Approach Paper

Mozambique Country Program Evaluation

June 16, 2021

1. Introduction

1.1 Mozambique's recent history is characterized by economic growth, rising inequality, and fragility. After the end of a civil war in 1992, Mozambique enjoyed a sustained period of growth until 2014, positioning it as one of the fastest-growing countries in Sub-Saharan Africa. Such growth, however, was not broadly shared and inequality increased. Fragility in Mozambique traces back to the uneven historical development of the state, in part shaped by geographical characteristics, and to the nature of the political settlement and the exclusionary political arrangements that it maintains (World Bank 2020c, 18).

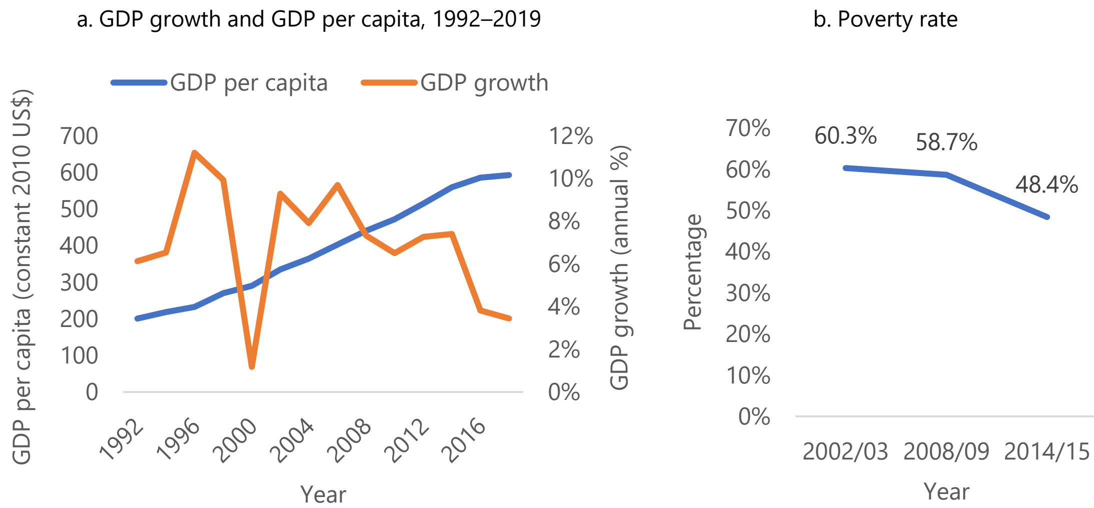
1.2 This evaluation seeks to assess the World Bank Group's success at helping Mozambique address challenges that constrain its development. The evaluation will cover fiscal years (FY)08–21 and is timed to inform Mozambique's next Country Partnership Framework (CPF). The evaluation will assess the Bank Group's support for addressing three development challenges and drivers of fragility in Mozambique: (i) rural poverty linked to weak agricultural productivity and regional inequalities; (ii) weak institutions and governance; and (iii) vulnerability to natural disasters and climate change (World Bank 2020c).

2. Context and Development Challenges

Country Context

2.1 After the end of the civil war, Mozambique experienced strong economic growth, which raised living standards and contributed to poverty reduction. Gross domestic product (GDP) expanded at an average annual rate of almost 8 percent between 1993 and 2013, making Mozambique one of the fastest-growing countries in Sub-Saharan Africa (figure 2.1, panel a). During that period, political and macroeconomic stability provided the foundation for robust growth led by a rebounding agricultural sector and significant donor support. The economic expansion boosted incomes and living standards. GDP per capita grew at an annual average of 4.8 percent, increasing from $213 to $535 (constant 2010 US dollars). The poverty rate fell from 60.3 percent in 2002/03 to 48.4 percent in 2014/15 (figure 2.1, panel b).[1] In 2016, growth slowed in the face of low commodity prices, a regional drought, and the hidden debt scandal (appendix E). The ongoing coronavirus (COVID-19) pandemic had a further negative effect on growth. In the medium term, liquefied natural gas production is expected to be an important catalyst for economic growth and may provide Mozambique with a transformative opportunity to make growth more inclusive.

Figure 2.1. Economic Growth and Poverty Reduction in Mozambique, FY10–19



Sources: a. World Development Indicators; b. World Bank using Household Budget Survey (Inquérito ao Orçamento Familiar) 2002/03, 2008/09 and 2014/15. Latest available poverty data are 2014/15. A new household survey is underway and expected to be completed by end 2021.
Note: FY = fiscal year; GDP = gross domestic product; pc = per capita.

2.2 Although not always formally classified as such, Mozambique is a fragile country. For most of the evaluation period, Mozambique's Country Policy and Institutional Assessment score was above 3.2, thus, per the Bank Group's Harmonized List of Fragile Situations methodology in place until 2020, the country was not classified as fragile. Yet, the country was characterized by deep grievances, high levels of economic exclusion, and limited provision of basic services to the population—traits that, according to the *World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025*, were characteristic of fragile situations (World Bank 2020g). In FY18, Mozambique went below the 3.2 threshold and, thus, was formally classified as fragile. Fragility in Mozambique manifests itself as group-based grievances in four arenas of contestation: (i) access to power and economic opportunities; (ii) access to natural resources, including extractives; (iii) access to basic services; (iv) and access to justice and security (box 2.1).

Box 2.1. Mozambique's Group-Based Grievances and Arenas of Contestation

Contestation Arena 1: Access to Power and Economic Opportunities

Challenges in this contestation arena include (i) mixed progress on decentralization as a mechanism to share power and defuse tensions; (ii) militarization of politics, a legacy from the civil war, which limits space for civic engagement and peaceful contestation; (iii) weak institutions and systems that fail to uphold checks and balances, and citizens' voice and contestation, as reflected in the deterioration of governance-related indicators over time; and (iv) a growth model that has increased inequality. Overall, these challenges exclude parts of the population from access to power, resources, and the benefits of the peace dividend. This exclusion has fostered a sense of alienation among certain groups, deepened territorial imbalances, hardened a sense of regional identity, and undermined successive peace agreements.

Contestation Arena 2: Access to Natural Resources

Challenges in this arena include (i) actual or perceived elite capture of resources and the enclave nature of extractives (particularly when it contributes to the dispossession of local communities); and (ii) a rich natural resource base that is a key source of livelihoods to many but is under threat from overexploitation, poor management, the illicit economy, and climate change. Both of these challenges generate grievances that are an impediment to an inclusive, transparent, and sustainable management of Mozambique's extractives sector and its rich natural resource base.

Contestation Arena 3: Access to Basic Services

Challenges in this arena include (i) regional disparities in service delivery and a rural-urban divide that undermines cohesion and (ii) rapid and unmanaged urbanization that has strained the capacities of poorly serviced peri-urban settlements, contributing to frustrations, particularly among the youth. These two challenges have acted as a vector of social exclusion and undermined national cohesion.

Contestation Arena 4: Access to Justice and Security

Challenges in this arena include (i) the security forces remain partisan with limited oversight, and the state has neither full control over its territory nor a monopoly on the use of force; (ii) the judiciary's independence remains weak, and there is a lack of clarity between formal and informal justice provision that hinders access to recourse; and (iii) a national reconciliation process is lacking and progress is slow in disarmament, demobilization, and reintegration. Together, these challenges express an unresolved legacy of conflict that threatens peace and stability.

Source: Independent Evaluation Group, drawn World Bank 2020c.

2.3 Violent conflict also characterizes the Mozambican political landscape. The end of hostilities between the Liberation Front of Mozambique and Mozambican National Resistance in 1992 began two decades of relative peace, which ended in 2013 when Mozambican National Resistance took up arms again. After a series of cease-fires and resumption of hostilities, a new peace agreement was reached in 2019 but, soon after, a faction of Mozambican National Resistance resumed attacks over alleged electoral irregularities. In addition to this conflict, a new security threat also threatens stability: since October 2017, members of a religious extremist group have carried out many attacks in the coastal districts of Cabo Delgado Province, which have displaced roughly 700,000 people as per latest estimates from the United Nations Office for Coordination of Humanitarian Affairs. The increased violence is causing severe delays in the gas production in Cabo Delgado, thus diminishing the prospects of gas as a catalyst for economic growth and increased government revenues. Finally, because of the increased violence, the Bank Group has classified Mozambique as a medium-intensity conflict-affected country in FY21.

Development Challenges

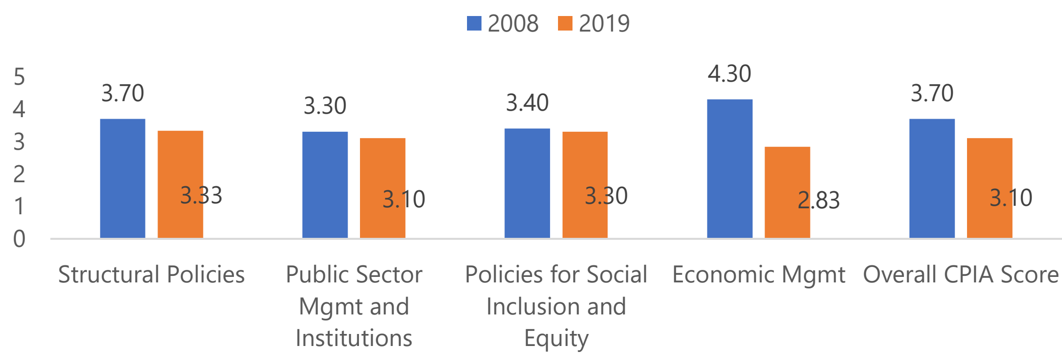
2.4 Despite impressive growth, inequality has increased, and poverty remains high in rural areas. After the end of the civil war, growth was mainly driven by agriculture (World Bank 2005). Starting in 2008, the drivers of growth gradually shifted, moving toward the more productive services and industry sectors (World Bank 2018a, 22, IFC 2020). One implication of this transition was that growth became less beneficial to poor people. Between 2008 and 2014, per capita consumption grew on average by 7 percent annually for the top 20 percent of households but by only 2.6 percent for the bottom 40 percent. Consequently, Mozambique's Gini coefficient increased from 0.47 to 0.56 between the early 2000s and 2014–15, placing Mozambique among the most unequal countries in Sub-Saharan Africa. Almost half of the population (46.3 percent) continues to live in poverty in a monetary and nonmonetary sense, with most of them (84.9 percent) living in rural areas (World Bank 2018b, vi).

2.5 Regional disparities in service delivery and a rural-urban divide undermine social cohesion. Household location is a strong determinant of access to basic services. For instance, access to safe water and sanitation among urban households is 89.4 percent and 69.4, respectively. The corresponding rates for rural households are 46.6 percent and 7.5 percent. Similarly, nearly 60 percent of urban households are connected to the electricity network, compared with 15.1 percent of rural households (World Bank 2018b, 18). Educational attainment and outcomes in the center and the north are worse than in the south on the whole, with higher rates of absenteeism for both teachers and students, lower numeracy and literacy, and higher rates of dropping out (World Bank 2020c, 26). Likewise, large disparities in health care access and quality reflect differences in household location. Southern and urban households enjoy better health care coverage and health outcomes than those in the center and the north. Infant and child mortality rates are highest in northern Mozambique and in rural areas nationwide, and the highest incidence of stunted growth of children is found in three northern provinces (Cabo Delgado, Nampula, and Niassa; World Bank 2016f, 90). These stark regional disparities in access to basic services and education and health outcomes is a key factor explaining social exclusion.

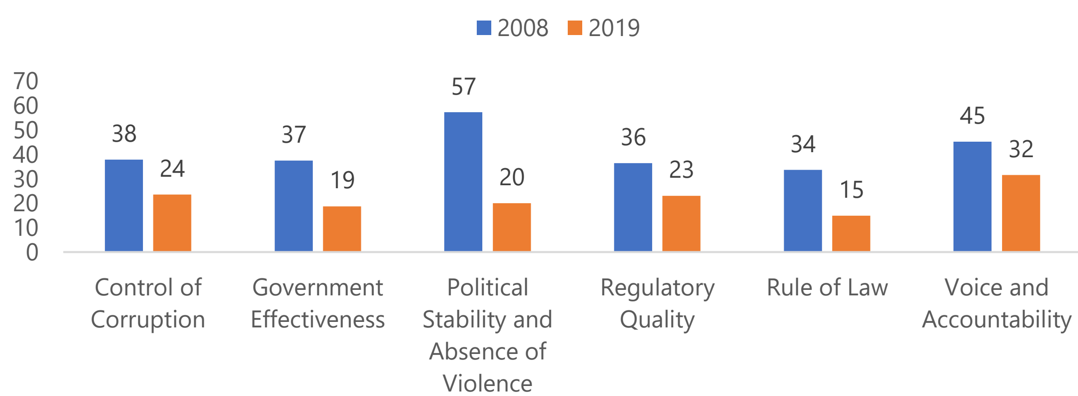
2.6 Governance and state institutions have worsened over time. Worldwide Governance Indicators for Mozambique reflect a deterioration in the control of corruption, government effectiveness, political stability and absence of violence, regulatory quality, rule of law, and voice and accountability (figure 2.2). Mozambique is now at the bottom of these indicators compared with regional peers in Sub-Saharan Africa. The average scores for all Country Policy and Institutional Assessment indicator clusters also trended down during the evaluation period (figure 2.2). As illustrated by the hidden debt scandal (appendix E), corruption at all levels of government is a major problem. The recent International Monetary Fund report on transparency, governance, and corruption estimates the costs of corruption to Mozambique between 2002 and 2014 at up to $4.9 billion (approximately 30 percent of 2014 GDP; IMF 2019, 1).

Figure 2.2. Dimensions of Governance

a. CPIA scores



b. Worldwide Governance Indicators



Sources: World Development Indicators and Worldwide Governance Indicators database.
Note: CPIA = Country Policy and Institutional Assessment.

2.7 Mozambique is highly vulnerable to natural disasters and climate change. Mozambique faces a large exposure to natural calamities. It is the only country in Africa considered to be at high risk from three major natural hazards: recurrent floods, cyclones, and droughts (World Bank 2016f). Cyclones Idai and Kenneth struck the country consecutively in 2019 and resulted in nearly 650 deaths and the displacement of hundreds of thousands, while costing Mozambique approximately $3 billion in damages and losses (Mozambique 2019).

The Bank Group in Mozambique

Strategic Context

2.8 Achieving sustained and inclusive economic growth has been the overarching goal of the strategies that guided Bank Group support during the evaluation period. Bank Group support was guided by the Country Partnership Strategy, covering FY08–11 (World Bank 2007); the Country Partnership Strategy for FY12–15 (World Bank 2012a); and the CPF for FY17–21 (World Bank 2017b), all of which have sought the same objective of making Mozambique's growth pattern more sustainable and inclusive. Appendix D includes the focus areas and objectives supported by each strategy (table C.2).

2.9 The Bank Group's support areas have remained consistent throughout the evaluation period and aligned with priorities identified in the 2016 Systematic Country Diagnostic (World Bank 2016f). Throughout the evaluation period, the Bank Group supported objectives and interventions in four focus areas: (i) governance; (ii) human development and basic services; (iii) growth; (iv) and sustainable development and resilience (appendix C, table C.1). The governance focus area was supported via interventions in public sector reform, decentralization, transparency and citizen engagement, public financial management, and economic management. In human development and basic services focus area, the Bank Group supported interventions in health, education, water and sanitation, electricity, and social protection. To support growth, the Bank Group supported interventions to improve the business environment, increase access to finance, and develop enabling infrastructure for private sector development, agriculture, and tourism. Finally, in the sustainable development and resilience focus area, the Bank Group supported interventions to improve natural resource management, strengthen Mozambique's resilience and adaptive capacities to climate-related issues, and disaster risk management. Overall, there was broad alignment between the Bank Group–supported strategies and priorities identified in the Systematic Country Diagnostic (appendix C, figure C.1).

2.10 Although areas of support remained consistent over the three strategies (even before the Systematic Country Diagnostic), Bank Group–supported strategies have, over time, sought to increase the Bank Group's support for addressing drivers of fragility and conflict. The CPF FY17–21 identified two major drivers of fragility and conflict: regional disparities and disputes over natural resources (World Bank 2017b). To address these two drivers, the CPF FY21 sought to increase support to regions where people living in poverty are concentrated through a multisectoral approach, including operations in agriculture, natural resources management, roads, and social sectors. In addition, the CPF sought to address challenges in natural resource management such as management and ownership of land, which were both deemed to be important drivers of conflict. Finally, the CPF strongly emphasized developing solid and transparent grievance redress mechanisms to allow for identification of conflicts in Bank Group interventions and for addressing them early on.

2.11 Throughout the evaluation period, Bank Group engagement sought to adjust to changes in country context and external shocks. Under the Country Partnership Strategy FY08–11 (World Bank 2007), the Bank Group doubled its original indicative lending volume to help the country cope with the indirect fallout from the 2008 global financial crisis. In 2012, large gas deposits were discovered off the coast of Mozambique. To address this potential "game changer" in Mozambique's development trajectory, the Country Partnership Strategy FY12–15 placed special emphasis on improving the management, transparency, and oversight of natural resources, with a focus on the burgeoning gas sector (World Bank 2012a). In 2016, the hidden debt scandal led to many development partners withdrawing external support, severely affected Mozambique's macroeconomic framework. Against this backdrop, the CPF FY17–21 emphasized support for macroeconomic stabilization and restoring donor confidence (World Bank 2017b). Finally, recent cyclones Idai (March 2019) and Kenneth (April 2019) caused extensive human, physical, and economic losses. To address this, CPF FY17–21 was adapted at the Performance and Learning Review stage to include an additional objective on recovery and rehabilitation (April 2020).

Bank Group–Supported Program

2.12 Bank Group financing to Mozambique amounted to US$6.57 billion during the evaluation period. The International Development Association–supported program included 74 approved projects, for a total net commitment of US$4.72 billion, of which 72 percent was investment financing, 23 percent development policy financing, and 5 percent Program-for-Results operations. Mozambique also benefited from 32 trust-funded operations (US$325 million), 19 International Finance Corporation investments (US$1.28 billion), and 5 Multilateral Investment Guarantee Agency guarantees (US$245 million). Budget support operations were canceled in 2016 with the onset of the hidden debt scandal and reinitiated in 2020 as part of a COVID-19 response. The World Bank delivered 142 advisory services and analytics for a total cost of US$48.8 million, with the largest share being in governance-related activities. The International Finance Corporation prepared 24 advisory services for a total cost of US$31.4 million, mostly focusing on sustainable businesses in sectors such as oil and gas, small and medium enterprises, agriculture, and telecommunications.

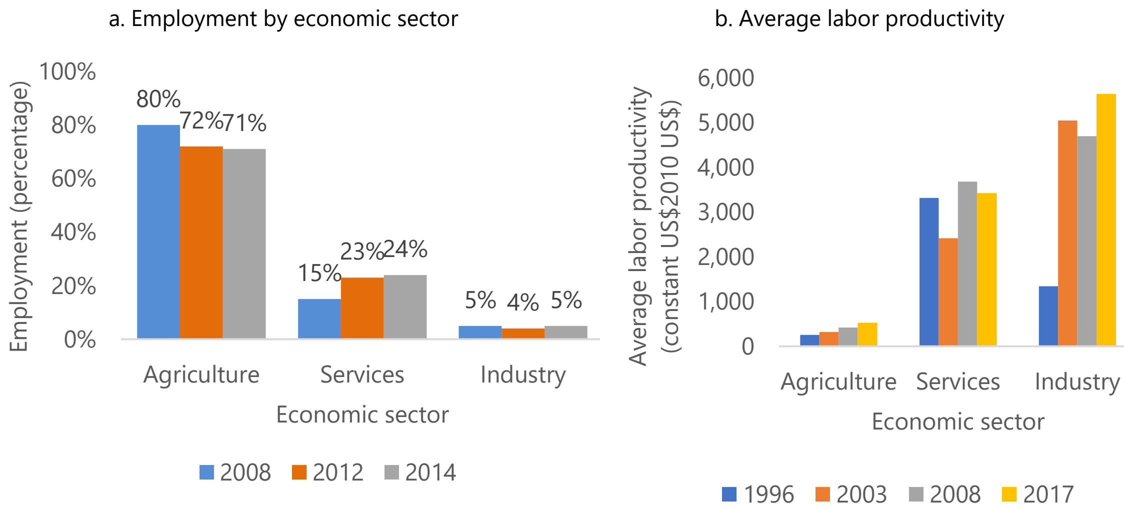
3. Purpose and Scope

3.1 This Country Program Evaluation's primary purpose is to assess Bank Group engagement during FY08–21 in Mozambique and to distill insights and draw lessons to inform the next CPF.

3.2 The evaluation will assess three challenges that constrained Mozambique's development and that are key drivers of fragility and conflict: (i) rural poverty linked to weak agricultural productivity and regional inequalities; (ii) weak institutions and governance; and (iii) vulnerability to natural disasters and climate change. The team validated the selection of these themes through discussions with the Bank Group's Mozambique country team, interviews with relevant Bank Group staff, desk review of country strategies (World Bank 2007, 2012a, 2017b), and desk review of key analytical work (World Bank 2016f, 2018a, 2018b, 2020c, 2020d).

3.3 Most of the labor force is employed in subsistence agriculture, which constitutes the main source of income for rural households living in poverty. As of 2014, most of the labor force remained employed in agriculture, where productivity was less than one-sixth of that in the services sector (figure 3.1). Smallholder farming is the chief activity for most rural households, with agricultural income being the primary source of income for nearly 9 in 10 households. Low input intensity and technology adoption, which reflect a limited participation of smallholders in factors markets, inhibit the capacity of rural households to increase their incomes (World Bank 2020d, 8). Because of this, productivity in the agriculture sector is low compared with that of other sectors in the economy, the regional average, and the country's potential. This stagnant performance is keeping many rural people in a poverty trap (World Bank 2020e, 8), particularly women, who are engaged in the sector at a higher rate than men (JICA 2015).

Figure 3.1. Employment by Economic Sector, 2000–14, and Labor Productivity, 1996–2014



Source: World Bank 2018a.

3.4 Increasing agricultural productivity is key to reducing rural poverty and inequality. According to Bank Group diagnostics, increased agricultural productivity has the greatest potential to alleviate rural poverty in the short to medium term (World Bank 2020d, 8). In addition, increased agricultural productivity can also reduce inequality, given that the economy is still dominated by agriculture, which accounts for 25 percent of GDP (World Bank 2020d, 20) and 70 percent of the labor force (World Bank 2020e, 72). A growth model driven by extractives has failed to address inequalities, which remains a major source of group-based grievances fueling fragility and conflict under contestation arena 1 (box 2.1).

3.5 Better institutions and governance are critical for tackling many of the challenges that drive fragility and conflict in Mozambique. They are critical for controlling corruption, improving service delivery, and reducing regional disparities. They are also key to ensure the inclusiveness and transparency of Mozambique's extractives sector and the sustainable use of its natural resources.

3.6 Mozambique's weak governance and institutions undermine the ability of public resources to effectively address inequalities. Public spending per capita is highly unequal in Mozambique and derives from the absence of a proper system of intergovernmental fiscal transfers and a highly centralized fiscal system in which parliament and provinces have little to no voice in allocation and distribution of expenditures (World Bank 2020d, 25). By and large, public spending is not based on need and falls short of promoting equity. Today, the poorest, remotest, and most populous provinces—Nampula and Zambezia—receive lower fiscal transfers per capita than the rest of the country (World Bank 2016f, 4). In addition, public investments are inadequately planned because of weak institutions (World Bank 2019). Decades of skewed access to poorly planned public investment under this inequitable system have exacerbated a rural-urban divide in access to services, leaving large sections of the rural population unequipped to benefit from economic growth (World Bank 2020d, 26). Reducing regional disparities in public spending and improving the quality of public investment and service delivery is key to reducing grievances under contestation arenas 1 and 3 (box 2.1).

3.7 Weak governance and ineffective institutions breed corruption that undermines trust in the state and squanders public funds. The hidden debt scandal epitomizes how weak governance and institutions can lead to corruption and squander public funds (appendix E). The scandal brought to the surface very concrete challenges concerning debt and public investment management, and insufficient oversight of state-owned enterprises. The corrosive damage of corruption and ineffective public institutions diminishes trust in the state, has negative implications for the quality of most public services, and contributes to poor development outcomes, thus fueling grievances under contestation arena 1 and 4 (box 2.1).

3.8 Weak governance and institutions can also lead to a noninclusive and unsustainable management of Mozambique's extractives industry and of its rich natural resource base. Mozambique has struggled to ensure the inclusive and transparent management of its extractives industry and its benefits. The urgency of addressing this issue is paramount since Mozambique is poised to become a major exporter of liquefied natural gas, which will generate significant fiscal revenue. Improving governance is critical if this revenue is to be effectively transformed into physical and human capital for the benefit of all Mozambicans. In addition, Mozambique's rich natural resource base is under threat from overexploitation, lack of regulation, poor management, and the illicit economy, despite its importance as a source of livelihood to many. The lack of proper governance arrangements and institutions to ensure inclusiveness and transparency of extractives and the sustainable use of Mozambique's natural resources base is a driver of fragility and conflict under contestation arena 3 (see box 2.1).

3.9 Improved disaster risk management capacity and climate change adaptation is key to avoid exacerbating Mozambique's large exposure to natural calamities. Natural disasters and climate change can exacerbate fragility and conflict by further increasing grievances and exclusion of already vulnerable groups through loss of livelihoods, mass displacement, and increased competition for natural resources. Improved disaster risk management capacity and climate change adaptation are key to avoid exacerbating already existing grievances under contestation arenas 1, 2, and 3 (see box 2.1).

3.10 Given the above challenges, the evaluation will address three questions, all of which inform an overarching assessment of the extent to which the Bank Group helped Mozambique alleviate constraints to achieving shared prosperity and poverty reduction, including by addressing key drivers of fragility: (i) To what extent did the Bank Group support improvements in agricultural productivity and in access to basic services across regions to foster poverty reduction and shared prosperity in Mozambique? (ii) To what extent did the Bank Group support improvements in governance in Mozambique? and (iii) How successful has the Bank Group been at helping Mozambique build resilience to climate change through disaster risk management capacity building?

3.11 In answering these questions, the evaluation will assess the following: (i) the extent to which the Bank Group support was relevant for addressing the major constraints to development and drivers of fragility; (ii) how the Bank Group approach evolved over time, in response to changing conditions and lessons learned; (iii) the extent to which Bank Group support was informed by adequate data and the extent to which the Bank Group played a role in identifying and filling data gaps; (iv) whether it can be plausibly argued that Bank Group support contributed to country-level outcomes; (v) the extent to which the Bank Group coordinated with development partners and relevant stakeholders; and (vi) the extent to which the Bank Group support took into consideration key contextual issues such as gender in agriculture—given the high degree of women working in the sector—and the fragility context of the country.

4. Methodology

4.1 The team will carry out a theory-driven evaluation approach using a mixed methods evaluation design. For each evaluation question, the team will develop a theory of change outlining the results chain expected to achieve the desired outcomes. This exercise will identify key assumptions underpinning Bank Group support and the role of external influences and other contributing factors. The team will map Bank Group support to the relevant results chain to understand what the Bank Group set out to do and how it related to the underlying theory of change. For each desired outcome, the team will identify and collect data on relevant outcomes. The methodological approaches outlined below are described in the design matrix in appendix A.

- **Portfolio review and analysis.** The evaluation will conduct a review of Mozambique's Bank Group portfolio, including regional projects, to identify the support delivered by the Bank Group during FY08–21 that is relevant to addressing (i) low agricultural productivity; (ii) weak institutions and governance; and (iii) vulnerability to natural disasters and climate change. Once a portfolio is identified supporting each challenge, the team will carry out a structured document review of lending and nonlending portfolios to extract, code, and analyze relevant qualitative data.

- **Geospatial analysis.** The evaluation plans to include geospatial analysis of the Bank Group support to assess the extent to which it sought to address regional disparities including those regarding the provision of basic services. This analysis will be conducted by first geolocating investment project implementation sites based on the geographic scope of the projects at the district level. Although most recent projects have these data available as part of the project information,[2] for those not geocoded, coordinates will be inferred from key appraisal stage project documents. Project geolocations will be overlaid with georeferenced data on outcomes related to basic services such as literacy rates, access to schools and health facilities, and access to clean drinking water. This information will be sought from the relevant national statistical agency based on availability, along with supplementary information available from remotely sensed data and other global information sources. Finally, to examine the relationship between outcomes and interventions, statistical methods such as difference-in-differences analysis, chi-square, or t-test will be explored, along with data visualization in maps.

- **Semistructured interviews.** Cognizant of COVID-19–related restrictions, which will hinder access to some stakeholders, the evaluation team will collect qualitative information and identify lessons from experience through semistructured virtual interviews with Bank Group staff, government officials, development partners, and relevant academics and members of civil society. For each set of interviews, a template with questions or topics will be consistently applied as appropriate. Issues covered in the interviews will include the rationale, nature, and extent of Bank Group support; the roles of the different Bank Group institutions; the adequacy of the Bank Group's assessment of Mozambique's development challenges; complementarity with other activities; coordination with donors and counterpart agencies; and views on the efficacy of Bank Group support.

- **Review of analytical work, academic reports, and evaluative analysis.** The evaluation will review relevant Bank Group analytical work, self-evaluations, independent evaluations, and published papers (appendix D). This review will inform the theory-driven approach that the team will use for assessing the relevance and efficacy of Bank Group support under each theme.

- **Databases and indicators.** The evaluation will search and collate relevant indicators of outcome and Bank Group performance from project documents and international, national, and regional databases. Examples of such databases include Food and Agriculture Organization Statistics, Enterprise Surveys, World Governance Indicators, the World Development Indicators, and the National Institute of Statistics national statistics. These indicators will be used to identify patterns and relate such findings to Bank Group support over time. Depending on the level, quality, and frequency of such data, the team will explore using these outcome variables to carry out econometric analyses to attempt to identify changes in outcomes associated with reform interventions supported by the Bank Group.

Limitations

4.2 The evaluation design has two main limitations, starting with the inability to conduct field missions due to the COVID-19 pandemic. Although the evaluation team plans, to the extent possible, to use digital technologies to interview staff, donors, and other stakeholders, it is possible that not all interlocutors will be reachable, particularly outside of major urban centers and in civil society, possibly injecting a degree of selection bias into the qualitative findings. To mitigate such risk, the evaluation team plans to use local consultants where feasible.

4.3 Another notable limitation is data quality and availability. Geospatial and regional assessment of Bank Group support requires high resolution and subnational indicators across the country and across sectors. Such data might not be available at the frequency and depth required for a meaningful analysis. Limited data availability might include indicators of outcome, time series frequency, and data at the desired level of disaggregation. To the extent possible, the evaluation team will use methodologies appropriate for the quality and frequency of available data and will collect primary data though coding and interviews to triangulate findings and enhance internal validity of results. Such approaches will be prepared in consultation with the Independent Evaluation Group's methods team.

5. Quality Assurance Process

5.1 The quality of the evaluation will be vetted through external and internal peer review, Independent Evaluation Group management supervision, and staff feedback. This Approach Paper and the final report will be peer reviewed by Mr. Colin Bruce, former World Bank country and regional director; Ms. Sandra Sequeira, associate professor in development economics, London School of Economics; and Ms. Esther Palacio, mission chief for Mozambique, International Monetary Fund. The work will be conducted under the supervision of Jeff Chelsky (manager) and Oscar Calvo-Gonzalez (director), and the overall guidance of Alison Evans (Director-General, Independent Evaluation Group).

6. Expected Audience, Outputs, Outreach, and Resources

6.1 The primary audience of this Country Program Evaluation is the World Bank Executive Board's Committee on Development Effectiveness, Bank Group management, and Bank Group staff working on Mozambique or client countries facing similar challenges. The evaluation will also be of interest to the government of Mozambique, development partners, and other stakeholders interested in the Mozambique's development progress.

6.2 The main output of this evaluation will be a report that presents relevant findings and lessons. The report is expected to be made available to the Bank Group Mozambique country team in the second quarter of FY22, in time to inform the preparation of the next CPF, currently planned for FY22. A dissemination and outreach strategy will be developed in consultation with the Country Management Unit, government, and other local counterparts.

6.3 The evaluation team will be led by Eduardo Fernandez Maldonado (evaluation officer) and Giuseppe Iarossi (senior economist). Team members include Patricia Acevedo (program assistant), Harsh Anuj (data scientist), Marisa Godinho Balas (consultant), Malathi Jayawickrama (senior public sector specialist), Basil Kavalsky (consultant), Sengphet Lattanavong (extended-term consultant), Monica Luongo (consultant), Andres Liebenthal, (consultant), Johan Lopez (consultant), J. W. van Holst Pellekaan (consultant), Mees Daniel van der Werf (consultant), Maria Virginia Ziulu (associate operations officer), and others in the process of being confirmed.

Notes

[1] Latest available data are 2014/15. A new household survey is underway and expected to be completed by end-2021.

[2] See maps.worldbank.org.

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Appendix A. Evaluation Design Matrix

Table A.1 discusses evaluation question 1: To what extent did the World Bank Group support improvements in agricultural productivity and in access to basic services across regions to foster poverty reduction and shared prosperity in Mozambique?

Table A.1. Evaluation Question 1

Specific Questions	Methods	Data Sources
• How relevant was the Bank Group's support at increasing productivity in agriculture? How was such support conducted in coordination with other donors? • To what extent has Bank Group support focused on Mozambique's lagging regions, and how has this changed over time? • To what extent has Bank Group support been effective in helping to increase agriculture productivity and improve access to basic services across regions? • To what extent did the Bank Group's assistance to increasing agriculture productivity recognized the high share of women working in the sector?	• Desk review of government plans and strategies, Bank Group strategies, and project and ASA documents (including self-evaluation and independent validation and evaluation documents). Review of key documents from other donors. • Portfolio Review of Bank Group projects. • Geospatial analysis to understand the regional distribution of Bank Group support and the extent of success of such support. If feasible, the team will leverage data collected by AidData and conduct geospatial targeting analysis similar to the one carried out for the IEG Shared Prosperity Evaluation. • Expert opinion and desk review of documents to track evidence of learning and adaptation over time. Interviews with World Bank and government officials to elicit their views on learning and adaptation. The three sources will be triangulated (expert judgment, desk review, interviews). • Desk review of strategic document and thematic analysis from other key development partners. Comparison of donors work against Bank Group work to understand implicit and explicit division of labor. Interviews with key officials from the Bank Group, other donor organizations, and government officials to understand their views with respect to the division of labor and coordination. • Theory-based evaluation approach to establish the Bank Group contribution to increased agriculture productivity and improved rural livelihoods. Subject to data availability, the team will consider the use quasi-experimental designs.	• Bank Group strategies, ASA, and relevant academic and gray literature; if feasible, the team will review minutes from review meetings and other deliberative documents • Key project documents: PADs, ICRs, ICRRs, and PPARs • IEG CLRRs and relevant thematic evaluations (for example, Shared Prosperity, 2011 Mozambique CPE) • Bank Group staff and external stakeholders and experts (including government, IMF, donors, private sector, civil society, academia) • International, national, and regional statistics. Firm level surveys and household surveys • Aid data and geospatial data • Donors' analytical reports and strategic documents

Source: Independent Evaluation Group.
Note: ASA = advisory services and analytics; CLRR = Completion and Learning Report Review; CPE = Country Program Evaluation; ICR = Implementation Completion and Results Report; ICRR = Implementation Completion and Results Report Review; IEG = Independent Evaluation Group; IMF = International Monetary Fund; PAD = Project Appraisal Document; PPAR = Project Performance Assessment Report.

Table A.2 discusses evaluation question 2: To what extent did the Bank Group support improvements in governance in Mozambique?

Table A.2. Evaluation Question 2

Specific Questions	Methods	Data Sources
• How relevant and effective has the Bank Group support been in addressing weak governance? • What factors explain the degree of success of such support? • How has Bank Group support for governance evolved over time? To what extent did this support adapt to experience and lessons learned? To what extent the support was coordinated with other donors?	• Desk review of government plans and strategies, Bank Group strategies, and project and ASA documents (including self-evaluation and independent validation and evaluation documents). Review of key documents from other donors. • Semistructured interviews with World Bank and government officials, particularly to answer questions on "quality and pertinence of ASA and convening activities," "coherence and synergies across Bank Group institutions," and learning and adaptation. • Expert opinion and desk review of documents to track evidence of learning and adaptation over time. • Portfolio review of Bank Group projects. • Theory-based evaluation approach to answer whether is plausible to argue that the Bank Group contributed to improved capacity to improved governance.	• Bank Group strategies, ASA, and relevant academic and gray literature; if feasible, the team will review minutes from review meetings and other deliberative documents • Key project documents: PADs, ICRs, ICRRs, and PPARs • IEG CLRRs and relevant thematic evaluations (for example, Shared Prosperity, 2011 Mozambique CPE) • Bank Group staff and external stakeholders and experts (including government, IMF, donors, private sector, civil society, academia) • National Statistics • Donors' analytical reports and strategic documents

Source: Independent Evaluation Group.
Note: ASA = advisory services and analytics; CLRR = Completion and Learning Report Review; CPE = Country Program Evaluation; ICR = Implementation Completion and Results Report; ICRR = Implementation Completion and Results Report Review; IEG = Independent Evaluation Group; IMF = International Monetary Fund; PAD = Project Appraisal Document; PPAR = Project Performance Assessment Report.

Table A.3 discusses evaluation question 3: How successful has the Bank Group been at helping Mozambique build resilience to climate change through disaster risk management capacity building?

Table A.3. Evaluation Question 3

Specific Questions	Methods	Data Sources
• How relevant and effective has Bank Group support been at building disaster risk management capacity and resilience to the threat of climate change? • How has Bank Group support for disaster risk management and climate change resilience evolved over time? To what extent was this support adapted to changing country conditions and lessons learned?	• Desk review of government plans and strategies, Bank Group strategies, and project and ASA documents (including self-evaluation and independent validation and evaluation documents). Review of key documents from other donors. • Semistructured interviews with World Bank and government officials, particularly to answer questions on "quality and pertinence of ASA and convening activities," "coherence and synergies across Bank Group institutions," and learning and adaptation. • Expert opinion and desk review of documents to track evidence of learning and adaptation over time. • Portfolio Review of Bank Group projects. • Theory-based evaluation approach to assess whether the Bank Group contributed to improved capacity for managing natural disasters and climate change adaptation.	• Bank Group strategies, ASA, and relevant academic and gray literature; if feasible, the team will review minutes from review meetings and other deliberative documents • Key project documents: PADs, ICRs, ICRRs, and PPARs • IEG CLRRs and relevant thematic evaluations (for example, Shared Prosperity, 2011 Mozambique CPE) • Bank Group staff and external stakeholders and experts (including government, IMF, donors, private sector, civil society, academia) • National Statistics •

Source: Independent Evaluation Group.
Note: ASA = advisory services and analytics; CLRR = Completion and Learning Report Review; CPE = Country Program Evaluation; ICR = Implementation Completion and Results Report; ICRR = Implementation Completion and Results Report Review; IEG = Independent Evaluation Group; IMF = International Monetary Fund; PAD = Project Appraisal Document; PPAR = Project Performance Assessment Report.

Appendix B. 2016 Systematic Country Diagnostic Key Policy Objectives

Constraints	SCD Priority Objectives for Reducing Poverty and Boosting Shared Prosperity

Constraints

- Non-diversified growth
- Low labor productivity
- Low human capital
- Lack of enabling infrastructure for private sector growth
- High costs of doing business
- Insecure land rights
- Weak governance
- Vulnerability to weather related shocks

SCD Priority Objectives for Reducing Poverty and Boosting Shared Prosperity

Growth

Private Sector Led Growth

- Bolster economy-wide competitiveness by reducing the cost of doing business and promoting private sector development.

Sector Specific Policies

- Sustainably increase productivity in the agricultural and forestry sectors.
- Develop enabling infrastructure.
- Expand access to reliable electricity

Inclusion

Business-Climate Reform

- Increase access to finance and reduce barriers to the growth of household enterprises and formal sector employment.

Urban Development

- Address constraints to urbanization.

Social Sectors

- Improve the quality of public education.
- Strengthen public health institutions and improve WASH services.
- Expand the coverage of social assistance programs.

Sustainability

Public Institutions

- Address governance concerns that pose risks to private sector development, public investment quality and land-tenure security.
- Strengthen the institutional framework for managing public resources.

Social and Economic Resilience

- Empower local communities to manage natural resources effectively and sustainably.
- Improve disaster risk management and reinforce social and economic resilience.

Source: Independent Evaluation Group.
Note: SCD = Systematic Country Diagnostic; WASH = water, sanitation, and hygiene.

Appendix C. World Bank Group Strategies

Table C.1 lists which World Bank Group areas were supported by which country strategy.

Table C.1. World Bank Group–Supported Areas FY08–21

Focus Areas	CPS FY08–11	CPS FY12–15	CPF FY17–21
Governance	✓	✓	✓
Public Sector Reform / Decentralization			✓
Transparency and Citizen Engagement	✓	✓	
Public Financial Management	✓	✓	
Legal and Judicial Services	✓		
Economic Management			✓
Human Development and Basic Services	✓	✓	✓
Health	✓	✓	✓
Education	✓	✓	✓
Water and Sanitation	✓	✓	✓
Electricity	✓	✓	✓
Social Protection		✓	
Growth	✓	✓	✓
Business Regulations	✓	✓	✓
Access to Finance	✓		
Infrastructure	✓	✓	✓
Agriculture	✓	✓	✓
Tourism	✓	✓	
Sustainable Development and Resilience	✓	✓	✓
Sustainable Resource Management	✓	✓	
Climate Change and Disaster Risk Management	✓	✓	✓

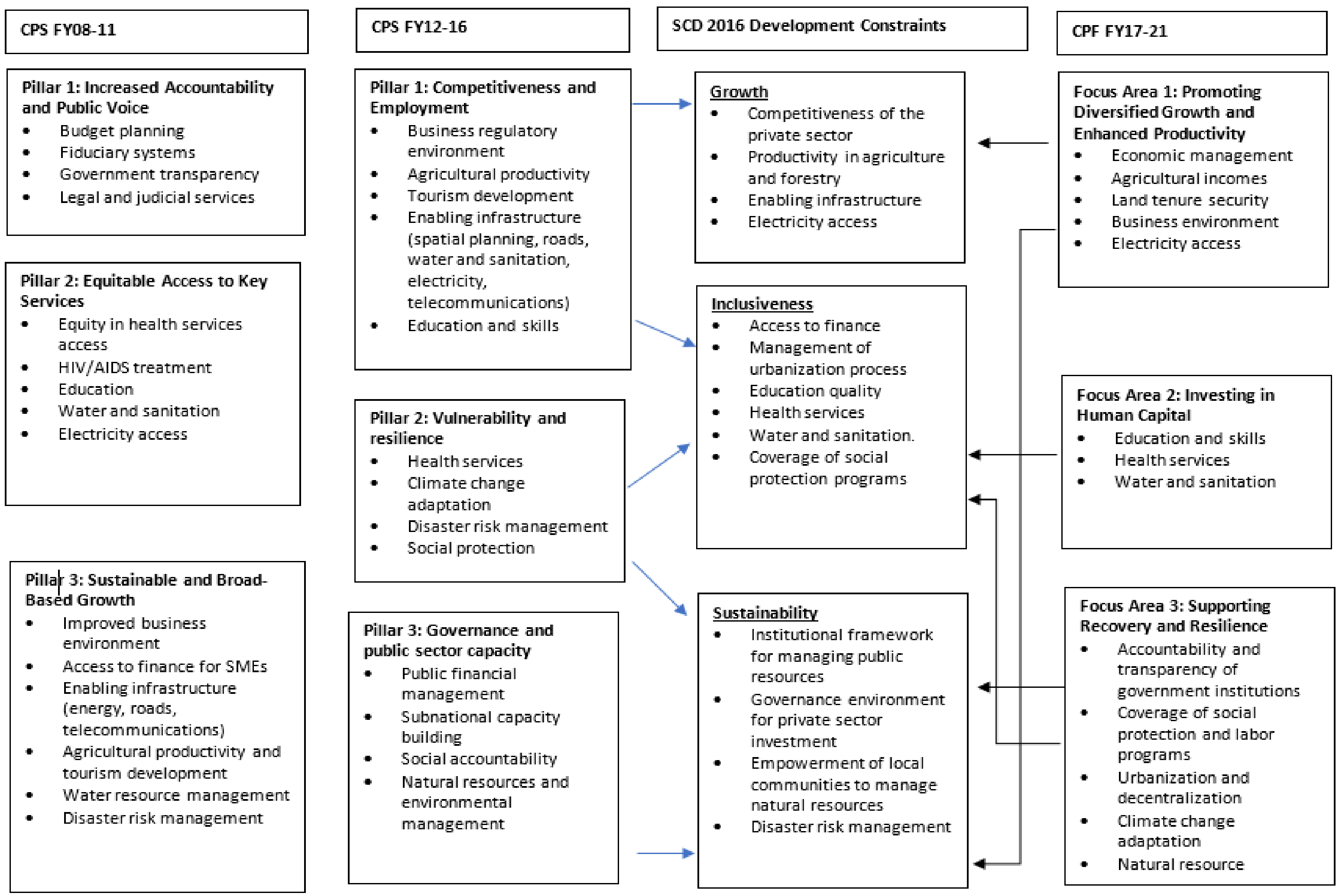
Sources: World Bank 2007, 2012, 2017.
Note: CPF = Country Partnership Framework; CPS = Country Partnership Strategy; FY = fiscal year.

Table C.2. World Bank Group Country Strategies and Objectives, Mozambique, FY02–21

CPS FY08–11	CPF FY12–15	CPF FY17–21
Pillar 1: Increased Accountability and Public Voice Improved budget planning at central, district, and municipal level Improved government fiduciary systems Improved government information and communication systems Increased efficiency in legal and judicial services in selected provinces	**Pillar 1: Competitiveness and Employment** Improved regulatory environment in targeted areas Improved management of development process through spatial planning Increased crop yields and overall productivity in target areas Increased employment and growth in targeted areas of the tourism sector Improved provision and management of road infrastructure Improved provision of water and sanitation services Improved access to electricity Improved access to affordable telecommunications Better-educated and skilled workforce	**Focus area 1: Promoting Diversified Growth and Enhanced Productivity** Improving economic management Increasing agriculture incomes and land tenure security Improving the business environment for job creation Expanding access to and improving reliability of electricity
Pillar 2: Equitable Access to Key Services Increased access to information on HIV/AIDS and to treatment Improved equity in health services Improved quality of technical and vocational education Increased access to potable water Increased sustainable and affordable access to electricity to institutions outside of the power network	**Pillar 2: Vulnerability and Resilience** Improved health services for the vulnerable Adaptation to climate change and reduced risk of natural disasters Strengthened social protection	**Focus area 2: Investing in Human Capital** Enhancing the skills base Improving health service delivery Improving access to water and sanitation
Pillar 3: Sustainable and Broad-Based Growth Simplified procedures to start a business Increased access to finance and support for SMEs Increased tele-density and access to ICT-based services Improved mobility Increased access to technologies and extension information Strengthened government capacity to develop the tourism sector Increased energy production for export, commerce, and industry Improved sustainable management of water resources Enhanced capacity to respond to disasters	**Pillar 3: Governance and Public Sector Capacity** Improved public financial management Improved capacity of local administration to manage public finances Improved citizen participation in public service monitoring Greater contribution of wildlife conservation to the economy Improved transparency in extractive industries	**Focus area 3: Supporting Recovery and Resilience** Increasing accountability and transparency of government institutions Extending coverage of social protection and labor programs Promoting inclusive urbanization and decentralization Improving management of climate risk and natural resources

Sources: World Bank 2007, 2012, 2017.
Note: CPF = Country Partnership Framework; CPS = Country Partnership Strategy; ICT = information and communication technology; SMEs = small and medium enterprises.

Figure C.1. Mapping of the World Bank Group's Objectives to Mozambique's Systematic Country Diagnostic Priorities, FY08–21



Sources: World Bank 2007, 2012, 2016, 2017.
Note: CPF = Country Partnership Framework; CPS = Country Partnership Strategy; FY = fiscal year; SCD = Systematic Country Diagnostic; SMEs = small and medium enterprises.

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Appendix D. Relevant Independent Evaluation Group Evaluations

These evaluations are in addition to Independent Evaluation Group (IEG) validations of project- and operation-specific Implementation Completion Reports and Country Partnership Framework Completion and Learning Reviews.

IEG Evaluations

- *World Bank Support for Public Financial and Debt Management in IDA-Eligible Countries* (2021)
- *Building Urban Resilience: An Evaluation of the World Bank Group's Evolving Experience* (2007–17) (2019)
- *Learning from IDA Experience: Lessons from IEG Evaluations, with a Focus on IDA Special Themes and Development Effectiveness* (2019)
- *IDA's Crisis Response Window: Lessons from IEG Evaluations.* Synthesis Report (2019)
- *Growth for the Bottom 40 Percent: The World Bank Group's Support for Shared Prosperity* (2017)
- *Tax Revenue Mobilization—Lessons from World Bank Group Support for Tax Reform* (2017)
- *Lessons from Environmental Policy Lending* (2017)
- *Higher Education for Development: An Evaluation of the World Bank Group's Support* (2017)
- *A Thirst for Change: An Evaluation of the World Bank Group's Support for Water Supply and Sanitation with Focus on the Poor* (2017)
- *The World Bank Group's Support to Capital Market Development* (2016)
- *World Bank Group Engagement in Resource-Rich Developing Countries: The Cases of the Plurinational State of Bolivia, Kazakhstan, Mongolia, and Zambia* (2015)
- *World Bank Group Support to Electricity Access, FY2000–2014* (2015)
- *The Poverty Focus of Country Programs: Lessons from World Bank Experience* (2015)
- *The Big Business of Small Enterprises: Evaluation of the World Bank Group Experience with Targeted Support to SMEs 2006–12* (2014)

- *Mozambique Country Program Evaluation* (2011)
- *Poverty Reduction Support Credits: An Evaluation of World Bank Support* (2010)

Mozambique Case Studies in IEG Thematic Evaluations, FY08–21

- *State Your Business! An Evaluation of World Bank Group Support to the Reform of State-Owned Enterprises, FY08–18* (2020)
- *Growing the Rural Nonfarm Economy to Alleviate Poverty: An IEG Evaluation of World Bank Group Support* (2016)
- *Program for Results: An Early Stage Assessment of the Process and Effects of a New Lending Instrument* (2016)
- *Supporting Transformational Change for Poverty Reduction and Shared Prosperity* (2016)
- *World Bank Support to Early Childhood Development: An Independent Evaluation* (2015)
- *Poverty Reduction Support Credits: Mozambique Country Study* (2010)

Project Performance Assessment Reports

- ProMaputo, Maputo Municipal Development Program (March 2020)
    - Maputo Municipal Development Program I (P096332)
    - Maputo Municipal Development Program II (P115217)
- Poverty Reduction Support Credits 1–3 (June 2009)
    - Economic Management and Private Sector Operation (EMPSO) (P049878)
    - Poverty Reduction Support Credit—PRSC-1 (P075805)
    - Poverty Reduction Support Credit—PRSC-2 (P056201)
- Poverty Reduction Support Credits 3–5 (June 2016)
    - Poverty Reduction Support Credit—PRSC-3 (P083459)
    - Poverty Reduction Support Credit—PRSC-4 (P103277)
    - Poverty Reduction Support Credit—PRSC-5 (P107313)
- Governance / Public Sector

- Decentralized Planning and Finance Project (P001807) (February 2014)
  - Public Sector Reform Project (P072080) (FY03–10) (June 2014)
- Transport
  - Roads and Bridges Management and Maintenance Project (P001785) (1999–2009) (June 2012) and Railways and Port Restructuring (P042039) (2001–07) (June 2012)
- Energy
  - Mozambique—Southern Africa Regional Gas Project (P082308) (December 2018)
- Market-Led Smallholder Development in the Zambezi Valley Project (March 2016)
  - Market-led Smallholder Development in the Zambezi Valley (P093165) (2006–14) and Market-Led Smallholder Development in the Zambezi Valley (P098040) (2008–14)

Appendix E. Hidden Debt Scandal

In 2013, Ematum, a state-owned fishing company, borrowed US$850 million (equivalent to approximately 6 percent of the gross domestic product at that time) from Credit Suisse and VTB Bank to finance a new tuna fishing fleet. With the help of these and other banks, Ematum securitized the loans, slicing them into smaller chunks and issuing them as unlisted securities with a state guarantee ("tuna bonds"). In 2014 and 2014, Ematum reported losses, implying that the government would need to assume the obligations. However, by 2016, Mozambique public finances were worsening rapidly due to falling commodity prices and poor agricultural harvests, and it was soon clear that the government was in no position to assume the debt.

Against this backdrop, the government restructured the "tuna bonds" into a sovereign bond in April 2016. While the restructuring process was ongoing, the international press revealed that Mozambique had contracted a previously undisclosed sum equivalent to 10 percent of gross domestic product (US$1.4 billion) in nonconcessional debt between 2009 and 2014 by issuing guarantees to state-controlled companies and through direct borrowing from bilateral lenders. The discovery of this undisclosed debt led the International Monetary Fund, the World Bank, and other donors to halt budget support to Mozambique, a move that contributed to a budget crisis, a sharp increase in external debt (127 percent of gross domestic product), and an overall deterioration of the macroeconomic framework.

Sources: Based on information from the *Financial Times*, *Forbes*, and the *Wall Street Journal.*