further explained that corruption cases are increasing at a faster rate than PGR's capacity to respond due to lack of resources. This was further substantiated by the interview from the Central Office for the Fight against Corruption (GCCC) that government failed to make provision for an adequate number of staff and financial resources. This further corroborates the findings of 2018 CRR. It implies that the government has not adequately addressed the problems identified the previous report. It was also observed that a number of lawsuits relating to corruption, embezzlement, and misappropriation of funds or public goods, economic participation in business and related matters since 2008 are 4,142 lawsuits but only 1318 and 508 cases are indicted and judged, respectively.

320. There was an effort by GCCC39in designing and implementing its first strategic plan aimed at increasing infrastructural provision, human resources and the staff's technical capacity. There are many challenges in fighting the crime of money laundering in the country as indicated in Progress Report (2014-2016) by General Attorney of the country. It was also noted that there was no asset recovery unit in the country. The second GCCC's Strategic Plan was initiated in 2014 to cover 2015-2019. The green line (free of charge) was activated to allow citizens to report cases of corruption. Other efforts by government are: approval of Criminal Code in 2013; successful implementation of the Global Strategy for Public Sector Reform in 2011; empowerment of Development Observatories and the District Consultative Councils; releasing second survey on governance and corruption; Creation of Administrative Inspection career; monitoring by General Inspectorate of Finance; and Implementation of State Assets Module. There are also laws passed to strengthen the fight against corruption:

- The Penal Code;
- Law No. 6/2004, of 17 June, Anti-corruption Act;
- Law No. 14/2012, of 8 February, amending the Law No 22/2007, of 1 August, Organic Law of the Attorney-General's Office and the Statute of Prosecutors;
- Law No. 16/2012, of 14 August, Law of Public Probity;
- Law No. 1/79, of 11 January, punishing crimes for misappropriation of State's funds;
- Law No. 15/2012, of 14 August, Witnesses Protection Act; and
- Law No. 7/2012, of 5 February, Anti- Money Laundering Act.

321. Even though the above laws suggest the existence of a relatively well-established legal framework, many gaps still exist. For example, the Anti-Corruption Law does not cover all forms of corruption (e.g., embezzlement is not covered). The CRM noticed that the sudden sharp decline in corruption ranking between 2015 and 2017 coincided to aftermath of the failure of Mozambique to prosecute individuals linked with the hidden debt procured by companies such as Ematum (Mozambique Tuna Company), Proindicus and MAM (Mozambique Asset Management- in 2013 and 2014, which culminated into the withdrawal of budget support by donor partners in 2016.

Domestic resource mobilisation

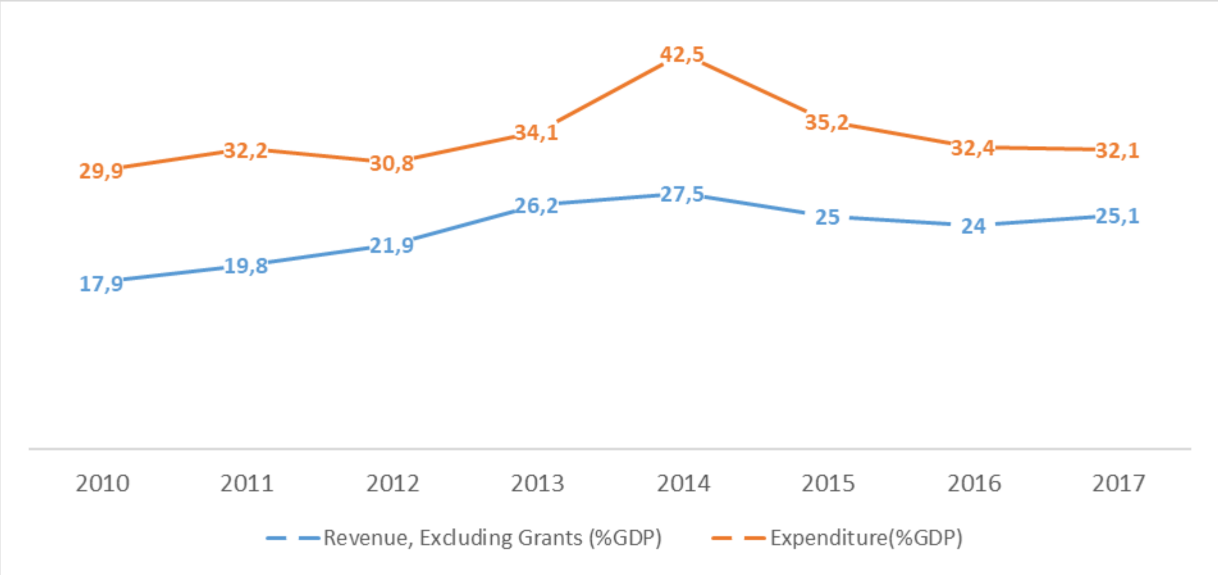
322. Domestic resource mobilisation is increasing in Africa with an average of 19% average tax-to-GDP ratio in 2015. In Mozambique, the average tax-to-GDP ratio between 2010 and 2016 is 20.8%, which is above the average of the SADC region. The budget support which is captured under grants to countries constitutes 21.5% of total revenue. The largest share of revenue comes from taxes on income, profits and capital gains (35%), followed by taxes on goods and services (31%). Others include customs and import duties (7.8%) and social contribution (1.75%). As the budget support was withdrawn, the deficit became daunting as the expenditure continuously outstrips the revenue (excluding grant) over the years under review.

[39] Central Office for the Fight against Corruption.

Figure 10 below presents a rather interesting pattern. After the withdrawal of budget support, expenditure took a downturn from 2014 to 2017 as expected, however, revenue recovered in 2017 after an initial fall from 2015 to 2016.

323. A number of reforms can be attributed to the pattern. First, the austerity measures that necessitated the decline in expenditure, and secondly, the innovative tax reform that was initiated without necessarily igniting major resistance by the populace. A key element to this reform is the incorporation of the informal sector into the tax base. The CSAR 2018 reported that about 6000 informal operators have been incorporated into the formal system through the Simplified Tax for Small Enterprises (ISPC), thereby increasing the tax base.

Figure 10: Revenue and Expenditure in Mozambique, 2010-2017



Source: World Bank, 2018

324. As noted earlier, taxes on goods and services and on income, profit and capital gains jointly contribute 66% of tax revenue. There are profound concerns on which includes the vulnerability of the economy to internal and external shocks such as effect of climate change and considerable commodity price volatility; and the

Box 3: Commendable Practice: Domestic Resource Mobilisation in Mozambique

The revenue mobilisation system of Mozambique has undergone a series of reforms over the years, especially from 1998, which largely conforms to international best practices. The major reforms for domectic resource mobilisation include (i) the enactment of the value-added tax (VAT) in 1998; (ii) introduction of a new income tax system in 2002 which separated the tax on companies (*Imposo sobre o Rendimento das Collectivas*, IRPC) and individuals (*Imposto sobre o Rendimento das Pessoas Singulares*, IRPS); (iii) modernisation of the tax administration, tax simplification, and improvement of the tax culture; (iv) establishment of the Mozambique Tax Authority by the Law 1/2006; and (v) enactment of the General Law on Taxation, Law 2/2006; Customs law, Law 3/2007, Mining and Petroleum Laws, up to changes in the VAT Law, Corporate Income Tax ("IRPC") and Personal Income IRPS, all in 2007, and to the Simplified Tax for Small Taxpayers (ISPC) of Law 5/2009, which contributed to the recovery of the economy, especially after the suspension of budget support to Mozambique. These measures have yielded a sharp increase in revenue even after the suspension of the budget support, which was about 17% of GDP in 2010 and up to 27.5% of GDP in 2014 before the decline to 24% in 2016. This ratio increased marginally to 25.1% to GDP in 2017.

reduction in global demand which could affect one of the Mozambique's main trading partners, South Africa.

Fiscal decentralisation

325. Although Chapter III of Law 1/2008 provides for financial resources transfer from the central government to the municipalities, the CRM observed some discrimination concerns in the disbursement of some funds, such as the Road Fund (FE-A). There are also allegations of delays in the dispatch of the fund to the authorities of the municipal government headed by persons of a party affiliation different from that of the central government. There is also mismanagement of the use of the local initiative fund (the MT 7 million), where districts misappropriated funds against instruction from the central government.

326. During consultation with different stakeholders across the country, the CRM noted the complaints of citizens regarding lack of ownership as it relates to raising and appropriation of funds. Furthermore, the rural citizenry clearly indicated that they are hardly consulted and involved in the planning and designing of projects. This points to the fact that the central Government is still distant to the yearnings of the people.

Public Debt

327. The trend of debt stock presents a growing debt stock driven mostly by external debt up until 2016. While the total debt stock decreased slightly in 2017, it increased further in 2018. The external debt, however, remained relatively stable afterwards. This suggests that the government acquired loans through other sources. The CRM findings indicate that the increase in debt is accompanied by an increasing share of commercial, domestic and non-traditional sources as the concessional and multilateral debt share of total external debt declined between 2010 and 2017.

328. The capacity of Mozambique to repay this debt is weak. The total debt service as a share of exports has increased over the period from 3.26% in 2010 to 6.73% in 2016 but fell to 5% in 2017. The dire situation is further shown by examining the share of total reserves to total external debt, which has declined by more than 60% between 2010 and 2016. By 2017, the reserves had slightly improved to about 26% of the total external debt. Nonetheless, this places Mozambique in an uncomfortable situation. Indeed, Mozambique has been equipped to be in debt distress alongside Chad, Eritrea, Republic of Congo, South Sudan and Zimbabwe (IMF, Regional Economic Outlook, 2018).

329. However, the Government is designing modalities of payment of State debts to the private sector. It is also tackling the issue of external and hidden debts, whereby three semi-public entities secured over USD 2 billion loans from foreign banks.

These three entities40 such as Mozambique Asset Management (MAM) (USD 535 million from VTB Bank); Proindicus (USD 622 million from Credit Suisse and VTB Bank), and Ematum (USD 850 million from European bond market, with USD 500 million and USD 350 million managed by Credit Suisse and BNP Paribas, and VTB Capital, respectively), illegally and secretly secure the loans to prevent public scrutiny and responses.

330. This was not submitted to the Assembly Republic for evaluation, approval and monitoring as required by Mozambican constitution[41]. These loans largely exceed the top limit placed on government borrowing which is currently set at USD 515 million. It was established that few groups of individuals owned and controlled these entities with intention of non-payment of the debts. The hidden debt implication emerged when the present Mozambican government approached International Monetary Fund (IMF) for the balance of payments emergency support in 2015. The problem of Proindicus debt was discovered during 2016 restructuring of the remaining USD 700 million on the Ematum loan. Meeting between Finance Minister and IMF in April 2016[42] revealed that the detailed information about debt dimensions of Mozambique was not provided and it was later discovered by IMF that hidden debt of over USD 1 billion was kept by the country. This led to the suspension of the IMF programme with the country. Other development partners followed the IMF step, with the World Bank and British suspending their disbursement and budget support respectively. In addition, the G14 group of donors to the country officially suspended their budget supports as well as reviewing USD 400 million annual aid allocation by US government. The IMF's Christine Lagarde stated that: "When we see a country and a programme with the IMF where international community money is committed, that is not respecting its financial disclosure engagement, which is clearly concealing corruption, we suspend the programme. We did that just recently with Mozambique"[43].

331. The CRM noted that the debt stock was - and still is - growing precariously. The total debt stock increased concomitantly with the increase in external debt, up till 2016. While the total debt stock continued to remain more than 100% of GDP in 2016, it increased further to 110% in 2017 whereas the external debt component remained relatively the same. This suggests that the government acquired loans through other sources. This idea largely points to the commercial and domestic loans, as during this period, the concessionary and multilateral shares of debt decreased continuously between 2010 and 2017. Mozambique has been equipped to be in debt distress alongside Chad, Eritrea, Republic of Congo, South Sudan and

[40] Jubilee Debt Campaign. 2016. *Campaigners on Mozambique call for non-payment of hidden debts*. 15th June 2016. Available at: http://www.cadtm.org/spip.php?page=imprimer&id_article=13609

[41] Fórum de Monitoria de Orçamento. 2016. *It is unacceptable to pay illegal debts*. Position statement of FMO, GMD and CTJF in relation to Mozambique's debt crisis. Available at: http://www.fmo.org.mz/documentos/Position-paper-Civil-Sociecty-Moz.pdf

[42] Menas Associates. 2016. *Mozambique's 'biggest scandal in recent times' turns out to be even bigger*. Menas Associates. 14 th
April 2016. Available at: https://www.menas.co.uk/ematum-and-proindicus/

[43] Club of Mozambique. 2016b. *Lagarde links suspension of IMF programme to hidden corruption*. 25th May 2016. Available at: http://clubofmozambique.com/news/lagarde-links-suspension-of-imfprogramme-to-hidden-corruption/

Zimbabwe. The government was not unaware of the situation. It has created a Risk Management Office with the goal of managing fiscal, operational, and legal risks of governments' transactions.

Table 3: Debt Profile 2010-2017

Type of Debt	2010	2011	2012	2013	2014	2015	2016	2017
Concessional debt (% of total external debt)	72.01	78.89	77.58	63.91	65.49	64.40	66.81	67.14
Multilateral debt (% of total external debt)	52.47	52.71	50.58	37.95	35.45	34.45	34.47	33.70
Total debt service (% of exports of goods, services and primary income)	3.26	1.97	1.81	3.59	5.17	6.59	6.73	4.99
Total reserves (% of total external debt)	52.28	53.11	50.46	36.89	31.85	23.31	18.89	26.47
Total reserves in months of imports	4.96	3.70	2.64	3.00	3.03	2.63	2.95	4.35
Short-term debt (% of total external debt)	14.61	5.64	6.27	8.44	4.63	7.28	6.24	8.65

Source: World Bank International Debt Statistics, 2018.

332. To put this situation in proper context, especially the implication of the increase in fiscal deficit from -2.2 in 2015 to -4.4 in 2017 which has to be financed, the CRM examined the share of debt service to the total revenue. Data obtained presents an almost four-fold increase from 2.5% in 2011 to 9% in 2017. This is expected to increase in the short to medium term thus further straining development spending in Mozambique.

Table 4: Other macroeconomic factors 2010-2017

Current USD, million	2010	2011	2012	2013	2014	2015	2016	2017
Total reserves (inc. gold)	2,159.39	2,468.77	2,770.24	3,142.33	3,009.98	2,411.42	2,022.45	3,179.16
External debt stocks, total (DOD)	4,130.75	4,648.52	5,489.82	8,517.38	9,450.01	10,344.73	10,705.25	12,009.87
Debt service on external debt, total (TDS)	88.36	72.09	86.44	176.02	246.69	279.87	260.78	276.62
Current account balance	(1,679.44)	(3,328.86)	(6,789.98)	(6,253.45)	(5,797.15)	(5,967.85)	(3,845.98)	(2,585.53)
Total revenue	1927.41	2790.77	3488.37	4223.30	5094.04	4072.44	2637.09	3025.33
Debt service/Revenue	4.58	2.58	2.48	4.17	4.84	6.87	9.89	9.14

Source: World Bank, 2018.

Panel Recommendations

The Panel recommends:

Public Finance Management

- Revise the SISTAFE law (9/2002) to enhance fiscal transparency and audit all financial transactions of the government. (Office of the Prosecutor General, the Central Office and the Provincial Offices to Combat Corruption); and
- Introduce the International Standards for Public Sector Accounting (IPSAS) in Mozambique. (Ministry of Economy and Finance)

High rate of corruption

- The government should continue public awareness campaign on the fight against corruption; (Central Office for Combating Corruption);

- Operationalization of mechanisms to protect parties involved in processes aimed at sanctioning corruption (whistle-blowers, witnesses and others). (Ministry of Justice); and
- Reinforcement of transparency and accountability mechanisms inherent in public ethics legislation. (Mozambique Financial Intelligence Office)

Domestic resource mobilisation

- Pursue the ongoing reforms in tax administration capacity and further enhance the effectiveness of tax administration. (The Ministry of Economy and Finance, Mozambique Tax Authority).

Fiscal decentralization

- Fiscal decentralization should be strengthened. (Ministry of Economy and Finance)

Public Debt

- Operationalization and strengthening of the Risk Management Office should be pursued robustly by the government. (Ministry of Economy and Finance)

Issue 4: Sectoral performance

333. Although economic growth has been strong and has underpinned the process of economic transformation, the structure of the economy still remains narrow based on subsistence agriculture and a few isolated mega-projects. The country's economic structure has undergone little structural transformation and industrialisation over the years. The World Bank calls Mozambique's economy a two-speed economy, the extractives and mega projects drive growth, while other sectors lag behind. From 2000 to 2015 the workforce in agriculture44 decreased from 85% to 74.6%, although in absolute numbers, it remained approximately the same. In recent times, the performance of the agricultural sector was weakened due to the regional El-Nino induced drought. The extractive sector, on the other hand, has been a driver of the recent improvement in growth. Following the 2015/16 downturn in the economy, extractives maintained double-digit output growth.

334. This sectoral difference is also reflected in the country's foreign trade. Mozambique's foreign trade has a high concentration: very few types of goods are exported to few countries. Mozambique's export sector, in particular, holds huge potential to expand such as diversification of market, the composition of Mozambique's foreign trade and value addition of export items. Mozambique's exports are dominated by natural resources and are sourced from a relatively small number of mega-projects. To ensure the sustainability of growth, Mozambique needs to diversify its economy, which still highly depends on unprocessed agricultural exports and extractive industries.

[44] Agriculture includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production.

Table 6: Mozambique's Distribution of GDP across economic sectors from 2010 – 2017

Sectors	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture %	27.34	26.3	25.23	24.08	22.75	22.94	22.55	24.3
Industry %	17.55	17.75	17.43	16.98	18.77	19.65	19.69	23
Services %	49.65	50.48	50.86	51.97	51.41	50.85	51.2	52.8

Sources: National Institute for Statistics

335. The above statistics show the distribution of the GDP across economic sectors in Mozambique between the year 2010 and 2017. The table shows the decline in the relative importance of the agricultural sector to the economy whereas the services sector takes the lion's share.

336. The CRM sectoral performance assessment elucidated that the country is developing along a pattern of specialization based on slow productivity growth in agriculture and on foreign direct investment in aluminium, electricity and mining, with low spill overs to other sectors of the economy.

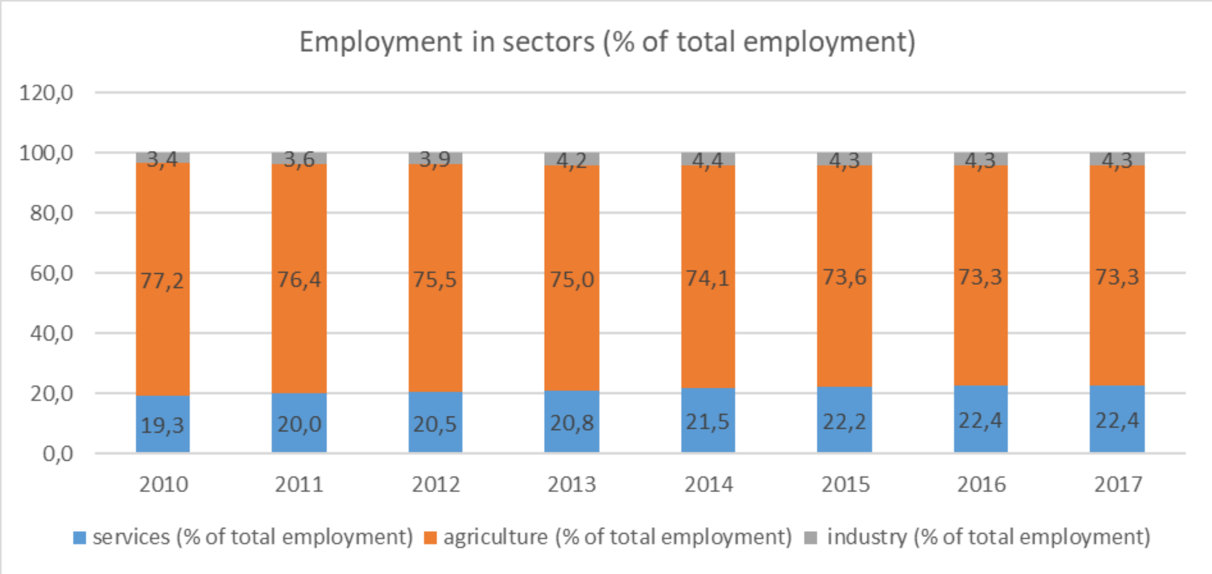
Evolution of the issue

337. The CRR 2010 reported that Mozambique's traditional exports include cashews, shrimp, fish, copra, timber, sugar, cotton, tea, citrus and exotic fruits. These exports have low-profit margins due to a high level of competition and easy entry to the market.

338. The Progress Report (2010-2012) indicated that even though there has been an increase in exports, there is a lack of much improvement in exports value addition in Mozambique. Nevertheless, Exports continued to grow rapidly; for example, in the first nine months of 2012, exports increased by 9.5% in comparison with the same period of 2011, reaching a level of $2.602 billion, of which $313 million are from the export of coal, with this taking second place in Mozambican exports, after aluminium.

339. The CSAR 2018 states that agriculture and fisheries sectors are the backbones of the Mozambique economy providing employment for an average of 75% of the workforce, and contributing an estimated 24.3% to GDP in 2017, with a worth of MT195 billion (USD2.997 billion). The cash and export crops include sugarcane, cotton, tea and tobacco. The fisheries sector is also another major source of foreign exchange earnings. Mozambique's industrial sector has main manufacturing operations including light engineering, food industries, textiles, brewing, soft drinks, cement, oils, soaps and chemicals.

Figure 11: Sectoral employment as (% of total employment)



Source: World Bank, 2018

340. Meanwhile, the CSAR 2018 does not provide an adequate report on exports value addition for Mozambique. Therefore, detailed analysis, statistics or indices showing the actual amount of exports value addition could not be ascertained.

CRM Findings

Agricultural Sector

341. Agriculture remains the main economic activity in Mozambique. According to the National Statistics Institute (INE), in 2016, agriculture and fisheries contributed 24.9% to GDP. The performance of this sector is pivotal because in Mozambique the agriculture sector is vital for economic development. The sector is predominately subsistence characterized by low input and low output. Nevertheless, the agricultural sector has untapped potential for economic growth, poverty reduction and hunger alleviation.

342. Although there were variations, the performance of the sector has shown improvement since the base review in 2010. According to the Food and Agriculture Organisation (FAO), Mozambique's agricultural production in the past 20 years has tripled. Growing from 7 million metric tonnes in 1995 to roughly 21 million metric tonnes in 2011.[45] During the same period, agricultural production per capita grew by 78%. The majority of the agricultural production in Mozambique is concentrated in basic products such as maize, cassava and sorghum. Hence, poverty and food security rates are still high among rural farming communities.

343. While the government's efforts to transform the agriculture sector and attract foreign direct investment are ongoing, agriculture in Mozambique is still dominated by poor, small-scale farmers producing mostly for subsistence use. CRM consultations pointed to the fact that the majority of subsistence farmers lack access to productive assets, agricultural finance, extension services, technologies

[45] Mozambique food security outlook, 2017

and markets, which could help them improve productivity and income. Consequently, the opportunity to accelerate food security, to become a net exporter of food and to add value to agricultural products is underutilized.

344. CRM consultations in Gaza, Zambezia and Nampula provinces highlighted the challenges associated with access to credit to farming communities. Agricultural credit service access is generally low in Mozambique, particularly in the rural farming communities, hindering investments in modern technologies.

345. Arguably, the greatest challenge to the agriculture sector is the country's exposure, vulnerability, and susceptibility to highly unpredictable weather, as well as climate-related hazards, particularly droughts and cyclone-induced floods.

346. Despite having an agricultural sector that poses as the largest employer and contributing one-third of the GDP to the economy, Mozambique is still a net importer of agricultural products. The agricultural trade deficit has been quite high. Data that was collected and analysed by the World Bank indicated that between 2009 and 2013, the value of agricultural imports (primarily wheat and maize) averaged USD 922 million per year, while revenues from agricultural exports (mainly from cashew nuts, sesame seed, fruits and cotton, shrimps and prawns) averaged USD 515 million over the same period.

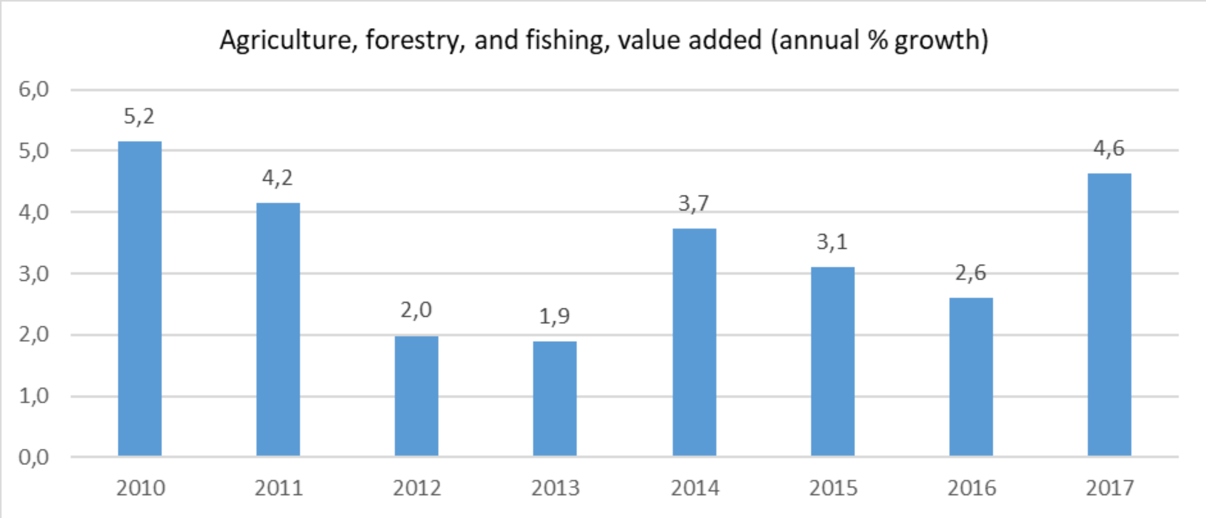
347. CRM noted that the vast majority of cultivated land in Mozambique is used for the production of staple crops. A limited number of commercial farmers invest in export-oriented products including tobacco, cotton, cashew nuts, prawns, sugarcane, and timber. Commodity price volatility and global market fluctuations have a significant impact on Mozambique's commercial agriculture. On the whole GDP in agriculture, animal production and forestry decreased by 0.4% in 2016 compared with 2015, while fisheries sector increased by a meagre 0.1% in the same period. In terms of production, grains declined 3.8% between 2015 and 2016. Other products such as cotton, sugarcane had production losses during this period due to adverse climatic conditions.

348. Agricultural productivity (land and labour productivity) in Mozambique is low, it is even lower than the average of the Low-Income countries in the region. Henceforth, the country has been struggling to meet the agriculture production performance indicators. The Northern region of Mozambique was affected by floods in 2015 and 2016, while the Central and Southern parts suffered severe drought. Hence, the government developed the plan with a focus on providing basic food to nearly 968,000 people and water for basic consumption and agricultural activities.

349. Increased budgetary allocation to the agriculture sector would not only enable the government to realise its commitments under the Comprehensive Africa Agriculture Development Programme (CAADP) framework, but also contribute to increased productivity and competitiveness of the agricultural sector, which represents a catalyst for economic growth. Understanding the importance of the sector to the economy and with the aim of reducing food import dependency, the Government of Mozambique has taken measures to increase budgetary allocation to the sector. The Progress Report (2014-2016) indicated government's intention to

dedicate 11% of budget to the agricultural sector. Overall, significant efforts are needed towards wealth generation in both agricultural and fisheries sectors.

Figure 12: Mozambique’s Agriculture, forestry, and fishing, value added (annual % growth)



Sources: World Bank national accounts data

Industrial sector: Mining and Manufacturing

350. CRM noted that Mozambique rejuvenated its industrial policy through the Industrial Policy and Strategy (2016-2025). The policy aims to make industry the main vehicle for reaching the prosperity and well-being of the country through the generation of jobs, production and contribution in the valuation of natural resources. The industrial policy defined 8 strategic pillars: Infrastructure, Human capital development, capacity building for industry and national industry protection, access to adequate financing, promotion of business connections, incentives to investment in the industrial sector, innovation, access to technology, research and development, and definition of appropriate institutional model for the promotion of industrial development. The policy also defines a set of priority industries, thus, leading to a specific focus on food and agro-industry; clothing, textile and footwear; non-metallic minerals; metallurgical and metal products manufacturing; wood and furniture processing; chemical, rubber and plastics; and, paper and printing.

351. In 2014, the Government passed the Mining Law (Law No. 20/2014 of August 18), which replaced Law No. 14/2002 of June 26, 2002. The Mining Law mandated that minerals mined in Mozambique be beneficiated domestically when economically feasible. The law established that mining contracts be signed with companies that have the Government as a shareholder and minimum levels of local content. Regulations about domestic beneficiation and local content were expected to be established in the near future. The Mining Law also encourages preferences to be given to goods and services purchased from Mozambican companies or individuals.

352. The Government also passed the Petroleum Law (Law No. 21/2014 of August 18), which replaced Law No. 3/2001 of February 21. The Petroleum Law established that Government owned Empresa Nacional de Hidrocarbonetos E.P. (ENH) would

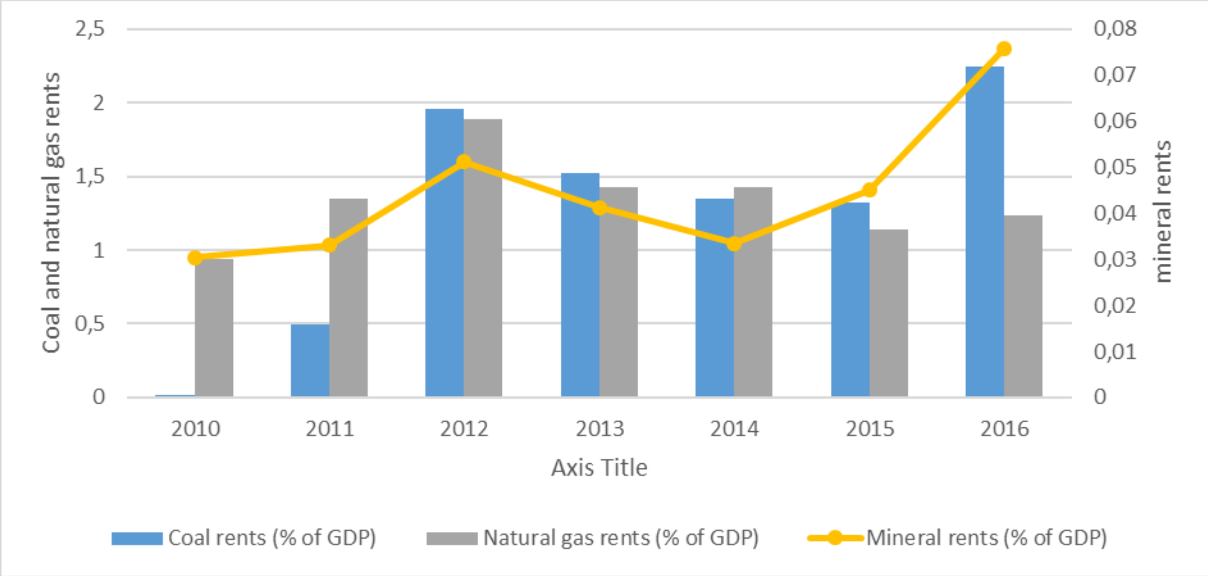
represent the Government in natural gas and petroleum operations. ENH would be involved in all natural gas and petroleum operations and in every stage, including exploration, natural gas and crude petroleum production, petroleum refining, natural gas processing to liquefied natural gas (LNG), transportation, storage and marketing. The Petroleum Law also mandated that 25% of natural gas production from new discoveries be sold to the domestic market.

353. Aside from the mining and Petroleum laws of 2014, there are other laws, some of which were passed in 2017 to ensure proper regulation of the sector. These are:

- Law No. 15/2011 of 10 August (Megaprojects Law).
- Law No. 20/2014 of 26 June (Mining Law).
- Law No. 15/2017 of 28 December (Specific Taxation Regime for Mining Activity or Mining Tax Law).
- Decree No. 26/2004 of 20 August (Environmental Regulations for Mining Activity).
- Decree No. 61/2006 of 26 December (Regulation on Mine Work Safety).
- Decree No. 5/2008 of 9 April (Regulation of Mining Tax Law).
- Decree No. 20/2011 of 1 June (Regulation on Trade of Mineral Products).
- Decree No. 16/2012 of 4 July (Megaprojects Regulations).
- Decree No. 25/2015 of 20 November (Regulation on Trade of Diamonds, Metals and Precious Gems).
- Decree No. 31/2015 of 31 December (Mining Law Regulations).
- Ministerial Diploma No. 8/2017, of 16 January (Guidelines for Implementation of the Corporate Social Responsibility Policy for the Mineral Resources Extractive Industry).
- Resolution No. 89/2013, of 31 December (Mining Policy and Strategy).

354. Most of Mozambique's mining and mineral processing operations are privately owned, including the cement plants, the coal mines, the Muiane tantalum mine, the Moma mineral sands mine, and the Mozal aluminium smelter. There is, therefore, the need for proper regulation of the sector. Some of the regulatory bodies include: Ministry of Mineral Resources and Energy (MIREME), National Institute of Mines (INAMI), National Directorate of Geology and Mines (DNGM), Ministry of Land Environment and Rural Development (MITADER), Tax Authority of Mozambique, Bank of Mozambique, and High Authority of Extractive Industry. For a country that produces about 9% of World's ilmenite; 4% zircon, and 1% aluminum, the activities in the sector need to be properly guided and monitored to ensure sustainable exploitation and benefit for the country's citizens. In this regard, the law ensures that the Government hold a 30% share in the Pande and Temane gas fields through National Hydrocarbons Company (ENH). The mineral industry also included a number of small-scale and artisanal operations that produced construction materials, gemstones, gold, niobium (columbium), and tantalum and they need to be incorporated in the overall scheme of the value chain.

Figure 13: Mozambique's coal rents, natural gas rents, and mineral rents

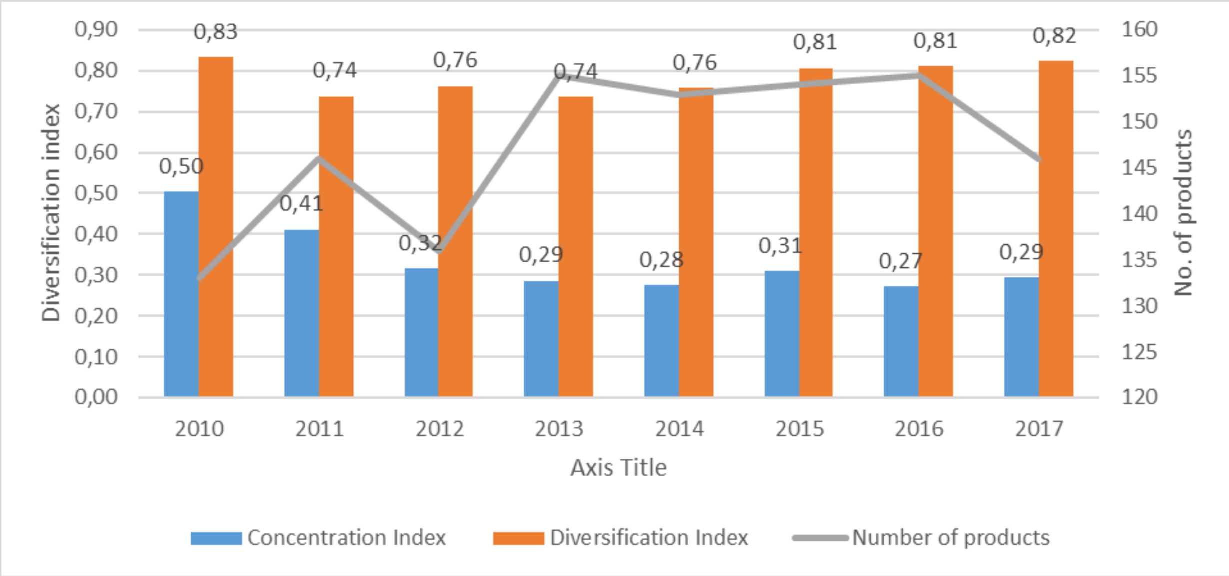


Source: World Bank 2018

355. The figure above presents the evolution of the contribution of key resources to the GDP. A striking feature is the fact that coal became prominent in 2011 and boomed in 2012 contributing almost 2% of GDP in the year and surpassing the contribution of other minerals. Likewise, natural gas increased over time until 2012. From 2013 up till 2015, the contribution of these resources took a downturn, mainly as a result of the political-military tensions during this period. As peace returns from 2016, and transport logistics unhindered, we now see an upward movement in the contributions. The contribution of natural gas to GDP is expected to further increase as new megaprojects come into operation.

356. Industrial production in Mozambique is still highly concentrated around few products as the diversification index ranges between 0.74 and 0.83 (Figure 14). The production is concentrated on aluminium, gas, electricity, construction, petroleum products, chemicals (fertilizer, soap, paints), textiles, cement, glass, asbestos, tobacco, food, and beverages. The country has world-class reserves of base metals, gemstones, gas and coal. Industry share of GDP has expanded quite sharply and contributes 23% to the GDP but employs only about 4%. This imbalance is explained by the predominance of the mining sector and foreign companies that are capital intensive.

Figure 14: Diversification and concentration indices, 2010-2017

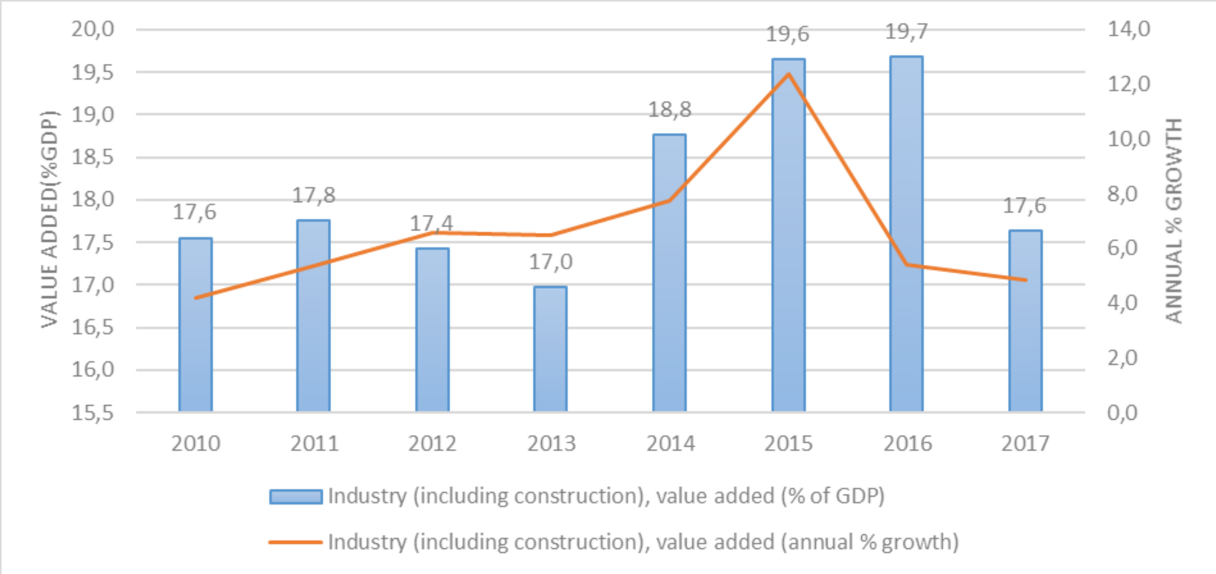


Source: UNCTAD database http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx retrieved on 4 December 2018.

357. A major development in this sector that could increase the growth rate of the economy, is the ongoing first phase development of Natural Gas in the Rovuma Basin by ENI[46]. Between 2015 and 2016, the extractive industry grew by 11%, a performance lower than projected due to the reduction of coal extraction. The political-military tensions at the time led to a standstill of logistics. Other products such as natural gas and heavy sands increased in production. The production in the Tobacco, textile and clothing, base aluminium and other mineral products generally witnessed growth over this period. Among the industrial products, mining and/or extractive industry has shown a dramatic increase. Mozambique's coal and natural gas resources accounted for approximately 52% of the value of its total domestic export trade in 2017.

Figure 15: Industry sector growth and contribution to GDP, 2010-2017

[46] Mozambique Rovuma Venture has submitted the development plan to the government for the first phase of the Rovuma LNG project, which will produce, liquefy and market natural gas from the Mamba fields located in the Area 4 block offshore Mozambique. The plan details the proposed design and construction of two liquefied natural gas trains which will each produce 7.6 million tons of LNG per year. ExxonMobil will lead construction and operation of natural gas liquefaction and related facilities on behalf of the joint venture, and ENI will lead construction and operation of upstream facilities. A final investment decision by the Area 4 joint venture parties is scheduled in 2019, with LNG production of the 85 trillion cubic meters contained in the Mozambican deposits is expected to commence in 2024.



Source: World Bank 2018

358. The industry sector's contribution to GDP steadied at about 17.4% with an impressive growth of 5.7% between 2010 and 2013. From 2014, the contribution increased to 18.8% and further to 19.6% and 19.7% in 2015 and 2016. The unprecedented industry sector growth is underlined by the growth in the extractive sector. However, the impressive performance could not be replicated in 2017, nonetheless, the contribution to GDP was maintained at 17.6%.

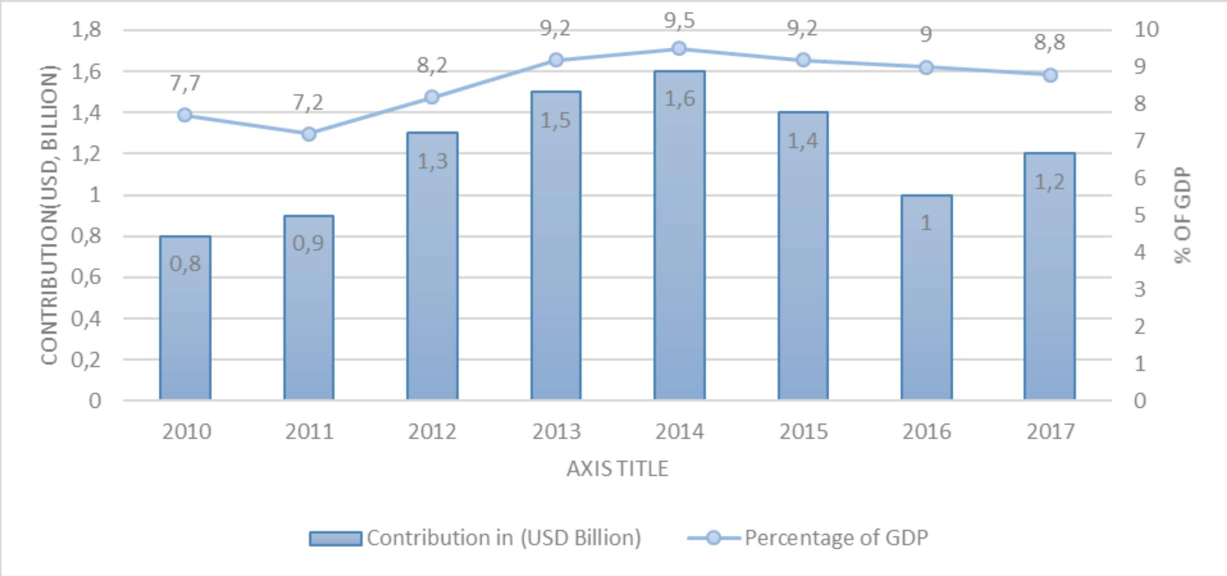
Services Sector

359. The services sector[47] accounted for more than half of Mozambique's GDP between 2010 and 2017 and employed 21% of the labour force in the same period. Growth in the service sector is driven in part by an expansion in financial services and wholesale and retail trade. In the field of telecommunications, the mobile phone penetration rate remains low (33 % in 2012) and less than 5% of the population are Internet users. Among the services sectors, the Government of Mozambique has special interest to developing tourism by utilising its natural resources (beaches, natural reserves). Mozambique has great natural attractions such as breath-taking beaches, ideal tropical climate and diversified wildlife. This highlights the sector's immense growth potential.

360. The 2017 survey conducted by the World Travel & Tourism Council (WTTC) indicated that the travel and tourism industry directly employed about 280,000 people and contributed about $1.2 Billion (8.8% of GDP) to the economy.

[47] Services sector in general include value added in wholesale and retail trade (including hotels and restaurants), transport, and government, financial, professional, and personal services such as education, health care, and real estate services.

Table 16: Contribution of travel and tourism to GDP in current prices



Sources: World Travel & Tourism Council

361. The CRM noted that in Maputo city, Nampula and Gaza, tourism is the one of the dominant economic activity contributing significantly to job creation and household income generation. However, the potential is largely untapped, and investments in infrastructure and human resources are required to maximize the benefit from the sector. There is a need for government to provide incentives to attract private investment to finance infrastructure and support the business development in tourism destinations, which will enhance the competitiveness of the sector and ultimately benefit the local people.

362. Tourism also has the potential to generate income directly for the poor in places where they live (WTO, 2004). Tourism's 'pro-poor' potential lies in four main areas (DFID, 1999; Ashley, Roe and Goodwin, 2001):

- Tourism is a diverse industry, which increases the scope for wide participation of different stakeholders and businesses, including the involvement of the informal sector;
- The customer comes to the product, which provides considerable opportunities for linkages (e.g. souvenir selling) to emerging entrepreneurs and small, medium and micro-enterprises (SMMEs);
- tourism is highly dependent upon natural capital (e.g. wildlife and culture), which are assets
- That the poor may have access to - even in the absence of financial resources; and tourism can be more labour intensive than other industries such as manufacturing. In comparison to other modern sectors, a higher proportion of tourism benefits (e.g. jobs and informal trade opportunities) go to women.

Export Value Addition

363. A major challenge confronted by Mozambique, just like many of other low-income countries, is a concentration of the production and export base among few products and low-value addition. The export sector in Mozambique holds huge growth potential mainly through the diversification of destination and composition of Mozambique's foreign trade and value addition of export items.

364. The main export commodities are aluminium, prawns, cashews, cotton, sugar, citrus, timber, and bulk electricity. The fisheries sector is also another major source of foreign exchange earnings. Mozambique's export base is narrow with aluminium, coal, electricity and natural gas accounting for 70% of exports. [48]The limited diversification of exports, largely of raw materials with barely any value addition, reflects the low productivity and competitiveness across the rest of the economy, leaving the country susceptible to external shocks.[49] The country's trade partners are mainly the European Union, South Africa, China, India and Switzerland.

365. Mozambique is eligible for trade benefits under the African Growth and Opportunity Act (AGOA), the European Union Cotonou Agreement, and the Southern African Development Community (SADC) Trade Protocol. Furthermore, Mozambique has also signed many bilateral trade agreements with many countries to boost the country's exports.

366. However, Mozambique has not yet taken full advantage of its eligibility to export goods and services to the United States of America (USA) at preferential rates under the African Growth and Opportunity Act (AGOA). Eight years after first obtaining eligibility, Mozambican producers only export two of the country's traditional exports – prawns and cashew nuts, in marked contrast to the number of exports of neighbours such as Lesotho, South Africa and Swaziland. The Confederation of Economic Associations (CTA) indicated that there were medium-term constraints that prevented Mozambican businesses from fully exploiting the opportunities presented by AGOA, including the quality of products, certification and a lack of business capacity.

367. Similarly, there is untapped value addition potential in agriculture and in the extractive industry. The consultations in four provinces namely Maputo city, Zambezia, Nampula and Gaza provinces indicated that agricultural export crops such as cashew nut, timber, citrus and the like are exported with little or no value addition. Therefore, creating an incentive structure for linking the industrialisation process with the country's resource base in order to increase value addition is critical.

368. Adding value to the existing export items will provide the opportunity for the country to maximise earnings that can then be locally accumulated and re-invested in the local economy, providing the basis for sustained economic growth over the long term. The value addition will have a multiplier effect throughout the economy such as reducing unemployment.

[48]Serve, country strategy, Mozambique (2017-2021).
[49] AfDB, Mozambique Country Strategy Paper 2018-2022.

369. Although Mozambique has seen impressive improvements in its export performance, this performance is due almost exclusively to exports produced by megaprojects exploiting the country's vast mineral resources. Excluding megaproject exports, the contribution of the export sector to the Mozambican economy has remained rather modest and exporting manufacturing firms often have foreign ownership involvement (INE, 2013). The lack of diversity in manufacturing exports has caused concern about whether potential learning effects from exports have the necessary conditions in place to 'spill over' to the rest of the economy.

Box 4: Commendable Practices: Mozambique's Timber Industry

Mozambique is one of Africa's top Timber exporters to China. Until the recent ban imposed on log export by Ministry of Land, Environment and Rural Development (MITADER), the vast majority of timber produced in the country used to be exported unprocessed resulting in huge job creation and revenue losses.

CRM consultations in Zambezia and Nampula providences requested government to continue enforcing such practices and encourage local value addition in the timber industry rather than simply ripping out logs or squared timber for export to China.

370. Accelerating structural transformation and higher value-added job creation particularly in the agricultural sector relies on upscaling agro-processing and the deepening of agriculture value chains, but also light industries such as textile, packaging, and basic consumer goods. The most promising path to industrialization being the promotion of backward and forward linkages among the three economic sectors namely agriculture, service and industrial. and improving access to markets. To this end, there is a need for increased investment in infrastructure, notably in energy and transport to promote competitiveness, as well as to support agro-industries in rural areas which will help address regional inequalities.

371. The CRM also noted the urgency of diversifying the economy into labour-intensive sectors including agriculture, agro-processing, manufacturing, and tourism. Increasing the competitiveness of domestic production to replace imports and diversify exports requires a new strategy focused on further elimination of barriers to private investment (both domestic and foreign).

372. Finally, to fully reap the benefits of Mozambique's rich endowment with natural resources, it is necessary to strengthen the country's governance framework for the Natural Resource sector, including institutional setup and regulatory reforms for the effective use of its revenues.

Panel Recommendations

The Panel recommends:

- Government is encouraged to introduce policy measures to increase the productivity of the agricultural sector through the use of financing facilities for smallholder farmers; (Ministry of Agriculture);
- Encourage private sector investment in labour-intensive sectors through tax incentives such as reduction of the Corporate Tax on Agriculture; (Ministry of Labour, Employment and Social Security);

- Introduce local content policy to spur employment and revenue growth in the extractive industries; (Ministry of Industry and Commerce) and
- Establish the Export Processing Zone. (Ministry of Industry and Commerce).

Issue 5: Business and domestic investment environment

373. In recent years, the Government of Mozambique has made concrete efforts to enhance the country's business environment and thus, attract trade and investment, particularly into the agriculture and mining sectors. The country transitioned from a centralised economy to a market economy, with privatisations and deregulations. Additional privatisations are underway for the remaining state-owned companies, including electricity, ports and railways.

374. The government is intensifying its reforms to improve the business environment to help realize Mozambique's growth potential, diversify exports, and stimulate new investment. Nonetheless, according to the various indicators, Mozambique's difficult business environment challenges the ability of local firms to compete internationally and to upscale their activities locally.

375. The growth of the private enterprises in Mozambique will rely on an improved operating environment and increased access to finance. The environment for Mozambican business has improved somewhat but continues to be subdued by a number of constraints.

Evolution of the Issue

High-Interest Rate/ Access to Credit

376. The CRR 2010 highlighted that there are inadequate microfinance institutions in the country. There is a need for the government of Mozambique to initiate the establishment of a development bank that will cater for the needs of the domestic private sector as the commercial banks are not doing so. It was also noted that the microfinance loan is expensive due to the operational costs and high-risk factors. The interest rate that the commercial banks charge on the loan is too expensive for the domestic private sector. This is due to the absence of competition, small size financial sector against the increasing demand for credit in the country, the high operating cost of banks, and high fiscal deficits. Since 1990, there has not been steady growth in financial assets held by the economic agents relative to the GDP, which is an indicator for financial deepening.

377. It was also observed that the government is aware of the problem faced by the Mozambicans in accessing capital. Measures are being taken by the government to encourage the commercial banks to open branches in the rural areas. There are other measures put in place to promote financial deepening which is the incentive offered to banks allowing them to incorporate the upcountry branches' cash holdings into their overall liquid reserve ration requirement and to import needed equipment duty free. Credit should not only be available but should also be affordable.

378. The country has continued to implement actions to aid the financial market deepening, as recommended by the APR Panel. There has been an expansion of financial services to the rural and peri-urban areas. The number of commercial banks has increased from 270 to 501 between 2007 and November 2012, covering 63 districts against 28 districts in 2007. To improve the access to financial services in the country, the BoM increased its representation from 3 to 8 provinces. From 2010 to November 2012, the number of microbanks increased from 6 to 8 institutions which resulted in the increase in the microbank agencies from 7 to 23 in the same period. The microcredit operators increased from 74 to 198 between 2007 and November 2012. The intervention of BoM on interest rate in interbank markets fell from 15.5% at the end of 2010 to 9.5% in November 2012.

379. The market was created on the Mozambique stock exchange for Small and Medium Sized Enterprises to trade their shares in order to introduce dynamism into the Mozambican capital market and help SMEs to obtain finance. With this measure, SMEs in Mozambique was able to access another financing opportunity with more competitive conditions than those currently offered by commercial banks. Financial System Development Strategy was developed by BoM and Government, with the objective to support the development of the country's financial sector and help widen the access to financial products and services.

380. However, according to a statement by the BoM (2012), the interest rates on lending are still very high, and these have been less sensitive to the management of the Central Bank. This shows, that there are other more important variables that explain interest rates that need to be addressed. For example, it is possible that there are exaggerations from private banking as to the actual size of the risk.

381. Despite the improvement registered in recent years, access to bank financing continues to be limited, particularly to SME Sized Companies, due to a range of constraints that they face which creates difficulties in their relationship with the banking system. The level of interest rates is still high, being one of the factors that affect the level of access to financing.

382. The CSAR 2018 noted the need for improvements in interest rates and development of the financial sector so that more Mozambicans would have access to banking services. As additional measures to extend and intensify the financial markets and reduce interest rates, it is important to mention that after the CRR 2010, the banking system is stable with less than two dozen banks, in an environment where a considerable expansion of noticeable micro-credit operators is above 500 as shown in the following table:

Table 3.7: Evolution of the banking system (active institutions)

Type of Institution	2011	2012	2013	2014	2015	2016	2017
Banks	18		18	18	19	19	19
Micro banks	8		10	10	11	10	9
Credit cooperatives	7		8	8	9	9	8
Leasing companies	0	0	0	0			
Investment companies	1	1	3	3	2	2	2
Companies issuing or managing credit	1	1	2	2	2	2	2

cards							
Electronic money institutions	1	1	2	2	2	3	3
Venture capital companies	1	1	2	2	1	1	1
Group-purchase managing companies	1	1	1	1	1	1	1
Exchange houses	21	19	18	18	14	14	14
Savings/loans companies	10	11	12	12	12	12	12
Micro-credit operators	166	199	285	285	351	466	608

Source: Bank of Mozambique, 2018

383. In line with the incentives towards multiplying financial institutions and geographical expansion, the Central Bank has been conducting reforms in the monetary policy tools aiming at gradually reducing the interest rate and promoting exchange rate stability in an environment of low inflation.

CRM Findings

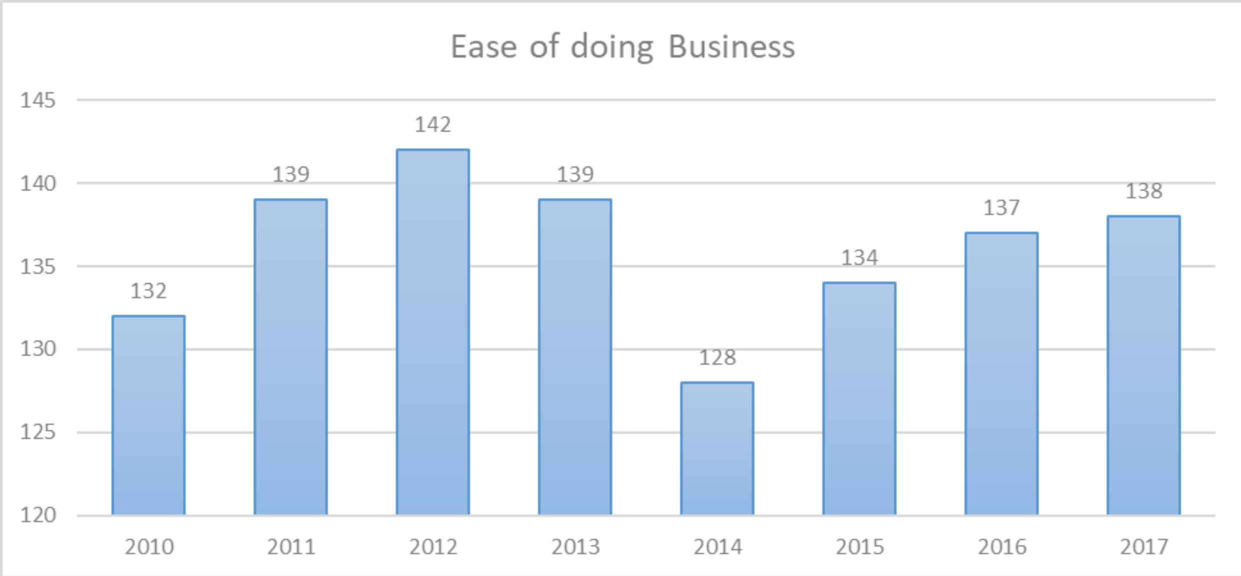
An Enabling Environment

384. In 2016, the Investment Promotion Centre (CPI), the Office for Economic Accelerated Development Zones (GAZEDA) and Export Promotion Institute (IPEX) had been dissolved to establish the Agency for Investment and Export Promotion (APIEX). The creation of the new entity aims to boost the business environment, optimise resources and create greater synergies in areas of promoting investment, trade and exports.

385. The government of Mozambique has already recognized the creation of a business-friendly environment and has identified the private sector as the main engine for investment, growth, and employment.

386. According to the latest World Bank annual ratings of 2017, Mozambique ranks 138 among 190 economies in the ease of doing business. The rank of Mozambique deteriorated to 138 in 2017 from 137 in 2016.

Table 18: Ease of Doing Business in Mozambique 2008-2018



Source: World Bank, Doing Business Report, 2018.

387. The private sector in Mozambique is small and it is dominated by SMEs. SMEs are the backbone of economic activity and constitute the bulk of private sector employment in the county. Most of what can be described as large enterprises are either multinationals or subsidiaries of multinationals, with a few indigenously owned companies. The efforts of government in creating enabling environment include the creation of the Institute for the Promotion of Small and Medium Enterprises (IPEME) to provide technical support to the SMEs as well as establishing the links with the financial sector and the market. Consultations by the CRM revealed that IPEME has been able to extend support to a total of 12,842 SMEs leading to the development of 10 Business Development Centres; 6 at provincial levels and 4 at the district level.

388. With the district's economic empowerment programme on the first phase in 2013-2016, a total of 211 SMEs were structured and supported in the improvement of operational processes resulting in the creation of jobs and capacity to export their products to countries such as South Africa, Brazil, and Italy. In the second phase of the programme, a total of 107 SMEs were diagnosed in Maputo City and Province, Inhambane and Niassa.

389. In addition, through the industrial extension programme, 5 SMEs in Mozambique received support from the Government of Argentina through the National Institute of Industrial Technology of Argentina in 2014-2015.[50] The government also focused on promoting the business links and participation in local content programmes through linking 25 companies to the Mozal's INTSIKA platform, thus enhancing the scope of the companies to opportunities and increasing access to the market. Through this programme, 41 SMEs were supported in the Bar code access between 2016 and 2017.

[50] FootnoteKrause and Kaufmann, 2011 (Industrial Policy in Mozambique)

390. Although the Government of Mozambique is pursuing policies to establish a flourishing and dynamic private sector which are important to sustain the country's economic growth, the CRM consultations with the business community show many hindering factors to the development of the private sector. Some of these hindrances include the regulatory and administrative bureaucracy and access to credit.

391. Commendably, government's efforts to increase private sector investment in megaprojects are bearing fruits. The relatively conducive investment policy to attract FDI in Mozambique resulted in the country becoming an important destination for FDI. Mozambique has ample potential in natural resources (energy, mines, agriculture, forestry, and fishing). As a result, the country has experienced a sustained increase in FDI in recent years, particularly since 2011, reaching more than USD 6 billion in 2013 and over USD 4.9 billion in 2014. However, since 2015, FDI decreased significantly, reaching the only USD 2.3 billion in 2017.

Access to Credit

392. Access to finance in Mozambique is very low across all sectors of the population; 77% are financially excluded.[51] In recognition of this fact, the need to expand access to formal financial services in Mozambique has always been part of the Government's economic policies. This is further demonstrated by the recent National Financial Inclusion Strategy 2016-2022.

393. According to the National Financial Inclusion Strategy, by the end of 2015, Mozambique's financial sector was comprised apart from the regulators, BoM and Insurance Supervision Institute of Mozambique, by the following entities:

- Credit institutions and financial companies: 18 banks, 11 micro-banks and 9 credit unions, 2 electronic money institutions, 12 savings and loan organizations, 330 microfinance operators;
- Insurance and pensions market institutions: 18 insurers, 59 insurance brokers, 1 basic social security institution, 2 mandatory social security institutions, 8 pension funds, 6 pension funds management companies; and
- Capital market institutions: the Stock Exchange and 9 Stock Exchange Operators.

394. Despite the diversity of the existing financial institutions, the scarcity of commercial bank credit available to companies in Mozambique is one of the concerns expressed by the entrepreneurs during the CRM consultations. This is due to high-interest rates attached to the loans as well as the requirements on collaterals. The limited accessibility of credit to the private sector particularly to SMEs is affecting economic activity, employment and socio-economic conditions.

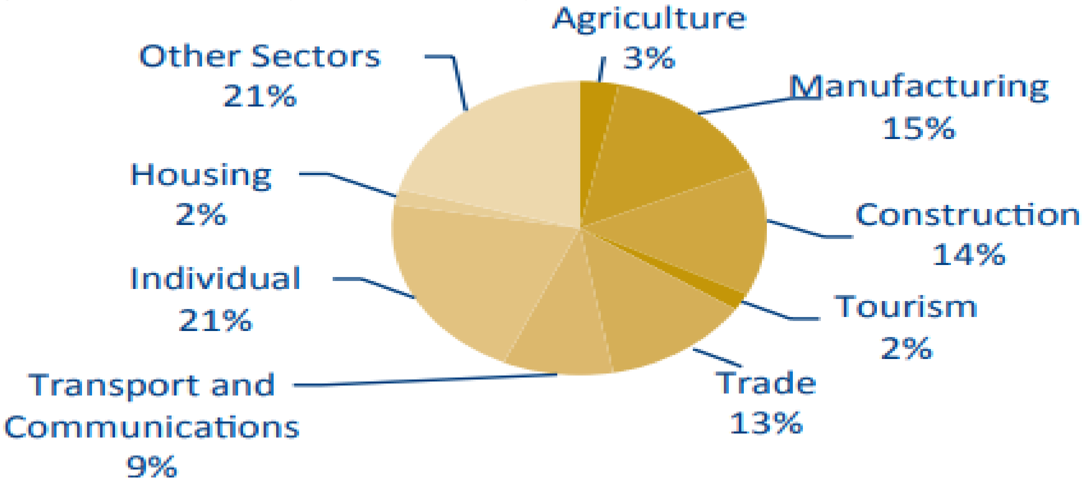
395. The CRM also learnt that private sector financial institutions providing credit have stringent lending conditions and strict recovery measures for those who default in repaying, and this is inimical to underdeveloped communities. Access to credit in

[51] Footnote Work Bank Annual Report, 2017.

private banks is subject to many conditions, including guarantees, securities and title deeds.

396. During the CRM stakeholders confirmed that microfinance loans are also very costly due to their high operational costs and the high-risk factors, which make their cost-to-income ratios very high. Although there is legislation that regulates the operations of microfinance institutions, this law is subsumed under the general banking law.

Figure 20: Bank credit by economic activity sector



Sources: National Financial Inclusion Strategy 2016-2022

397. Figure 20 shows that despite the fact that the majority of the Mozambican population lives in rural areas, there is a limited offer of credit services in rural areas more especially the agricultural sector. The CRM, however, learnt that there are various initiatives aimed at rural finance development. Such initiatives include the institutionalization of the District Development Fund (FDD), the Rural Finance Support Programme implemented by Economic Rehabilitation Support Fund (FARE), and various specific funds targeting at rural financing, such as the Agriculture Development Fund (FDA), the Fisheries Development Fund (FFP) and the Small Industries Development Fund (FFPI).[52]

398. Another area of concern is the issue of high-interest rates. Since the last review in 2010, the BoM has been pursuing tight monetary policy stance to curb inflation which resulted in an increase in the cost of borrowing. This has the potential to stifle credit to the private sector and consequently the growth of the economy.

399. The trend in the past five years demonstrates that the interest rate in Mozambique was consistently high. The BoM indicated that macroeconomic factors, such as high inflation and exchange rate depreciation as the main causes of the high-interest rate.

400. High-interest rates have tended to deter private sector borrowing, particularly for production purposes. This was confirmed in the interactive sessions held with

[52] National Financial Inclusion Strategy 2016-2022.

stakeholders, especially the private sector and non-state role-players. The challenge, therefore, is how to bring interest rates down to the levels that will not be a deterrent to productive private investment. Credit should not only be available but should also be affordable.

401. The government is aware of the difficulties facing Mozambicans in accessing capital and the high cost of borrowing. In interactions with government officials, the CRM was informed that they were taking measures to encourage commercial banks to open branches in rural areas. During the interactions, the CRM heard that fiscal decentralisation was among the measures taken intended to encourage banks to open rural branches.

402. Given the above situation, the key challenge in the banking sector in Mozambique is financial deepening. The CRM confirms that the country's financial markets are both shallow and poorly developed, being dominated by commercial banks. Non-bank financial institutions, which serve as alternatives to commercial banks, are also small relative to the latter. Even so, the government is a major competitor with the private sector for commercial bank resources.

403. Balanced and sustainable growth path relies on creating the right incentives and necessary underlying conditions to foster entrepreneurial drive and SMEs. These conditions can be achieved through policies to improve the business environment, aiming to strengthen or create the institutions necessary for the private sector to succeed. Such a shift requires government's commitment and attention to reform institutional bottlenecks and implementation capacity.

Panel Recommendations

The Panel Recommends:

- Further, improve the business environment and fast-track the establishment of the Competition Regulatory Authority. (Ministry of Industry and Commerce);
- Implement the National Financial Inclusion Strategy 2016-2022 to deepen financial markets and reduce interest rates (Bank of Mozambique);
- Develop SME-friendly policies and measures to address the large regional investment imbalances. (Ministry of Industry and Commerce); and
- Improve the capacity of one-stop shops by reducing requirements and bureaucratic delays. (Ministry of Industry and Commerce)

Chapter Four: Corporate Governance

Overview

404. Corporate Governance involves all aspects that govern a company's relations with shareholders and other stakeholders. The APRM's Objectives, Standards, Criteria and Indicators document defines Corporate Governance as concerned with the ethical principles, values and practices that facilitate holding the balance between economic and social goals, and between individual and communal goals.

405. The aim of the APRM definition of corporate governance is to align as much as possible the interests of individuals, corporations and society within a framework of sound governance and the common good.

406. The APRM Corporate Governance Assessments are undertaken along five main objectives:
- Objective One: Promoting an Enabling Environment and Effective Regulatory Framework for Business Organizations and other entities
- Objective Two: Ensuring effective Leadership & Accountability of Organizations.
- Objective Three: Ensuring Ethical Conduct within Organizations.
- Objective Four: Ensuring that Organisations treat Stakeholders fairly and Equitably
- Objective Five: Organizations as Good Corporate Citizens

407. Based on these objectives, the CRR 2010 made a number of recommendations which were included the Mozambique National Programme of Action. The report indicated that corporate governance in Mozambique was still in its embryonic stage and there were a number of challenges. Mozambique had made tremendous progress by implementing a number of recommendations. These efforts were presented in two progress reports – the first covering 2010-2012 and the second covering 2014- 2016.

408. The CRM has identified and prioritized Corporate Governance challenges in Mozambique and categorised them into four broad issues, namely:

- **Creating a favourable Business Environment**: For a business to thrive, create employment and generate income for citizens, there is the need for Government to set up the ground rules and regulations to coordinate and empower the business entities. Hence, it is important to develop corporate governance standards and codes; improve the business infrastructure such as banking and insurance; enhance skilled labour; promote entrepreneurship, and provide the venue for businesses to present opportunities for decision-making policies.
- **Corporate Social Responsibility**: This is increasingly becoming an important indicator, worldwide, of business contributions to communities in which they operate. Corporate Social Responsibility (CSR) depends on each enterprise's

situation and circumstances. In general, the megaprojects and foreign companies are positively disposed to CSR Initiative; however, it has been used more as a marketing tool rather than a real social responsibility. Some businesses seem to show “contribution fatigue”, which is aggravated by a lack of accountability by recipients of the funds granted.

- **Minority Shareholders Protection**: is a good practice which leads to attracting prospective investors and strengthening financial credibility of a business venture.
- **Transparency and Accountability**: The performance of judicial systems boosts compliance with laws and regulations, workers’ rights, environmental regulations, and fraudulent and corrupt practices. Accountability generally leads to commendable practices such as preparing annual audited accounts using international standards; avoiding conflict of interest by management; refraining from money laundering, and adhering to globally accepted norms.

409. These four issues are important for the smooth operation of businesses in Mozambique, as well as address the Standards and codes, and the five objectives of Corporate Governance listed in APRM documents.

Standards and Codes

410. The Heads of State and Government of the African Union (AU) approved eight Codes and Standards for corporate governance assessment:

- Principles of Corporate Governance (OECD and Commonwealth)
- International standards on accounting reporting
- International standards on auditing
- Core principles of Effective Banking Supervision
- Core principles for Securities and Insurance Supervision Regulations
- African Charter on Human and Peoples’ Rights
- Labour Codes of the International Labour Organization (ILO)
- Codes on industrial and environmental safety hygiene of the World Health Organization

411. The approved standards and codes have the potential to:

- Promote market efficiency,
- Control wasteful spending,
- Consolidate democracy
- Encourage private financial flows.

412. All of which are critical in the quest to alleviate poverty and promote sustainable development. AU members are encouraged to strive within their capabilities to implement these codes, which have been developed through consultative processes that involved active participation and endorsement by African countries.

413. On standards and codes, the CRR 2010 states that Mozambique has mainly ratified treaties on the environment. It has ratified 19 of the 23 conventions on the environment, while four others have been signed, but not yet ratified.

414. The CRR 2010 points out that Mozambique has no recognised national code of best practices in corporate governance. However, the Confederation of Economic Associations of Mozambique (CTA) developed a corporate governance code in 2001, called the Manual of Corporate Governance. The (CSAR) recommended the development of a national code that takes into account important information included in the corporate governance codes that are already being used in the country.

415. According to the CSAR 2018, medium-sized companies, including those registered as limited liability companies, are less responsive to corporate governance principles. The perception is that many of these firms do not comply with shareholder agreements and rules, as stipulated in the Commercial Code. This has led to increased litigation.

416. In addition, there is a lack of awareness of the new norms and regulations, among not only the staff in different institutions but also the general public. The CSAR 2018 observes that many people are unaware of legislation affecting business, such as the relevant provisions of the Constitution, the new Commercial Code, the new Labour Act and the Environment Act. It discloses that, even though laws have been promulgated, it is worrying to note that many citizens are unaware of them and the degree of their application leaves much to be desired.

417. In 2007 the Mozambican Institute of Directors (IODmz) was established whose mission is to promote corporate governance in Mozambique with principles aligned to international standards, specifically to the OECD (Economic Organization for Cooperation and Development) and the Commonwealth principles. The Corporate Governance Code of Mozambique was launched in 2011 "A challenge for institutional management and leadership" by the Institute.

418. A Global Reform of the Commercial Code is currently underway and is being developed by the Ministry of Justice and the Ministry of Industry and Trade, with the support of CTA and the SPEED + Project with USAID funding.

419. The CSAR 2018 notes that with regard to the implementation of the codes and standard, the data present a scenario of considerable progress in highlighting Institute's role in promoting CG with the mass management, public and private institutions managers, materialized through national and international lectures and seminars.

420. However, the knowledge and application of this Code by Small and Medium Enterprises (SMEs) are still small and with the exception of the City of Maputo and Matola, the field work shows that there is an obvious lack of knowledge of the Code and Standard and the basic principles of Corporate Governance.

421. According to the CSAR 2018, the Commercial Code of 1888 produced by Veiga Beirão was in force for many years in Mozambique, and this Code was only revised

in 2005 through Decree-Law 2/2005 of 23 December. In essence, this review aimed at simplifying and modernizing the business licensing system. In 2009, a new review was carried out through the Decree-Law 2/2009 of April 24, which aimed to further improve the simplification of procedures and improve the business environment, clarifying some gaps and omissions.

422. And in 2018, through Decree-Law 1/2018, the Commercial Code is undergoing a further one-off review aimed at reducing bureaucracy, easing and simplifying procedures for the constitution of commercial entrepreneurs.[53]

Issue 1: Creating a favourable business environment

423. The conducive business environment is for companies to thrive, create employment and generate income for citizens. It is, therefore, critically important that the necessary and sufficient conditions are provided for the smooth operations of various business ventures – sole proprietor, partnerships, corporations and state-owned enterprises.

Evolution of the Issue

424. According to the World Bank's 2008 Doing Business Survey, the ease of doing business in Mozambique ranked 134th out of 178 countries. The country APRM second progress report observes that the business environment continued to deteriorate in 2013 reaching its worst ever position (146th place). However, in 2015, the country managed to recover 15 points to the 127th position.

425. The CRR 2010 noted that access to affordable finance has been hampered by the poor reach of financial institutions and the impact thereof on the mobilisation of savings. The latter has been constrained, not only by Mozambique's low-income levels but also by the thin network of bank branches, particularly in rural areas. The situation has been further aggravated by the relative smallness and limited reach of the microfinance industry. Constraints to providing financial services in rural and remote areas are widely noted to include very low population densities; weak or non-existent markets; poor physical and communication infrastructure; and unavailability of skilled local staff. There are also high-interest rates which prohibit investors from honouring their commitments.

426. Indeed, the CSAR 2018 notes that access to credit to the economy has declined in recent years. The GoM has implemented a process of setting up a Development Bank to ensure access to credit to the local business community led to the creation of the National Investment Bank (BNI) in 2010. It is stated on the BNI website that Banco Nacional de Investimentos "is a Mozambican development and investments bank, aimed at financing projects focused on innovation and contributing to the process of sustainable development of the country and boosting the business sectors" and that "it is a privileged partner not only with Mozambican companies

[53] Abdul Carimo 2018, USAID / SPEED.

and international investors but also with the national and international institutions responsible for providing financial tools and products to support development.”

Insurance

427. The CSAR 2018 reports that the Ministry of Finance has set up the Institute of Insurance Supervision of Mozambique (ISSM), through Decree-Law 01/2010 approving the General Insurance Regime. This institution has a collegial body made up of four members, three of which are executive, including the PCA and one is non-executive. This Board of Directors meets bi-monthly and has a Board of three members. The PCA is appointed by the Council of Ministers for five-year terms. The remaining members are appointed by the Minister who oversees the area, in this case, the Ministry of Economy and Finance. The ISSM also has an Advisory Board made up of the Association of Insurance Companies, the Central Bank, the Association of Brokers of Mozambique, the Consumer Association and three other individuals appointed by the Minister who oversees the area of finance. In 2014, ISSM joined IAS and IOPS. In 2010/2011, the IFRSs were directly implemented and a new General Accounting Plan for Insurance Companies was created.

Stock Market

428. The APRM Panel recommended the design and implementation of a Law to regulate the capital market in Mozambique and create an independent Regulator of the Capital Market in order to separate the Mozambique Stock Market (BVM) from the apparent direct control of the Ministry of Economy and Finance (MEF) and in this way to make it truly independent.

429. The 2018 CSAR points out that despite the progressive growth in terms of Stock Market Capitalization from its creation (1999) until 2016, as an independent regulator of the Capital Market, BVM could currently present a high volume of business and rate of return on investment, as compared below:

Table 5 Evolution of the Main Indicators 2011 – 2016

Indicators	2011	2012	2013	2014	2015	2016	Variance 2011-2016
Capitalisation (Meticais million)	16,998	30,126	35,196	42,215	56,463	61,897	264.1%
Volume	374	1,795	2,026	4,607	14,863	2,787	645.2%
Number of Transactions	37	49	64	82	98	104	181.1%
Turnover	2.2%	6.0%	5.8%	10.9%	26.8%	4.5%	104.6%

Source: Mozambique Stock Exchange (BVM)

430. The Progress report (2014-2016) states that the following legal provisions were created:

- Decree No. 5/2013 of 22 March, which establishes the legal regime of Treasury Bonds;
- Law No. 21/2014, of 18 August (Petroleum Law), which establishes the obligation of oil and gas companies to be listed on the BVM;
- Ministerial Decree No. 90/2013, of 10 July, regulating the technical aspects related to placement, underwriting, issuance and trading of Treasury bonds;
- Regulation No 1 / GPCABVM / 2013 of 27 March, establishing the minimum amounts for admission to the stock exchange; and
- Decree No. 30/2014 of 5 June, which establishes the legal conditions for the Bank of Mozambique to continuously promote the development of an inclusive financial sector.

431. These legal provisions included a nationwide expansion of access to financial services, optimizing the payments infrastructure through a Common and Shared Electronic Payments Network as well as its alignment with best practice in the cash flow activity.

Skilled Labour

432. The CRR 2010 states that the human capital pillar provides continuity to the plans for developing work-related technical and scientific skills. The CRR 2010 notes that the government is making concerted efforts to expand technical and vocational training across the country with a view to developing much-needed skills for the job market. In some provinces, such as Cabo Delgado, special curricula are being designed to provide some technical training to high school pupils.

433. The 2018 CSAR highlights that through the National Institute for Employment and Professional Training (INEFP), the government is implementing the Project for Improving the Model of Professional Education in Mozambique (2017 - 2021) with financing from Japan. Such incentives have brought more and better-trained candidates and entrepreneurs to the market.[54]

Entrepreneurship

434. According to the 2010 CSAR, Mozambique needs to popularise a culture of entrepreneurship as well as business associations (including mergers), so as to encourage business growth beyond the many SMEs that characterise the Mozambican market today. There seem to be an over-reliance on Government to undertake most, if not all, economic activities. It also notes that the CTA conducted workshops and seminars at various centres in the provinces and districts on doing business in Mozambique. It also found conflicting reports on this matter and noted that awareness of corporate governance was low. Interest in the subject was virtually non-existent.

[54] https://macauhub.com.mo/pt/2017/02/07/japan-finances-vocational-training-in-mozambique/.

435. The 2018 CSAR points out that public-private dialogue through CTA's portfolios and their counterparts in the government in a monthly basis is seen as a tool that can greatly improve the business environment as it allows the Ministry of the sector to discuss the issues affecting the private sector.

CRM Findings

Codes and Standards

436. The CRM learned that the Institute for Management of State Participation (IGEPE) had developed a Corporate Governance Code for State Owned Companies (SOE); and activities of these companies are governed by Law No. 3/18 inspired by the international corporate governance standards.

437. The CRM confirmed the low level of knowledge and application of this Corporate Governance Code by Small and Medium Enterprises (SMEs). With the exception of the City of Maputo and Matola, there is inadequate knowledge of the Code and the basic principles of Corporate Governance (CG).

438. In order to disseminate, promote and foster the application of the CG Code, IODmz signed a Memoranda of Strategic Partnerships with the Mozambique Stock Exchange (BVM), the Mozambican Association of Accountants and Auditors (OCAM), the Portuguese Institute of Corporate Governance (IPCG) and the Institute for Management of State Participation (IGEPE).

439. In addition, the CRM learned that the IODMz had conducted a number of activities with its strategic partners. The activities of IODMz are listed in Table 4.1 below.

Table 4 Activities of the Institute of Directors

Year	Activities	Number
2017	Training Business Breakfast Seminars	4 5 6
2018	Training Business Breakfast Seminars	2 2 2

Banking

440. The CRM learned that access to credit is one of the major challenges confronting individuals and businesses. There are policies on the acquisition of land; however, the interest rate is very high and the security required by banks discourages businesses to obtain loans. Even though the micro-finance institutions do not always require security, the interest is higher than that of the banks and again a

disincentive for individuals and businesses to acquire loans. In Gaza province, participants stated that the interest rate can be as high as 30%.

441. The Government and citizens of Mozambique recognize that agriculture is the key to the country's economic and social development. However, there is the general consensus that the agricultural sector has had and continues to have challenges in accessing credit to operate. The security required by financial institutions is a deterrent to obtaining credit. The high-interest rate is very prohibitive to the cost of money, and both of these conditions do not make the agricultural sector profitable. Hence, farmers have reduced farming activities and the youth have left rural areas to the urban areas.

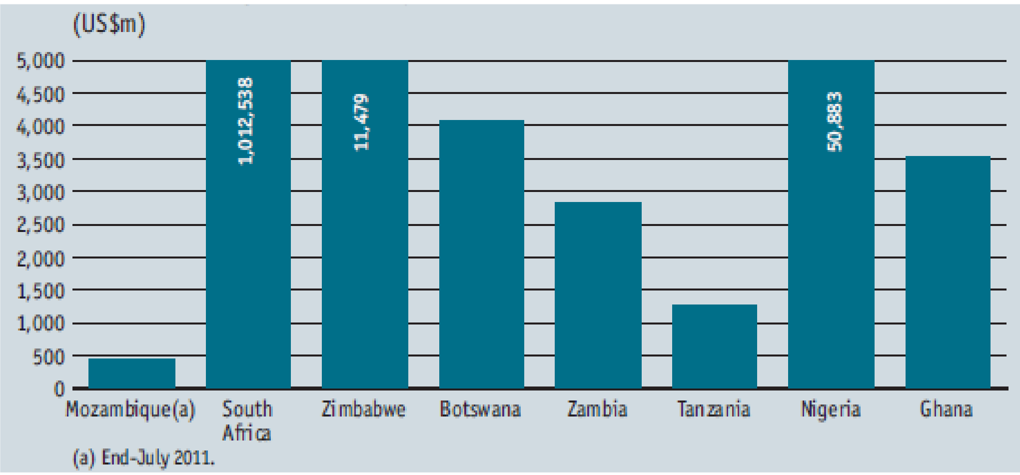
Stock Market

442. The CRM learned that the Mozambican capital market has a unique characteristic given its level of growth and the products traded. The Mozambican Securities Market Commission (CMVM) is able to provide conditions for the trading of several products, such as national and foreign Public Funds, Private and Treasury Bonds, Commercial Paper and Shares. During the period from 2000 to 2009, there were no public funds or commercial paper transacted in this market.

443. The CRM noted that the legal framework was not sufficiently attractive to develop a capital market through greater participation by the business sector. However, the changes to the capital market legal framework, with the creation of the Secondary Market (Decree N° 4/2009) and the relaxing of conditions for accessing the capital market – where a capital market accessible to small and medium enterprises is foreseen – created huge expectation for a new era with a more dynamic capital market. This did not happen, and the impression that was left was that other aspects unrelated to the legal framework may be affecting the development of the capital market, which continues to be far below expectation. For example, when it was established in 1999, the Mozambican Stock Exchange had identified approximately 17 enterprises that could possibly be listed on the stock exchange, but this did not materialise.

444. The Mozambique Stock Market founded in October 1999 started with less than US$5 million in capitalisation and in 2016 it is over US1 billion. This is remarkable, indeed. However, the Mozambican Stock Exchange is classified as the smallest in Africa and one of the smallest in the world as depicted the Graph 1 below.

Graph 1 Market Capitalisation in Some African Countries



Source: World Bank – World Development Indicators (2010)

445. The market capitalisation of the BVM continues to be dominated by public debt securities (in terms of quantity) and by private debt, in terms of values as shown in Table 6.

Table 6 Transactions on the Official Listed Market

Mercado	Quantidade Transaccionada		Valor Transaccionado (em Milhões de Meticais)	
	2011	2010	2011	2010
Dívida Pública	2.160.775	5.814.910	203.655,77	566.880
Dívida Privada	1.862.315	430	26.654.822,48	33
Accionista	127.222	26.020	6.851,23	1.830
Total	4.150.312	5.841.360	26.865.329,48	568.743

Source: Bank of Mozambique (2011:125)

Insurance

446. The first 2018 progress report points out that the APR Panel recommended that Mozambique should provide technical assistance to the Office of the General Inspectorate of Insurance (IGS) in order to strengthen compliance with the International Financial Reporting Standards (IFRS). The use of IFRS in Mozambique is already mandatory for all sectors of activity and, as such, new sectoral accounting plans which include a large part of the international financial reporting standards were implemented.

447. The International Financial Reporting Standards are included in the country's legal system. However, because of their complexity and the need for specialised training for those dealing with these activities, there is still a huge challenge in terms of their implementation by enterprises and their proper oversight by the respective regulators/ supervisory entity.

448. The general insurance framework was improved significantly between 2010 and 2012 and involved essentially the approval of a Legal Regime for Insurance and the new Chart of Accounts for insurance companies.

449. The Legal Regime for Insurance - approved by Decree 30/2011, data in August – offers greater transparency by clearly defining the institutional standards on the access to and exercising of the insurance activity and its broking and the material standards for insurance contracts. The greatest contribution of this regime is automatically reflected in the effectiveness of the insurance activity in the country, as well as in the definition of a supporting framework for the sector's oversight activities.

450. With regard to the New Chart of Accounts, a significant qualitative leap has been taken with this legal technical instrument, in reflecting significant signs of response to the concerns regarding the convergence with the IFRSs, which have been mandatory since 2011. One of the greatest contributions of this Chart of Accounts is to allow the accounts of insurance companies operating in Mozambique to be read and compared on an equal footing to the accounts of other international insurance companies.

451. Twenty-eight companies were supervised, of which six are insurance companies and twenty-two brokerage companies. The Insurance Inspection issued warnings on:

- Separation of premium corrective accounts charged by the companies;
- procedures adopted with regard to a coercive collection related to the supervision fee;
- Limit capital risk value under micro-insurance; and
- New technical standards approving financial reporting model for pension funds and its annexes.

Panel Recommendations

The Panel recommends:

- Educate and encourage more people to take insurance (General Inspectorate of Insurance; insurance companies
- List more insurance companies on the stock market to increase the capitalization and provide financial capital to businesses.

Skilled Labour

452. The CRM noted that as a result of multi-sectoral efforts for employment, 10,249 recently trained, young people with a talent for entrepreneurship had access to 3,524 toolkits for self-employment.[55] Between 2015 and 2018, 1,190,200 jobs were created in Mozambique, of which 532,682 were held by women.[56] Most of the jobs

[55]http://www.mitess.gov.mz/sites/default/files/pressrelease/files/Discurso%20Abertura%20do%20XXIX%20CC oorde nador%20Julho%202018%20Rev%201%20Final.pdf.

[56] http://www.mitess.gov.mz/sites/default/files/pressrelease/files/Discurso%20de%20SEXA%20DTM.pdf.

were, however, for activities with low-productivity or low income (especially in agriculture). Of the workforce, 80% receive less than USD 2/day.[57]

453. Alongside these efforts, it is necessary to ensure the quality of training, both in the short and the long term, and to create the required conditions (such as access to credit facilities) for graduates to be able to create or secure employment without delay. Failure to achieve this may lead to frustration and possibly social unrest among the youth.

454. Concerning technical and vocational training, notable strides have been made in developing this subsector. However, its capacity to absorb potential applicants is very limited. Given the large numbers of primary and secondary school leavers and the high rates of unemployment among young people, special attention should be given to this subsector, taking into consideration the need to create and upgrade skills, especially those aimed at promoting entrepreneurship and self-employment for young people,

455. In 2016, the Industrial Policy and Strategy 2016-2019 was approved, including the pillar for Development of Human Capital, the consolidation of the Reform of Professional Education, the creation of the Fund for Skills Development, Training and Orientation.

456. The current pre-project for the harmonized labour law dedicates two articles (249 and 251) about employment that focus on the definition of programmes for professional information and orientation of youths and workers (Art. 249) and professional training for active workers, including youths (Art. 251).

457. In the Five-Year Programme (2015 – 2019), the government adopted a multi-sectoral approach for employment and mobilised synergies that include employment, professional training, pre-professional apprenticeships and the provision of toolkits for self-employment.

458. Despite Government's efforts, the CRM noted that there is a lack of skilled labour to take advantage of opportunities in the oil and gas, and tourism industries. Indeed, participants at Xai-Xai in the Gaza province indicated that the tourism sector employs caterers from other provinces and South Africa. It was also pointed out at Zambezia province that the oil and gas "imports" labour from Europe and it is increasingly becoming important Mozambique begins to train people to take up some of the positions within the industry. Emphasis is placed on the Local Content Law to employ Mozambicans for the extractive, and oil and gas industries.

Avenue for Decision-Making Policies

459. The CRM noted that the current government is taking great responsibility the task

Box 5: Commendable Practice: The Economic Associations of Mozambique (CTA)

The Economic Associations of Mozambique (CTA) is an umbrella organisation for 110 business associations. The CTA does backstopping for its members providing data and information to "lobby" the interests of the business community through focal persons in each ministry. The business community has a monthly meeting with the focal point person, a bi-monthly meeting with the minister, a quarterly meeting with the Prime Minister and an annual meeting with the President.

The CTA proposed the tourism visa concept to the Government which has been adopted to boost tourism; and there is ongoing discussions on the local content law.

of making the business environment more favourable by holding annual meetings with the private sector. The increased meeting frequency will position Mozambique to be among the top regional performers of the World Bank Doing Business ranking. According to the CTA, since 2014 seven reforms with a direct impact on Doing Business.

460. The CRM learned that the current revision of the Trade Code supported by the World Bank and USAID/SPEED may reinforce the implementation of good Corporate Governance practices and further improve the business environment and consequently Mozambique's ranking in the Doing Business Ranking.

Panel Recommendations

- Include the Corporate Governance Code in the Commercial Code, which is under review, to give it a legal backing (The Executive; Ministry of Justice; and Parliament)
- Extend the reach of financial institutions to the population through mobile money and other advanced technologies, as well as reducing the interest rate.
- Encourage Small and Medium enterprise to abide by the Corporate Governance Code (IODMz)
- Make concerted efforts to reach the citizens and educate them on the Corporate Governance Code (IODMz)
- Appoint a national and independent Corporate Governance regulator to oversee the Capital Market as recommended by the APRM Panel still prevails (Ministry of Finance and Economic Development; Bank of Mozambique)

Issue 2: Transparency and Accountability

461. According to the CRR 2010, the King II Report has defined business ethics as the "principles, norms and standards that guide an organisation's conduct of its activities, internal relations and interactions with external stakeholders". The CSAR 2018 focuses on factors that negatively affect the development of voluntary codes on business ethics by the public and private sector. Other issues that are discussed in the CSAR 2018 include mechanisms for sanctioning ethics violators and their effectiveness. Another critical issue that has been raised relates to access to information on corporations in the private and public sectors, including the independence and freedom of the media and the quality of financial and investigative journalism and other features that serve to look after the so-called "public interest". According to the CSAR 2018, Mozambique does not have a code of ethics for companies.

462. Accountability relates to the effectiveness of the framework for corporate governance regulating disclosure requirements, their enforcement and the adequacy of remedies for breach thereof. No detailed information is given on the type of accounting practices used in Mozambique; existing types of board structures; and gender equity in the number of directors. However, since the beginning of 2005, there was an ongoing discussion on reforming the Mozambican accounting system in order to make it adequate for, or bring it in line with, international best practice. In fact, IFRS practices have been enforced in the banking

system since 2008, and other corporations were required to adopt the standards starting in 2010.

Evolution of the Issue

463. The CRR 2010 made a number of recommendations with regards to transparency and accountability including the following:

- Highlight corporate governance and best-practice indicators (transparency, accountability, social responsibility, etc.) in national surveys, such as the Top 100 firms survey developed by KPMG, in order to encourage their adoption by corporations;
- Introduce reforms to offer more services to members of the CTA including:
  - Finalisation, adoption and implementation of a Code of Good Corporate Governance and Ethics; and
  - Improvement of business efficiency through skills development, public awareness
    and nationwide public lecture programmes
- Conduct nationwide awareness campaigns to promote business ethics, work ethics, individual ethics and integrity; respect for systems; efficiency and effectiveness; the importance of safeguarding national assets; and conflict of interest in all sectors [public-private partnerships; civil society];
- Promote shareholder education and information dissemination to empower shareholders to appreciate and claim their rights, but equally important, to reform their duties to the corporations;
- Establish an Institute of Chartered Accountants to promote self-policing by the observance of the IFRS and best practices in corporations;
- Arrange training for the media to enhance their investigative capacity in the promotion of ethical business standards. The CTA is specially positioned to mobilise resources for professional training and exposure;
- Assist CTAs in ensuring self-regulation among their members by:
  - Establishing codes of best practices in all business associations; and
  - Strengthening the board of directors to encourage annual corporate self-performance assessments and individual director evaluation
- Define accountability parameters for corporations, starting with the boards' functioning so as to incorporate board selection, appointment, skills and gender mix; board management relations; operational and risk management plans; reporting; communication policy
- Establish local professional institutions, such as an Institute of Personnel Management and Institute of Chartered Accountants,
- Adopt a set of rules and principles for a critical mass of professionals to be trained
- Amend Article 43 of the Commercial Code on the disclosure of financial records to include:
  - Profit-and-loss statements to show the viability of the enterprise; Cash flow statements to disclose the liquidity of the corporation; and
  - Equity statements to show the solvency of the corporation

464. The Progress Report (2010-2012) indicates that awareness-raising and education campaigns were carried out in several areas of economic activity, conflict of interests and shareholders' rights, aimed at increasing public knowledge vis-à-vis the adoption of good business ethics and the application of best practices. However, there is no evidence of a set of coordinated actions having been taken in this sense, and the only records are of some effort being made to create and disseminate codes of ethics in addition to some radio and television awareness-raising campaigns on ethics and the preservation of public goods.

465. Similarly, the Institute of Accountants and Auditors of Mozambique has been established and represents a significant achievement. The institute is currently being organised and the more operational aspects are expected to be implemented once the management body has been elected.

466. The media was trained in order to strengthen their investigative capacity to promote business ethics standards.

467. Regarding the strengthening of the CTA, the confederation has been carrying out several actions in terms of Corporate Governance, and its leading role in promoting aspects relating to business ethics and the pressure applied to improve the business environment in the country is noteworthy.

468. Between 2013 and 2014 there was some educational work on shareholders rights and duties as well as the functioning of the board of directors. There has also been training on ethics and business integrity, conflicts of interest, corporate social responsibility, Good Governance and Development[58].

CRM Findings

469. The CRM observed that the country has strong anti-corruption legislation. However, there are structural challenges obstructing the conduct of businesses with integrity in the country, such as:

- The existence of a business sector inherited from the planned economy and, consequently, with weak corporate governance practices and strong political influence;
- The State is the centre of the economy, which is the largest customer, and therefore there are few B2B transactions;
- The existence of companies with strong challenges for their survival, which results in reduced incentives to embrace integrity in business.

470. There is lack of application of the existing legal framework and specific incentives to the business community for voluntary adherence to the various codes of corporate governance, and conduct and ethics initiatives developed by several business associations, as the main factors hindering the development of business with ethics and integrity in Mozambique.

[58] www.iodmz.co

471. In addition, the Centre for Public Integrity (CIP) has driven and led the establishment of a core group of organizations called the National Advisers Group (NAG). NAG is a multi-sectoral platform to foster dialogue between the public, private and civil society sectors. This dialogue should encourage collective action to promote business with integrity, thus a bridge to the fight against corruption.

472. Therefore, NAG has the specific objectives of dialogue, to encourage government, business and economic associations and civil society to implement the reforms proposed by the Business Integrity Country Agenda (BICA) for these three sectors – public, private and civil society. Together with the Association of Accountants and Auditors of Mozambique (OCAM), IODmz and CIP, BICA was formed to promote the involvement of the business sector, the public sector and civil society in the fight against corruption. This partnership is still in its embryonic stage. However, it falls within the framework of promoting ethics and integrity in business.

473. The OCAM has completed the constitution of its governing body and developed a set of actions with emphasis on:

- Strategic Plan 2014-2020;
- Establishment of branches in Nampula (North) and Beira (Central);
- Training of eleven trainers in the three macro-regions of the country as well as of 1,253 association members, which represents 46% of the 2,710 members registered in the database; interaction with academia and dissemination of information through talks on the role of OCAM and the social utility of the law profession. This has already allowed some universities to submit their curricula for the Bar association' consideration;
- Interaction with Mozambique's tax authority (AT) by participating in its Fiscal Council sessions. This has resulted in the OCAM Chairperson occupying a permanent seat on it and the preparation of a Memorandum of Understanding aimed at regulating matters related to the setting of procedural Accountants rules. It is expected to prevent individuals not properly accredited to the Bar association to submit financial statements for tax purposes;
- Memorandum of Understanding signed with the Institute for the Promotion of Small and Medium Scale Enterprises (IPEME) which allowed the participation of OCAM in evaluating the Top 100 SMEs;
- design and implementation of a fiscal training programme for judges, which has already benefited 15 individuals; and
- Development of regulatory instruments of the Bar association, namely: Administrative and Financial Procedures Manual; Disciplinary Regulation; and Code of ethics.

474. There is an on-going membership process to join international professional organizations, having been admitted to PAFA (Pan-African Federation of Accountants), while a crucial step was taken to join the IFAC (International Federation of Accountants).

475. Currently, OCAM has many initiatives to be implemented in the short and medium term as part of its Strategic Plan. These activities should be monitored and supported by the country because they can significantly contribute to improving the country's image regarding the quality and reliability of companies' financial statements through the adoption of international standards.

476. The CRM noted that there is the training of the media to strengthen its investigative capacity in promoting business ethics standards in the areas of digital migration, mentoring in investigative and business journalism. The development and distribution of the guide entitled "Exploring Oil Data: A Guide for Reporters' will encourage dissemination and specialised coverage as well as quality reporting on the oil sector[59]. The approval of the law on the Right of Access to Information would stimulate investigative journalism.

477. The CRM noted that public and state-owned enterprises have specific and appropriate norms, principles and standards for the governance of the business of the State's business sector, and above all, inspired by international standards of good practice. These standards and principles are embodied in a number of instruments, including:

- Corporate Governance Practices Guide produced by IGEPE (Institute for the State Participation Management), which was in implementation until 2017;
- The statute of the Public Manager; and
- Regulation of the State representatives in the companies and finally Law No. 3/18 governing the actions of the State's business sector (public companies, exclusively or predominantly state-owned companies), which has been in force since 2018.

478. However, according to OCAM, there is still a gap in the financial management of public enterprises, as Mozambique has not yet introduced the International Public Sector Accounting Standards (IPSAS). This remains a challenge for the Mozambican public sector.

Accountability

479. The CRM noted the approval of the mining industry Corporate Social Responsibility Policy (PRSEIE) in 2014. This policy outlines, clearly, all the responsibilities of the mining industry. However, for this policy to become inclusive to companies from other sectors, it will depend on the implementation of the Corporate Governance Code, especially on the appointment of management bodies and their liabilities.

480. Some progress has been made with an increasing number of professional associations being formed and fully operational, namely:

- Confederation of Economic Associations
- Institute of Directors of Mozambique

[59] www.irex.org.mz.

- Association of Independent Auditors
- Association of Economists
- Bar Association
- Medical Association
- Engineers Association
- Mozambican Association of Accountants and Auditors

481. These professional associations have been contributing significantly to the improvement, implementing and monitoring the legal framework. They have also contributed in terms of education, through training provided to groups of professionals and students, as well as through lectures on specific topics covering a range of fields. They have also been involved directly in discussions on topics subjects contributing to the governance of the country. Through these actions, the associations have become visible and have informed civil society of their existence and of their role in society.

482. There are sufficient codes and instruments in Mozambique for the functioning of the Boards, simply by adopting and implementing them in a responsible and effective manner in the various corporations.

483. The CRM observed that Chapter 2 of the Corporate Governance Code of Mozambique focuses on the Board of Directors (BD) which refers to the role and functions of the different Boards of Directors including:

- Executive and non-executive members;
- Its Composition;
- Requirements to be a member of the Board of Directors;
- Chairman of the Board of Directors;
- Meetings of the Board of Directors including participants and periodicity of meetings;
- Remuneration of the members of the Board of Directors;
- Evaluation and development of the members of the Board of Directors;
- Committees of the Board of Directors, including the Risk Committee, Corporate; Governance Committee and the Remuneration Committee;
- Secretariat of the Board of Directors;
- Relationship of the Board of Directors with other partners, managers and shareholders;
- Executive Commission.

484. There was also wide applause when the Ministry of Natural Resources and Energy launched an international public tender for the selection and hiring of the Chairman of the Board of Directors of EDM - Electricidade de Moçambique, the public company of transmission and supply of electricity in Mozambique. The selection of the Chairman of the Board of EDM was based on the capacity and merit, something uncommon in the public companies of the country.

485. Gender balance in the Boards of Directors and in business leadership continues to be a major challenge worldwide, and Mozambique is not an exception. It is known that the statistics resulting from the international surveys report that women have not yet been proportionate, both at the level of the Boards of Directors and at the level of Executive Management of the business community.

486. The Table below presents the current state of the presence of women in top positions in institutions:

Table 4.8: Percentage of Women in Boards and Management Positions

	Women on Boards and in Business Leadership		
	CEO	Board of Directors	Executive Committees
Global Level	4%	16%	14%
Africa	5%	14%	23%
Asia	4%	18%	10%
Latin America	2%	18%	6%
USA	5%	15%	17%

Source: Africa: Women Matter by McKinsey

Panel Recommendations

The Panel recommends:

- Strengthen the education of business ethics, ethics in society in general, beginning with primary schools where the profile of the individual is formed; and
- Introduce the International Standards for Public Sector Accounting

Issue 3: Ensuring that Organisations Treat Stakeholders Fairly and Equitably

487. Effective good corporate governance policies and practices with regards to minority shareholders' protection rights are preeminent determinants in attracting capital and investment confidence to any business environment, across the globe. Consequently, the supplier of the fund, whether local or foreign, should and must feel secured irrespective of the amount of the capital brought forth, through clear stated rights and the availability of clear remedies in the event of violations. Such a business environment is vital in order for a firm to gain access to capital and improve its operations, expand into new markets, or modernize its production processes.

488. In addition, it is paramount to advocate that the country should display strong legal institutions and platforms where such shareholders' rights can be protected. Therefore, the economic growth of Mozambique, in this instance, depends upon providing and guaranteeing the rights of creditors and investors. Fair and equal treatment of all holders of common shares is a fundamental imperative of good corporate governance principle.

489. The basic shareholders' rights that must be guaranteed are:

- The Right to seek information
- The Right to voice an opinion
- The Right to seek redress

490. It can be argued that the implementation of an efficient mechanism to guarantee such basic rights to shareholders will substantially improve the business climate in Mozambique, which will reverberate with sustaining economic growth across all sectors. Tangible results will be generated from fuelling the Mozambican business space with these 3 ingredients. In Mozambique, the minority shareholders' rights need further redress.

Evolution of the Issue

491. The CRR 2010 stated that many companies do not respect workers' rights, and workplace safety directives. Employees were forced to work long hours, with no protective equipment, little medical assistance and low wage.

492. In terms of the fair treatment of shareholders, the commercial code only legislated basic practices for the fair treatment of Stakeholders. The CRR 2010 noted that there was no guidance on enterprise management, regular annual general meeting or extraordinary meetings; board structures and responsibilities; directors' duties; shares, the protection of shareholders and let alone minority shareholders. It was noted that the main regulatory policies should improve to specifically address the protection rights for shares, their registration and transferability, the protection of minority shareholders, and directors' responsibilities.

493. In terms of unions, at the time of the CRR 2010, there were 15 national unions in Mozambique. Union membership is voluntary and open to anyone earning a salary or wage. There is also a journalists' union (ON), a teachers' union (ONP), which were created independently from the organisation of Mozambican Workers (OTM) and continue to function. It was further noted that the unions in Mozambique have accrued considerable powers in relation to labour policy, reform negotiations and issues such as minimum salaries.

494. The CRR 2010 observed that women did not benefit much from the economic advancements at the time. While women were visible in the political field and civil society, there were few representatives on companies' boards. Cultural practices which subjugated women in terms of formal educational attainment is a major impediment to their empowerment. In contrast, women were dominant in the informal sector and they represented more than 80 per cent of entrepreneurs in the sector.

495. As a result, the Panel of Eminent Persons recommended the integration/inclusion of shareholders rights, the board of directors' liability and protection of minority shareholders in the Commercial Code, and increased public awareness on the new Commercial Code through workshops and public talks.

496. The CSAR 2018 stipulates that there is a global reform of the commercial code which is underway and being developed by the Ministry of Justice and the Ministry of Industry and Trade, with the support of CTA and the SPEED+ Project with USAID funding. The Commercial Code is in its final phase of review and contemplates the incorporation of its recommendation. The GCC of Mozambique establishes the rights, responsibilities of the directors. However, the GCC recommendation is not considered in its scope by the business sector as it is an optional application code.

497. As for the law of Insolvency and Recovery of Companies, it has already been promulgated, however, its regulation is lacking. Meanwhile, within its framework, it has already been established an Association of Administrators of Bankrupt Estate. A number of international labour conventions have been ratified by the Ministry of Labour such the 1957 convention No. 100 of equal remuneration, or the convention No. 138 concerning the Minimum Age for Admission to Employment, 1973. Also, within the framework of worker protection, the Government submitted proposals to the Parliament for the ratification of the protocols to convention 29 on Forced Labour and Convention No.176 of the Mine Safety.

CRM Findings

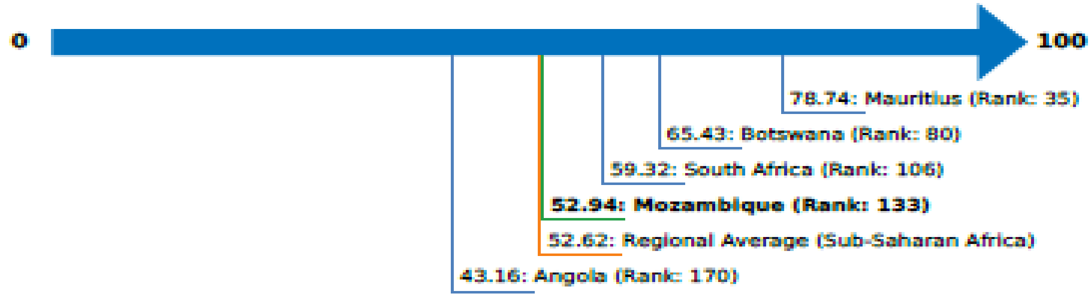
498. The CRM confirmed that Mozambique had been highlighted as one of the countries whose legislation protects shareholders in Africa due to the profound reforms carried out in investor protection legislation. This is a credit to the Mozambican government, as illustrated in the 2019 Doing Business Report.

Table: Doing Business 2019 Protecting Minority Investors

Protection Minority Investors 2019 ranking: 140	Mozambique	Sub-saharan Africa	OECD High Income
Extent of disclosure index (0-10)	5.0	5.5	6.5
Extent of director liability index (0-10)	4.0	3.5	5.3
Ease of shareholder suits index (0-10)	7.0	5.5	7.3
Extent of shareholder rights index (0-10)	6.0	4.6	6.4

Source: 2019 Doing Business, World Bank.

499. Furthermore, the Republic of Mozambique has made improvements in terms of enforcing business contracts for minority shareholders. The following figure highlights that Mozambique is ahead of the Sub-Saharan regional average.



Source: 2019 Doing Business, World Bank.

500. The CRM noted that Mozambique had even ratified several international conventions concerning International Labour Organisation, which are aimed at protection of workers' rights and duties.

501. The CRM further noted that its legislation have been revised and modernised to improve the business environment for both the companies and stakeholders. For example, in 2005, the government revised the Commercial Code of 1888 through Decree-Law 2/2005 of 23 December, aimed that at simplifying and modernizing the business licensing system.

502. The CRM also confirmed that in 2009, a new punctual review was carried out through Decree-Law 2/2009 of April 24, which aimed to further improve the simplification of procedures and improve the business environment, clarifying some gaps and omissions.

503. During the CRM consultations with stakeholders, it was noted that men dominate the business sphere. There was the critical exclusion of women regarding fair and equitable treatment within companies' board, as only a few women were success stories.

504. The CRM learned that there are Arbitration Centres which are carrying out labour related disputes. For instance, the Labour Mediation and Arbitration Centres (COMAL) in 2015, mediated 7246 conflicts of which 5924, which were successfully resolved.

Panel Recommendations

The Panel recommends:

- Implement stronger policies of Code of Ethical, conduct for public office holders and stringent sanction committee;
- Ensure the protection of the rights of employers and employees.

Issue 4: Ensuring that organizations act as good corporate citizens

505. The CRR 2010 stated that Corporate Social Responsibility (CSR) was still identified as a vital issue faced within the country's business environment. CSR has been

become even more relevant in today's business practices due to current pressing challenges, spanning from the impact of companies' practices on its stakeholders' circle such as consumers or local communities to multidimensional value chain layers, which have triggered a global, and yet specific attention to matters such as sustainability or climate change challenges.

506. Such concerns have indeed led CSR to be subjected to further complexity and texture implications with consideration of profit maximisation, social dynamics, legal frameworks and their entwinedness. These factors have even further increased the complexity and applicability of Corporate Social Responsibility, by emphasizing the dynamics in relation with the ways and means companies achieve their profits, in view of environmental issues and possible repercussions on communities, markets, the State, or the workplace within the value adding chain architecture of Mozambican companies. Firms must align their strategic objectives with those of the State, in terms of size and magnitude in correlation with the tax breaks conferred or applied to avoid mere contributions such as basic schooling or wells installations. Adequate alignment will bring about real investment with will tangible impact in order to change to the lives of Mozambican citizen for the better.

507. Official Government frameworks like the PARP—Plano de Acção para a Redução da Pobreza (Poverty Reduction Action Plan) make reference to "environmentally sustainable growth" as one of the aims of the Mozambican government. Mozambique is also committed to the UN SDGs which include environmental sustainability as one of the development goals. Nevertheless, looking at the current PARP, CSR requires more support from both Government and Corporations.

Evolution of the Issue

508. The Progress Report (2010-2012) noted that no major progress on Corporate Governance and best practice indicators in national surveys. The Progress Report (2014-2016) stated that the country develops National Plans and Guidelines for Social Responsibility to identify specific areas where businesses can participate in social responsibility.

509. The Government has recently increased the number of annual meetings with the CTA from two to four, in addition to the existing sectorial meetings. This has offered more opportunities for dialogue to improve various aspects of public sector reforms in order to deliver more services.

510. The CSAR 2018 notes that the Republic of Mozambique is confronted with a clash of CSR philosophic methodology. On one hand, there is protagonist supporting the idea that CSR is the sole responsibility of the State with businesses' principal focus being profit maximisation and the observation of their fiscal obligations, which are the main revenue generation mechanism that government uses to implement its strategic agenda in order to improve the lives of its citizens. On the other hand, there is the protagonist of the ideology that even though CSR is indeed a specific characteristic of the State; however, corporations should undertake the lion share of CSR initiatives based on the impact their business operations have on local communities or the environment.

511. The CSAR 2018 states that there has been a resettlement process of the population by Government due to large construction investments emanating from large extractive industries and roads corporations without fair compensation. The CSAR 2018 further uncovered the absence of key compliance policies which would oblige corporations to disclose the annual financial reports accompanied by the CSR report, as those reported to their shareholders abroad. This should be a way of improving corporate accountability to Mozambicans.

CRM Findings

512. The CRM learned that in 2014, the Government approved the Corporate Social Responsibility Policy of the mining industry (PRSEIE) at the 4th Ordinary Session of the Council of Ministers. This approval will be followed by harmonization, coordination and integration of business activities in mining at the local level (provincial and district, and this will prevent uncoordinated and ad hoc social responsibility activities.

513. The PRSEIE proposes to achieve four objectives: to establish how CSR in the mineral resources extractive sector can contribute to poverty reduction and sustainable development; to establish the framework within which the mining of mineral resources and all stakeholders can develop practical and realistic CSR programmes, reflecting the government of Mozambique's development objectives; to ensure greater harmonization between local development plans defined by the government and the social investment by companies as part of their CSR; (iv) connecting CSR good practices in the mineral resources extractive sector in Mozambique to international best practices.

514. Nevertheless, this institution is still new and has not yet delivered noticeable results. It is expected that the state develops and implement monitoring and evaluation mechanisms of corporate social responsibility plans. In general, the state has the challenge of ensuring the integration and coordination of CSR interventions in public plans, rather than creating parallel processes. Finally, it must be indicated that the existence of PRSEIE alone is not a sufficient condition for companies to invest in local development and, even if they do, their investment might not always result in sustainable development.

515. The CRM noted the potential of Megaprojects to contribute to Mozambique's economic transformation. Megaprojects such as the Mozal aluminium smelter, the Temane gas projects in Inhambane and the Moma titanium ore and heavy sands project in Nampula have been the major catalysts for significant inflows of foreign private direct investment into Mozambique[60].

516. Furthermore, the CRM learned that Megaprojects in Mozambique are major exporters, accounting for 60–70% of the country's total exports[61] (Xiong, 2015),

[60] N. Balchin and P. Coughlin, Feb. 2018: Megaprojects and economic transformation in Mozambique, Support Economic Transformation.
[61] Xiong, Y. (2015) 'The role of megaprojects and their relationship to jobs and growth', in D.C. Ross (ed.) Mozambique rising: building a new tomorrow. Washington, DC: IMF.

though many inputs used by these megaprojects are currently imported. Even the fiscal contribution of megaprojects has also been limited. Similarly, there has been limited investment from megaprojects in CSR initiatives in Mozambique[62].

517. The CRM consultations conducted in Nampula further highlighted that there is still a scarcity of concrete and sustainable CSR initiatives from companies, especially from Mega Projects. The stakeholders explained that there is a big disagreement between the community and the Chinese companies involved in "Heavy Sands" operations that are polluting the environment. The surrounding communities are in desperate need of tangible Government interventions to rescue the population.

Panel Recommendations

The panel recommends:

- Extend the CSR framework beyond the extractive industry sector;
- Increase the fiscal obligation of megaprojects companies; and
- Address environment challenges faced by local communities as a result of industrial activities;

[62] Nucifora, A.M.D and da Silva, L.A.P. (2011) 'Rapid growth and economic transformation in Mozambique 1993-2009', in P. Chuhan-Pole and M. Angwafo (eds) Yes, Africa can: success stories from a dynamic continent. Washington, DC: World.

Chapter Five: Socio-economic Development

Overview

518. Socio-economic development implies continued improvement of people's welfare and standard of living. The APRM has four objectives, namely:

- To promote and accelerate broad-based sustainable socio-economic development;
- To encourage broad-based participation in development;
- To explore poverty, unemployment and inequality; and
- Progress towards gender equality, particularly equal access to education for girls at all levels

519. However, the CRM identified four critical issues which have not been addressed as per these objectives. These issues are:

- International and regional standards and codes
- Policy Formulation for Sustainable Development;
- Policy and Capacity for Social Service Delivery;
- Poverty and inequality
- Gender equality

520. Underlying these critical issues, are international instruments which Mozambique has signed and /or ratified for the improvement of people's lives in the country.

Issue 1: International and Regional Standards and Codes

521. According to CSAR 2018, Mozambique has signed and ratified most of the major international instruments on socio-economic development. Mozambique has signed, among others, the following codes and standards: (i) African Charter on Human and People's Rights; (ii) Convention on the Rights of the Child; (iii) African Charter on the Right and Welfare of the Child; (iv) Optional Protocol on the sale of children, child prostitution and child pornography; (v) Optional Protocol on the Involvement of Children in Armed Conflict; (vi) Protocol for the prevention and elimination of punishment of trafficking in persons, especially women and children, supplementing the United Nations Convention against Transnational Organized Crime; (vii) 1969 OAU Convention on Refugees; (viii) African Convention on Preventing and Combating Corruption, African Charter on Youth; (ix) United Nations Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families; and (x) New Partnership for Africa's Development (NEPAD) Framework Documents.

522. Specifically, the instruments of the NEPAD and the African Union (AU) are consistent with the pan-African spirit of the post-independence Government in Mozambique, which have stressed the importance of Africa's historical experience as the foundation for pragmatic politics on the continent.

523. However, the CSAR 2018 states that certain important instruments for socio-economic development still need to be ratified. For example, the CRR 2010 noted that the protocol relating to the right to development (1986), sustainable development (2002), and MDGs (2000) had not been ratified by 2009 and although Mozambique has now signed the protocol relating to the right to development (1986), sustainable development (2002), and MDGs (2000), these instruments have not yet been adopted despite their being the backbone of the standards and norms in the promotion of socio-economic development.

524. Mozambique is yet to ratify the Southern African Development Community's (SADC) Protocol on Gender Equality and the Convention on Disability. The ratification of this Protocol is important given that females comprise 52 per cent of the country's population and the number of disabled people is high.

525. Nonetheless, the CSAR 2018 states that the implementation of these standards and codes has reached an advanced stage, as they have been mainstreamed in key socio-economic programmes and strategies, such as Agenda 2025, PARPA, the PQG and the annual Economic and Social Plan (PES).

CRM Findings

526. Mozambique has ratified most international standards and codes. However, the country has not yet ratified the Optional Protocol on the Elimination of All Forms of Discrimination against Women.

527. In interactive sessions, the CRM noted a general lack of awareness and understanding among stakeholders of the various codes and standards on socio-economic development to which the government is a party. Major factors that hinder the dissemination of information on the ratified codes and standards are the high levels of illiteracy and the weak mastery of the Portuguese language across the country. As a result, Mozambique's level of implementation of international instruments is not open to public scrutiny. There is also a lack of information on the depository of ratified and domesticated codes and standards. Information dissemination and publicity of ratified instruments is scanty in the country.

Panel recommendations

The Panel recommends:

- Ratify and domesticate all outstanding instruments pertaining to socio-economic development [The Parliament, Ministry of Foreign Affairs];
- Create an easily accessible depository for the signed, ratified and domesticated standards and codes [The Parliament, Ministry of Foreign Affairs]; and
- Design a programme for disseminating information on signed, ratified or domesticated standards and codes [MINEC; civil society organisations (Ministry of Gender, CSOs)].

Issue 2: Policy Formulation for Sustainable Development

528. Participation of all stakeholders is at the centre of all process by which the government formulates and implements policies and strategies geared towards accelerating sustainable growth and socio-economic development of the country. Sustainable development requires the formulation of appropriate policies and strategies for the promotion and acceleration of the country's socio-economic development processes. Indeed, it was demonstrated that people own policies, strategies and projects when they take an active part in their formulation and implementation.

529. Although there is citizen participation in policy formulation in Mozambique, their voices are hardly considered in policy formulation and implementation.

Evolution of the Issue

530. Participation in policy formulation in Mozambique is critical for the country's socio-economic development. The CRR 2010 indicated that Law No.8/1991 of 8 June 1991 provides the legal framework for the participation of all citizens in the country's development. The Constitution of Mozambique created a favourable framework for fundamental political changes in the country, including the introduction of a multi-party system, the establishment of neoliberal policies and the right to freedom of expression and association. This, in turn, established a solid foundation for citizens to be able to express themselves, to participate in decision-making processes and to demand accountability and good management from the public sector.

531. The CRR 2010 also stated that national councils and vulnerable persons were represented in Parliament and capacity-building programmes for local communities and CSOs were also initiated to enable effective participation in planning, implementation and monitoring and evaluation processes for improved service delivery.

532. The CRR 2010 stated that there was a need to strengthen programme monitoring and evaluation capacity to facilitate policy implementation. It also noted that there should be the enactment of laws and introduction of capacity building programmes for local communities and civil society organizations so that they can actively participate in planning as well as implementation and monitoring processes for better service provision. There was also a need for the role of Development Observatory to guarantee that citizens´ opinions are adequately transmitted. As a result, the Government created and operationalized 22 District Councils for the Advancement of Women as a way of strengthening the participation of rural women in the development process. It was noted that there is a need to raise awareness of citizens for them to be able to exercise their right as citizens.

533. The Progress Report (2010-2012) stated that the government drafted and integrated a monitoring matrix of PARP indicator in its main monitoring instrument. The Progress Report (2012-2014) noted challenges in measuring improvements in terms of alignment of multi-sectorial indicators at the central level for the PARP and

PES monitoring matrices and MDG monitoring. However, there was evidence of improvements in the operationalization of the District Development Monitoring System (SMoDD).

534. The CSAR 2018 indicated that, since the end of the civil war in 1992, the Government and development agencies have been formulating policies and strategies to encourage the population to participate in development through top-down and bottom-up approaches. In addition, individuals and civil society organisations also created platforms in order to pressurise political and administrative entities to promote changes.

535. The CSAR 2018 further stated that public services delivery required strengthening citizens' capacities for effective participation in planning, implementation, monitoring and evaluation of government's programmes. It also noted that the government had created some instruments to facilitate interaction with citizens. For example, the Citizen's Budget is published annually with a view to sharing information related to public finances.

Findings of the CRM

536. Mozambique has a National Development Plan, Agenda 2025, which is designed, prepared and implemented by Mozambicans. Each society segment, from all regions of the Country and all groups of interest, participated in the preparation of the National Agenda. This makes citizens the owners and solely responsible holders of their Country's future development.

537. The CRM noted that as a successor of PARPA I, PARPA II is structured in terms of three pillars, namely, governance, human capital, and economic development. This approach is intended to allow the country to focus on the functions of the state; the development of individual capabilities; and the creation of wealth to improve the well-being of its citizens. It is also aimed at examining the connections between these three pillars to improve coordination. Table 1 shows policies, strategies and instruments for planning, budgeting and monitoring in Mozambique.

Table 5.1: Policy, Strategy and Operational Instruments for Planning, Budgeting and Monitoring

2025 Agenda: reflects the long-term vision for the Country's development.
Government's Five-Year Plan (PQG): presents the Government's objectives and key priorities through a five-year
Poverty Reduction Strategy Paper (PRSP/PARP): presents the Government's medium-term strategy to reduce the poverty index
Medium Term Fiscal Framework (CFMP): defines the limits for the medium-term implementation of the PARP (3 years).
Sector and Provincial Strategic Plans: present the Government's main objectives (in the PQG) to be achieved by the ministries and provinces in the medium-term and the specific strategies for their execution.
Social and Economic Plan (Report) ((Bd)PES): operationalizes the general lines of the PQG and the PARP, translating sector or provincial strategies into concrete actions to be implemented in the current year. Their implementation is evaluated on a half-yearly basis through the BdPES.
State Budget (Execution Report) (BER/(R)OE): defines the funds made available to the implementation of the actions specified in the PES. Their execution is monitored on a quarterly basis through the Budget Execution Report.
Programme of Activities (PdA): translates the actions identified in the PES into concrete activities linking them to the budget made available for their implementation (through the State Budget or other known contributions, but not included in the budget).

538. The CRM heard that although the government has put in place platforms for civil society participation, citizens have the feeling that the policy documents, however, do not reflect their main concerns. The government, the private sector, the development partners and civil society organisations have developed programmes to capacitate local communities and civil society organisations. In addition, it has been noted that provincial governments, in close collaboration with the central government, have formulated capacity building programmes with a strong local participation component. To that effect, a Mechanism for Assistance to Civil Society (MASC) has been supporting capacity building from district to national levels in diverse areas with a view to developing strategies for governance improvement and presentation of accounts to citizens and strengthening the internal capabilities of civil society organizations to monitor and lobby the government.

539. The CRM noted that the private sector also has been playing a crucial role in creating platforms and opportunities for citizens to participate in the country's development processes. To this effect, the Economic and Social Forum of Mozambique (MOZEFO), which began in 2015 has positioned itself to advocate a national development agenda and bring to the table the government, the private sector, civil society, and academia to identify Mozambique's main challenges for accelerated, inclusive and sustainable economic growth in line with the national strategic plans.

540. The CRM further noted that many other instruments such as the Community Scorecard (CPC), the Citizens' Scorecard (CRC) and the Development Observatory were created for monitoring and evaluation of participation in the community and to evaluate the quality of public services in health centres, schools and elsewhere. They are used to inform citizens about their rights and services available to them and to solicit opinions about their accessibility and quality. The Development Observatory is characterized by the debate of the yearly Report of the Economic and Social Plan (PES) and the PES proposal for the following year.

541. Both the government and civil society have used different platforms and approaches to disseminate information and educate citizens about laws that promote wider participation. For instance, the government uses institutions such as the official newspaper, radio, television, private newspapers, Internet, and production of brochures, compact disks, leaflets as well as speeches, seminars, debates and campaigns to disseminate laws.

542. The CRM learned that in order to maximize the performance of their intervention programmes, civil society organisations (CSOs)and the private sector request the government to authorize them to disseminate the laws that have special relevance for their work. To some extent, CSOs influenced the approval of laws, including the Land Law (1997), the regulation about domestic work (2008), the law against Domestic Violence against Women (2009), the law decriminalizing abortion (2014), the law for the right to information (2014), and its regulation (2015).

543. The government recognizes the key role that community radios have been playing in the dissemination of public information. Through the Institute for Social Communication (ICS), the government has increased the number of community radios in the country from 55 to 90 to give an opportunity to citizens in the remote countryside to have access to information.[63]

544. Despite these efforts, the CRM noted weak participatory mechanisms; lack of information, fear of reprisals; politicization and instrumentalization of participation spaces; poor ability of private sector and CSOs to jointly take decisions during meetings; inadequate human and financial resources; and socio-cultural factors constitute the major hindering factors for the participation of citizens in development processes.

Panel Recommendations

The Panel recommends:

- Ensure that decentralization is accompanied by an effective transfer of power and adequate financial resources;
- Mobilize adequate financial resources for eliminating illiteracy;
- Empower local communities and CSOs to express their views openly.

Issue 3: Policy and capacity for social service delivery[64]

545. Government's ability to provide innovative service delivery that meets the requirements of all stakeholders is encouraged as citizens are users and custodians of public facilities and resources. As such, citizens should be afforded the opportunity to access and use these benefits. Although the Government of Mozambique is providing social services to its citizens, these efforts need more improvement to adequately address the needs of the population.

Evolution of the Issue

Health

546. The CRR 2010 had found that there had been an increase in public health centres built, with a marked improvement in geographical coverage and access to healthcare services. However, at the time the country faced challenges regarding the uneven provision of health services across the country. The report further noted that the quality of services was inadequate due to limited qualified medical staff and the lack of necessary medical infrastructure and equipment.

547. The Progress Report (2010-2012) stated that the Government, through the Ministry of Health (MISAU), had developed training for directors of provincial, district and rural hospitals, to improve the quality of services. The same Report also

[64] Service delivery covers a broad set of sectors, including health, education, water and sanitation, transport and infrastructure, energy and social protection etc.

noted that the Government increased programmes which aimed to change attitudes of health sector professionals in relation to the users, had been implemented.

Education

548. The CRR 2010 noted that there was disproportional enrolment of boys and girls in primary and secondary school. Additionally, there were large numbers of ill-trained primary school leavers who were regularly thrown into the job market without any skills. The report also stated that there was an acute shortage of qualified teachers, especially in remote rural areas.

549. The Panel recommended the country to: (i) increase the rate of access to secondary and vocational education as to reverse the present pyramids; (ii) to create guidelines on standards and quality monitoring for the sectors of health and education; (iii) to create an integrated multi-sectoral framework to combat HIV/AIDS, Tuberculosis (TB) and Malaria; and (iv) involve actively traditional and religious leaders and other opinion-making stakeholders in communities in the struggle against HIV/AIDS; and (v) involve actively youth and women in combating HIV/AIDS.

550. The Progress Report (2010-2012) also stated that the government established the High Education National Council for Assessment and Quality Control (CNAQ). The CSAR 2018 stated that there was an increase in the net rate of schooling. According to the Review of the Economic and Social Plan for 2015, 2016 and 2017, the rates were 83.5% (2015), 86.4% (2016) and 84.4% (2017). As a result of these achievements, the country is about to attain 100% enrolment in primary school. The expansion of distance education is another action that widens access to education for different social levels and groups, in particular for girls.

551. The CSAR 2018 notes the consolidation and strong development of the education sector's mechanisms for accountability to partners and civil society. For instance, the Ministry of Education organises Annual Review Meetings to discuss, with its partners, the progress made in the implementation of its Plan of Actions and its budget. In addition, the ministry created another periodical mechanism for reporting educational matters through dialogue between the sector, its financial partners and civil society. However, these mechanisms for accountability do not exist at the local level (provinces and districts. This hinders monitoring and supervision of finances allocated to these levels, including supervision of the adequate implementation of the Direct Aid for Schools.

552. Another challenge in education refers to the continual perception of the weak quality of teaching. These perceptions, which include community members, in particular academics, media professionals, managers of various sectors including those of education linked with the lack of teachers, crowded classes, very inadequate budgets to contract sufficient teachers to meet the country's real needs, especially for general secondary education.

Water, Sanitation and Hygiene

553. It has been noted that access to the basic services of water, sanitation and hygiene is crucial to the well-being of citizens in Mozambique.

554. The CRR 2010 noted that in 2008, 50% of the residents in the urban areas were provided with potable water during the year, against 48.5 per cent in the rural areas. The CRR 2010 further recommended the formulation of a strategy for enhancing and implementing public-private partnerships in the provision of safe water to urban dwellers. In terms of Sanitation, the CRR 2010 noted that there were disparities in the provision of Sanitation services. It also recommended training of district staff, CSOs and household members in the construction and maintenance of sanitation facilities.

555. The Progress Report (2010-2012) also noted that the rate of access to water in rural areas had increased from 54% in 2009 to 67% in 2012, and the coverage rate of sanitation in rural areas had increased from 39% to 43% in the same period.

556. The CSAR 2018 notes that, in general, access to services and basic infrastructures of water and sanitation in the country has increased as the country has made progress in supplying water in the cities and rural areas. More homes were connected to water, which constitutes a positive evolution in the construction and rehabilitation of dispersing water sources (from 2,511 in 2014 to 3,270 in 2017); and the construction of rural water-supply systems, which grew (from 30% in 2014 to 87% in 2017). This helped to provide the population access to and use of better water sources in the rural areas, evolving from 36% coverage in 2014/15 to 43.4% in 2017 (Family Budget Surveys).

557. Nevertheless, major challenges continue regarding the guarantee of the quality of the water supply, whose average quality was just 62% of the national standard by the end of 2017. Other challenges concern malfunctioning water supplies (reduced from 91.5% in 2014 to 88% in 2017) and the decreased use of improved water supplies in the urban zones, which fell from 82% in 2014 to 77.4% in 2017. Urban zones also suffered a high rate of water losses due to leaks in the water supply systems associated with the age and lack of maintenance of the infrastructure and the failure to prioritize these issues in the strategies and water-management plans. Major cities also had an uncontrolled and excessive extraction of subterranean water without monitoring its quality.

558. A major challenge in sanitation is that the government’s agenda does not consider it as a priority, particularly in densely populated urban centres concentrated in the informal disorganized parts of the city, where families have no space for personal latrines or improved toilets or bathrooms and no streets to remove the faeces in a way that is safe for the residents’ health. It is in these illegal, informal and disorganized settlements, occupied largely by the poor that periodically suffer floods, and consequently, outbreaks of cholera, diarrhoea, infant mortality and the constant loss of goods.

Electricity

559. The CRR 2010 noted that, although all major cities had been connected to the national grid, only 5% of rural areas had access to electricity. The Panel

recommended that electrification processes in rural areas be sped up, including the promotion of renewable sources of energy to improve the large dependency on woody biomass. The Progress Report of 2010-2012 (Para 297) stated that the government of Mozambique had adopted a biofuel policy and strategy in 2009, to promote the use of renewable sources of energy.

Transport and Infrastructure

560. In the CRR 2010, the Panel recommended that Mozambique develop a national plan for improving the network of serviceable roads in the provinces to facilitate the timely and adequate evacuation of agricultural products from the farms to markets in urban centres. It was recommended to connect the northern and southern regions by railway and that sea transport be improved.

561. The Progress Report (2010-2012) reported that the Government had rehabilitated the Sena Railway Line, the National Road Number 1 (EN1) and other main roads which serve as the main corridors that connect Mozambique with the countries of the Southern African region. The Government had also embarked on the construction of the Nacala International Airport, the rehabilitation of the Tete airport, as well as the improvement of the airport of Vilanculos and the airport of Pemba.

562. Mozambique still faces many challenges. Indeed, over half of its population is still poor (IMF 2004), life expectancy is an average of 38 years, and there are high levels of unemployment and the informal sector. Access to work and trade is also inhibited by problems with the country’s transport system. Although there has been a massive reconstruction of both ports and rail, there is still obvious evidence of the ravages of civil war, and significant access and mobility problems across the Northern parts of the country. This situation is not helped by the serious flooding which devastated the livelihoods of many people in the early 2000s and occurred again in the early months of 2007.

Social Protection

563. The CRR 2010 noted that, in 2007, the Law on Social Protection (Law No. 4/2007) was approved, which defined the basis of social protection in Mozambique. The Report also stated that the social group that is particularly affected about social protection was the youth. During interactive sessions, the CRM heard that most people in Mozambique are not entitled to any form of social security.

564. In 2014, the Government of Mozambique set new development targets for social protection in the National Development Strategy 2015-2035. Despite this progress, the Progress Report (2012-2014) stated that critical factors such as increasing the coverage of beneficiaries of Basic Social Protection programmes, adequately funding social protection programmes from the State Budget and increasing capacity for the implementation of social security programmes, should be given attention.

565. According to the two Progress reports (2010-2012 and 2014-2016) and the CSAR 2018, the Government of Mozambique explicitly recognizes the importance of social

protection systems to promote people's welfare and socio-economic development in various strategy documents such as the Government's Five-Year Program 2015 – 2019, the National Development Strategy 2015-2035, and the National Strategy for Basic Social Security 2016-2024 (ENSSB II), which was adopted in 2016 by the government as a substitute to the strategy plan 2010-2014 with a view to, among other things, increase the level of consumption and resilience of the population that lives in poverty and vulnerability,

566. The Progress Report (2014-2016) noted that the Government improved the Human Capital Pillar of PARP III and the implementation of the National Basic Social Security Strategy (2010/2014), which brought awareness of social care. The Government of Mozambique also set new development targets for social protection in the National Development Strategy 2015-2035 and successively increased its budget for programmes and subsidies.

567. The challenge is how to increase resources for social protection to cover additional weak and dependent beneficiaries.

CRM Findings

Health

568. The CRM noted that the right to medical and health care is enshrined in the Constitution of the Republic of Mozambique. Based on the Constitution, the Ministry of Health has been developing the Health Sector Strategic Plans (PESS) since 2000, to guide the development of the Mozambican Health System, particularly the National Health Service (NHS). The first sector strategic plan covered the period 2000-2005, the second 2007-2012 and the third 2014-2019, with projections to 2023.

569. The Health Sector Strategic Plan 2014–2019 (PESS) plays an important strategic role in the coordination of health sector policies and programmes in Mozambique. This Strategic Plan is based on two pillars: (1) improved health care services, and (2) a reform and decentralization agenda. This third Strategic Plan is the result of a comprehensive participatory process that started in 2011, engaging health professionals, partners and other stakeholders in its development through the review of key documents, which formed the basis of the plan, a broad consultative process at the central and provincial level, and the involved different interest groups.

570. The occurrence of natural disasters significantly impacted health services by increasing citizens' demand for quality services, particularly among youth who represent the majority of the urban population. However, the health system still does not have the capacity to address these challenges.

571. The CRM further noted that in 2016, Mozambique had 83 000 new HIV infections and 62 000 AIDS-related deaths. There were 1 800 000 (1 600 000 - 2 100 000) people living with HIV in 2016, among whom 54% (41% - 63%) were accessing antiretroviral therapy. Among pregnant women living with HIV, 80% (61% - >95%) were accessing treatment or prophylaxis to prevent transmission of HIV to their

children. An estimated 13 000 (7000 - 20 000) children were newly infected with HIV due to mother-to-child transmission. Since 2010, new HIV infections have decreased by 24% and AIDS-related deaths have decreased by 46%. Mozambique adopted the Fast-Track Targets in 2015, started a phased roll-out of test and start in 2016 and plans to extend antiretroviral therapy coverage to 81% of adults and 67% of children living with HIV by 2020.[65] The country has plans to revitalise HIV prevention, to identify gaps in the prevention of mother-to-child transmission of HIV cascade and implement appropriate corrective actions. There are also plans to enhance male engagement in HIV services in hotspot areas and to scale up differentiated care models, including community service delivery.

572. Furthermore, the Country has made progress in raising community awareness about control of Malaria and Tuberculosis. Practitioners of Traditional Medicines (PMTs) and traditional leaders, activists and Community Health Workers (CHWs) are also engaged in raising awareness about these diseases.

573. The CRM noted that Mozambique has established Unit for Reform of the Health Sector (URESS) by Ministerial decree in 2015. Its objective is to develop a strategy for mobilization of financial resources for the Health sector and set up the General Health Inspectorate to reduce diversions and theft of medicines. This is in line with the Strategy for Public Administration Reform (ERDAP 2012-2025) and of PESS 2014-2019.

574. Like most African countries, Mozambique faces challenges in the national health sector, with regard to the low density of the medical staff. The country has 3 doctors per 100,000 inhabitants, a statistic far below the World Health Organization's goal of 230.[66] The situation directly increases the workload for medical professionals.[67] The CRM noted that, in addition to Medical Professionals' high workload, the availability of medical stock in public hospitals often limits the capacity for adequate health service provision.

575. The Indicators for Service Delivery (IPS) in the Health sector for 2015 observes that inadequate knowledge by the service provider and the low motivation results in underutilization of the time of health personnel. Moreover, the composition of the labour force is inefficiently distributed with too many administrative personnel, especially in the provinces and a low ratio of health workers for the population (World Bank 2017). While interacting with stakeholders, the CRM heard that health workers needed more training and more resources to adequately work. However, the CRM learned that health workers are often reported as absent from work. Overall, these factors are part of a wider list of factors that contribute to low demand and inadequate quality of health services.

Education

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65 UNAIDS, Mozambique Country Profile, viewed at 2nd December 2018: http://www.unaids.org/en/regionscountries/countries/mozambique

66 UNAIDS, Mozambique Country Profile, viewed at 2nd December 2018: http://www.unaids.org/en/regionscountries/countries/mozambique

67 UNAIDS, Global Health: Mozambique, viewed at 2nd December 2018https://www.usaid.gov/mozambique/global-health

576. Mozambique has an Education Strategic Plan (2012-2016), which specifies the Government's priorities for developing the Education Sector as presented in the Government's Five-Year Plan 2010-2014 and the 2011-2014 Poverty Reduction Strategy Paper (PARP). The Plan is based on the analysis and evaluation of the progress made and the challenges identified during the implementation of the 2006-2011 Strategic Plan for Education and Culture with the objective to improve the sector's performance in the coming years. Its structure is based on the new programming approach developed by the Ministry over the past few years and adopted in 2009.

577. In this context, the Government prioritised the creation and expansion of opportunities to ensure that all children have access to and complete a basic education of seven years. However, Basic Education alone is not sufficient to support and sustain national development within a global context where both economies and societies are constantly changing. The Government is promoting a holistic development of the Education System which includes both universal Primary Education as well as the expansion of quality Secondary, Technical, Vocational and Higher education as a means of reducing poverty and stimulating social, cultural, political and economic development in the country.

578. CRM observed that, over the last few years, the Education System has been introducing important reforms to improve the academic performance of students in Primary Education, with a particular emphasis on the introduction of the new curriculum, free school fees, free distribution of textbooks, allocation of resources to the schools, training of teachers and education managers, and an increase in pedagogical supervision activities, among others.

579. UNICEF Mozambique states that the progress in access to education and in the recruitment of teachers has been impressive since 2004. The number of primary and secondary schools has tripled, and 3,500 new teachers have been recruited every year since 1992. However, investments in the quality of education have not been able to keep up with the expanding school system. In the lower primary level, there is an average of one teacher for every 74 learners and only 58 % of teachers at this level have teacher training. In addition, still half of the children who start primary school do not finish it, and there are increasing concerns about learning quality.

580. The CRM learned that there are links between low learning and key issues such as teacher absenteeism, teacher capacity, school management, the use of Portuguese as a language of instruction and unconducive learning environments.

581. One of the main concerns in this context is the inadequate preparation of children to face the learning process when entering Grade One. Little progress was made in early childhood development during the Strategic Plan for Education and Culture 2006-2011 (PEEC) implementation period. At the post-primary education level of the quality of services is hampered even further by the explosive expansion of the school network, which has not been accompanied by sufficient investments in teacher training, procurement and distribution of textbooks and teaching materials, among others.

582. Indeed, there have been significant improvements in education. The abolition of school fees in 2003/04 and provision of direct support to schools and free textbooks, along with investments in classroom construction and teachers, resulted in a surge in primary and secondary school enrolments from 3.6 million in 2003 to around 6.7 million by 2014. Primary school enrolment now is at 97%. Intake of children aged 6 years old has significantly improved up to over 80%. Gender parity in primary and secondary enrolment has also improved[68].

583. CRM notes that despite improvement, many challenges remain for delivering basic education in Mozambique. Primary completion rates, even though they initially increased rapidly from a low base, have been stagnating at around 47% over the past few years, due to persistently high rates of primary school drop-out and repetition.

584. A 2012 study by UNESCO[69] estimates that approximately 1.2 million (or 23%) of primary and secondary school aged children are out of school; of these, 775,000 are primary school aged children, and nearly 55% are girls. The study highlights the factors related to poverty and socio-cultural norms that keep children from finishing schools, such as early marriage and pregnancy, as well as distance from home to schools, lack of safe school spaces, overcrowded classrooms, and a lack of adequate number and quality teachers. The education sector also faces challenges such as the low rate of retention and positive learning results. On top of the late entry of some students into school, progress in the system is slow as revealed by a high dropout rate, which results in delays in the conclusion of studies. Retention of girls in schools is related to problems associated with the different socio-cultural values attributed to boys and girls; pregnancy; early marriages, and the reception of girls within the school (e.g., absences during menstruation, vulnerability to rape by teachers, pregnancy).

585. At all levels, the educational system continues to have difficulties in receiving and including students with disabilities. The problems of inclusion concern infrastructure, teaching and learning. Moreover, managers and teachers are not prepared to communicate with students who are persons with disabilities (PWDs).

586. The common challenges for urban water and sanitation are addressed through the design and implementation of the Inter-Municipal Programme for Water and Sanitation that looks at local necessities and specifications. That plan must seriously examine concerns about the increasing climate changes. With the largest coastal land in Africa, Mozambique is particularly vulnerable to the effects of climate changes that also negatively impact water resources for water supplies. For example, while the centre and north of the country were suffering the 2015 and 2016 floods, at the same time, the south was experiencing severe drought, evidence of the weakened capacity and resilience of the social and economic infrastructure.

Water and Sanitation

[68] UNICEF, 2017, Education in the new country programme 2017-2020: http://www.unicef.org.mz/en/our-work/what-we-do/education/

[69] Ibid.

587. The CRM noted that the Water sector has several agencies responsible for water management and sanitation, as well as the protection of consumer rights in Mozambique. These agencies include the water agencies in Mozambique (ARA-Sul and ARA-Norte) and the Water Supply Investment and Asset Fund (FIPAG), among others. However, these agencies have different strategies that are not well harmonized, hence the need to advocate sector coordination.

588. Mozambique has also developed sound policies and strategies for the Water, Sanitation and Hygiene (WASH) sector and signed international commitments such as e-Tikwini, Ngor and SWA. These policies, strategies and commitments lack implementation, monitoring and evaluation. Despite these commitments, Mozambique is not progressing as expected to achieve universal access to WASH by 2030.

589. The CRM learnt that access to safe water in Mozambique stands at 52%, 37% and 81% at national, rural and urban populations respectively. Sanitation access coverage is at 23%, 10% and 42% at national, rural and urban populations respectively. The country did not achieve the MDG goals which were planned at 70% water and 60% sanitation. This is as a result of WASH sector being underfinanced and highly dependent on external funding. This affects the sustainability of the WASH services which has been a major concern for many years.[70]

Energy and Electricity

590. The CRM noted that the Mozambique Energy Sector Strategy (2000) focuses specifically on how to implement the Energy Policy, including increasing the role of the private sector, developing more competitive markets, and the need for regulation. The Strategy complements the Energy Policy, outlining and making explicit the intentions of the government in the development of plans of action, programmes, projects, investments and other actions for the various energy sub-sectors. It provides necessary guidance for operators in the sector, financial institutions and investor.

591. The Energy Reform and Access Project (2003-2011) aims to accelerate the use of electricity for economic growth and social services in a commercially viable manner. Thereby improving the quality of life in un-served and under-serviced areas, as well as strengthening Mozambique's ability to increase access to modern energy. The project supports the Government's National Energy Strategy that looks to reform the country energy sector and increase private participation. The project also encourages the development of renewable energy, in particular, solar photovoltaic systems and micro-hydro projects, as well as contributing to the reduction of Greenhouse Gases. The Electricity Master Plan for Development of the National Grid 2005-2019 focuses on Grid Supply Expansion in the short-to-medium term.

592. CRM is informed that at 187 gigawatts, Mozambique has the largest power generation potential in Southern Africa from untapped coal, hydro, gas, wind and

[70] WaterAid, 2016, Mozambique Country Programme: Strategy 2016-2021, viewed 16th December 2018: www.washmatters.wateraid.org

solar resources. Hydropower currently accounts about 81% of installed capacity. However, natural gas and renewable energy sources occupy a growing share of Mozambique's energy mix. Despite the outsized potential, only 29% of the population has access to electricity, due to limited transmission and distribution networks and unfavourable market conditions for a new generation. The industrial and commercial segments are expected to drive demand growth, as residential consumers struggle with the existing highly subsidized tariffs.

Transport

593. The CRM noted that Mozambique has a Transport Strategic Plan (2009) that focuses on development corridors, integrating the road, maritime and railways subsectors, as well as the Aviation and Urban sub-sectors. These corridors serve domestically as economic growth poles and as links between urban and rural areas, while also providing a backbone of public service delivery.

594. Three main corridors are Maputo, Beira, and Nacala that serve 4 landlocked countries (Zambia, Malawi, Zimbabwe and Eswatini) through road and rail road, linked to deep water sea ports, and international airports, at the same time interconnecting the country from East-to-West. However, the country has one of the lowest road coverages in the continent, both per capita (45th out of 54) and land area (46th). Only 33% of the rural population lives within 2 km of an all-season road[71].

595. The sector suffers from major capacity constraints in technical and human resources, compounded by the rapidly expanding infrastructure asset pool and thus rising maintenance costs. Further development of the road network is required to provide access of rural areas to domestic and regional markets, with an integrated approach that promotes agriculture value-chains and public service delivery.

Social Protection

596. Social Protection refers to the resources which the State provides in order to capacitate and provide assistance to individuals and social groups, including those groups living in poverty and vulnerability. The CRM learned that in an effort to fight extreme poverty and to protect poor and vulnerable persons, Mozambique approved Law No. 4/2007. Furthermore, in 2010, Mozambique approved the National Basic Social Security Strategy (ENSSB I) for the period 2010-2014.

597. An evaluation of the National Social Security Strategy (ENSSB I) was conducted in 2015[72], which highlighted a number of key challenges, including low coverage of the eligible population; lack of basic social protection instruments for some vulnerable groups, particularly children; challenges in the implementation of the Productive Social Action Programme (PASP); and absence of reliable and efficient operational procedures for programme implementation. It also included lack of coordination among ministries responsible for the delivery of basic social protection as well as

[71] AfDB, Mozambique Country Strategy Paper 2018-2022.
[72] International Policy Centre for Inclusive Growth (IPC-IG), UNDP.

challenges in the coordination between Ministry of Gender, Child and Social Action (MGCAS) and National Institute for Social Action (INAS) in the provision of social welfare services; and an absence of INAS offices in most districts, contributing to high administrative costs.

598. Furthermore, the CRM heard that in 2016, the Government of Mozambique approved ENSSB II for 2016–2024. This new strategy adopts a longer time horizon, effectively reflecting a progressive and ambitious vision for non-contributory social protection in Mozambique, including (i) the redesign of the PSSB with the gradual introduction of an old age grant, a disability grant and a three-pronged child grant; and the adoption of a targeting approach aiming at excluding those who are not poor nor at risk of poverty; (ii) the introduction of a dedicated programme for the delivery of multipurpose social welfare services at community level; (iii) a gradual increase in the value of social transfers; and (iv) the strengthening of the institutional, human, physical, technical and financial capacity of INAS and MGCAS, including the decentralisation of INAS personnel at district level and the roll-out of the recently developed integrated management and information system e-INAS.

599. Between 2010 and 2014 there were significant advances: the number of beneficiary households of INAS programmes increased from 254,000 to 427,000; the amount paid by the Programa Subsídio Social Básico (PSSB), which is the main component of Mozambique's cash transfer programme, increased threefold in real terms between 2007 and 2014; and the Productive Social welfare Programme (PASP), a public works scheme was introduced to cater for poor, labour-unconstrained households. All these changes implied a substantial increase in government expenditures in the area, which rose from 0.22 per cent to 0.51 of gross domestic product (GDP) between 2010 and 2014.

600. The CRM further noted that as of 2017, the government had made social transfers[73] to 49,734 individuals (21,181 men; 28,553 women) living in poor and vulnerable family units in the country. In the context of the National Strategy for Basic Social Security 2016-2024 (ENSSB II), the government readjusted, in 2018, the values of social assistance for vulnerable families that vary between 74.19% for families with just one person to 63.90% for those with five or more people. Of a total of 2,802,776 *Meticals*, this value will be distributed monthly to at least 404,806 Mozambican families. As for direct support, the government will distribute monthly 260,057 *Meticals*, to 14,168 families. For the programme for productive social action, 510,539 *Meticals*, will be distributed to 121,547 beneficiary families. For 2019, the Social Protection Programme foresees using 3,915,8 million meticais as against 3,665.8 million meticais in 2018. The Social Protection Programmes will cover 609,405 beneficiaries as against 567,290 in 2018, i.e., a 7.4% increase. Nevertheless, currently less than 50% of vulnerable people benefit from social assistance in Mozambique, and the number of elderly people is growing due to increasing life expectancy. The ENSSB II plans to reach 3.4 million direct beneficiaries by 2024. About half of all Mozambican children between 0 and 17 years old will be living in households receiving social transfers, thus indirectly benefiting from them.

[73] National Basic Social Security Strategy (2016-2024), 2016, viewed 1ST December 2018: http://www.unicef.org.mz/wp-content/uploads/2018/09/ENSSB-II_-Eng.pdf

Box 6: Commendable Practice: Social Protection

To alleviate poverty and protect the poor and vulnerable population, the Government of Mozambique has enacted Law No. 4/2007 to provide for social protection. In addition, the Mozambican Ministry of Gender, Children and Social Welfare, together with the United Nations system, on 23 February 2018 in Maputo, launched a “Joint Programme on Social Protection” for the next three years, budgeted at 18 million US dollars. The programme is intended to support the Mozambican government’s capacity to carry out the second phase of the National Basic Social Security Strategy and to make its action plans operational. It is of great importance since it will strengthen the government capacity to provide assistance for individuals and social groups living in poverty and vulnerability. This is intended to alleviate poverty and assist persons with disabilities (PWDs).

Panel Recommendations

The panel recommends:

- Mobilise adequate financial resources for social protection, health and education, water and sanitation, as well as transport and infrastructure at central, provincial and district levels;
- Invest and expand rural the urban water connections;
- Promote use of alternative and renewable energy sources;
- Encourage the country to improve on transport and infrastructure;
- Put in place mechanisms to raise awareness about communicable and non-communicable diseases such as HIV/AIDS, Malaria and tuberculosis;
- Mobilise for rehabilitation of corridors and development of rural feeder roads.

Issue 5: Poverty and Inequality

601. Inequality is often understood in terms of income or wealth, the dividing line between the rich and poor. However, in reality, economic disparities are only one part of the inequality story. Many other social, racial, political and institutional dimensions feed on each other and together block hope for progress among people on the margins. Inequalities persist in terms of access to education, based on where a child lives, whether the child is a boy or girl, and on the level of household poverty.

Evolution of the issue

602. The CRR 2010 related to the issue of poverty to rising income inequality. It further mentions that regional asymmetries continue to be a constraint in the balanced distribution of benefits resulting from socioeconomic development. Urban districts present greater opportunities than rural districts in terms of access to services. The Southern region presents higher indices of service provision compared with the central and northern regions of the country.

603. The pattern was left by the colonial administration, whereby the Southern region is more endowed than other regions and hence, fostering inequality. This inequality exists in the provision of services in the education and healthcare sectors and has

spurred rural-urban migration. As a result, there is polarization on a social, economic and political basis.

604. The Mozambican Poverty Reduction Strategy Papers (PARPA II 2006- 2009 and the PARP 2010-2014), define poverty as the "impossibility, due to incapacity or through lack of opportunity for individuals, families and communities to have access to minimum conditions in accordance with the basic norms of society". In this context, poverty is multidimensional, it is not defined solely in terms of monetary poverty measured through consumption levels, but also in terms of opportunities to access basic services such as education, health care, water and sanitation and information.

605. The Panel recommended that emphasis be placed on resourcing the agricultural sector as a key driver to development and poverty eradication. The Progress Reports (2010-2012 and 2014-2016) stated that adequate resources be allocated to agriculture; monitor the progress made toward the goals of the PARPA I and PARPA II; as well as addressing youth unemployment among others.

CRM Findings

606. The CRM noted that the Government is seeking to reduce poverty levels and inequality and has developed the following proxy indicators: the reduction of extreme poverty and food insecurity; fighting HIV/AIDs; providing basic commodities including water; providing universal primary education; gender equality; reducing child mortality; improving maternal health; fighting against malaria; and environmental sustainability.

607. The CRM learned that agriculture employs most of the Mozambican population. The majority are women and live in rural areas. It also noted that poverty reduction performance is uneven across regions of the country, with the central and northern regions showing disproportionately extreme poverty rates. In general, urban provinces tend to have lower poverty rates than rural provinces.

608. Furthermore, the distribution of poverty in Mozambique varies significantly by region. Overall, urban provinces tend to have lower poverty rates than rural provinces, particularly those in the central and northern parts of the country. Thus, the City of Maputo, for example, has the lowest levels of poverty in the country with 10 per cent of the poor. At the other end of the distribution spectrum, Zambezia province has poverty rates of 73 per cent. Instead of shrinking like the rest of the country, poverty worsened in the 2003-2009 period in the provinces of Zambézia, Sofala, Manica and Gaza. These five provinces together accounted for approximately 70 per cent of the poor in 2009, up from 59 per cent in 2003. The provinces of Zambezia and Nampula together represented almost half of the country's poor in 2009 (48 per cent), up from 42 Percent in 2003.[74]

[74] World Bank, 2016, Mozambique: Report Discusses Poverty Trends and Recommends Way Forward, viewed 16th December 2018: http://www.worldbank.org/en/news/press-release/2016/12/21/mozambique-report-discusses-poverty-trends-and-recommends-way-forward.

609. The demographic explosion that the country has registered is also a cause for concern. Mozambican population almost doubled in the last decade, reaching more than 28 million people. This demographic evolution has not been positively reflected in socio-economic indicators, particularly in the reduction of poverty rates in the country. Moreover, in Mozambique, and in Africa in general, this exponential increase in the population has no relation to the level of development, but rather with customary practices.

Panel Recommendations

The panel recommends:

- Address regional inequalities within Mozambique.
- Address the issues regarding family planning

Issue 6: Gender Equality

610. Gender equality is one of the United Nations Sustainable Development Goals (SDG 2030) and the African Union Agenda 2063 aspirations. African Countries are encouraged to mainstream gender-equality in their development programmes. Mozambique is endeavouring to implement this goal in its policies and programmes. Ensuring equal rights, responsibilities and opportunities to women and men will ensure that Mozambique is better placed to achieve sustainable broad-based socio-economic development. Although there has been some progress, challenges persist in Mozambique’s path towards gender equality.

Evolution of the Issue

611. In the CRR 2010 stated that gender equality should be promoted through the reduction of gender-based violence in the country. The Progress Report (2010-2012) further identified the need to (i) accelerate and intensify the implementation of strategies for the retention of girls in primary and secondary school, encourage them to get vocational training as a strategic instrument for empowerment of Mozambican women; (ii) accelerate the approval of Law on Domestic Violence, that can deal with violence based on gender; (iii) accelerate the implementation of the National Plan for the Advancement of Women; and (iv) develop monitoring indicators that include gender aspects to evaluate progress on gender integration as well as a budget that is sensitive to gender issues.

CRM Findings

612. The CRM learned that Mozambique has a huge gender gap in the quality and intensity of work: women have fewer chances than men in emerging sectors (beyond the subsistence sector and the public sector) or as employers. A gender analysis of the workforce shows discrepancies. Women tend to work in their own account, without employees or as unpaid houseworkers and, in general, work fewer

hours than men. Women, however, tend to have permanent jobs. Moreover, besides their involvement in farm work, rural women in Mozambique also devote more of their time to domestic work compared to other countries[75]

613. The gender gap in the workforce is yet worse outside the subsistence sector. The size of the gap depends on the source—18% in the latest census and 16% in the latest IOF—and has been growing over the years (ibid). These data indicate that, though women have more access to jobs, they continue to be behind men in the development of the Mozambican economy. The explanation for this may come from the gender inequality in human capital since men have better access than women to education, literacy and proficiency in Portuguese (ibid)

Women's Access to Resources

614. Access to resources is a big challenge for women engaging in business. Though the recent development of commercial bank programmes and others for microcredit especially targeting women have grown, getting access to opportunities and information is particularly difficult for women living outside the capital city and other urban centres (Japan International Cooperation Agency (JICA 2015).

615. Monapo and Nacarôa illustrate the gap in women's and men's access to various sources of resources. Women have much less access to public or private institutional resources and only have access to informal systems of rotational mutual credit.

Women's access to land

616. The CRR 2010 noted that in Mozambique, land is currently the property of the State only leased to members of the society. This mainly depends on affordability to lease it from the government. As such, marginalised people have limited access to land. Among the marginalized people are women whose livelihoods depend on the use of land resources such as through agricultural activities. Therefore, the land tenure system in Mozambique is a hindrance to women's emancipation and development.

Gender-Based Violence

617. The CSAR 2018 noted that the Government of Mozambique and its partners have been taking various effective measures including the Campaign, Chega Against Sexual Violence against Women and Girls in order to stop domestic violence. This campaign aims to promote gender equality and equity in diverse economic, social, political and cultural spheres of development.

618. Additionally, the network of Offices for Attendance for Women and Children Victims of Domestic Violence grew, and the conditions improved for receiving victims in health units. The campaigns for the fight against domestic violence

[75] Gradín and Tarp, 2017.

includes the involvement of the community and men. Part of the methodology used the presentation of theatrical plays and ample discussions in communities to raise awareness and promote a change in attitudes and behaviour. At a structural level, the establishment of one-stop and integrated services through the Centres for Integrated Attendance.

619. According to the CSAR 2018, a number of challenges still prevail, specifically related to the application of the law on domestic violence. The complexity of the procedural mechanisms, the insufficient number of advocacy professionals, and the difficult interpretation and application of the law by some magistrates are factors that culminate in corruption in juridical institutions76. Additionally, the geographic distribution of the institutions of justice makes them be far from the people, especially in rural areas. This makes it difficult for women to access judicial services.

620. While interacting with stakeholders, concern was raised that gender inequality at schools was increasing. Girls do not go to school due to various socio-cultural practices such as early marriages.

Panel Recommendation

The panel recommends:

- Take appropriate measures to address gender inequality.

Chapter Six: Commendable Practices, Cross-cutting Issues and Conclusion

621. This chapter concludes with the highlights on commendable practices identified from each thematic area, namely democracy and good political governance; economic governance and management; corporate governance and socio-economic development. It also analyses the cross-cutting which occur throughout these core thematic areas.

Commendable Practices

622. The CRM identified the following six (7) commendable practices:

- National peace Dialogue
- Women representation in decision-making
- Domestic Resource Mobilisation
- Mozambique's Timber Industry
- The Economic Associations of Mozambique (CTA)
- Social Protection
- Youth employment initiatives in Mozambique.

Cross-cutting Issues

Corruption

623. Corruption in Mozambique is perceived as a major problem by many people. Mozambique's capacity to prevent and control corruption is ranked by the World Bank Institute (2002) as one of the worst in the SADC region and ranked by IT (IPC) as being ranked 112 (+7) in a universe of 176 countries in the world by 2015; ranked 142 (+30) in 2016 and, 153 (+11) in 2017 out of 180 countries.

624. Concrete action has been taken to promote business ethics. For example, an International Conference on Business Ethics and society, in general, was held recently in Maputo by ACIS - a business association member of CTA - in partnership with IODmz and the Ethics Institute of South Africa. Also, the IODMz has a partnership with the Ethics Institute that promotes regular business ethics events. These events are public, however, its target group is entrepreneurs, administrators and directors of companies.

625. With regard to IFRS, based on Decree 70/2009 of 23 December, a new General Accounting Plan for large companies was approved and, based on Decree 71/2009, a new General Accounting Plan for SMEs. These two instruments aimed at introducing IFRS in Mozambique for both types of companies.

626. In order to promote good corporate governance practices and business ethics, and to prevent and mitigate corruption, IODmz has developed, in partnership with other entities interested in this matter, short-term training courses, in which the following has been highlighted for the last 5 years:
   - Training of national media in matters related to corporate governance and business ethics

- Training of BVM employees in business ethics
- Training of the employees of the Mozambique Airlines in Corporate Governance and Business Ethics
- Carrying out the 1st and 2nd national conferences on Business Integrity Pact Against Corruption (BIPAC) in partnership with the Centre for Public Integrity (CIP)
- Carrying out the workshop launching the Institutional Governance Assessment Tool (SAGI / GAT) in partnership with the Global Platform of South Africa
- Carrying out the workshop launching the Anti-Corruption Compliance Assessment Programme at the Business Level in partnership with CIPE - Centre for International Private Enterprise (USA)
- Carrying out the workshop on “Leadership guided by ethical values” in partnership with the Institute of Ethics_ TEI-South Africa
- Conducting a Business Breakfast whose theme is “Ethics Research” also in partnership with Ethics Institute -SA and OCAM
- Conducting a Business Breakfast whose theme is “Importance of business ethics in Mozambique” once again in partnership with TEI and OCAM; and
- Carrying out the workshop on “Where do we go with corporate governance in Mozambique” in partnership with the IFC - World Bank Group.

627. The criminalisation of corruption should also cover the private sector. According to CIP, the revision of Law 35/2014 of 31 December, although it has made mention of corruption in the private sector, is still not clear enough regarding the criminalisation of this practice. CIP’s view is that corruption should not only be viewed from the public sector perspective, it should also include the private sector.

628. The CIP is concerned that the Procurement Law does not cover public companies. CIP states that in theory, this law, in fact, does not bind public companies. But public enterprises operate based on contracts which are financed by the public purse. Therefore, their management should be as judicious as possible and subject to public scrutiny.

629. In the fighting against corruption, the Institute of Directors with the support of the Swedish Embassy is implementing the Business Integrity Against Corruption (BIPAC) project, encouraging good practices of efficient management and effective leadership of public and private sector companies and promoting the principles of good corporate governance, fight against corruption and financial scandals.

630. The project has conducted a national baseline study on corruption inducers and has drawn up two Integrity Pacts, namely the Integrity Pact on Public Procurement and the Integrity Pact on Financing Political parties. The Integrity Pact (IP) for Public Procurement was developed by Transparency International (TI) and is being adopted by several countries at an international level. The ultimate objective of the Integrity Pact is to combat corruption in public procurement, including public work contracts and the provision of goods and services to the State, where the parties undertake not to pay, offer, demand, accept bribes or enter into collusion with

competitors to gain competitive advantage in the tender and financially damaging the state.

631. The IP Principles are summarised in Transparency, Accountability, Zero Tolerance to Corruption, Public Interest Fulfilment, Stakeholder and Managed Stakeholder Participation, Efficiency, Effectiveness and Economics (Law 7/2012 of 8 February).

632. The strict implementation of the IP produces economic advantages for both the Government and national and international investors. The advantages of IP include, among others:

- The conclusion of contracts for the supply of goods and services without corruption;
- Prevention of high economic and reputational cost;
- Improving the business environment
- Empowering public officials to minimize or limit corrupt acts;
- Empowerment of Civil Society in participation in processes of public procreation; and improving the credibility of organizations with their partners.

633. The Anti-Corruption and Monitoring and Evaluation actions of implementing the Integrity Pact principles is ongoing on the basis of the various partnerships that IODmz has established. This partnership-based project operates in the provinces of Maputo, Sofala, Zambézia, Nampula and Tete. It is, therefore, the intention of IODmz to expand these actions from the current four provinces to other provinces in the country in partnership with other civil society organizations and companies with the same mission and purpose.

634. Mozambique established the Central Office for Combat against Corruption (GCCC). Within the framework of its action, the GCCC adheres to the SADC, African Union (AU), and the United Nations Convention on the Fight against Corruption (UNCAC) conventions. Locally, it has the Strategic Anti-Corruption Plan, which is reinforced by Anti-Corruption Law no. 14/2012, by the Organic Law of the Public Prosecutor's Office No. 4/2017 and by the Law on Protection of Witnesses.

635. The GCCC, with the aim of mitigating the spread of corruption, has also signed partnership agreements for the development of collective anti-corruption actions with various institutions, including the Ministry of Education and Human Development, various Anti-Corruption Centres in schools, CTA, with CIP and with professional organizations such as OCAM.

636. Each Ministry has also devised a specific Action Plan to fight corruption at the level of the respective institutions.

637. The several hot topics that have been a hindrance in the perception of the advances in the fight against corruption include the following:

- The issue of the hidden debts that is still fresh in the memory of the society and continues to disconcert society at large, particularly as there has been a lack of involvement of the competent institutions, individual accountability and the continued focus on small corruption;

- The lack of ratification by Mozambique of the UNCAC Declaration of Commitment to which Mozambique has been a signatory since 2003, concerns the UNODC (United Nations Office on Drug and Crime) on the position of Mozambique.

Youth unemployment in Mozambique

638. The issue of employment is addressed in the Government's Five-Year Plan (2015 – 2019), whose central objective is to "improve the living conditions of the Mozambican people by increasing employment, productivity and competitivity, creating wealth and generating well-balanced and including development within a peaceful, secure, harmonious environment with solidarity, justice and cohesiveness among Mozambicans".

639. In 2016, the policy for employment was approved, including specific goals for youth employment, in particular youths with entrepreneurship incentives through: (i) training programmes, in particular for rural areas; and (ii) opportunities for access to credit. The Industrial Policy and Strategy 2016-2019 also was approved, including the pillar for Development of Human Capital, the consolidation of the Reform of Professional Education, creation of the Fund for Skills Attraction, Training and Orientation.

640. Like in other African's countries, the population is very young in Mozambique. Young people make up more than 50% of the population. These young people are a potential resource for growth and social development if gainfully and productively engaged. But they could also be a source of devastating social tension and conflict if not. The countless number of young people loitering around and peopling the streets of Maputo bears ample witness to the limited job opportunities that the youth of the Republic of Mozambique has. Yet the development of the country rests squarely on them; it is through them and by their agency that the vision and noble intentions of the New Partnership for Africa's Development (NEPAD) can be developed. And it is through them that Africa as a whole can make progress towards the realization of the Sustainable Development Goals.

641. Agriculture is by far the single largest employment sector in Mozambique, employing around 75% of the labour force, with the service sector as the second largest sector 21%, and industries employing 4%. This constitutes a problem for Mozambique as agriculture contributes only 25% of GDP although it employs the vast majority of the population. The major difference between people employed in agriculture and the contribution to GPD is reflected in other sectors, where there is a much higher contribution to GDP compared to the number of workers in the sectors.

642. ILO has estimated an unemployment rate at 22 % for Mozambique in 2016[77]. This is slightly higher among women than men. Youth unemployment was estimated at

[77] The International Labour Organisation has done a considerable amount of work on this problem. This paper draws substantially from that body of work.

38%. Urban youth unemployment is a challenge. As in most African countries, the formal sector in Mozambique grows too slow to absorb the many young people entering the labour market each year. Thus, many therefore end up in unemployment or informal jobs, with little prospect of reliable employment.

643. The problem of youth unemployment is not peculiar to Mozambique. A search on the web reveals several references to the problem in the rest of Africa and other parts of the world. However, the main factors driving youth unemployment in Mozambique are: a) the generalized lack of employment opportunities due to the underdevelopment of the national economy. Put differently, the employment prospects of Mozambique's youth are diminished by the already high rate of unemployment and underemployment; b) High rates of population growth; c) Small private sector; d) Low literacy and numeracy rates; e) Poor quality of education and an education sector that equips young people with limited industrial skills. Attempts to address the problem of youth unemployment in Mozambique must, of necessity, examine how these factors are implicated in the phenomenon.

644. In the Five-Year Programme (2015 – 2019), the government adopted a transversal and multisectoral approach for employment and mobilized synergies that include employment, professional training, pre-professional apprenticeships and the provision of toolkits for self-employment.

645. The current pre-project for the harmonized labour law dedicates two articles (249 and 251) about employment that focus on the definition of programmes for professional information and orientation of youths and workers (Art. 249) and professional training for active workers, including youths (Art. 251). For the youth, the Ministry of Labour, Jobs and Social Security (MLJSS) and the Ministry for Youth and Sports have been joining efforts to improve the employability of youths. To create jobs for youths, the government (through MLJSS) has implemented some projects with the help of various national and international partners e.g., Routes for Work, which is supervised by the International Youth Foundation. Other training and assistance services help youths get better opportunities for paid jobs or self-employment.

Box 7: Commendable Practice: Youth employment initiatives in Mozambique

Mozambique has been making progress on the development of youth to further addresses the challenges of youth unemployment.

Since 2012, through the Ministry of Youth and Sports, the government has been implementing job promotion programmes for young people, for example: (i) the Financial Education Programme (since 2014) in partnership with NYA and Barclays to ensure better management of opportunities for self-employment by teaching youths better skills for savings and investment; (ii) Pro-Joven (since 2012) with the goal of financing entrepreneurial initiatives from youth associations, individual youths, small and microenterprises owned by youths in urban and peri-urban zones; (iii) Project Oye (since 2014) in partnership with SNV to offer job opportunities to young people by promoting agrobusinesses; (iv) Projecto Férias developing the district that takes finalists and recent graduates to districts during their vacations to develop voluntary activities in various sectors according to their educational specialty. The project aims to contribute to reducing the unemployment rate among tertiary education graduates and to persuade them to work in the districts.

In 2016, the Job Market Observatory was created and is now being consolidated to collect, analyse and dissiminate job-market information and statistics that enable one to follow the trends in the labour market, especially employment, to guarantee that supply meets demand. The observatory is using its job market bulletin to dissiminate information. Through the National Institute for Employment and Professional Training (INEFP), the government is implementing the Project for Improving the Model of Professional Education in Mozambique (2017 - 2021) with financing from Japan. Such incentives have brought more and better-trained candidates and entrepreneurs to the market. Due to such transversal and multisectoral efforts for employment, 10,249 recently trained young people with a talent for entrepreneurship had access to 3,524 toolkits for self-employment and, between 2015 and 2018, 1,190,200 jobs were created in Mozambique, of which 532,682 were held by women.

Climate Change

646. The location of Mozambique gives the country great potentials for economic development in terms of tourism and seaport provisions. Despite this, Mozambique is vulnerable to climate change due to its location and geography; large areas of the country are exposed to tropical cyclones, droughts (every three to four years) and river/coastal storm surge flooding. This vulnerability is heightened by the country's 2,470 km of coastline and socioeconomic fragility. More than 60 per cent of the population lives in low-lying coastal areas, where intense storms from the Indian Ocean and sea level rise put infrastructure, coastal agriculture, key ecosystems and fisheries at risk. Furthermore, Mozambique's coastal location, with rivers and water masses, is vulnerable to waterborne diseases affecting the local population.

647. Forty-five per cent of the population lives below the poverty line and 70 per cent depends on climate-sensitive agricultural production for their food and livelihoods. Increased frequency and severity of intense storms, droughts and floods are likely to exacerbate these development challenges. For example, El Niño conditions in 2015–2016 caused the worst drought in 35 years, reducing food availability by 15 per cent. Food insecurity caused by the drought worsened in 2017 with Cyclone Dineo, which damaged crops and destroyed infrastructure.

648. However, the country has put in place institutional framework to mitigate climatic changes. For instance, the 2013–2025 National Strategy for Adaptation and Mitigation of Climatic Changes, approved in 2012 and linked to Agenda 2025. In addition, a Climate Change Coordination Unit (Unidade das Mudancas Climaticas) was established in 2014. The unit developed a climate knowledge management hub

run by the Mozambique Academy of Sciences, which also hosts an online course on adaptation and disaster risk reduction. Mozambique also established a climate and health observatory in 2016 to support evidence-based decision making.

649. The government approved its five-year plan for 2015-2019, which includes climatic changes under its strategic objectives, and promises to (i) promote studies and research to reduce the risks from calamities and adaptation to climatic changes, and (ii) reduce the vulnerability of the economy and infrastructures to climatic risks and natural and anthropogenic calamities.

650. Internationally, these efforts are aligned with the ratification of the Paris Accord adopted by the United Nations' Fourth Convention on Climatic Change; the Sendai Framework for Disaster Reduction (SFDRR 2030); and the Sustainable Development Goals.

651. That aside, the Government needs to double its mitigation to address these coastal challenges and climate change to maximise full potential through innovative technologies.

Conclusion

652. In conclusion, the Panel would like to appreciate the collective efforts of all Mozambicans towards building a democratic and economically viable nation. The Panel also would like to recall that the preceding chapters of this Report dealt with four thematic areas regarding governance assessment of the Republic of Mozambique: democracy and political governance; economic governance and management; corporate governance; and socio-economic development. The appraisal was based on desk research, discussions with experts and opinions submitted by key stakeholders.

653. It is clear that the Government has made considerable progress towards the ratification and subsequent implementation of standards and codes. However, there is a general unawareness of these signed and ratified standards and codes, which is attributed to low literacy levels in the country as well as limited dissemination of information. It was not possible to ascertain that the ratified instruments have been fully domesticated within the country. However, interactions with stakeholders showed the country's commitment to domesticate all ratified standards and codes. One important convention, the Optional Protocol on the Elimination of All Forms of Discrimination against Women (CEDAW) is not yet signed or ratified. More efforts are therefore required to domesticate the frameworks so as to be effectively complied with.

654. Mozambique has made strides in terms of peace after the signing of the 1992 General Peace Agreement (GPA) between the Front for the Liberation of Mozambique (Frelimo), the ruling party and the Mozambican National Resistance (Renamo). Since 1992, Mozambique has been exhibiting democratic practices by holding regular elections, with the next elections scheduled for October 2019.

655. Over the years RENAMO has claimed that FRELIMO has not fulfilled some of the promises made at the signing of the GPA. The former rebel movement, has maintained its military wing, which has been used as a “trading horse” to demand for the fulfilment of the GPA and political inclusion. Unfortunately, in some instances, Renamo has resorted to the use of violence to be heard by the government. In the path to sustainable peacebuilding, the current President of Mozambique, H.E. Filipe Nyusi has initiated a peace process to address the key concerns of the RENAMO party. This is the right step to building total peace in Mozambique.

656. Mozambique has made progress in the participation of women in decision-making, with women accounting for 37.2 per cent of seats in Parliament. Despite this success, their level of participation remains limited in lower levels such as school councils and community consultative councils, where local traditions and customs, poverty as well as illiteracy constrain their participation. Women’s emancipation should also be reflected at local levels.

657. Furthermore, Mozambique has continued to make appreciable progress in ensuring enrolment of children into primary education, with the net enrolment rate standing at 84.4% in 2017. Though enrolment rates for girls are higher than that of boys in some regions, there is a high dropout rate of girls before completion of primary education which affects more than half of all students enrolled.

658. Nevertheless, the country experiences some challenges, one of which is the effect of the 2016 hidden debt crisis that affected the economy. To overcome this challenge, Mozambique embarked on robust Domestic Resource Mobilisation which is paying off dividends. It is hoped that the country will come back to an upward economic trajectory.

659. The country faces challenges of corruption, effects of climate change, youth unemployment, constraints in capacity and financing and quality service delivery to both rural and urban areas, which require immediate attention.

660. The APR Panel is, however, pleased that the country has allocated funds to ensure the implementation of the National Plan of Action (NPoA), which is hoped to address the critical issues identified in the Report.

National Programme of Action for Mozambique Second Country Review Report

661. The primary purpose of the National Programme of Action is to guide and mobilise the country’s efforts in implementing the necessary changes to improve its state of Governance and socio-economic development. In addition, the National programme of action is the key input delivered by the country into the peer review, and it, therefore, serves to present and clarify the country’s priorities; the activities undertaken to prepare and participate in the APRM; the nature of the national consultations; as well as to explicitly explain the responsibilities of various

stakeholders in government, civil society and the private sector in implementing the programme"(NEPAD/APRM/Panel13/guidelines/11-2003/Doc 8 P10.

662. The Mozambique National Programme of Action (NPOA) is a major output of the country's review process. It is thus an integral part of the Country Self-Assessment Report (CSAR). The NPOA is presented in four thematic areas, namely Democracy and political Governance, Economic Governance and Management, Corporate Governance and Socio-Economic Development. The NPOA has prioritised the key issues within the thematic areas which Mozambique is intending focus on to avoid being over-ambitious.

Costing of the National Programme of Action

663. The National Forum worked with senior Government Officials and representatives of Government Ministries to undertake the costing of the NPOA. In addition, the NGC engaged Consultants, who previously worked on the CSAR to prioritise issues to address in the NPOA.

664. The breakdown of the estimated costs for each thematic area are as follows:

Democracy and Political Governance	**USD 5,220,409.5**
Economic Governance and Management	**USD 4,377,259.0**
Corporate Governance	**USD 887,295.0 USD**
Socio-Economic Development	**USD 17,229,508.0**

665. The estimated total amount required to implement the Mozambique NPOA is USD 27,714,471.5. The estimates in the NPOA is in US Dollars. To arrive at the figure, the required actions under each thematic objective were analysed and broken down into achievable tasks within a period of four years (2019 to 2024).

Implementation, Reporting, Monitoring and Evaluation Mechanism

666. The Government of Mozambique has the primary responsibility for implementing the NPOA. However, implementing, monitoring and Evaluation agencies have been indicated for every action, including non-state actors, where possible. The lists are no way exhaustive, as they will be fully determined in the process of implementing the NPOA

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ANNEX I RESPONSE OF GOVERNMENT OF THE REPUBLIC OF MOZAMBIQUE TO THE 2nd COUNTRY REVIEW REPORT

INTRODUCTION

The main objective of the 2nd Mozambique Review in the framework of MARP was to evaluate the progress in terms of governance and socio-economic development, since the first review held in 2009 in Syrte Libya. The aim was equally to examine the extent to which good practices identified during this review were strengthened and disseminated. In addition, the review could help identify emerging and relevant issues for governance and socio-economic development and offer insights on how to tackle the challenges identified.

The report has recognized that Mozambique has made considerable progress since the presentation of its first country review report in 2009. Mozambique has displayed consistent democratic practices in holding regular elections, with upcoming elections scheduled for October 2019. The country continued successfully to endeavour efforts to maintaining an effective peace and political stability through the ongoing negotiations with RENAMO aimed at demobilizing, disarming and reintegrating its armed elements into the Defense and Security Forces. Mozambique has made remarkable progress in the participation of women in decision-making processes. For instance, women represent 37.2% of the seats in the Parliament.

After a period of relative decrease of some macroeconomic indicators, currency depreciation and rising inflation associated with external shocks and restrictions imposed by some of its international partners, the economy has been moving in an ascending direction due to the determination of the people and the Government of Mozambique.

In general, the 2nd Country Review Report presents its findings in a balanced manner and some of the factual mistakes or omissions have been somehow corrected. However, the responses of the Government of the Republic of Mozambique provide additional explanations with a view to clarifying some of the findings so that the readers can fully understand the governance in Mozambique.

With regard to **Peace and Political Stability**, the Government continues to make successful efforts to maintain an effective peace and to keep a lasting and reliable peaceful environment among the Mozambicans through the dialogue led at the highest level. This process comprises religious institutions and all other stakeholders in the Mozambican society. The Government is determined to continue promoting harmony and national reconciliation so that a peaceful environment and a consolidation of an increasingly inclusive democratic process can definitively prevail in the country.

The Government is concerned about the criminal attacks on defenceless populations in the north of the country, in the province of Cabo Delgado, and it is totally committed to eradicating this phenomenon. The government recognizes that this is a transnational phenomenon and cooperation between States is crucial, especially now when threats are manifested in different ways in the continent. As in the past, unity brings strength, therefore, the Government of Mozambique takes good note of that and greatly appreciates the cooperation of the neighboring States and other African countries in the face of this challenge that is affecting the country.

In relation to **Judiciary Governance and Legality**, the Mozambican Government has been undertaking efforts to tackle and streamline the sovereignty bodies in terms of human, financial and technical means to pursue their role as pillars of the Rule of Law based on the respect for the separation of powers, as enshrined in the Constitution. The expectation of society is to increasingly bridge the management and performance of the justice sector with others sectors.

As far as corruption is concerned, the Central Office for Combating Corruption (GCCC) has a strategic anti-corruption plan. This plan is reinforced by the anti-corruption law 14/2012, -Organic Law of the Public Prosecutor's Office and the Witness Protection Act, law 4/2017. In order to mitigate the spread of corruption and to reinforce the fight against the phenomenon, all the governments at the province level develop annual plans to fight corruption. Considering that the legal provisions in force greatly strengthen the mechanisms to combat corruption, illicit enrichment and trafficking of influences, the Government is implementing measures in the framework of good public administration governance, updating internal control systems in budgetary execution and compliance with the law of probity in the management of the public assets, the accountability and recovery of State goods and assets.

In the field of rights, duties and freedoms, the Mozambican Government, in accordance with the Constitution of the Republic, guarantees the right to freedom of expression, freedom of the press, as well as the right to information. In this context, a legal framework was adopted establishing the conditions for the exercise of media activities, in accordance with Law No. 18/91 of 10 August, including the right of freedom of association. The idea that is presented in the **Parags. 63 to 65** in relation to a supposedly "limited coverage of the opposition parties activities by the public controlled media" and "intimidation, violence and murders in the country, allegedly, for political reasons" do not objectively do justice to the reality, and this may suggest that we are in the presence of an authoritarian and police State and, which is not the case of Mozambique.

With regard to the Policy and Ability to Provide Social Services, and particularly health services (Human Resources, Ratio and its challenges), the Five-year Government Plan 2015-2019 show an improvement in the ratios of national and foreign healthcare technicians by 100,000 inhabitants from 94 in 2014 to 113.3 in 2019. In recent years, the government has allocated a budget to absorb 2019 health professionals yearly. However, it is agreed that challenges regarding the availability of human resources prevail but, it is important to mention that the country had 7.7; 7.6; and 8.4 physicians per 100,000 inhabitants, in 2016, 2017 and 2018, respectively instead of 3 physicians per 100,000 inhabitants in 2018 as indicated in the report.

In relation to the inhabitants/health professional ratios, there have been significant improvements. For instance, in 2014, a health professional was for 1,080 inhabitants and in 2017 it changed to 929 inhabitants; equally, one physician was for 20,611 inhabitants in 2014, and it decreased to 14,728 inhabitants in 2017.

On the **Provision** of **Quality Health Services**. The Government recognizes that the quality of health services is not inadequate not only due to the limited qualifications of human resources in the health sector, especially physicians and other supporting professionals, but also because of the lack of Infrastructures and medical equipment as well as the absence of a strategy of attraction, incentives, retention of staff in the sector also play an important role in the quality of healthcare provided. To respond to this context, the Healthcare Sector approved in 2016 the National Plan for the Development of Human Resources in the Health Sector 2016-2025. This National Plan is operationalized through 48 strategic initiatives under the following vision: available competent human resources that are distributed equitably to provide quality services to the community.

On the Health Sector Strategic Plan, under the strategic objectives established in PNDRHS 2016-2025 the sector puts an emphasis on strengthening the primary healthcare network through f the retention of health care professionals in their professional areas, at the primary health care network and medium levels. This strategy recognizes the need for a better balance in the remuneration of health technicians, emphasizing competence and experience. In addition, this strategy also recognizes that the achievement of outcomes should be rewarded, thereby enhancing meritocracy and competence in the Sector.

Furthermore, the extension of the health care network allowed healthcare services to be more accessible and closer to approximately 2,401,056 Mozambicans. It reduced the travel distance to a healthcare facility to less than 12 km against the previous 13 km. It is worth noting that alongside the extension, of the healthcare network, the capacity to diagnose and treat various diseases were enhanced/strengthened at the level of the healthcare facilities, with the allocation of several imaging units, clinical laboratories and operation theatres. The entry into operation of the third Central Hospital in Zambezia province allowed the whole Northern region of the country to have another reference hospital with specialized skills contributing to reduce the pressure on the Central Hospitals of Maputo, Beira and Nampula. For instance, the workload in these central hospitals was reduced by around 1.200 complex surgeries per year. This has also had an effect in the reduction of the economic impact of transfers on families as well as the reduction of deaths through the immediate access to specialized care and ultimately contributing to improved quality of life and health of the population

It should also be noted that the provision of drugs in primary health care network has been the government's priority, and the complete procurement needs have been ensured in the last two years. However, there are challenges related to the availability of speciality drugs and, in order to meet the current supply chain challenges, the strategic plan for pharmaceutical Logistics was approved, and is under implementation.
Challenges remain with regard to funding for the health sector, in part due to the reduction of external resources by cooperation partners, which conditions the responsiveness of the sector. However, there is a government effort to increase, in nominal terms, the resources for health in relation to the total government spending, improving the effectiveness and efficiency in sustainable resource allocation and use.

On the Institutional Coordination between the Ministry of Gender, Children and Social Action (MGCAS) and the National Institute of Social Action (INAS), the supposed "lack of coordination" between these two State institutions which is mentioned in the report it is not accurate, since INAS is subordinated to MGCAS and the link between the two institutions is quite close/obvious. Still in the same paragraph, it is also important to correct that this is not a "child support" but rather an allowance for children from 0 to 2 years in children headed and children living in poor families, and old-age compensation allowance for functional disability. In general, the correct designation is an allowance and not a pension as mentioned in the report. On the other hand, the report erroneously mentions the "National Action Plan for Childhood", when, in fact, it is the National Action Plan for Children II-2013-2019.

In terms of **Agriculture and Food Security,** it is important to update the information with the latest macroeconomic data referring to the period under evaluation. The growth achieved over the years reflects the results accomplished and the impact on people's food and nutrition security, as well as the reduction of imports of some major agricultural products (although this still poses a major challenge).

Regarding the access to credit services for agriculture, the Government recognizes that in Mozambique these are still limited, particularly in rural agricultural communities, which makes investments in modern technologies difficult. However, in order to address this situation, in the last 3 years, the government has made investments through several partnerships, and has started several initiatives for the access to agrarian services that can boost production processes, such as (1) PNMA-National Program for Agrarian Mechanization, which is operationalized through the Agricultural Service Centers and it provides access to tractors, agricultural inputs and technical assistance; (2) PROIRRI-Sustainable Irrigation Development Project for the construction of irrigation systems, dams and multifunctional boreholes; (3) PROSUL – Value Chain Project for Vegetables, cassava and red meat, for the construction of agriculture and livestock infrastructures, promotion and agro-processing; (4) ADVZ-Zambézia Valley Development Agency for the construction of agriculture infra-structure, livestock and agro-processing.

In view to ensuring a sustainable agriculture, which is resilient to climate change, these sector has mobilized investments for strategic areas within the productive process, such as irrigation and promotion of expertise in production, through Projects, such as the IRRIGA-Small Scale Irrigated Agriculture Project and Access to Markets, PROCAVA-Inclusive Agro-Food Value Chain Development Project and Agriculture Value Chain and Youth Strengthening Project, with the time frame of 5 years (2019-2024).
It is proposed that we work with the most recent data disclosed by the INE, FAO and World Bank, etc. The data that was used in the current report no longer reflect the current context of the country, which in some way may hinder the analysis and decision-making in the forum where the document is intended to be discussed**.**
On the need to allocate 10% of the budget to agriculture in accordance with the NEPAD declaration/Declaration of Maputo, the record of budget allocated to the agriculture sector shows that in the last 9 years the average (2010-2018) was 2.7%, and specifically in 2017 and 2018 was 2% and 1%, respectively.

In relation to Food and Nutrition Security, the indicators have shown that Mozambique has seen remarkable growth, for example, the percentage of Adequate Consumption increased from 67% in 2014 to 85% in 2018; And the percentage of Food and Nutrition Insecurity is 24% (data to be up dated in 2019).

ANNEX II MATRIX OF RECOMENDATIONS – NATIONAL PROGRAM OF ACTION 2019 – 2024

DEMOCRACY AND POLITICAL GOVERNANCE

Specific Objectives	Recommendations	Indicators	On-going activities	Expected results	Time Frame	Implementing agencies
APRM OBJECTIVE 1. Institutionalise constitutional democracy, through periodical political competition, opportunity to choose, Rule of Law, respect for human rights, and the primacy of the Constitution.						
Strengthen technical, and financial capacity to carry out civic education campaigns	• Technical Secretariat for Election Administration (STAE), and the National Elections Commission (CNE) must develop long-term civic education, and citizenship programmes linked to similar initiatives of the civil society and academic institutions.	• Number of civic campaigns, and implementation timeline • % of abstentions	• Mobilise resources for long-term civic education campaigns, and with diversified disseminations means (radio, TV, newspapers, flyers, drama, publicity spots) • Implementation of systematic civic education campaigns leasing with the civil society, and other relevant institutions e.g. academia	• Improved awareness on participation in electoral processes	2019; 2022-2024	CNE; STAE; Political parties, CSO, CBOs, Academic institutions, Schools
Approve an electoral legal, and institutional framework, providing guarantees, and confidence in the systems, to political parties and the society at large	• Introduce more stable electoral reforms and encourage the establishment of a credible electoral management body, professionally-oriented, without party representation.	• Approved electoral legislation • Approved legislation on a new electoral management body	• Electoral law review to eradicate those factors causing lack of transparency in electoral processes[78] • Approve a new constitutional framework for professional management of electoral processes, and without party representation	• Electoral results are considered to be credible and are not a source of post-electoral conflicts	2021 - 2022	Parliament, Government, Ministry of State Administration & Civil Service (MAEFP), CSO, Academia, specialised research institutions
Strengthen independence of the judiciary system	• In coordination with other judicial system institutions, strengthen its independence, and improve investigation, and judgement capacity of criminal cases involving	• Reduction of decided cases handed down, in which political influence is perceived	• Allocation of financial, material, and human resources to provide courts with necessary means to carry out their work • Consolidate the	• Improved efficacy of the judiciary system	2020 - 2023	Parliament, National NGOs proving legal services (CNMJ, CNMMP, AMJ), Ministry of Justice,

[78] E.g. take into consideration official release of results in less than 48 hours, eliminating control of electoral processes by the police force; legalise validity of observers' parallel vote tabulation, and the aggregation of results; computerise the voting process; allow the public to witness vote counting within a reasonable perimeter with regard to distance from the polling stations

	violation of fundamental rights.		judiciary system so that it becomes more stable and less susceptible to executive power, and political elites' influence • Voiding the Constitution of the principle of the judiciary interdependence with other power bodies			Religious and Constitutional Affairs (MJACR), Bar Association (OAM), CSO
Reduce political party influence in public institutions	• Remove Party influence in the Police of the Republic of Mozambique, and other public administration through massification of civic education activities on electoral processes, and exercise of liberties, and political rights	• Reports confirming the eradication of Party cells	• Eradication of Party cells in government, and State institutions • Promote civic education activities, and campaigns against Party influence in public administration institutions	• Party cells eradicated from public administration	2019 - 2024	The government, MAEFP, Attorney General Office (PGR), Courts, Political Parties
Improve the efficacy of judicial decisions	• Review of the legal framework with a view to establishing another more effective, ensuring enforcement of judicial decisions by other institutions.	• The standard number of institutions enforcing judicial decisions	• Establish a Law Enforcement body to follow up non-compliance of judicial orders • Create conditions for legal decisions to be compulsory on those these are handed down to	• Reduced cases of non-compliance of legal decisions	2019 - 2022	Ministry of Justice, Religious and Constitutional Affairs (MJACR), Parliament, Ministry of Interior (MINT)
Specific Objectives	**Recommendations**	**Indicators**	**On-going activities**	**Expected results**	**Time Frame**	**Implementing agencies**
APRM OBJECTIVE 2. To ssupport the separation of powers, including protection of the judiciary system independence, and effective Parliament						
Consolidate the Rule of Law through effective separation of powers, and independence of sovereign bodies	▪ Introduce constitutional amendments with regard to the principle of separation of powers, and the principle of sovereign bodies' independence to enable a consolidation process of the Rule of Law.	• Reduced cases of perceived influence of the government in other State bodies • Targeted Constitution amendment	• Promote a broad-based debate for Constitution amendment in order to ensure effective separation of powers • Deepen the process of appointment of presiding judges, Prosecutors in general, Justices, General Prosecutors, and eradicate	• Reduced cases of perceived of the government influence on other State bodies	2019 - 2013	Parliament, Government, MJACR, CSO, Bar Association (OAM), AJM, Research institutions

			reverential fear			
Ensure efficacy of State bodies in the pursuit of its sovereign responsibilities	▪ Eradicate in the Constitution those factors preventing effective enjoyment of fundamental rights, through changes in government system, and in the organisation of the judiciary, in order to enable sovereign bodies to improve their efficiency.	▪ Approved targeted review, changing the way judges are elected	• Eradicate the principle of election of judges of Supreme Judicial Councils (Judiciary, and Public Prosecutors Councils), which is based upon Parliament representation, but adopt principles that encourage election by peers	Improved efficacy of State bodies	2019 - 2023	Parliament, MJACR, Bar Association, AMJ, Political Parties, CSO, academia
Improve transparency, and accountability in State entities	▪ Consolidate institutional checks, and balances mechanisms through the strengthening of technical capacity, and of resources, as well as ensure the protection of sovereign powers independence from the influence of other powers.	▪ Number of public institutions providing regular reports ▪ Number of inspections carried out	• Build, allocate resources, and enable institutional checks, and balances mechanisms, which are effectively independent, and with strong monitoring, and supervision structures • Deepening of mechanisms through research, which help to consolidate the capacity of monitoring, and supervision institutions.	▪ Increased transparency and accountability of power bodies	2019 - 2024	General Prosecutor's Office, Administrative Tribunal, Internal Control Units, Public Administration Inspectorate-General of Finances etc.
Specific Objectives	**Recommendations**	**Indicators**	**On-going activities**	**Expected results**	**Time Frame**	**Implementing**

						agencies
APRM OBJECTIVE 3. Prevent, and reduce the occurrence of intra-State conflicts						
Deepen knowledge of factors causing conflicts, and those threatening peace, stability, and security	• Deepen the study of trouble spots, and cause of conflicts, through the promotion of scientific research to feed into State strategic decision-making centres, as well as supporting the enhancement of different mechanisms of conflict resolution.	• Existing research Fund • Studies carried out	• Allocation of conflicts' research funds • Strengthening of military strategic centres to carry out research on potential conflicts and their causes • Promote coordination of strategic military centres with universities	Improve the level of knowledge of factors behind conflicts	2019 - 2020	Ministry of Defence, Ministry of Interior, State Security, and Intelligence Services (SISE), Research Institutions.
Improve prevention, management, and conflict resolution approaches	• Strengthen the State capacity, and its institutions to mediate, and manage conflicts, with particular focus on the extractive industry, where there is a considerable potential for conflicts.	• Evidence of existing violent conflicts	• Establish a conflict resolution mechanism sufficiently representative of major social groups • Streamline the integration process of former Renamo guerrillas into Defence, and Security Forces • Consolidate procedures for completion of the implementation process for economic, and social integration of combatants, in the scope of the Peace, and Reconciliation Fund • Promote implementation of a national reconciliation programme • In the scope of investment in the extractive industry, set up platforms (involving the government, local communities, civil society, and investors) for an effective, open, and convergent	• Reduced potential of conflict emergence	2019 - 2024	Central, and local Government, Parliament, Ministry of Freedom Fighters, Political Parties, Community authorities, local communities, private sector

Specific Objectives	Recommendations	Indicators	On-going activities	Expected results	Time Frame	Implementing agencies
			dialogue			
APRM OBJECTIVE 4. Ensure the promotion, and defence of economic, social, and political rights, as specified in African, and international human rights instruments						
Develop a rights planning approach	• Adopt planning, budgeting, monitoring, and accountability based upon a rights approach	• % of sectors using a rights based planning	• Promote a rights based planning, and budgeting	• Consolidated rights based planning process	2021	Ministry of Economy, and Finance, and other sectors
	• Critical monitoring of service quality, and performance of public powers		• Carry out research to understand the implications of government decisions, and service delivery in the exercise of populations' rights • Monitor quality of services provided by government entities •		2020	
Specific Objectives	**Recommendations**	**Indicators**	**On-going activities**	**Expected results**	**Time Frame**	**Implementing agencies**
APRM OBJECTIVE 5. Ensure that civil servants and rulers, at central and local level, are accountable to the public, and are efficient, and effective.						
Outsourcing personnel recruitment to an independent, and specialised institution	Establish independent recruitment mechanisms, as well as supervision processes of civil servants, and State agents' recruitment, in order to ensure transparency	• Companies outsourced to recruit personnel	• Outsourcing of independent companies based upon public calls for tender to manage civil servants' recruitment • Set up recruitment process's supervision units to ensure greater transparency in the selection, and recruitment of candidates to civil service	• Effective, and transparent mechanisms for civil servants' recruitment in place	2022-2024	MAEFP
Review the current	• Introduce simplified, and	• New performance	• Review the current performance	New performance	2019-2021	MAEFP

performance appraisal system in the civil service, and develop a more effective, and fair appraisal model	effective performance appraisal mechanisms in the public sector, in order to ascertain the quality of service delivery. An entry point that is already being considered by the Government, is the introduction of Lists of Services.	appraisal system approved	management system • Adopt a new performance management system, which is effectively more objective, fair, and clear about commitments, targets, and results • Review, and approval of new commitment letters or performance contracts, with clarity, and objectivity on targets, and expected results	management system approved		
Sub-Objective. Fight against corruption						
Asset declarations as provided by law	• Strengthen transparency, and accountability mechanisms inherent to legislation on public ethics	• Number of government member with submitted asset declarations	• Invest in the strengthening of institutions dealing with public ethics issues, namely Public Ethics Commissions at central, and local levels • Promote asset declarations by members of government, and relevant senior officers in the hierarchy of public administration sectors • Follow up the situation of each government member upon completion of their office tenure	• Increase of the number of government members submitting asset declarations	2020 & 2024	Attorney General Office (PGR)
Promote the implementation of the legal framework on public ethics, and corruption in the State public sector	• Stronger penalties on public ethics issues • Put into operation mechanisms to protect whistle blowers, witnesses, and	• Number of cases involving senior civil servants prosecuted, and sentenced	• Strengthen the technical, and financial capacity of the Attorney General Office (PGR), and the Central Office for the Fight Against	• Greater visibility of the PGR, and GCCC with regard to corruption cases	2019 - 2024	PGR, GCCC, OAM

	other, involved in processes aiming at penalising corruption. • Fostering an environment of greater freedom of expression, to enable whistle blowing, and sentencing of corruption cases;	• % of corruption cases reported, which have given rise to threats, retaliation • Growing number of reported cases	corruption (GCCC) to investigate corruption cases. • Invest in a specialised unit to deal with cases involving information obtained from whistle blowers, and witnesses, effectively protecting them. • Setting up mechanisms, which allow reported corruption cases to be dealt with total assurance that the whistle blower will be protected			
Avail the opportunities of linkages with multinationals to promote adoption, and integration in local companies' business culture, of the principles of ethics, and integrity against corruption	• Use the opportunities provided by economic linkages with major natural resources investment projects to promote greater ethics in business • Disseminate, and promote adherence of companies, and public entities to the Corporate Pact for Integrity, and Anti-Corruption, in public procurement	• Number of companies certified to operate with multinationals • Number of companies subscribing the Corporate Pact for Integrity, and Anti-Corruption	• Promote the adoption of quality certification to provide services to multinationals in the extractive sector • Adoption of the Corporate Pact for Integrity, and Anti-Corruption by national private sector companies	• Reduced of corruption cases mainly in the private sector	2019 - 2022	MIC, IoDmz, CTA
Specific Objectives	**Recommendations**	**Indicators**	**On-going activities**	**Expected results**	**Time Frame**	**Implementing agencies**
APRM OBJECTIVE 6. Promote Women Rights						
Improve equity between men, and women in access to leadership positions in State institutions	• Set up mechanisms to improve women participation in access to decision making bodies at central, and local State bodies in order to meet the target prescribed in the SADC Protocol on	• At least 40% of leadership positions in public institutions held by women by 2024 • Women manifesto approved,	• Strengthen operationalization of the SADC Protocol on Gender, and Development in order to achieve the 50/50 target • Promote development of a political women	• Improve gender equity at the level of State institutions, and sovereign bodies.	2020 - 2024	Council of Ministers, MGCAS, MAEFP, Ministry of Labour, Employment and Social Security (MITESS), Ministry of Economy and Finance

	Gender, and Development • Integrate women in Political Parties' Manifestos, so that their representation can translate into promotion of their rights	and released	manifesto in each electoral period			(MEF); Parliament, Political Parties, CSOs
Protect the rights of women in access to land, and economic opportunities	• Develop, promote, disseminate, and implement women economic rights agenda.	• % of Land Deeds granted to women • % of jobs held by women between 2020 and 2024 • % of women associations' capacity built • Number of women economic rights agendas being implemented	• Set up means, and conditions that facilitate women access to land, jobs, and other productive economic resources • Build the capacity, and provide means for the empowerment of women associations, and cooperatives • Advocate with governments and extractive industry companies the implementation of women economic rights	• Improved equity between men, and women in access to opportunities, and control of economic resources	2020-2024	Ministry of Land, Environment, and Rural Development (MITADER), Ministry of Labour, Employment and Social Security (MITESS), Ministry of Mineral Resources, and Energy (MIREME), Ministry of Agriculture, and Food Security (MASA), CSO, Private sector
Build the awareness of the society, and institutions on women rights to reduce the incidence of violence against women	• Enhance actions to disseminate legislation about women rights, and continue to build the capacity of police officers dealing with domestic violence against women • Improve technical quality of civil servants with regard to gender, and women, and consolidate gender mainstreaming in sectoral planning	• Number of violence against women cases reported • Number of institutions that benefitted from training, and capacity building • % of gender sensitive sectoral plans	• Set up gender focal points in all sectors at central, and local levels including in Municipalities • Build the capacity of police officers, and officers from other public institutions working on violence against women issues • Promote, and build the institutional capacity in gender sensitive planning in all State sectors • Strengthen multisectoral, and integrated assistance mechanism to	• Reduced number of violence against women cases	2019 - 2024	Ministry of Gender, Children and Social Action (MGCAS); Ministry of Interior (MINT), Ministry of Education, and Human Development (MEDH), Ministry of Health (MISAU) Ministry of Economy and Finance (MEF); Ministry of Public Administration and Civil Service

			women victims of violence			(MAEFP)
Strengthen, and promote sustainable mechanisms to compensate households, and women in particular, for loss of land, and means of subsistence, as a consequence of extractive investments	• Promote studies, and reflections on gender impact in the extractive industry, and include the results of these reflections in development policies, and plans	• Number of studies carried out, and disseminated • Number of extractive investment projects with household, and women compensation best practice	• Carry out comprehensive studies on the implication of extractives industry on the lives of affected communities, and women • Promote the use of research outcomes on extractive industry in the development of policies, and plans • Build the capacity of the communities, and community associations working in gender, and women issues in the development of economic rights agenda	• Improved quality of means of redress, and quality of households, and women lives affected by extractive projects	2020 - 2024	MITADER, MEF, MASA, MGCAS, Local governments, and other relevant sectors
Specific Objectives	**Recommendations**	**Indicators**	**On-going activities**	**Expected results**	**Time Frame**	**Implementing agencies**
APRM OBJECTIVE 7. Promote Child, and Youth Rights						
Improve implementation of initiatives aiming for retention of girls in school	• Expand access to public pre-school education • Review the Family law to specify the minimum age of 18 years for marriage without exception, and strengthen actions of early marriage identification, and referral to enable assistance, and protection of children	• % of girls completing each education cycle • Law against early marriages approved by Parliament • Legal provisions revoking Ministerial Diploma 39/2003, and article 30 of the Family Law	• Streamline the development of the National Strategy Against Early Marriages 2016 -2019 • Implementation of civic education campaign against early marriages, children, and adolescent school dropout. • Approve the law against early marriages • Continue to advocate against legal instruments preventing girls from pursuing their studies (ex. Ministerial Diploma 39/2003, which restricts	• Girl school dropout reduced to % •	2019 - 2024	MINEDH, MGCAS, MISAU, MINT, MIJACR, Municipal governments, and Coalition for the Eradication of Early Marriages (CECAP), community, and religious leaders

			pregnant girls from attending day classes; and Article 30 of the Family Law, providing exceptions to legal marriage before 18 years of age)			
Establish technical, and material conditions for a sound birth registration process for undocumented children	• Continue implementation of awareness building on the importance of registering children at birth, and the expansion of civil registry services	• Number of health centres with a system of registry at birth • Number of civil registry mobile services • % of children registered during the period	• Promote awareness building for registration of births to acquire identity documents • Consolidate birth registration systems with existing services in health centres, and expand these services to new areas • Promote mobile civil registration campaigns at the district level	• Improved registration of children at birth, and reduced cases of children without documents specially at local level	2019 - 2024	MJACR, MINT, MGCAS, MISAU, MINEDH,
Improve reporting mechanisms of violence, abuse, sexual exploitation, and trafficking of children, as well as assistance mechanisms of victims of abuse	• Follow up existing partnership between the Government, and civil society in building awareness of children, households, civil society, and communities in reporting abuse, domestic violence, sexual exploitation, and trafficking of children.	• Number of child abuse cases reported, charged, and sentenced • % of children in conflict with the law accepted in juvenile rehabilitation centres	• Implement measures to strengthen reporting mechanisms against violence, abuse, and trafficking of children • Set up institutions dedicated to assist children in conflict with the law, and strengthen implementation of existing rehabilitation programme • Strengthening child delinquency multisectoral prevention programme • Capacity building of prosecutors,	• Reduced number of children victim of all type of abuse, and in conflict with the law	2020-2024	MJACR, MISAU, MINEDH UNICRI, UNICEF, Tribunais, PGR, OSC

			and social action officers in different forms of violence against children			
Specific Objectives	**Recommendations**	**Indicators**	**On-going activities**	**Expected results**	**Time Frame**	**Implementing agencies**
APRM OBJECTIVE 8. Protect, and Promote the Rights of Vulnerable Groups, Including People with Disabilities, Poor, Displaced and Refugees						
Ensure creation of conditions for the implementation of government commitments with regard to people with disabilities	• Mainstream commitments pledged by the government at the Global Disability Conference, and in programmes, and national plans, and secure resources for their implementation • Create a budget line dedicated to the area of disability	• Data base of people with disabilities • Number of schools with conditions for inclusive education • Existing specific budget line for disability	• Carrying out a census to produce a data base of people with disabilities at national level • Approval, and implementation of a law for the protection, and promotion of rights of people with disabilities • Allocate resources from the State Budget to address concerns in the area of disability • Establish conditions, and allocate necessary material, and human resources at school level to address the challenge of inclusive education • Eradicate infrastructural barriers in access to public institutions by people with disabilities • Strengthen mechanisms for the protection of people with albinism, and punish severely those threatening their lives	• Improved response to the problems of people with disability in the country	2019-2024	MGCAS, MEF, OSC, Private sector
Improve the situation of refugees with regard to vulnerability to	• Continue to make efforts to streamline the handling of paperwork to	• Number of refugees with a refugee status in order	• Review administrative procedures for the assessment, and	• Improved administrative efficiency with regard	2020 - 2024	MINT, INAR, INGC, PGR, Courts, Refugee

climate change, and access to their livelihoods	Determine a Refugee Status in order to provide durable solutions to asylum seekers • Massification of campaigns for adherence to self-support programmes, amongst asylum seekers, and the neighbouring host community, to ensure the promotion of self-employment, diet improvement, and income generation, in compliance with the provisions of New York Declaration guidance	• Number of refugees in self-support income generating activities	decision making with regard to requests for a refugee status • Develop programmes for competitive access to credit, and capacity building to develop productive activities and/or businesses • Promote the setting up of early warning committees	to response to requests, and granting of refugee status • Basis established for the promotion of self-support opportunities		community
Provide livelihoods to vulnerable groups through basic social security programme	• Empower vulnerable groups through Basic Social Security Programmes (PSBB).	• Number of people with disabilities benefitting from PSSB • Number of aged people benefitting from basic social security programme	• Strengthen sectoral coordination mechanism with organisations working in vulnerability issues • Improve access to health, transport, and basic social assistance services by the aged, and people with disabilities	• Improved ability to access livelihoods	2019 - 2024	MGCAS, INAS, MISAU, UNICEF, OSC, Local governments

ECONOMIC MANAGEMENT AND GOVERNANCE						
INTERNATIONAL STANDARDS AND NORMS						
	Sign and/or ratify international standards relating to democracy and good governance, particularly those that the country has not yet signed despite having expressed such intention	Standards and norms implementation and monitoring report	MINEC is working with the Parliament to ensure achievement of this indicator.	Standards and norms signed, ratified and included in the Mozambican legislation	2020-2024	MINEC

To sign, ratify and adopt international standards and norms	Create a depository centre in the Ministry of Foreign Affairs to centralize all the standards and codes that were signed and approved and set up a system to monitor the implementation	Depositary centre created and available to the general public	MINEC created an International Treaties division, within the Legal Department	Information about international standards and norms is made available to the public openly and free of charge	2020-2024	MINEC
APRM OBJECTIVE 1: TO PROMOTE MACROECONOMIC POLICIES THAT SUPPORT SUSTAINABLE DEVELOPMENT						
Specific objectives	**Recommendations**	**Indicators**	**On-going activities**	**Expected results**	**Time Frame**	**Implementing Agencies**
To ensure macroeconomic growth and stabilisation	Recover economic growth levels recorded in 2000-2014 period, with rates varying between 5% and 7%, steadily and free from foreign aid	Economic growth rate varies between 5% and 7%	The Government is implementing fiscal consolidation measures translated into the mobilization of increased domestic revenues for the State Budget, while seeking to reduce public spending.	The economic growth rate is equal or approximate to the target referred to in the recommendation column	2020-2024	MEF
To strengthen the monetary policy sector	Consolidate the reforms undertaken by the Bank of Mozambique and by MEF with respect to monetary policy	Monetary policy stability: stable exchange rates	The Central Bank has been implementing reforms that led to the stabilization of the exchange rate in the post-2016 period	The national economy is seeing exchange rate stability	2020-2024	Bank of Mozambique and MEF
	Accelerate the reduction of interest rates to allow greater access to finance by the national business community	Reduced commercial banks interest rates	Up until the end of 2018, the Government and the Bank of Mozambique have not been able to implement measures leading to the reduction of commercial banks interest rates	Commercial banks interest rates reduced and increased number of domestic companies with access to bank credit	2020-2024	Bank of Mozambique
To promote investment	Make BAUs more efficient, including computerisation to ensure better provision of services to the private sector	BAUs perform all services necessary for licensing companies	After the establishment BAUs, the Government has been ensuring effective their respective operationalization	BAUs provide all the services required by the private sector	2020-2024	Ministry of Industry and Trade, MEF, Ministry of Justice
	Improve the business environment, reducing bureaucracy and corruption	Mozambique ranks among countries that are most well positioned in the Doing Business	The Government through the Ministry of Industry and Trade and in partnership with CTA has been implementing measures aiming at the improvement of	Duplication of requirements, corruption and bribery eliminated, and waiting time reduced	2020-2024	Ministry of Industry and Trade, Office of the Attorney General of the Republic, Ministry of Interior,

			the business environment			Ministry of Justice
To diversify the economy	Promote economic and business activities independent of the energy and mineral sector to break the enclave created around the extractive industry	The economic growth of Mozambique is not dependent on less than three economic sectors	Ongoing efforts to create business links between SMEs and mega-projects must be accompanied by actions that lead to breaking the country's dependence on a single sector: the extractive industry.	The national business community is interested in sectors outside the extractive industry	2020-2024	MEF and Ministry of Industry and Trade
APRM OBJECTIVE 2: TO IMPLEMENT SOUND, TRANSPARENT AND PREDICTABLE MACRO-ECONOMIC POLICIES						
Specific objectives	**Recommendations**	**Indicators**	**On-going activities**	**Expected results**	**Time Frame**	**Implementing Agencies**
To ensure the implementation of sound, transparent and predictable macroeconomic policies	Improve accountability on public resources, producing and publishing public accounts reports down to the local level (district and locality levels)	Public accounts reports are published down to the local level	Simplified versions of the General State Account are in place, but still do not reach the districts and localities	Citizens from all geographical levels (central, provincial, and district and locality levels) have access to information on public accounts.	2020-2024	MEF
	Disseminate Government financial programmes and documents in simplified and summarized format down to the local level	The Economic and Social Plan (PES) and the State Budget (OE) are published in simplified versions at all levels	The National Directorate of Planning and Budget (DNPO) produces "Citizen's Budget" - a short and simplified version of the State Budget.	Citizens from all geographical levels (central, provincial, and district and locality levels) have access to information on plans and budgets.	2020-2024	MEF
To reform the public sector	Consolidate the decentralisation process, harmonising the powers and roles of municipalities, provincial governments elected from 2019 and district governments to be elected from 2024	Doubts and inconsistencies in the powers of the different bodies of the central, provincial, municipal and district Government eliminated	The Government is seeking ways to make more effective the decentralisation process accelerated by the new regime of election of Governors and administrators	State local bodies at municipal and district level understand and play their roles without overlaps	2020-2024	Ministry of State Administration and Public Service (MAEFP), MEF and Parliament
To ensure effectiveness and efficiency in the management of public finance and tax reform	Increase the number of e-SISTAFE users nationwide	All the UGBs have trained technicians available	CEDSIF is implementing a training programme for e-SISTAFE users	e-SISTAFE is operated effectively and efficiently as a result of availability of trained staff	2020-2024	MEF through CEDSIF
To ensure consistent, transparent and	Ensure the production and dissemination of	CFMP produced and published	Up until the end of 2018, MEF had not published the 2018-	CFMP published	2019-2020	MEF

predictable implementation of macroeconomic policies	medium-term fiscal scenario, in line with other economic documents		2022 CFMP			
To ensure the participation and consultation of all stakeholders in economic decision-making	Extend the public-private dialogue between the Government and CTA to other economic interest groups such as the Small and Medium-sized Enterprises Association (APME), civil society organisations and professional groups	Professional organisations such as the Accountants Association, the Economists Association, the Bar Association and the Civil Society Organisations are consulted in the economic decision-making process	The Government and CTA have a consultation mechanism called public-private dialogue in place	Increased number of interest groups participate in the economic decision-making process	2020-2024	MEF, MIC, Bank of Mozambique, MIREME
To ensure a good planning, budgeting, design and monitoring of economic policies	Consolidate the planning and budgeting subsystem (SPO) as defined in the CESDSIFC document (August 2018) taking into account the decentralisation process (elections of Governors in 2019 and Administrators in 2024)	Planning and budgeting are harmonised	CEDSIF approved, in August 2018, a conceptual document of the planning and budgeting subsystem	Planning and budgeting at all levels (district, municipality and province levels) and sectors are harmonised and consolidated	2020-2024	MEF
To improve policy coordination	Harmonise the different national strategic planning documents by defining a national economic vision	National economic vision defined	There are currently several strategic documents that are not in line with one another	The country has an identifiable economic vision in all strategic documents	2020-2024	Presidency of the Republic, Office of the Prime Minister, MEF, Bank of Mozambique and the Parliament
APRM OBJECTIVE 3: TO PROMOTE SOUND PUBLIC FINANCE MANAGEMENT						
Specific objectives	**Recommendations**	**Indicators**	**On-going activities**	**Expected results**	**Time Frame**	**Implementing Agencies**
To strengthen public finance management	Capitalise the cut of the direct support to the budget in order to explore new State Budget financing sources	New State Budget financing sources found other than cooperation partners funds	Ongoing measures need improvement	The State Budget has new financing sources	2020-2024	MEF
	Allocation of more qualified staff in the districts	All districts have qualified staff	Due to the financial crisis, the State Budget does not allow hiring new staff with university degrees	Each of the districts has qualified staff	2020-2024	MAEFP and MEF

To improve the public finance policy framework	Promote the development of SMEs in the agricultural and tourism sectors and independent of mining mega-projects	SMEs develop as a driving force to economy diversification, job creation and income generation	Actions aiming to promote the provision of services to natural gas mega-projects by SMEs are underway	Other economic sectors such as agriculture, tourism, fishing, etc. rely on qualified SMEs.	2020-2024	MEF, MIC, CTA
	Cover the entire national territory with e-SISTAFE	All districts and localities in the country have e-SISTAFE terminals	CEDSIF has been intensifying the installation of e-SISTAFE terminals across the country	All localities and districts across the country have e-SISTAFE terminals	2020-2024	CEDSIF, MEF
	Publish budget execution reports (REOs) from all sectors and from all national units	All sectors, provinces and districts produce and publish REOs	Currently only MISAU publishes REOs on a regular basis	Citizens have budgetary implementation information on any sector and any province or district	2020-2024	MEF, all Ministries
	Continue to consolidate reforms rolled out in the tax system	Tax simplification, improvement of Simplified Tax Scheme for Small Taxpayers (ISPC) and adoption of online tax payment system	The Revenue Authority (AT) presented to the public an online tax payment system for large taxpayers	The private sector has a small and consolidated list of payable taxes; small taxpayers receive AT support	2020-2024	Revenue Authority
To improve monitoring and reporting on revenue and expenditure	Develop and implement systems aiming to provide timely and reliable information about the budgets and resources of State bodies and institutions	State revenue and expenditure are monitored at provincial and district level	MEF publishes quarterly, semi-annual and annual REOs	Revenue and expenditure are verifiable at any level	2020-2024	MEF, DNPO
To improve supervision of Government fiscal operations	Avoid repetition of undisclosed debts for which the Government issued guarantees outside budgetary limits and without approval by the Parliament	No illicit debt is recorded	MEF is developing several control measures to Government fiscal operations, such as, for example, the establishment of Risk Office	All debts incurred into by the Government are lawful and within the budgetary limits	2020-2024	The Presidency of the Republic, Administrative Court, Constitutional Council, Parliament
To promote public finance management	Improve citizen participation in the budgeting process	Citizens participate in the process of State budget preparation	In 2018, MEF began promoting sessions aiming to present the PES and OE proposals to the press and CSOs	Every citizen has one or more mechanisms that allow them to directly participate in the budgeting process	2020-2024	MEF, DNPO
To ensure effective fiscal decentralisation	Ensure that the process of creating municipal provinces and of election of	Guidelines for the separation and clarification of powers and roles	The decentralisation process is underway and with new	All governmental bodies, top-down, know their powers	2020-2024	MEF, DNPO

	provincial Governors (2019) and district Administrators (2024) does not generate conflicts in Public finance management	at each government level in a context where provincial, district and municipal governments are all elected are developed	dynamics	and roles		
APRM OBJECTIVE 4: TO FIGHT CORRUPTION AND MONEY LAUNDERING						
Specific objectives	**Recommendations**	**Indicators**	**On-going activities**	**Expected results**	**Time Frame**	**Implementing Agencies**
To fight corruption and money laundering	Election of the Attorney General of the Republic (PGR) by a two-thirds majority of Members of Parliament, as with the Ombudsman, so that the holder of PGR position independent and impartial	PGR elected by the Parliament	No action in progress	The Mozambican society has a positive opinion about the degree of impartiality of the PGR	2020-2024	The Presidency of the Republic, Parliament
	Provide sufficient human, material and financial resources to the Central Anti-corruption Office (GCCC)	The GCCC is represented in all districts and has qualified magistrates	The PGR has been creating conditions for strengthening the fight against corruption	Citizens, companies and public authorities realize the fight against corruption	2020-2024	MEF, PGR
	Establish a recruitment process for the position of GCCC Director to ensure there is consensus on the person selected	GCCC Director selected by a public recruitment process	No record of ongoing actions	Consensus on the holder of the GCCC Director position	2020-2024	PGR
	Establish an asset recovery unit	Asset recovery unit established	Consultation process between GIFIM, PGR and other State bodies	The State has the capacity to recover assets acquired from corruption and money laundering	2020-2024	PGR, MEF
	Disclosure of money laundering activities information by GIFIM to ensure that ordinary people are aware of unlawful practices and are capable of reporting them	Number of publications, brochures, lectures, advertising spots on radio, tv, newspapers and social networks	GIFIM collaborates with PGR	Citizens aware about practices deemed as corruption or money laundering	2020-2024	GIFIM, GCCC
APRM OBJECTIVE 5: TO ACCELERATE REGIONAL INTEGRATION BY PARTICIPATING IN THE HARMONISATION OF MONETARY,						

TRADE AND INVESTMENT POLICIES						
Specific objectives	**Recommendations**	**Indicators**	**On-going activities**	**Expected results**	**Time Frame**	**Implementing Agencies**
To promote regional integration	Boost creation of single border stops	Single border stops between Mozambique and neighbouring countries created	Single border stops construction process started	All borders between Mozambique and neighbouring countries have a single stop	2020-2024	Ministry of Interior, Ministry of Industry and Trade
	Promote mass civic education to small importers on export and import standards to boost cross-border trade	Number of awareness-raising activities, number of persons covered, increased adherence by traders to formal import and export mechanisms	Information to importers and exporters is available online	Increasing number of traders makes use of formal services for import and export	2020-2024	Ministry of Industry and Trade, Ministry of Interior and MEF
	Conduct a study on the regional integration barriers that Mozambique is facing in the region, taking into account multiple affiliation of neighbouring countries	Study conducted	Findings about the failure to implement the Customs Union after 2010 goal	Limitations of regional integration and decisions taken in order to address these limitations known	2020-2024	Ministry of Industry and Trade and Ministry of Interior

CORPORATE GOVERNANCE

Specific Objectives	Recommendations	Indicators	On-going Activities	Expected Result	Time Frame	Implementing Agencies
PRINCIPLES, STANDARDS AND NORMS						
Compile and disseminate, treaties, and international standards ratified for the GC area	The MIC / MNEC should promote the creation of the physical and virtual Library for housing the Treaties and Standards.	An established physical and electronic library. Knowledge and universal access to the library.	In progress, the process of identifying, mapping and registering international treaties and standards on GC.	International norms and treaties in force published and known to all interested parties	2018-2019	National Library, Parliament, MNEC, MIC, Justice Ministry, Other Ministries
Establish a National Regulatory Framework for Corporate Governance	Under the leadership of the Ministry of Economy and Finance (MARP coordinator), the Council of Ministers should, within a period of no more than 18 months, establish the Corporate Governance Authority. The MIC should be part of the	Created the National Authority for the KM. Regular reports on the licensing and monitoring of KM released;	Reflection by the Council of Ministers on the creation of a GC Regulatory Authority	National Corporate Governance Authority created. An established legal framework and a Regulatory institution created with independence, powers and competence.	2019-2020	MEF, BdM and MIC

Specific Objectives	Recommendations	Indicators	On-going Activities	Expected Result	Time Frame	Implementing Agencies
	process.					
Strengthen the Regulatory Framework for GC	Continue to focus on economic reforms to improve the business environment.	Improved Business Environment measured by Report *Doing Business*	In reviewing the Commercial Code, in disclosure the new Regulation of Companies of the State sector.	Adopted new Commercial Code, new Codes of Corporate Governance, new Regulation for the state's business sector.	2019-2020	Parliament, MEF, IODmz Ministry of Justice, MIC and CTA.
Develop Capacity and implement FC codes	Stimulate Universities and Higher Schools to promote GC courses	Adopted Programmes and Plans for Continuing Professional Development; Number of courses, seminars and people trained.	Ongoing training of the private and public sectors; seminars and business breakfast.	GC standards and standards adopted by the entire business sector	2019-2020	Companies, associations and training centers
Promote Public Awareness and advocacy of international GC standards	Increase the educational level of the population on Corporate Governance and the responsibility of economic agents. In addition to formal education, disseminating concepts in seminars, lectures, through the theater, pamphlets and other tools to stimulate awareness.	Trained economic associations and academic training and education institutions.	Agreements with academic training on the inclusion of the subject in the curricula. Dissemination of the GC theme by IoDmz at national level.	National advocacy and awareness of the need for good GC; Applied GC standards.	2019-2020	Associations (CTA), educational institutions, IODmz, training centers
Improve the Structure for the Development of Capital Markets	Conclude the regulations currently in preparation at the Bank of Mozambique	Law and regulatory instruments of the modern capital market approved, published and disseminated	In preparation of the Regulations for the implementation of the Regulation of Investment Funds	Regulated and developed capital market	2019-2020	MEF, Parlament, CTA, BVM, MEF, BdM
Supervise Insurance on the implementation of International Accounting Standards (IAS) and the International Financial Reporting System (IFRS).	Reinforce administrative, monetary and fiscal reforms	Provided technical assistance to the insurance inspector; number of sessions and the themes of technical assistance.	Effective implementation of IAS and IFRS; In the process of introducing and adopting IPSAS (International Public Sector Accounting Standards).	Increased national insurance supervisory capacity; Enhanced inspection for the effective implementation of IAS and IFRS (International Finance Reporting System).	2019-2020	MEF, OCAM
Develop top managers, continuous professional training aligned with good	Through the Regulatory Authority, institute compulsory training and certification of managers of companies	Corporate managers certified and qualified in Corporate	Resumption of negotiations between the DRO and the Stock Exchange, the	Country with well-trained managers and solid professional experience, ready	2019	IoD, Stock Exchange, IGEPE, universities

Specific Objectives	Recommendations	Indicators	On-going Activities	Expected Result	Time Frame	Implementing Agencies
Corporate Governance and ethical business leadership	of certain categories of companies - ex. Group A companies, listed companies, all companies participated by the State, etc.	Governance, which include business ethics	resumption of relations between the IoD and IGEPE, and contacts with some universities, such as the Polytechnic	to take responsibility for major projects and challenges facing the country.		
Advocate and promote good business practices in the public, private and public sectors	Encourage managers and other institutions to be guided by good practices and ethical management.	Managers proactively participating in capacity building and training	Sporadic seminars promoted by IOD	Public and private sectors and the general public informed and educated about GC principles and standards.	2019-2020	IoD, training institutes
Establish a Regulatory Framework and an Independent Regulator for Capital Market Development	Create an independent regulatory framework regarding the Capital Markets	Regulator of the Capital Markets other than the Central Bank of Mozambique. Capital Market Regulation attractive to new investments	Several reflections in progress, both directly from the Stock Exchange and the Ministry of Economy and Finance	Capital Markets sufficiently robust, attractive and dynamic, providing low cost capital, greater liquidity and increase of the stock market turnover of the Stock Exchange	2019-2020	MEF, Stock Exchange, Cenral Bank of Mozambique
APRM Objective 1: To promote a favorable environment and an effective regulatory framework for economic activities						
Review all up-to-date legislation regulating business in Mozambique to improve corporate governance	Compile, review, update, create and disseminate standards to facilitate business in Mozambique, including the Consumer Defense Law, Insolvency Law, Patronage Law, Labor Law Regulation, Customs Tariff Reform	Number of laws passed, published and disseminated.	In Process the review of the Consumer Protection Law, the Commercial Code and Customs Tariff Reform	Updated Business and Industrial Regulatory Laws	2019-2020	Ministry of Justice, CTA, Ministry of Finance Consumer Protection Associations
	Simplify the processes of registration of commercial activities, strengthening the Single Counters of Attendance at provincial and district level.	Number of existing BAUs by province and district. Reduced number and forms to be filled in, Computerized register of business and taxpayers register	Reduction of the time and previous requirements necessary for the registration of companies by the Ministry of Industry and Commerce, IT Registry by the Tax Authority, Taxpayer registration departments	Simplification of procedures and requirements for doing business, including business registration. Extension of the tax base and simplified tax payment system and waiting periods for the reduced VAT refund	2019-2022	Ministry of Industry and Commerce, Ministry of Finance, Ministry of Justice
	Accelerate the implementation of actions agreed upon between the partnerships formed by the public and private	Reports on the implementation of Action Plans between		PPPs and contributing effectively to sustainable development.	2019-2022	Ministry of Planning and Development, Ministry of Finance

Specific Objectives	Recommendations	Indicators	On-going Activities	Expected Result	Time Frame	Implementing Agencies
	sector working groups	Public-Private Partnerships				
Improve market access	Review Free Zone definition criteria	Reduction of the territorial space of the Free Zone		Harmonize tax incentives and provide equal treatment to all investors along the border	2019	Ministry of Finance, Ministry of Industry and Commerce, Ministry of Planning and Development, Institute of Directors of Mozambique
	Disseminate the information obtained through various studies conducted in the districts in order to stimulate the expansion of banking in the districts	Statistical reports on the volume of production on the market.		Commercial bank dependencies are installed in the districts	2019-2020	Bank of Mozambique
	Create a credit reference office outside the BM to be owned and managed by the private sector	Created private credit reference service		More neutral private funding instruments created. Improved solvency information	2019-2020	CTA and Private Sector
Improve access to finance	Increase the issuance of treasury bills / Government bonds of different bonds to produce a yield curve to be used by the private sector in their reference prices at the time of the issuance of private debt securities in the market	Established price reference to guide private titles ads, Number of titles ads	Monetary Policy oriented towards this.	Increase of ads on the stock exchange	2019-2020	Ministry of Finance, Bank of Mozambique
	Offer tax incentives to attract more ads in the Initial Public Offer (IPO) - for example: boost secondary trade eliminated or reduced capital gains tax on security trading and reducing dividend taxes on listed companies	Tax incentives offered; Increased BVM ads; Secondary market created and promoted.	Stock Exchange in a strong financial education campaign	Created tax incentives for the development of the securities market by increasing ads and creating secondary market	2019-2022	Ministry of Finance, Central Bank of Mozambique, BVM
	Review and update costs of banking transactions and other deposits charged in general and in particular ATM transactions	Reduced and revised transaction costs at ATMs	Review of the Central Bank in progress	Reduced costs of banking transactions, most people use credit cards as their means of payment	2019-2020	Central Bank of Mozambique and Commercial Banks
	Conduct studies to determine the factors causing the high cost of credit in the agricultural sector	Reasons for high known interest rates and known mitigation	Debates under way at the CTA and various associations linked to agriculture	Development of conditions conducive to business development through credit	2019-2020	Ministry of Finance, Agriculture, Planning and Development, Industry and

Specific Objectives	Recommendations	Indicators	On-going Activities	Expected Result	Time Frame	Implementing Agencies
		measures		facilitation		Commerce, Bank of Mozambique and Commercial Banks
Dot the country with adequate infrastructure for communications	Expand and create communications networks, especially in districts where there is none.	Number of districts covered by the mobile telephone network	Universal telecommunication access fund in operation	Expanded communications network	2019-2022	Ministry of Transport and Communications
Strengthen public institutions to regulate commercial activities and private investment	Build and expand roads that give access to districts, administrative posts and localities	Kilometers of roads built or rehabilitated	Ongoing actions in the framework of economic development	Regulated, transparent and contributory economic activity for national wealth	2019-2022	MOPHRH
Strengthen public institutions to regulate commercial activities and private investment	Expand the activity of the Stock Exchange to Central and North of the country	More companies listed on the Stock Exchange	Review of Mozambique Stock Exchange rules and regulations	Revised standards and expanded Stock Exchange activities	2019-2022	BVM
	Strengthen the capacity of tax and customs courts and promoting refresher courses	Number of tax and customs litigation judged, Number of officials trained	Training of tax and customs courts	Promoted and strengthened the Mozambican private sector	2019-2020	Ministry of Finance, Ministry of Justice, CTA
	Promote and expand arbitration activities for the entire country	Number of arbitrated cases	Training on dispute / arbitration	All districts with established arbitration activities	2019-2020	Ministry of Justice, CACM
Harmonize the system of tax incentives and reduction of free zones	Review of tax incentives for domestic and foreign investors	Number of revised tax incentives	Under review the entire regulatory framework for investment incentives	Harmonized fiscal incentives for all investors and increase in the State's tax revenue.	2019	Ministries of Finance, Planning and Development, CTA
Empower managers in business management and business management	Ensure the development of skills, public awareness at national scale. Lecture programmes including setting up a training center for business and business management	Well-trained managers in business management and with a high level of self-confidence in the management of companies or corporations	Sporadically, uncoordinated and isolated, various training and capacity-building actions are under way	Improved efficiency and effectiveness. Managers and professionals holding high positions in well-formed organizations	2019-2021	Government, Mozambican Universities, Institute of Directors, CTA, Civil Society Organizations
APRM Objective 2: Ensure that corporations act as good corporate citizens with regard to human rights, civil liability and environmental sustainability						
Ensure best business practices in the field of human rights	Harmonize labor law with the laws of the region, principles and standards of the ILO	Revise the labor law and harmonized with the adopted regional and	Judgments of labor conflicts in sections of ordinary courts	Labor law in line with regional and international standards	2019-2020	Ministry of Labor, CTA, Trade Unions

Specific Objectives	Recommendations	Indicators	On-going Activities	Expected Result	Time Frame	Implementing Agencies
		international standards and norms.				
	Create a Labor Court. Expand labor arbitration centers for all provinces	Established labor courts. Expanded labor arbitration centers	Judgments of labor conflicts in sections of ordinary courts	Created labor courts and expanded labor arbitration centers.	2019-2022	Supreme Court Ministry of Justice
Promote awareness of environmental laws and regulations	Disseminate the laws and regulations of the management and conservation of the environment	Number of companies participating in the workshop. Number of explanatory leaflets with published material.	Campaigns for the dissemination of Laws and awareness of the populations directly affected by MITADER.	Entities and communities aware of the need for environmental conservation and management	2019-2021	Environment Fund Organizations or agencies specialized in environment; All ministerial sectors
	Establish adequate mechanisms for the dissemination and dissemination of laws (Constitution of the Republic, Labor Law, Law on HIV / AIDS in the Workplace, Natural Resources Exploration Law and Environmental Protection Act, etc).	Periodic reports on companies adopting and disseminating measures to protect the environment.	Conduct joint study sessions on the main laws and regulations at the level of the State institutions.	Mastering the main economic and social laws by the public, private and general sectors	2019-2020	
Implement corporate social responsibility	Develop a national plan with social responsibility guidelines for corporations, identifying specific areas of intervention.	Key areas of intervention for RS identified, General lines of responsibility plan established, Number and level of corporations and companies involved in social projects	Identification of the key areas of intervention and awareness of the business sector on RS.	Social plan on SR drafted and areas crucial for the intervention of the identified business sector.	2019-2022	Ministry of Planning and Development. Ministry of Women and Social Action, Ministry of Youth and Sports, Ministry of Finance. Other Sectoral Ministries, CTA and Other Economic Associations Corporations Civil Society Organizations
Increase knowledge of citizens about fundamental laws	Strengthen labor inspection in enterprises	Number of inspections carried out	Regular inspections in all provinces and districts	Citizen with more knowledge about fundamental laws	2019-2022	Ministry of Labor, Ministry of Health
Promote corporate social responsibility in HIV / AIDS	Design the profile of the activist with the involvement of civil society and dissemination of the same by the entities involved in the fight against HIV / AIDS	Established tool for activist profile	Communities involved in the process of selecting activists	Designed the profile of the activist	2019-2022	CNCS and Civil Society Organizations working in the area of HIV / AIDS, CTA (ECOSIDA), PATHFINDER

Specific Objectives	Recommendations	Indicators	On-going Activities	Expected Result	Time Frame	Implementing Agencies
	Involve communities and civil society in the process of selecting activists	Report on the process of activist selection	Awareness-raising meetings with communities and CSOs about their responsibility in the process	Communities and CSOs involved in the process of selecting activists	2019-2022	CNCS and Civil Society Organizations working in the area of HIV / AIDS, CTA (ECOSIDA), PATHFINDER
	Design and implement a typical training programme for activists, including moral, civic education and ethics	Number of activists trained. HIV / AIDS Reports Implementation of programmes	Activist training done and to be done by different CSOs	Designed the programme of moral and ethical education	2019-2022	Public and private sectors, CNCS and Civil Society Organizations working in the area of HIV / AIDS, CTA (ECOSIDA), PATHFINDER
	Conduct awareness campaigns to make the female condom available to men	Number of institutions and persons covered	Facilitating access to female condoms	Distribution and use of the female condom	2019-2022	CNCS, NGOs, Civil Society Organizations, CTA (ECOSIDA)
APRM objective 3: Promote the adoption of Standards of Good Commercial Ethics in the pursuit of the Corporation's objectives						
Increase public awareness in the adoption and application of business ethics	Conduct national awareness campaigns to promote business ethics, work ethics, ethics and individual integrity, respect for systems and the importance of safeguarding corporate assets and conflicts of interest.	Plan of action to promote the principles of Ethics and Integrity. Periodic reports on awareness campaigns	Dissemination and training on the principles of business ethics	Implemented business ethics, Reduced corruption and increased rate of return for shareholder.	2019-2022	MEF, Ministry of Justice, CTA, IODMZ, OCAM and ACIS,
	Promote shareholder education and shareholder information in relation to rights, equality and reform of corporate rights.	Action plan for education and information to shareholders on their rights	Dissemination of information on shareholder rights through training courses and workshops.	Shareholders with sufficient knowledge about their rights.	2019-2022	CTA, IODmz, BVM Institute of Directors
	Organize training to increase media research capacity on promoting ethical business standards.	Mobilized resources for training, and improved the investigative capacity of the Media.	Promoting the need to increase the investigative capacity of the Media on business ethics	Empowered media matters of business ethics standards	2019-2022	Ministry of Justice, CTA
	Support CTA to ensure its self-regulation; establish codes of good practice in all business associations and strengthening of the board of directors to encourage the self-assessment of corporations and individual directors	Developed and implemented codes of best practices of Business associations, Reports on the implementation of good practices and	Promotion of good corporate governance and business ethics	Applied codes of practice by the private and public sectors; Annual evaluation of corporations and administrators.	2019-2024	Ministry of Justice, MEF, MIC, IODMZ, CTA, CIP, OSC

Specific Objectives	Recommendations	Indicators	On-going Activities	Expected Result	Time Frame	Implementing Agencies
		codes. Reports of the Board of Directors on the annual evaluation of the corporation's performance. Individual evaluation of the strengthened director				
Combat Corruption at all levels	Promote the adoption and implementation of the code of business ethics	Number of companies with codes adopted and in effective application	Promotion of good corporate governance and business ethics	Adopted code of ethics by the business sector	2019-2021	MIEDH,MIC,IOD, CTA, Vocational Training Centers, Universities and Consumer Association.
	Disseminate the Anti-Corruption Law in the public and private sectors. Sign the Declaration of Commitment on the United Nations Convention Against Corruption (UNCAC) - where Mozambique is a signatory; Equip GCCC with enough resources to improve its intervention throughout the national territory.	Number of institutions involved in the disclosure processes, signed. Declaration of Commitments and equipped GCCC.	Corruption and fight against the daily plan of the Government of the day and in the frame of good practices of the business sector	Level of Perception of Corruption (LPC) in the country in progressive reduction	2019-2024	Human rights organizations, GCCC, CSOs leading the adoption and implementation of good business ethics, CIP
	Train teachers in moral and civic education and ethics	Number of teachers trained	Memorandum of Understanding signed between GCCC and Education institutions for teacher training and student involvement in anti-corruption actions.	Skilled teachers and minimization of corruption in schools.	2019-2024	Ministry of Education, University OSC
	Protect whistleblowers from corruption	Reports of the institutions involved and public opinion; Success of reported corruption cases	Elaborated Dentists Protection Act	Implemented the Denunciation Protection Act	2019-2024	GCCC
	Involve civil society in the process of moral, civic and ethical education among corporations	Number and names of CSOs involved	CSOs not identified in this process	Involved CSOs in this process	2019-2024	Commission on Public Ethics, GCCC, IODmz, CTA, CSO, CIP

Specific Objectives	Recommendations	Indicators	On-going Activities	Expected Result	Time Frame	Implementing Agencies
APRM Objective 4: Ensure that corporations treat fairly all stakeholders, including shareholders, employees, communities, customers and suppliers						
Promote the concept of social responsibility in SMEs	Disseminate the concept of social responsibility and its legal framework	Percentage or number of companies covered in relation to the universe	Seminars in Business Breakfast format and extended seminars	SMEs aware of the importance of RS exercise	2019-2020	IoDmz, CTA, Media
Protect the Rights of Directors and Shareholders	Incorporate in the Commercial Code the rights of shareholders, the responsibilities of directors and the protection of minority shareholders	Approved subsidiary legislation to protect the rights of shareholders and managers	Commercial Code under review to incorporate shareholder rights and other matters on corporate governance.	Incorporated in the commercial code are the rights of shareholders, the responsibilities of directors and the protection of minority shareholders.	2019-2022	MIC, MEF, Ministry of Justice.
Raise the awareness of shareholders about their rights and obligations	Sensitize public opinion on the new Commercial Code through workshops and lectures	Commercial Code disseminated to the public throughout the country	Commercial code in process of revision and later dissemination throughout the country	New Commercial Code revised and applied by all categories of commercial companies.	2019-2022	Ministry of Industry and Commerce, CTA
Protect workers' rights	Strengthen mechanisms to ensure the rights and debtors of workers established in the Labor Law, the labor contract and the benefits package stipulated by the corporations.	Ministry of Labor inspection reports	Regular inspection of the business sector by the Ministry of Labor	Respect for workers' rights	2019-2022	Ministry of Labor, All Corporations
APRM Objective 5: Ensure the accountability of corporations, directors and employees						
Ensure the accountability of corporations, directors and employees	Define the parameters of responsibility in corporations, including especially the functioning of the Board of Directors, Selection and appointment of CA members, Gender balance in CA, stakeholder relations management, risk management and communication policy	Established parameters of responsibilities and accountability of staff at all levels and their disclosure in corporations.	Description of tasks	Workers at all levels aware of their responsibilities and consequences of "wrong doing ".	2019-2022	MEF, IoDmz
	Establish local professional institutions for dissemination and dissemination of top management responsibilities	Established professional institutions	Training and dissemination of good governance principles, including the role and responsibilities of the main KG actors (Shareholders, Executive and non-executive Directors	Top managers with sufficient knowledge and mastery of their responsibilities in the governance process of their corporations	2019-2022	MEF, CTA, IoDmz

Specific Objectives	Recommendations	Indicators	On-going Activities	Expected Result	Time Frame	Implementing Agencies
	Adopt a set of rules and principles for the selection of a critical mass of professionals to be formed, elaborating a strategic plan for its implementation	Adopted the strategic document and rules of the action plan for the training of key professionals	Occasional trainings	Key trained professionals	2019-2022	MEF, Ministry of Labor and Ministry of Public Administration
SOCIOECONOMIC DEVELOPMENT						
PRINCIPLES, STANDARDS AND NORMS						
Sign and ratify international standards, norms, codes and principles	Ratify and adopt all international standards and codes of relevance in socio-economic development	Nº of international standards and norms of socio-economic relevance ratified and adopted	There is some progress in the rectification of standards and codes but still far from responding to the findings in the first self-assessment report	Ratified all international standards and codes with socio-economic relevance to development, and integrated in ordinary domestic law	2020-2024	Ministry of Foreign Affairs and Cooperation (MINEC), Assembly of the Republic (AR)
	Ensure systematic and detailed reviews of international treaties in Mozambique	Nº of Revised Standards and Codes, domesticated and incorporated into the formulation and design of socio-economic development policies and programmes	Mozambique has incorporated into its Five Year Plan (2015-2019) the three dimensions of sustainable development of the UN's Sustainable Development Goals (SDOs): economic, social and environmental.	International standards and codes ratified throughout the national territory	2020-2024	Ministry of Foreign Affairs and Cooperation (MINEC) Assembly of the Republic (AR) Relevant Ministries
	Make the database more accessible and ensure the inclusion of all standards and norms signed and ratified	Operational database containing all standards and norms signed and ratified	It is operating a database of codes and signed and ratified norms and standards, but only from NEPAD and African Union Since 2018 is available an “Information Matrix on the Statistical Survey of Legal Instruments signed / not signed and ratified / not ratified by Mozambique in SADC - African Union and United Nations”	All international standards and codes are in the same place for its monitoring	2019-2024	MINEC

Specific Objectives	Recommendations	Indicators	On-going Activities	Expected Result	Time Frame	Implementing Agencies
Accelerating the ratification of international standards, norms, codes and principles	To create clear mechanisms for articulation between MINEC and the Parliament (National Assembly) in defining priorities on codes and standards to be ratified	Reduced time to adoption and processing	No progress reported in this activity	Established a flexible system for expediting the ratification of standards and norms	2020	MINEC, AR, Relevant ministries

Specific Objectives	Recommendations	Indicators	On-going activities	Expected Result	Time Frame	Implementing Agencies
APRM Objective 1: Promote self-reliance in development and build capacity for sustainable development						
Reducing dependency on aid	- Explore ways and means of reducing aid dependence and prepare a strategic outlet for aid - Strengthen the implementation-on of the Paris Declaration on Aid - Effectiveness in order to strengthen the ownership of development policy and aid activities	Outbound strategy document Report on the implementation of the exit strategy of the external aid dependency Findings from the Monitoring Report on the Paris Declaration	Not achieved and with huge setbacks. The country lost confidence from donors who suspended aid, entered into a budget crisis due to debt, exchanged foreign aid suspended by increased internal indebtedness. At present it has unsustainable debt levels with% of GDP. Fiscal reform is failing to offset the budget deficit Outcome without progress: no evaluation report of the Paris Declaration was produced in the period under review. However, the country did not show evidence of being able to build the capacity that allows it to appropriate sustainable development policies	Reduce dependence on foreign and international heavy aid that affects large areas of debate on political decision-making with regard to funding, policy choices, institution strengthening, public service culture, etc. Effectiveness of aid with the country to benefit from aid-financed development programmes	2020-2024	Bank of Mozambique Ministry of Economy and Finance

Reduce strong external, technical and programmatic financial dependence	Formulate and adopt endogenous economic reform packages. Establish mechanisms to broaden the tax base by strengthening the productive sector, simplifying the system of collecting taxes equally among different taxpayers (part of economic management activities)	Reinforcing the internal savings rate (public and private); Consistent reduction of government deficit, including out of budget; Reform and modernization of the tax system	There are actions to broaden the Tax Base and have not yet made a difference in terms of replacing Budget aid and recourse to debt. The budget deficit and debt (internal and external) are at unsustainable levels	Reduced external dependence by increasing internal revenues for the State Budget Budgetary deficit at sustainable level Reduced, controlled and monitored the country's internal and external indebtedness level	2020-2024	Ministry of Economy and Finance Tax Authority, Central Bank of Mozambique
	Creation of capacity to take ownership of development policies	Maintaining the budget deficit at sustainable levels (% of deficit in relation to revenues collected) Development and implementation of a medium- and long-term strategy for debt management (public and private)	Without considerable progress, there is still a lack of debt management and deficit reduction strategy			
Improving the system of permanent dialogue, transparency and information sharing between actors in the development process	Evaluate the current systems of interaction between the different partners and draw up an action plan	# and quality actors participating in performance monitoring Internal and external credibility of	Improvement of the current system of dialogue and coordination between various actors in the development process Establishment of district advisory councils, and the consolidation of development	Improvement of the current system of articulation between various actors in the development process	2019-2024	Ministry of Economy and Finance (MEF), CTA, Cooperation Partners, Civil Society Organizations (CSOs))

		the country	observatories at Central, provincial and distal levels			

Specific Objectives	Recommendations	Indicators	On-going activities	Expected Result	Time Frame	Implementing Agencies
APRM Objective 2: Accelerate socio-economic development to achieve sustainable development and poverty eradication						
Increase the share of rural development and industry in the state budget to reflect its relative importance in the development	Allocate 10% of the budget to agriculture according to the NEPAD declaration (Maputo Declaration)	% of the State Budget allocated annually to agriculture Agrarian and industrial policies (e.g. agro-industrial processing policies) adapted and implemented Incentives for the creation of credit institutions for agriculture; infrastructures; markets and support services	Improved investment in agriculture with a focus on sectors that have a direct effect on food production	Increased production of small producers (including the introduction of low-cost agro-processing technologies) and facilitating their linkage to the market. Balanced budget distribution between productive and social sectors	2019-2024	MEF MITADER MASA, MIC

Increase the degree of decentralization and financial and administrative de-concentration	Operate the implementation of PPFD, SISTAFE, e-SISTAFE	% State Budget funds allocated to districts % of initiatives and beneficiaries of peasant support credit, combining the different forms of financing Level/degree/% implementation of the Rural Finance Strategy 2011 Level/degree/% Rural Economic Stimulus Package (PEER)	The government has been able to allocate on average 6% of the budget for agriculture in the last 4 years Several programmes have been designed to help improving the performance of small producers [e.g: Rural Markets Promotion Program (PROMER); Safe Terra Project; The budget allocation is still not balanced, however some initiatives such as the Peasant Credit Project help increase the availability of financial resources in rural areas Mozambique's financial inclusion strategy was launched in 2016. It is expected that by 2019 all districts will be implementing the Economic Stimulus Package (PEER), which aims to stimulate private investment in strategic development sectors.	Boosting the local economy as a result of greater monetary circulation Expansion of banking institutions (including ATMs), micro finance and savings and credit groups Multifaceted investments in the small farmer	2019-2024	MEF, Provincial and district governments, MITADER
Increase the deployment of infrastructure in rural areas	Identify constraints for establishing an efficient network of infrastructures and services in rural areas. Develop strategy and action plan to	% of people with access to infrastructure and services (e.g. education, health, roads, water and	In 2018 alone some 261 new schools, between primary and secondary schools, were opened most of which in rural areas. By 2019, all of the	Increase and improvement of school, health, electrical, access roads, banking and telecommunications	2020-2030	MOPHRH, MIREME, MITADER, Municipalities, Provincial, District and Local Governments

	increase infrastructure	sanitation, electricity, banking and others) including improved housing and rural technology	154 Mozambican districts will be connected to the national energy grid. A National Energy for all Programme was launched with a focus on the use of renewable energies. The programme envisages the electrification of 715 health facilities, 804 educational establishments and 68 water supply systems by 2030. In relation to banking, it is estimated that 22 percent of the Mozambican population had bank access in 2018 and the number is predicted to rise to 35.5 percent in 2022			
Creating associations in rural areas	Disseminate the Law of Associations and develop training programmes for the family sector for the creation of sustainable associations of cattle farmers	# of agricultural associations and family farmers established in the districts	Initiatives to support the formalization of rights over land and other natural resources communities (e.g. Community Land Initiative) have boosted the growth of rural associations throughout the country.	Rural and family farming associations including cooperatives	2019 - 2023	District Governments, CSOs, NGOs
Promoting self-employment for young people	Develop youth training and capacity-building programmes for business implementation at the district level	% of young people trained, and with ongoing projects in districts	By 2017, some 10,249 trained young talent with entrepreneurial skills had access to 3,524 self-employment tool kits	Increase in # youth ventures and consequent reduction Unemployment rates in districts and in the country Reduction of dependency ratio More young people with	2020-2024	MITESS, MJD, INEFP, CSOs, ONG, Private Sector Companies including commercial banks

				access to land to develop economic activities, which contributes to the reduction of the rural exodus. Young people benefit from loans to materialize their enterprises		
Increase agricultural production in the country	Promote the use of animal traction for the family sector and use of certified seed appropriate for agriculture in rainy conditions	% Tones per crop produced in the family sector.	The number of peasants in the family sector that use animal traction and certified seeds has been increasing in recent years thanks to the implementation of livestock development programmes and the adoption of ecological agriculture including the establishment of local seed banks	Mechanisms and structures for training and support to local production contribute to the adoption of rural technologies (e.g. new production techniques) that result in increased production in the family sector and consequently of national agricultural production Improved linkage of the family sector to the markets	2020-2024	MASA, MITADER, Research Institutes and Rural Extension, Provincial and District Governments, Agricultural Associations and Cooperatives, Business Agricultural Sector
Create a Development Bank	To promote a study for the creation of a development bank	Study approved by the Council of Ministers	The Banco Nacional de Investimento (BNI), SA., was established on June 14, 2010 and it is a Mozambican investment and development bank	Greater internal capacity for financing projects those contribute to Mozambique's sustainable development.	2020	MEF, MITADER, MASA, CTA, Commercial Banking, BNI, International Cooperation Partners, International Financial Institutions

Specific Objectives	Recommendations	Indicators	On-going activities	Expected Result	Time Frame	Implementing Agencies
APRM Objective 3: Strengthen Policies, Delivery Mechanisms and Results in Key Areas of Social Development, including Education and the Fight against HIV and AIDS and Other Communicable Diseases						
Increase access to Secondary Education,	- Review mechanisms for access to	Revised professional and technical	The expansion of	Establishment of thematic and	2020-2024	MINEDH MINEDH, OSC (MEPT)

Vocational Technical Education and Vocational Training	Secondary Education and Vocational Technical Education - Create linkage / orientation mechanisms between primary education and the various pedagogical outputs (Secondary and Vocational Education) - Dissemination of the potentialities and vocational exits of vocational education in the Complete Primary Schools	education curriculum Established equivalences and other connecting instruments % dissemination activities (lectures, round tables, debates) held in different schools	access to secondary and technical education, the increase of the number of teachers in the technical and secondary education, including on-going reforms in the education sector such as the introduction of skills-based programmes The increase in the number of primary school finalists accessing both secondary and vocational education	pedagogical connections between Secondary and Vocational Education, and the levels immediately below Greater knowledge of the opportunities offered by Vocational Education in Full Primary Schools (EPC)		
Increase coverage of institutional deliveries (in hospitals)	Evaluation of the efficacy, sustainability and acceptability of mother-waiting houses	Nº of case studies conducted throughout the country	Reformulation / resizing of strategy	A better understanding of the relative and absolute impact of the implementation of	2019-2021	MISAU (INS)
	Greater inclusion of traditional midwives in Local Health Committees Disclosure of benefits and level of risk associated with institutional deliveries	% of Health Committees that count on the active and effective participation of traditional midwives No dissemination activities (lectures, round tables, debates) carried out in the different health units	Increase in # of institutional birth/ deliveries Greater adherence to maternity wards by mothers	Higher level of reference between midwives and health units Greater general knowledge about the safety associated with institutional delivery	2019-2024	MISAU (Dir. Nac. de Promoção da Saúde - DEPROS)
Promote Policies and Mechanisms for Provision of Services	Review of policies and regulations regarding the provision of quality services in Education and Health	# of revised and updated policies in both sectors	A comprehensive normative framework on the quality of Education and Health services	Updating policies and regulations on the quality of services	2019-2021	MINEDH (National Inst. For Development of Education - INDE), MISAU (INS)
	Assessment of the progress of the Health Humanization Initiative	Evaluation conducted at national level	Programme for Humanization and Quality Improvement of health services In progress the implementation of the initiative	Better understanding of the impact and challenges of the initiative	2020	MISAU (INS)

			"Maternity Hospital Model Initiative (IMM)" which aims at humanizing and improving the quality of maternal and neonatal health services			
	Use of the results of the Evaluation of the PEN IV (2015-2019) for the design and formulation of the PEN V (2020-2024)	% recommendations incorporated in the new Plan	Higher performance of activities approved by (potential) beneficiaries	A Strategic Plan (PEN V) more evidence-based and inclusive of several aspects	2020	National Council for Combating HIV and AIDS (CNCS), CSOs
Reduce prevalence of HIV and AIDS	Conduct a cross-cutting assessment of the strategic plans for responding to HIV and AIDS, their approaches and the results objectively achieved	Evaluation conducted at national level	Adopted the National Strategic Plan on the Epidemic to shape policy design in the next 5 to 10 years	An overview of the dynamics of response and a map of strategies and approaches with greater effectiveness	2020	CNCS, INS
	Increase DOTS coverage in communities	% communities covered by DOTS	Reduction of TB / HIV co-infection levels	Higher level of response to TB	2019-2024	MISAU (DEPROS)

Specific Objectives	Recommendations	Indicators	On-going activities	Expected Result	Time Frame	Implementing Agencies
APRM Objective 4: Ensure socially competitive access to water, sanitation, energy, financial services, markets, tics, housing and land for all citizens, particularly the poor						
Ensure access to safe drinking water	Conduct a study on the effectiveness of present and past water access policies	Study carried out	Reformulation of present and future water supply policies Under implementation the action plan to achieve the sustainable development goals	A comprehensive analysis of water supply strategies and their relative effectiveness	2020	MOPHRH

	Increase the construction of safe sources of drinking water Disseminate the Sustainable Development Objective 6 (Potable Water and Sanitation) as a way of monitoring the respective indicators	% of the population using safe drinking water sources in urban areas % of the population using safe drinking water sources in rural areas # of awareness activities disaggregated by region, institution and characteristics of the target group	Expansion of water coverage in urban areas through investment in new household connections Construction and rehabilitation of dispersed water sources Construction of rural water supply systems	Greater access to drinking water in both urban and rural areas Increased awareness of ODS in general and Objective 6 in particular	2020-2024	MOPHRH MOPHRH, MEF MOPHRH
Improve sanitation	Increase the construction of sanitation infrastructures at the national level Eliminate open-air fecalism	% of people using adequate sanitation infrastructure in urban areas % of people using adequate sanitation infrastructure in rural areas % of the population practicing open-air fecalism % of open-air fecalism free communities	Investment in decentralized urban sanitation Development of regulatory framework for urban sanitation Community led actions against open defecation (CLTS approach)	Increased numbers of people (in families, schools, health units and other local communities) using sanitation infrastructures	2019-2030	MOPHRH, Municipalities, CSOs
	Increase the capacity, at the district level, of government, CSO and community personnel to build improved latrines	% of people trained at rural level % of improved latrines built in rural areas	Training and institutional capacity building	Increased use of improved latrines by rural populations	2020-2024	MOPHRH, District and local governments

Ensure access to renewable energy	Elaborate a "Situation Analysis" on the use of renewable energy in the country	Report prepared and approved	A situation analysis was carried out to inform the new energy policy under development and the new energy infrastructure master plan	Greater understanding of the extent and nature of renewable energy use in Mozambique	2019	MIREME, FUNAE, MITADER
	Design an Action Plan for the Promotion of the Use of Renewable Energies	Plan drafted and approved	Implementation of a strategy to promote renewable and decentralized energy sources through FUNAE	An evidence-based plan with concrete actions and indicators for monitoring the use of renewable energy	2019	MIREME, MITADER
	Accelerate the electrification process, especially in rural areas, to promote the development of agroprocessing industries and minimize rural / urban migration	% of localities and districts receiving electricity from the national grid	Extension of the national electricity grid to more districts and towns Installation of new home connections	Greater number of districts and localities with access to electricity from the national grid	2019-2024	FUNAE
Ensure market access for small farmers	Increase the number of small farmers trained in various areas (improved storage, product retention techniques, marketing and advertising strategies, market behaviour, etc.) for increased market insertion	% smallholder farmers disaggregated by gender, area of expertise and geographic region	Construction and rehabilitation of rural markets Promotion of agricultural fairs	Higher level of capacity building for farmers to enter the market	2019-2024	MASA, IIAM
	Establish a regular and reliable reporting mechanism on market behaviour for small farmers	% of reliable information channels established to serve small farmers	Implementation of the Agricultural Market Information System	Small farmers with a higher level of up-to-date and reliable information on market behaviour	2019-2024	MASA (Agricultural Market Information System - SIMA)
	Stimulate the consumption of national agri-food production	% of new domestic products marketed; % of producers to market their product in the national and international market	Promoting Investments in small scale agro processing projects (slow progress) and empowerment of small farmers	Increased consumption of national products internally and externally	2020-2024	MASA, MIC, MEF
	To enable the processing and processing industry of agri-food production	% of new products from the processing and	Promoting Investments in small scale agro processing projects (slow progress)	Manufacturing and processing industry	2020-2024	MASA, MIC, MEF

		processing of agri-food production;				
Ensure transport infrastructure	Conduct a study on the national transport network and its suitability for the present and future development challenges of the country	Study carried out and approved	Strengthening of planning capacities of the National Transportation System at all levels	Greater knowledge on the characteristics of the transport network, its potentialities and challenges	2020	MOPHRH, MEF, MITADER, MTC, ISUTC
	Capitalize on the use of maritime transport, in combination with iron and road, to boost the transport system	% of combined operations (sea, land) carried out per year	Implementation of inland waterways transport services and maritime cabotage services (but slow progress)	Greater fluidity in the transport of merchandise and passengers at national level	2020-2024	MTC
Ensuring access to housing	Conduct a nationwide study on the housing situation	Study carried out and approved	Lack of progress in this area. the country has an outdated housing policy and a social housing promotion strategy is lacking	Accurate knowledge of housing situation highlighting the neediest groups, the strategies developed over time and the relative effectiveness of each one of them	2020	MOPHRH
	Increase the budget allocation for the Housing sector in line with the recommendation of the decision of the African Ministerial Council on Housing	% of budget allocation for the sector	Backward steps in this area the country's budget crisis implied a drastic reduction of the budget in this area	Increased budget allocation for the Housing sector	2020-2024	MEF, MOPHRH
Ensure access to land for poor rural citizens	Study on the implementation of the Land Law (1997) and National Land Policy	Study carried out and approved	Made an assessment of land governance in Mozambique in 2016	Greater knowledge on the current situation of the operationalization of Law and Policy	2020	MITADER, FNDS
	Review the mechanisms of access to the Earth to assess whether or how they respond to the needs of poor rural citizens	Report on the suitability of the mechanisms to the situation of the rural poor	Made an assessment of land governance in Mozambique in 2016	Identification of the main obstacles to access to land by vulnerable populations	2020	MITADER, FNDS
Promoting a more productive and balanced use of land	Carry out a national survey of lands mapping them by their level of productivity and occupation	Mapping done and available	Database development and Modernization of the land management system	Detailed knowledge of the situation of existing lands and their level of occupation / production	2020	MITADER, FNDS

Increase access to financial and microfinance services	Conduct a study to analyse the barriers that impede the establishment of banking and micro-credit institutions	Study carried out and approved	Not developed a specific study but in implementation a project to extend financial services in districts and rural areas	Prominent knowledge on obstacles to the establishment of banking and micro-credit institutions	2020	MITADER, FNDS
	Evaluation of the Project "One District One Bank "	Study carried out and approved	Lessons learned from annual sector assessments	Knowledge about the dynamics of the project, its potentialities and main challenges faced	2020	MITADER, FNDS
Increase access to and reduce imbalances in ICT	Evaluation, at national level, of the implementation of Community Multimedia Centres (CMC)	Study carried out and approved	Lessons learned about ICT access in Mozambique	In-depth analysis of the implementation of CMCs, including impacts, potentialities and key challenges	2020	MCTESTP
	Designing a Strategy to increase access to ICT with the involvement of the largest number of actors and incorporating the lessons learned	Strategy designed and implemente d	No progress reported in this activity	A consolidated and comprehensive Strategy, which includes an M & E Matrix with specific indicators	2020-2024	MCTESTP, Provincial and district governments
Specific Objectives	**Recommendations**	**Indicators**	**On-going activities**	**Expected Result**	**Time Frame**	**Implementing Agencies**
APRM Objective 5: Progress towards gender equality and in all areas of concern, including girls' access to education at all levels						
Increasing the impact of gender policies to the micro level	Conduct a nationwide study of local perceptions of gender dynamics and relationships	Study carried out	Analysis of the obstacles to the effect of gender policies in micro contexts	Greater understanding of local beliefs and views about gender	2020	MGCAS
	Survey of the number of policies related to gender and the forms of applicability in micro contexts	Survey carried out	Recast or resize existing policies	Greater knowledge on existing policies and approaches used	2020	MGCAS

Make efforts to achieve gender equality and equal opportunities for all	Carry out a cross-sectional analysis of policies and other normative devices related to gender equity Operate policies and standards related to gender equity with objective goals	Study carried out % of women in leadership positions divided by specific sectors (public, private, civil society)	Increased enrolment rates, retention at school, and gender parity; increasing awareness in the country and in different social strata on women's rights, progress in integrating women into decision-making and consultation forums at the local level	Critical review of the relative effectiveness of existing policies A notion about the level of leadership opportunities accessible to women	2020-2024	MGCAS MGCAS, National Council for the Advancement of Women (CNAM)
	Conduct a nationwide study on the implementation of the Domestic Violence Act	Study completed	Expanding the network of the Offices of Family and Minor Victims of Domestic Violence Assistance and improving conditions of care for victims in health facilities; Integrated Service Center (CAI).	A thorough analysis of the dynamics surrounding the implementation of the Domestic Violence Act	2020	MGCAS
	Evaluation of the National Plan for the Advancement of Women and Women's Budget	Assessment carried out	Documentation of lessons learned and good practices for the preparation of the next planning instrument	Identification of PNAM's achievements, potentialities and challenges	2020	MGCAS
	Increase local women's training initiatives	%of women trained under this initiative	Increased level of awareness on the part of women in local and / or remote contexts	Increased number of women trained in various areas	2020-2024	DPGCAS, CSOs, Other training institutions
	Develop gender monitoring indicators to assess progress with a gender perspective and gender budget	% of indicators designed and implemented with the specification of specific areas	Evidence-based planning of women's planning processes	A better understanding of the situation of women in specific areas		MGCAS, Local Governments, CSOs
	Accelerate the implementation of national plans for the development of vulnerable people by improving resources allocated to social well-being	% assessments conducted for national plans of vulnerable persons	Improvement of the following planning instruments	Knowledge of the implementation of national plans for the development of vulnerable people	2019-2024	MGCAS, MAEFP, MEF
GRAND TOTAL				**17,229,508.0 USD**		