REPUBLIC OF MOZAMBIQUE

NATIONAL DEVELOPMENT STRATEGY

(2015-2035)

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INDEX

TABLE INDEX

LIST OF ABBREVIATIONS

BD	Development Bank
CFMP	Medium-Term Fiscal Scenario
IOF	Family Budget Survey
PPP	Public-Private Partnerships
R&D	Research & Development
PARP	Action Plan for Poverty Reduction
GDP	Gross Domestic Product
SME	Small and Medium Enterprises
PQG	Government Five-Year Program
USD	American Dollars

EXECUTIVE SUMMARY

Mozambique is experiencing important social, economic, political and environmental issues, resulting from the discovery and exploitation of natural resources, with emphasis on minerals that represent an opportunity to make the national economy more competitive. The country is also undergoing profound environmental transformations, especially due to climate change that could jeopardize the development gains achieved and desired.

Given this scenario, and in order to ensure greater coordination of the development, the Government decided to draw up the National Development Strategy which aims *to "raise the living conditions of the population through structural transformation of the economy, expansion and diversification of the productive base".*

The National Development Strategy assumes that the scope of development integrated economic and social process involves the structural transformation of the economy into a competitive and diversified stage, thus investing in industrialization as the main route to achieve the vision of prosperity and competitiveness, based on a model of inclusive and sustainable growth, ensuring that natural assets continue to offer the environmental resources and services on which the well-being and continued progress of the Country.

The National Development Strategy presents a holistic approach to development with an emphasis on the structural transformation of the economy, where the industrialization is the strategy for transforming the economy and which materializes through of development poles. The National Development Strategy aims to adopt a development paradigm according to which the industrialization process results from an interaction of forces, in an integrated manner, using technologies appropriate resources and specialization of the national workforce. It is therefore assumed that the industrialization must play a fundamental role in boosting the economy by boost the development of the main sectors of activity (agriculture and fishing), in job creation and capitalization of Mozambicans.

In this way, the National Development Strategy places greater emphasis on integrated approach to the Government's action, which consists of the creation of economic zones special depending on the potential of each region and industrial parks throughout the development corridors.

The National Development Strategy identifies the main challenge of economy: increasing the competitiveness of the economy through economic diversification; investment in development poles; investment of human capital, in infrastructure and in research and innovation. Another challenge is the need to ensure a greater connection between mineral resources and other sectors of the economy. For the materialization of the central objective, the National Development Strategy defines 4 pillars, namely:

A. Development of human capital (market-oriented training; institution and expansion of vocational education and improvement of health and social protection).

B. Development of production-based infrastructures (investment and planning infrastructure: industrial parks; ZEE, aquaparks; thermal power plants; roads, ports and railways; definition of housing zones and State reserves).

C. Research, innovation, and technological development (creation of centers specialized research and development (R&D) in the following areas: agriculture, livestock and fishing; energy; mineral resources; water resources management and ICTs.

D. Articulation and institutional coordination (improvement of public institutions, improving intersectoral coordination and articulation, reforming legislation and creating of institutions that serve the industrialization strategy – e.g. Bank of Development).

The process of structural transformation of the economy should focus on priority areas of development, which are guided by specific strategies, particularly for the sectors agrarian and fishing, manufacturing industry, extractive industry and the tourism industry.

To materialize the challenges inherent to priority areas of development, the Strategy National Development Policy identifies two main instruments: (1) development of the private sector, in which emphasis is placed on mobilizing resources for investment in development of small and medium-sized companies; and (2) mechanisms for financing of public investment. For the development of the Private Sector, factors crucial to creating a business environment favorable to the national private sector and mobilization of resources for private investment. In this context, the National Strategy for Development recommends the need to develop instruments that improve financing conditions and facilitate access to financing from the national private sector.

Regarding the financing of public investment, the National Investment Strategy Development recommends the need to make efforts to increase of internal revenues and for the careful management of tax incentives, but also for the use of other sources of financing, namely Public-Private Partnerships (PPP), as well as, through cooperation partners, taking into account the sustainability of the debt and in close coordination with monetary policy.

I. INTRODUCTION

1.*"Each people has the right and duty to envision a future that integrates their aspirations and dreams. This is what Mozambicans did throughout the process of drafting the Agenda 2025. Thus, the peasants, workers, students, children, women, young and old, academics, experts, employees, religious and other citizens".*

2. *It is important, however, to emphasize that although the Vision is configured as an element core that will guide aspirations and dreams, it will remain a dead letter if they are not development strategies have been implemented, vital instruments for achieving of the shared national Vision in light of the desirable and realistic scenario".* Agenda 2025, Page 9.

3.The formulation of the National Development Strategy results from the need to ensure the implementation of the development strategies recommended in the Agenda 2025, as a vital instrument for achieving the national development vision. This vision will be implemented through a coordinated set of actions, in a time horizon of 20 years, ensuring economic and social development balanced and sustainable. These actions include integrated policies, aimed at generation of wealth and that guarantee a redistribution of income based on principles of equity.

4. Industrialization integrated into the structural transformation of the economy is the mechanism in which the country will focus on as a decisive factor in promoting national development. On the one hand, this process involves the establishment of economic and social policies priority areas relating to the infrastructure sectors, the agricultural, fishing, tourism, energy, among others, through the identification and integration of investment capable of guiding and boosting the country's development. On the other hand, the industrialization will allow the establishment of policies for the management of human capital, of financial and material resources based on development priorities.

5. The operationalization of the National Development Strategy will be materialized through of the economic and social management instruments that make up the National System of Planning (SNP), namely, the Government's Five-Year Plan (PQG), the Cenario

Medium-Term Fiscal Plan (CFMP), the Economic and Social Plan (PES) and the Government Budget State (OE).

II. CONTEXTUALIZATION

2.1. Strategy Rationale

6. The 2025 Agenda – Strategies and Vision of the Nation remains a reference document in definition of the Nation's priorities. The country's current situation poses challenges not only from an economic, social or political point of view, but also in terms of consensus on the Vision and Strategy for growth and development. Among which the following stand out:

(i) At an international level, the impact of crises (economic, climate, political and social issues) that have shaken and continue to shake particularly the countries that cooperate directly with Mozambique and the impact of the phenomenon of global warming, requires **adjustments to** growth and development strategies;

(ii) At national level, from an economic and social point of view, important arguments find themselves in need of accelerating and expanding the **progress** being made in reducing poverty incidence levels, as well as maintaining peace and political stability;

(iii) Analysis of the recent results of the Implementation Assessment Report of the PARPA II (RAI) and the Results of the Assessment of the III Budget Survey (IOF) and the General Population and Housing Census (2007) justify, alongside of ongoing standard interventions, **new approaches consistent with new challenges,** in order to promote economic and social development;

(iv) On the other hand, at the public sector level, reflections on the National Security System Planning, of the Medium-Term Fiscal Scenario, support the need to **adjust** the Development Strategy.

7. This document, with a time horizon of 20 years, should constitute a platform important guide for medium-term interventions, delivered through various documents, including Agenda 2025.

8. A clear vision with a long-term perspective, with programs and investments coherent principles are the key to the country's development. The limitation in the harmonization of strategies limits the achievement of development objectives.

2.1.1. Framework of the Strategy in the National Planning System

9. The elaboration of the National Development Strategy arises from the need to resolve the problem of the proliferation of various strategic approaches and the limitation in articulation between economic and social management instruments. To this end, it is expected that the Country has (i) an aggregated, integrated global vision, where sectors establish among themselves a language of communication, articulation, interconnection and complementarity; and (ii) Improving alignment between medium-term instruments, namely the Government Five-Year Program (PQG), the Action Plan for Poverty Reduction (PARP), the Integrated Investment Program (PII), sectoral, territorial, documents that in the current scenario do not present an appropriate alignment with each other, in terms of goals and priorities, making it difficult to articulate them in annual planning.

10. The National Development Strategy is an instrument of strategic guidance for the government that aims to guide the country's long-term economic and social development, It is up to the sectors to translate the priority lines into specific actions.

11. The priority lines defined by the National Development Strategy are inspired in the approaches defined in the following instruments: Agenda 2025, the Millennium Development, the Indicative Prospective Plan, the Strategic Plan and SADC call sign; the African Peer Review Mechanism; the Strategies sectoral and territorial reports, national poverty assessment reports, among others national and international instruments.

2.2. Current situation

2.2.1. Socio-Economic Situation

12. The macroeconomic stability that the country has recorded provides a favorable space for the relaunch of economic and social development.

13. Due to the stable macroeconomic environment and the implementation of programs and socio-economic reforms, the country registered an average annual economic growth in GDP of 8.1% during the period 1995 to 2012, making it one of the highest in the world. O Strong real GDP growth has been influenced by increased investment foreign and national, through access to financing, through technology transfer and for the gains from investment in education and infrastructure. From the year 2000 onwards, the Growth has also been driven by investments in large-scale projects dimension.

14. Over the last 10 years, the economy has shown itself to be robust and increasingly resilient to external and internal shocks. Despite the financial and food crisis that had repercussions on the national economy, the country continued to show high economic growth and stable. In the last 4 years, the average inflation recorded was 7.1%, and real GDP grew on average around 7.0% per year. In 2012, real GDP grew by 7.2% and GDP per capita foi the USD 608.1.

Table 1. Economic Indicators, 2003-2012

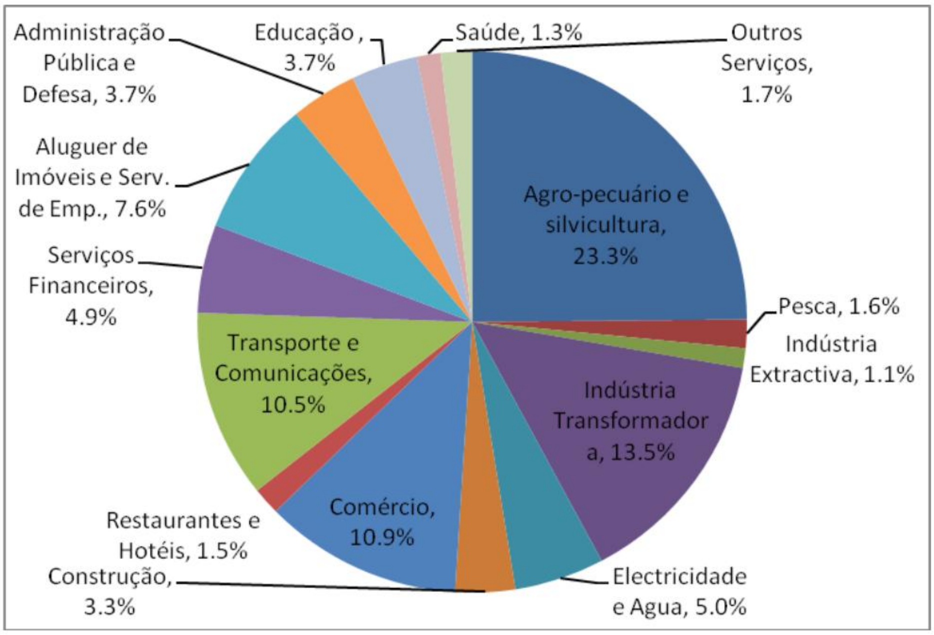
Indicator	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
real growth of GDP (%)	6,5	7,9	8,4	8,7	7,3	6,8	6,3	7,1	7,3	7,2
Inflation (%)	13,5	12,6	6,4	13,2	8,2	10,3	3,3	12,7	10,4	2,1
PIB *per capita* (USD)	256,9	301,6	334,9	362,8	393,6	468,9	439,2	422,8	579,7	608,1

Source: INE

15. The analysis of the sectoral contribution to GDP shows that Agriculture is the sector that has the most contributed to internal production. In the last 10 years, Agriculture has had a average participation in GDP of 23.3%. The manufacturing industry is the second sector that

contributed the most with a share of 13.5%. The commerce and service sectors transport and communications contributed 10.9% and 10.5%, respectively.

Graph 1: Average weight of sectoral contribution to GDP, 2003-2012



Source: INE

16. Human development indicators, namely the Human Development Index (HDI) and the Gender-Adjusted Human Development Index (GDI) registered a positive trend that basically results from the positive results achieved in economic growth, access to school, longevity and reduction of inequality between the sexes in access to income.

Table 2. Human Development Indicators, 2009-2012

Index	**2009**		**2010**		**2011**		**2012**	
	Index	**Rank**	**Index**	**Rank**	**Index**	**Rank**	**Index**	**Rank**
IDH	0.312	172	0.318	165	0.322	184	0.327	185
IDG	0.389	....	0.405	....	0.413	....	0.582	....

Source: INE and UNDP

17. Despite the positive performance that the country has been recording, the challenges for the combating poverty still persist. The status of ongoing human development

critical as almost 10 million Mozambicans live in poverty, with problems of food insecurity, low income and unemployment.

Table 3. Social indicators

	2002/03	2008/09
Incidence of poverty	54.1	54.7
Inequality *(Gini)*	0.42	0.41
Possession of assets (0 - 8)	1.25	1.70
Net primary enrollment rate (%)	66.8	76.5
Net secondary enrollment rate (%) 8.2		22.0
Access to a health center (<45 mins walk)	54.4	65.2
Chronic malnutrition (%)	47.1	46.4

Source: IOF, 2008/09

The population's poverty rate reduced from 69.4% in 1997 to 54.7% in 2008, but the poverty situation stagnated from 2003 to 2008. In this context, the Government has been accelerate measures aimed at reducing poverty levels through the adoption of policies and actions leading to the development of human capital, namely the improvement of basic social services and the increase in business initiatives that contribute to increasing production, generating employment and income for Mozambicans, particularly for young people and women.

2.2.2. Demographic Profile

18. The Mozambican population has been growing at a rate of 2.4%. According to the Census Population In 2007, the Mozambican population was estimated at 20.6 million inhabitants, of which 48% are men and 52% are women. INE population projections indicate that by 2035, the last year of implementation of the National Development Strategy country will have around 41.5 million inhabitants, which presupposes that development recommended in the National Development Strategy must ensure that the country is prepared to meet the needs demanded by this number of inhabitants.

19. The 2007 census estimates the portion of the Mozambican population under the age of 15 at 46% years, 51% between 15-64 years, and 3% aged 65 or over. Overall, the data suggest that the dependency rate in the Mozambican population still remains high, despite a slight decrease from 90 to 85 dependents, out of every 100 individuals of working age, between 1997 and 2007.

20. The population is predominantly young, but the elderly population tends to increase with estimated at 3% of the total population in 2007. It is expected to grow in the years subsequent periods, which could reach 6% in 2035, i.e. around 2,490,000 people aged aged 65 or over. This fact is justified, in part, by the increased hope of life at birth, from 52.5 years (50.4 men, 54.6 women) in 2007 to 54.7 years (52.3 men, 57.1 women) in 2012 according to projections.

21. This population structure poses challenges to the Government in terms of investments in social sectors such as education, health, water supply, transport, employment, among others consistent with the predominance of the young population and on the other hand with the growing elderly population.

22. The country must strengthen social protection and social security mechanisms to respond to the needs of the most vulnerable or needy population and, on the other hand, retired workers.

2.2.3. Geographic Location and Natural Physical Characteristics

23. Mozambique is located on the eastern coast of Africa and is bordered to the north by Tanzania, to the west by Malawi, Zambia, Zimbabwe and to the south by South Africa and Swaziland. The country has an area of 799,380 km2 of which around 13,000 km2 is maritime and 786,380 km2 corresponds to the terrestrial part and presents a coastal strip to the east of the territory that is bathed by the Indian Ocean for a length of 2,470 kilometers, from the mouth of the River Rovuma to Ponta de Ouro. Along the coast there are numerous islands, worth highlighting the Quirimbas archipelago, in the province of Cabo Delgado, the Island of Mozambique and the islands of Goa and Sena in the province of Nampula, the Bazaruto archipelago in Inhambane, the islands of Inhaca, Elefantes and Xefina in Maputo province.

24. The country's climate is predominantly humid tropical, with two seasons: cool and dry, and hot and humid. Due to the country's geographic location, it is prone to systematic and cyclically to natural disasters such as floods, droughts and tropical cyclones.

25. The regions with the lowest water *deficit* are located south of the Save river, in the northern part of the province of Manica and in the south of the province of Tete. With these characteristics, the risk of post-harvest losses in rainfed agriculture exceed 50% in the southern region of the Save river, reached more than 75% in Gaza province. The North and South regions are favorable to rainfed agriculture, where the risk of crop loss is lower by around 5% to 30%.

2.3. *SWOT Analysis*

STRENGTH	WEAKNESSES
• Peace, economic stability and democracy • Mostly young population, of **economically active** age • **Geostrategic Location** • Conditions for practicing tourism at all times of the year and in its various strands • Existence of natural resources: o Natural gas, coal, biomass, heavy sands o Cultivatable areas o Fishing and aquaculture potential o Forests and wildlife o Hydroelectric potential • Existence of a multimodal transport network (sea, road and rail) linked to hinterland countries	• Low competitive level of labor constructions • Low level of productivity • Weak financial capacity of the State • Incipient capital market and lack of a low-cost financing mechanism for key development sectors • Insufficient network of infrastructure and production support services • High rates of endemic diseases such as malaria and HIV-HOW • Existence of poor households, headed by children, women and elderly people • Spatial dispersion of the population in rural areas • Predominance of settlements informal activities in peri-urban areas of the main cities • Weak institutional articulation and coordination • Sectoral development approach as opposed to an integrated approach
OPPORTUNITIES •	**THREATS**
Existence of internal and external market placement of products for potentially producible products in the country o Agricultural o Fisheries	• Foci of political and social instability • External shocks • Occurrence of extreme events such as such as floods, droughts and cyclones

o Energetics o Minerals and their derivatives • Existence of mechanisms for mobilizing resources for infrastructure development • Investors interested in investing in the mineral and hydrocarbon resources sector • Greater demand for natural environments for tourism, with emphasis on ecotourism and historical-cultural tourism	

2.4. Challenges and Opportunities for development

26. The national economy has considerable potential in the primary sector, driven by due to the existence of natural resources. The main challenge is the development of industries that allow sustainable exploration and transformation of these resources.

27. The **diversification of the national economy** constitutes the basis for more stable growth, comprehensive and sustainable. The country needs to expand and diversify the industry beyond mineral resources through the creation of industrial parks in areas with potential for agricultural, fishing and forestry exploration, as well as taking advantage of the faunal potential, energy and tourism.

28. The **diversification of the national industry** must follow the stages of development. In the long term, a lower concentration in primary products is expected, and an increase in production of industrialized products such as machines, vehicles, electronic products and technological.

29. Industrialization through the creation of development poles for the creation of zones of industrial concentration or industrial parks constitutes the model through which possible to provide regular and quality infrastructure and public services that will reduce operating and capital costs, as well as encourage investment private sector in various fields of activity.

30. However, to achieve this objective it will be necessary ***to improve the business environment through infrastructure development, access to finance, increased efficiency of public administration, and macroeconomic stability of the country.***

31. Over the last decade, the country has received considerable investments especially in the area of mineral resources, which has contributed to economic growth and to strengthen the country's image on the international market.

32. This scenario brings great challenges to society and requires the Government and others segments of the economy, ***better management mechanisms and articulation of development to maximize the tangible benefits of resource exploitation minerals,*** with a view to significantly improving the living conditions of the population.

33. From this perspective, all segments of society and sectors have a crucial role to play in face these challenges and government cannot be considered a panacea for economic and social problems.

34. **Knowledge** is crucial for taking advantage of the socio-economic dynamics that occur in the country, as it allows the creation of new capabilities and development patterns economic. In this way, investments in education and research, combined with science and technology constitute determining factors to catalyze the production process and economic competitiveness of the country.

35. The ***competitiveness of the national economy*** also requires skills capable of creating and sustain sustainable economic performance in relation to main **competitors ,** which, in part, depends on the ability of national companies to achieve high levels of **productivity and** product quality.

36. In this context, the main ***challenges for the development of the private sector are improving access to financing, reducing administrative bureaucracy, development of infrastructures to support production, training and monitoring of SMEs and market-oriented training.***

37. In terms of regional economic integration and market globalization, the country must continue to focus on improving economic competitiveness through development continuous and sustained effort of national companies, taking advantage of comparative advantages that have.

2.5. Factors for the Success of the National Development Strategy

38. The success of the National Development Strategy is conditioned, among others, by 6 critical factors, namely:

a) National Unity

39. The national unity of Mozambicans constitutes a determining factor for the union and cohesion of Mozambicans around a common vision of development.

40. The materialization of the aim of national unity necessarily involves the promotion of inclusive economic and social development. Dialogue, access to opportunities and the effective participation of Mozambicans in decisions about the country's development are essential elements for sustainable development.

b) Peace, Stability and Democracy

41. Mozambique must continue to make efforts to ensure the maintenance of a of peace and stability and the consolidation of democracy. Initiatives such as the decentralization of management responsibilities, which reinforced the District's competencies as a planning and budgeting unit, and the institutionalization of Councils District Consultative Councils as decision-making bodies, thus guaranteeing citizens the exercise of right to participate in the definition and implementation of national policies, must be encouraged and replicated.

c) Strengthening Sovereignty

42. The sovereignty of a nation concerns above all the ability of governments to control efficiently your geographic space and everything contained within it. Mozambique is an extensive country with natural resources of great economic value that, to be properly explored can improve the country's position in the region and in the world, thus contributing to improving the standard of living of its population.

43. For this to happen, the country needs to strengthen control mechanisms territory, its resources and population, and prepare to face disasters and external shocks using internal capabilities and means, thus reducing dependence external.

44. On the other hand, it is necessary for the Country to continue making efforts to complete the process of border demarcation and strengthen its capacity to provide security to

its citizens, finding mechanisms to strengthen public safety, security on its maritime and land borders, as well as continuing efforts to delimit of borders.

45. In order to guarantee the defense of national sovereignty, socio-economic development it must be accompanied by the continuous strengthening of territorial integrity.

d) Territorial Planning and Ordering

46. Territorial planning concerns the actions carried out by the Government with a view to improve the use and enjoyment of land through the consolidation of the zoning as a determining factor in identifying specific areas for implementation of urban and industrial centers, development poles, natural reserves and other infrastructures.

47. A deficient territorial planning system can compromise the development of infrastructures creating overlaps and conflict zones between the various projects and, consequently, reduce investments.

48. On the contrary, correctly planned infrastructures constitute an essential element essential to boost national development, as they allow provide quality services and reduce production costs.

49. Regarding planning, territorial ordering and expansion of infrastructures production processes in an integrated manner, the following priorities are defined:

(i) Preparation of the territorial development master plan;

(ii) Collection of detailed technical information to adjust the plan space according to priorities;

(iii)Adjustment of the special plan; It is

Territorial delimitation in accordance with the technical specifications of the territorial plan for infra-structures of urban and rural areas, depending on the needs and perspectives of development, including reserves for the future.

e) Change of Mindset

50. Ensure a collective change of mentality towards a new Citizenship stance Activa is a critical factor in enabling the implementation of the National Strategy for Successful development .

51. Based on the nature and strengthening of Mozambican national identity, active citizenship Its core values are inclusion, equality and solidarity.

52. For a society to develop, it depends both on individual action and on partnerships between citizens, civil society, representatives and elected authorities, administration and public services, companies, and unions, all contributing in a different way.

53. The exercise of active citizenship covers a broad universe that includes the dimensions of formal and non-formal, cultural, political, interpersonal and social activity of citizens.

54. An Active Citizenship mentality calls for voluntary action from citizens and communities to work individually, together and through representatives elected, to carry out their economic, social and political activity, pursuing the objectives common elements of the National Development Strategy .

55. In a community, citizens have rights but also obligations, as well as the responsibility to actively care for themselves, others, environmental heritage and the Country. That is, at the same time respecting the inherent differences of society: religious, ethnicities, choices and creeds, as long as they lead to social cohesion. This positioning is opposed to a passive attitude of receiving assistance from others, or from the State, or as a mere user of services. Development is democratic when it involves citizens and leads them to act, work, demand, respect and deliberate in community, and find and agree on innovative ways to solve their own challenges and those of the country.

56. With the change in mentality, the aim is also to instill a proactive spirit in Mozambicans in relation to work and, above all, in the search for efficient and peaceful solutions to the development challenges the country faces. Assume a stance of proactivity and creativity in the search for solutions for the country's development, means look to the individual and collective future in a promising and encouraging way, where Mozambicans can, through work, access development opportunities that emerge in the country and, in this way, improve its social well-being.

57. The change of mentality thus emerges as a decisive factor in the construction of Unity National.

f) Transparency and accountability

58. In order to guarantee the efficiency and effectiveness of public institutions in providing services, the State must continue to encourage a culture of integrity, impartiality, transparency and accountability. Therefore, improving access and quality of provision of public services to citizens, the fight against corruption in institutions public and private, decentralization and consolidation of the Democratic Rule of Law as well as accountability must remain the country's priorities.

g) Sustainable Management of Natural Resources

59. The Mozambican economy in general and the rural economy in particular is strongly dependent on the exploration and use of natural resources. Natural resources directly contribute to more than 33% of national wealth and the current dynamics in area of mineral resources and hydrocarbons open promising perspectives for its contribution to the economy increases.

60. One of the great challenges inherent to the exploration of mineral resources is related to the need to carefully manage the population's expectations, and with a sustainable exploitation of natural resources.

61. However, if sustainable management models for natural resources are not adopted, the rapid economic growth may be at the expense of rapid exploitation and degradation of **renewable natural resources,** such as land, forests, water and fishing resources, at the same time that it can lead to the rapid depletion of **resource** reserves **non-renewable natural resources** such as coal, natural gas, heavy sands, etc.

62. From this perspective, it is necessary to implement a model of sustainable use and management of natural resources, mainly based on two elements:

(i) Ensure correct exploitation of renewable natural resources, guaranteeing the maintaining or increasing natural capital reserves through programs comprehensive preservation, conservation and regeneration of natural resources, taking into account account of its nature, ecological sensitivity and life cycle.

(ii) Ensure optimal economic use of non-renewable natural resources

The implementation of natural resource sustainability models should ultimately instance, observe the following principles:

- The levels of exploration and use of natural resources are compatible and not exceed the regeneration capacity of ecosystems, and the lifespan useful use of non-renewable natural resources

- The exploitation of natural resources brings direct benefits to the national economy that are not just those in terms of revenue capture and employment in the industry extraction, but above all, in inducing the emergence of an industrial society, of a new class of workers and peasants, and providing services,

- The exploitation of natural resources must ensure the creation and reproduction of capital comprehensive economic, financial and social throughout the national territory, which can persist and multiply beyond the lifetime of natural resources.
- In this way, ensuring access to natural resources for the majority of the population and ensuring transparency in management, sharing and redistribution appears to be the way followed by national and local economic and social development.

III. THE NATIONAL DEVELOPMENT STRATEGY

3.1. Strategic Guidance

Vision:

63. Mozambique is a prosperous, competitive, sustainable, safe and inclusive country.

Mission:

64. Ensure economic and social development through integrated and oriented towards the generation of wealth, in order to guarantee the improvement of living conditions of the population and a fair distribution of national income.

Objective:

65. Raise the living conditions of the population through the structural transformation of the economy, expansion and diversification of the production base.

66. The development model based on the National Development Strategy advocates the structural transformation of the economy. The transformation of agrarian activity is constitutive and fundamental element of the industrialization strategy. On the one hand, because the incorporation of the rural population into the market economy and the increase in income of agricultural workers is a necessary condition for expanding the domestic market. Per another, because the growth and competitiveness of the industry depends on the expansion of supply and the reduction in the prices of agricultural products, whether those used as inputs that will directly affect industrial costs, whether of food products that will affect the cost of living, as well as the cost of labor required by industrial activity.

67. The advancement of the industrialization process depends on profound transformations in the Mozambican economy and society, demanding the adoption of government policies that promote these changes. These transformations are explained by the

industrialization that emphasizes the creation of the institutional base, the organization and construction of physical base and the formation of human capital as challenges to be faced and considered in the initial stage of the industrialization process, as a condition for the unfolding of this process in subsequent stages.

68. The government policy required to promote the process of expansion and diversification of manufacturing activity1 and facilitate transformations in the institutional environment, economic and social necessary for the success of this process is operationalized through a wide range of specific economic policy instruments. Two sets of instruments that, due to their transversal nature, have decisive importance for the success of the country's development strategy proposed here: incentives for development private sector and public investment financing mechanisms.

3.2. The Industrialization Process

69. Achieving integrated economic and social development requires transformation structure of the economy to a competitive and diversified stage. The National Strategy of Development bets on industrialization as the main way to achieve the vision of prosperity and competitiveness, based on an inclusive growth model and sustainable.

70. The National Development Strategy aims to adopt a paradigm of development according to which the industrialization process results from an interaction of forces, in an integrated manner, using appropriate technologies and specialization of the national workforce. It is therefore assumed that industrialization must play a fundamental role in boosting the economy, employment and capitalization of Mozambicans, involving all social segments in the production process, in order to ensure that the exploitation of natural resources contributes to development sustainable economic and social.

[1] Manufacturing is understood as the activity that involves processes of producing semi-finished products. The term manufacturing can refer to a wide variety of human activities, from handicrafts to high technology, but it is most commonly applied to industrial production, in which raw materials are transformed (production or assembly of elements) into finished goods in Big scale. This allows us to classify a set of industries as manufacturing, among which we can highlight mechanical, food, electrical, chemical, clothing, footwear, among others.

71. In this way, the National Development Strategy places greater emphasis on integrated approach to Government action through the creation of economic zones special features due to the agro-ecological potential and industrial parks along of development corridors, which will bring together different industries upstream and downstream downstream of the production and value chain of existing resources in the country.

72. Special economic zones and industrial parks must bring together several infrastructures. production support structures and services, serving as attractions for investments national and foreign, and giving a new dynamic to the connection between investors national and foreign, which will allow an effective transfer of technology and transformation of national products, adding value and quality, with a view to improvement of the trade balance through gains from improving processes production and increased exports of manufactured products.

73. Mozambique's industrialization process will not have an immediate impact on the economy, or will take place in a phased, continuous and systematic manner, being adopted in this strategy a development model that recognizes industrialization as a process, which unfolds in successive phases.

3.2.1. Creating the basis for Industrialization

74. The industrialization process initially involves the mobilization of all factors essential for its success, including: (i) the creation of the institutional basis of the industrialization, (ii) The formation of human capital necessary for industrialization, (iii) The organization and construction of the physical basis of industrialization. Furthermore, the focus of industrialization must consider regional asymmetries and boost places of supply of raw materials to industries. Thus, the immediate response to these challenges, in a relatively short period of time, is a necessary condition for the beginning of the process of industrialization.

75. Evidently, these challenges will not be exhausted immediately, taking on characteristics distinct and possibly requiring course corrections as the process progresses. of industrialization. However, the initial success in implementing measures that establish the foundations for industrialization is crucial and will be decisive for the success of

process. It is therefore necessary to establish a planning, monitoring and evaluation and integrated articulation and coordination of these different lines of action.

76. These measures configure the institutional, human and physical framework within which they will operate policies aimed more directly at the implementation, subsequent expansion and future consolidation of the industrial park in Mozambique.

a) Creation of the institutional basis of industrialization

77. The creation of the institutional base required to enable the industrialization process involves:

(i) Improving institutional coordination and articulation based on the reform of the SNP and improving the efficiency of institutions;

(ii) Improving revenue collection and public expenditure management, in order to enable the mobilization of resources required by the National Strategy for Development and its efficient and transparent application;

(iii) Reform and consolidation of legislation, in order to improve the business environment and attract national and foreign investment, and thus contribute to increasing production, employment and State revenues;

(iv) Ensure that the Development Bank (DB), created is an element fundamental for the empowerment of the national business sector; an institution financial, with efficient management to guarantee the repayment of credits and their sustainability.

(v) Creation of an investment and/or stabilization Fund, based on revenue surpluses and extraordinary income resulting from the exploitation of resources minerals (exhaustible resources), in order to guarantee sustainable exploitation of natural resources, macroeconomic stability and ensuring financial resources for strategic projects in the country.

b) The formation of the human capital necessary for industrialization

78. The formation of human capital is a central element for the development process of Country. The success of a policy aimed at this objective depends on the design of a plan intensive training that responds to the recommended development needs.

79. In this context, it is expected, in the first phase of implementation of the National Strategy for Development , the massive training of middle and senior management in technical areas, in professional courses inside and outside the country, taking into account the needs immediate challenges and the challenges facing development.

80. In subsequent phases, it is expected that the training of citizens will be intensified at a internal (nationals returning from specializations must help train and qualify medium and higher technicians in the areas of interest to the industries). At this stage, it is expected that gradual replacement of foreign labor by national labor and transfer of knowledge.

81. The effort to form human capital must be complemented by the promotion and carrying out research for the development of the country, involving the expansion and consolidation of technological research centers, notably industrial research, using the institutional framework for international cooperation in Science and Technology.

c) The organization and construction of the physical basis of industrialization

82. The industrialization process must be conducted under the guidance of planning and territorial planning, including the design of a master plan for the national development, which aims to improve the use and enjoyment of land through completion of the zoning process, as a determining factor in identifying areas specific for the implementation of infrastructures and development of activities socioeconomic.

83. In this sense, it is necessary to establish a distinction between urban centers, development zones industrial, natural and state reserves and other complementary infrastructures, promoting:

(i) Organization of industry through the creation of **industrial parks,** depending on the distribution of mineral and hydrocarbon resources and strategic location of structuring infrastructures;

(ii) Organization of agricultural and fishing production through the establishment of **zones special thematic economics,** depending on the country's potential;

(iii) Organization of **urban expansion zones** including services and infrastructure complementary, through the projection of master plans for the development of urban development projects;

(iv) Organization of the tourism industry through the implementation of **integration zones tourism,** which consider cultural, historical and ecological tourism, including areas wildlife exploration; It is

(v) Identification of expansion areas and reserves to ensure sustainability and development expectations of future generations.

3.2.2. The Pillars of Industrialization

3.2.2.1. Development of Human Capital

84. Human capital is the central element to ensure the success of the development. The country can only achieve its development goals with qualified, motivated, healthy people who are an integral part of the development.

85. The Development of Human Capital does not only refer to training people to participate in the production process, but firstly to the factors that directly influence man's ability to have a quality life, be healthy and participate actively in the life of the community.

86. The Mozambican population is mostly young, which, in itself, can constitute a aspect of strength for the success of the National Development Strategy. However, challenges linked to the development of man's potential so that he can become in human capital constitute a central part of the approach of this strategy. Overcoming of these challenges involves making investments and interventions in the areas of

Education, Health, Housing, Water supply and environmental sanitation and Protection Social support to vulnerable population groups as a way of ensuring basic living conditions life for citizens.

87. The other challenge for human capital, especially with regard to education, is in create conditions for retaining staff in the country and reducing brain drain through of policies that create the empowerment of nationals, which in terms of the Strategy National Development, occur through the opening of greater space for its participation in economic development through productive investment and creation of decent employment.

a) Education and Training

88. Mozambique currently has an insufficient number of professionals, especially in technical - professional areas. Although progress has been noted in the area of education in the country, this must adapt to quickly respond to the challenges posed by the demand of Marketplace.

89. The private sector must be called upon to collaborate in the process of defining curricula, so that they respond to the needs of professions that social and economic needs

90. Considering Mozambique's productive structure, training and disciplines curriculum should focus on exact and technological sciences to support production, with emphasis on:

(i) Agriculture; (ii) mining and hydrocarbons, (iii) hydroelectric and (iv) construction.

91. To make the education system more oriented to the needs of the labor market, You will also need:

(i) **Associate higher education training with certification processes competencies:** certification should be optional, individualized and based on the mastery of skills to perform specific functions. This will not in no way discredit the academic and professional credits conferred by the level secondary education, on the contrary, will contribute to the competitiveness of graduates in job market.

(ii) Promote access, equity and expansion of technical education coverage professional and vocational taking into account the importance of this type of education and the poor coverage and adhesion.

(iii) **Expand the Mozambique Higher Education, Science and Technology Project,** to increase the number of graduates with training in the area of exact sciences and technological.

(iv) **Develop a public technical training policy** that responds to the challenges of the country's competitiveness, with a strong focus on exact and technological sciences and information systems and commercial activity.

(v) **Develop strategic partnerships with the private sector to improve education professional** and vocational technique **through internships in companies and the expansion of** "on-the-job training" **modality :** In particular, the possibility of financing training, shared between employers, students and Government.

(vi) **Develop a public information system on the labor market:** this system allows graduates (graduates and technicians) to find information about work and educational opportunities, salaries and job sectors.

(vii) The Ministry of Labor, in its role as training regulatory institution labor training, must make the country's labor training policy explicit and public. formulation of public policies should be a continuous process with the participation of interested parties, especially from the private sector, and should allow dynamism and flexibility. These should include clear objectives, goals, structure, responsibilities and a forecast of the financing needed. Taking into account the limited Mozambique's public budget, modalities of public/private financing.

b) Health

92. People's health and well-being are fundamental elements of the development process. The main challenge in the health sector is the reduction of morbidity among the population. This one The objective is to expand and improve programs and actions aimed at eradicating of the major endemic diseases and main causes of death from disease, mainly HIV and AIDS, tuberculosis and malaria, and by improving sanitation conditions in the quite.

93. It is necessary to create medical response capacity to public health problems caused by the industrialization process, particularly the training of doctors specialists in occupational diseases and diseases related to the development of the country.

94. The goal of health will only be achieved through coordinated and integrated interventions in the areas of nutrition, environmental protection and citizen education.

c) Employment and Housing

95. These elements are the result of the development process. The process of industrialization for the structural transformation of the economy recommended by the Strategy National Development Program generates a multiplier effect on society that translates into improving citizens' economic opportunities.

96. The Government must define policies to promote decent and sustainable employment for population, as well as policies to promote social housing accessible to citizens, comprehensive for all groups and strata of Mozambican society.

97. The National Development Strategy recommends the definition of housing areas in the scope of planning and territorial ordering in order to guarantee urban expansion sustainable and orderly.

d) Social protection

98. In Mozambique there are vulnerable citizens or population groups constituted only or mostly by elderly people, people with disabilities, chronically ill people children, who are unable to ensure a decent and dignified life on their own for themselves and their dependents, due to reasons related to conditions of extreme poverty and/or

that reduce or completely remove the ability to work or produce means for their livelihood.

99. To guarantee sustainable development, the country must include in its strategies the implementation of basic protection and social assistance programs for groups most vulnerable populations.

e) Water Supply and Sanitation

100. Increase coverage, which is currently around 53% of the population, to reach the universal access in 2035 For Mozambique to achieve these objectives requires strong partnerships between the public, private, community sector and non-governmental organizations government agencies as well as the best use of funds made available by international community;

101. Ensure national interest in sharing water from international rivers that cross Mozambique;

102. In terms of prices, practicing economic and social justice means having systems self-sustainable and within the reach of the majority of the population. Management of small systems it must be done by communities, avoiding nationalization;

103. In addition to its social and environmental value, water has an economic value. The water is important for economic development and poverty reduction. To allow the services become financially viable, the price of water should approach its economic value, achieving full cost recovery over time, always safeguarding the poorest groups' access to minimum services.

3.2.2.2. Infrastructure Development

104. The construction of the physical basis of industrialization involves the massive realization of investments in infrastructures, as this is the determining factor for growth economic, and in the specific case of transport it is a precondition for providing the logistics of production of goods and services in the country. From this perspective, the development of infrastructure Structures should focus on the following aspects:

(i) Logistics - comprising transport and storage infrastructures, with focus on agricultural, fishing, mineral and hydrocarbon products;

(ii) Maritime cabotage for the transport of cargo over long distances;

(iii) Electricity and alternative energy sources;

(iv) Natural gas supply systems;

(v) Sustainable management of water resources;

(vi)Social infrastructures; It is

(vii) Integrated Tourism Resort Zones.

105. The implementation of infrastructures must take into account the fact that resources minerals are exhaustible and the need to take into account other potentialities in terms of resources and the potential impact that projected transport infrastructure can generate in the regions through which they pass, and in this way, foresee the construction of branches that connect adjacent areas with production potential to the transport corridor.

106. Therefore, investments in transport infrastructure should be designed as configuring development corridors, which economically and socially integrate the national territory, bring together production areas and the consumer market, enable export of national surpluses to international markets, and allow the transit of goods imported and exported by neighboring hinterland countries. Nessa perspective, the alignment of the Spatial Development Plan with the development of the National Development Strategy is fundamental.

107. The country should prioritize the management of water resources in an integrated manner. To do so, it is necessary to make investments in infrastructures for retention and storage of water making it available for economic and social development and protection and mitigation of the effects of floods.

108. Regarding the mobilization of resources for investments in infrastructures, This must have significant support from public resources and financing from the Bank of Development (BD), but preferably, whenever possible, the mobilization of national or foreign private investment through Partnerships-Public-Private (PPP).

3.2.2.3. Research, Innovation and Technological Development

109. Scientific research, innovation and technological development are factors fundamental for industrialization, as they allow the improvement of efficiency, through development of new production techniques and technologies that enable the increase production and productivity.

110. The country's scientific and technological development must consider several elements, such as: (i) Research and development (R&D); (ii) Training of human capital specialized in the priority areas of the country's development, with a special focus for exact and technological sciences; (iii) Technology transfer with improvement of technological adoption and learning processes; (iv) Installation and expansion of centers and scientific and technological services; (v) Financing for research, innovation and technological development; and (vi) Adequate management of existing knowledge in the country, technology and R&D projects.

111. The country's current economic situation emphasizes the need for investment and encouraging research, innovation and technological development to be focused for areas in which the country faces specific development challenges, and which respond effectively and efficiently to the challenges of industrialization.

112. Therefore, the search for development and exploration rationalized and sustainable use of natural resources, in particular agricultural resources, minerals and hydrocarbons.

113. In this context, the following areas of intervention stand out:

a) **Training of Specialized Researchers:** the training and specialization of human resources in specific areas of science, technology and innovation may be carried out through (i) Research-oriented scholarship programs in S&T and focused on industrial development, for students at higher education levels Master's and Doctorate degrees in the areas of Engineering and Technology, Natural Sciences, Agricultural Sciences, Marine Sciences and Medical Sciences; and (iii) Training and training of staff who work with applied research throughout their careers.

Policy and financing instruments: here, it is necessary to promote legislation and other policy measures that contribute to achieving, through research and innovation, of new or improved products, services and processes that maximize the value of the country's resources and ensure increased competitiveness of the national private sector. In this context, it will be necessary: (i) to grant benefits to national researchers and innovators; (ii) Promote patent registration technological and scientific; (iii) gradually increase financing to public investigation; (iv) Create and implement legislation and programs relating to contribution of mega-projects to research and development programs; (v) Promote public-private partnerships to encourage innovation and transfer of technology; (vi) Grant benefits to companies that carry out research and innovation and the use of alternative sources of raw materials; and (vii) Encourage the creation of strategic alliances through cooperation between the private sector, higher education and research institutions.

b) **Development and Expansion of Research Centers**

114. Specialized centers contribute to the enhancement of Research and Development and consequent improvement in the productivity and competitiveness of companies, which gives a boost to the national economy in the face of international competition.

115. The implementation of Science and Technology Parks will enable the management of the flow of knowledge and will act as a bridge between research and the market, which highlights and increase the development, transfer and commercialization of technology and innovation and the promotion of the industrial sector.

3.2.2.4. Organization, Coordination and Institutional Articulation

116. Two perspectives must be considered when approaching the issue of organization, institutional coordination and articulation: (i) the articulation mechanisms of the various

planning instruments at government level, and (ii) appropriate institutions for the process of implementing the National Development Strategy.

117. The first perspective draws attention to the need to rationalize the various strategic planning instruments at sectoral level, to ensure greater efficiency in resource allocation while avoiding duplication. In this scope, in addition to reforms leading to better and greater coordination institutional, it is expected that there will be clear guidance on the type of institutions crucial to the process of industrialization and development of the country.

118. The second perspective looks at the need for adequate institutions and effective with the appropriate capacity to implement the National Strategy for Development. Solid institutions with clear mandates and support at the highest level levels, in the national innovation system, are critical to ensuring a transformation productively, improving productivity, innovation and transfer of technologies.

119. This perspective presupposes the creation of a Coordination Unit within the scope of implementation of the National Development Strategy coordinated by the Ministry of Planning and Development and which responds to the highest level of governance (at the of the President and the Prime Minister).

120. The Coordination Unit must resolve deadlock situations and problems in the implementation of the National Development Strategy, ensuring coordination effective between the various relevant institutions (Ministries, Agencies, provincial governments, among others), and accelerate "delayed" programs. This unit would also have the function to: (i) Control the goals, in relation to the defined measurable objectives; (ii) Ensure the alignment of sectoral and territorial plans with the priorities defined by the Strategy National Development.

121. The MPD would also be responsible for coordinating some institutions - support the implementation of the National Development Strategy, as is the case with Integrated Investment Program (essentially aimed at financing infrastructures and for Industry), as well as a program to directly support the private sector and small and medium-sized companies to ensure compliance with targets recommended in the National Development Strategy.

3.2.3. Strategies for the Development of Priority Areas

3.2.3.1. Transformation of agriculture and fisheries

Agriculture

122. Agriculture is the basis of national development and industry is the driving factor. Thus, based on the results of the various diagnoses made on the potential of the Country in resources in the agricultural, fishing and forestry sector, which constitute the element fundamental to the organization of the development paradigm, it is intended that its exploration results in an increase in national wealth.

123. Actions aimed at transforming agricultural activity include:

(i) Increase in agricultural productivity, which ensures volume expansion and reducing the costs of agricultural production in order to increase the income of entrepreneurs and agricultural workers, reduce food prices that will supply urban areas and meet the demand of agro-industry;

(ii) The commercialization of agricultural and livestock production, aiming to ensure the physical and access to the market for this production and mitigate the risk of underutilization of production inherent to agricultural and livestock activity.

124. Actions aimed at increasing productivity include:

(i) The development of agricultural and livestock research that adapts to the techniques and technologies agricultural resources available to the specificities of the country's soil and climatic conditions;

(ii)The dissemination of modern production methods and the diffusion of appropriate technologies, what it requires:

The. The expansion and dynamization of technical assistance programs, in order to reach smaller rural producers; It is

B. Expanding supply, reducing costs and spreading the use of machines, agricultural instruments and inputs (seeds, fertilizers and pesticides).

(iii) The provision of rural infrastructure, involving access to electricity and development of alternative sources of energy generation, as well as irrigation of small scale and watershed management; It is

(iv) The expansion of credit to rural activity, under conditions appropriate to the specificities of the sector and characteristics of the small producer.

125. Actions aimed at supporting the commercialization of agricultural and livestock production comprise:

(i) Expansion of logistics infrastructure, with expansion of the district road network and neighboring areas and the storage structure;

(ii) Encouraging the processing of agricultural production in its place of origin to add value to the product and, therefore, increase the producer's income;

(iii) Support for the establishment of marketing channels for rural production and producer access to information about the markets for their products;

(iv) The establishment of mechanisms to mitigate the high risks inherent to agricultural activity (notably, dependence on climatic conditions and high price volatility), using instruments such as credit guarantees, crop insurance, minimum price policy and creation of buffer stocks.

126. The implementation of these actions should be facilitated by the installation, in locations selected Special Economic Zones for Agrarian and Fishery Integration (ZEEIAP), which will concentrate and coordinate the necessary investments and the provision of services aimed at transforming agricultural and livestock activities and developing agroindustry.

127. Regarding forestry resources, wood is one of the strategic resources that the country has has, the exploitation of which will bring positive results in terms of contribution to the economic growth. The National Development Strategy establishes how principle in the exploitation of these resources, the need to guarantee their transformation in the country in order to add value and stimulate the transfer of technology to Mozambicans.

128. Regarding fauna, it is expected that through the National Development Strategy an integrated combination of different complementary elements for promotion is made of integrated tourism.

Fishing

129. Mozambique currently records a fish deficit estimated at around 50 thousand tons of fish. In addition to importing frozen fish (mackerel), the country is developing fish farming throughout the national territory with a view to elimination of this deficit while enhancing the increase in net benefits you see me not sector.

130. Currently, the aquaculture sub-sector in Mozambique is represented by a marine shrimp production industry in a semi-intensive system. At the same time, There is freshwater fish production in the country. One of the challenges facing fishing sector is the development of freshwater aquaculture for the production of fish in order to increase the availability of this product in the country.

131. With a view to creating a favorable environment for the development of fishing activities and aquaculture and consequent increase in its contribution to food security and capture of foreign exchange, constitute priority areas of public investment in rehabilitation and construction port infrastructure, support for small-scale fishing and the development of aquaculture.

Shipbuilding and repair

132. Artisanal fishing is of great importance in the country's food security, not only in the coastal districts, where two thirds of the population is located, but also in the inland regions, where, along with freshwater fish, fish is sent captured not sea.

133. For artisanal fishing to develop and effectively go on a commercial scale, it is necessary to The existence of national production of small fishing vessels is important. For such, incentives for the installation of shipbuilding yards for small vessels

motorized vehicles with sufficient autonomy to enter the open sea are essential and constitute an important contribution to the development and growth of fishing productivity, with consequences for the increase in fishing products available for consumption and export.

134. The National Development Strategy foresees, in relation to the agro-industrial chain, two lines of actions aimed at promoting:

(i) The transformation of agricultural and livestock activity itself; It is

(ii) The establishment of an industry for processing agricultural and livestock, efficient and competitive.

135. The effectiveness of these two lines of action is reciprocally conditioned. The activity agrarian society will not experience the necessary changes to incorporate the rural population into the market economy and its social inclusion if it is not induced to this movement by demand from the industrial sector. On the other hand, the development of agricultural industry can be frustrated if not accompanied by the modernization of agricultural activity livestock.

3.2.3.2. Revitalization and Expansion of the Manufacturing Industry

136. The policy directly aimed at promoting the expansion and diversification of the park industrial sector of the country must, in the initial phase of the industrialization process, concentrate its focus and its efforts to take advantage of opportunities generated by availability on the supply and demand in the domestic market. The definition of these new focuses must contemplate the development of new production chains, identified from the already existing mining and industrial embryo, the availability of inputs and raw materials, domestic market demand and its export potential.

137. From this perspective, it is worth prioritizing five fronts for the expansion of industrial activities in the Country:

(i) The first focuses on agricultural and livestock activities and fishing and corresponds to the industry of transformation of agricultural and fishing products – the agro-industry –

as well as segments that produce inputs for those activities, such as fertilizers and less complex fertilizers and agricultural tools;

(ii) The second focuses on export mining and comprises activities upstream and downstream in its production chain;

(iii) The third is structured based on the demand of the domestic market, and is focused on production of non-durable consumer goods (food, textiles, clothing, footwear, among others) and durable (furniture, housewares), involving the expansion and diversification of existing enterprises and the implementation of new segments productive, characterizing an import substitution process;

(iv) The fourth, focused on construction materials, is justified by the existing demand and that arising from the expansion of housing construction and investment growth in transport, sanitation and energy infrastructure.

(v) The farm linked to the exploration of the country's electrical energy generation potential, provided by its water resources and its reserves of coal and natural gas, including energy-intensive industries and is mainly focused on external market.

138. This initial expansion of the industrial park should unfold, over time, in new phases of the industrialization process and will involve:

(i) An increasing diversification of industrial segments already installed towards more sophisticated products, which require more sophisticated product and process technologies complex, a result of the learning process of companies and the advancement technology of the country's productive park;

(ii) The implementation of new industrial segments, basically consumer goods sophisticated from a technological point of view, intermediate goods and capital goods (less complex and that require smaller production scales) whose emergence is induced by the demand for inputs and equipment generated by investments made in previous stages of the industrialization process.

139. This expansion and diversification of the industrial park must be supported by mobilization of industrial policy measures focused on emerging segments, which include:

(i) Strengthening the business segment and establishing and consolidating a significant segment of efficient small and medium-sized companies, involving the increase of the volume of public resources and the private banking system allocated to financing of productive activities, as well as the creation of an environment more favorable business institutional;

(ii) The development of small and medium-sized companies and potential entrepreneurs;

(iii) Encouragement for the incorporation of more complex technologies into the production system, through expansion and streamlining of technology transfer channels from abroad and reducing the cost of capital goods through tax incentives for imports and purchase of machinery and equipment produced in the country;

(iv) Attracting foreign investment to the most technological industrial segments complex;

(v) Support for the qualification of labor for industry, with emphasis, within the scope of more general policy of human capital formation, to training programs for workers, qualification of mid-level technicians and training of professionals higher level demanded by new industrial segments;

(vi) Development of technological centers dedicated to research and development aimed at the needs of the industry, including the adaptation of imported technology, resorting to the establishment of the framework institutional for international cooperation in Science and Technology;

(vii) Definition of policies and development of metrology systems, technical standards and quality certification; It is

(viii) Creation of special economic zones and industrial parks, along development corridors, aiming to bring together different industries along the chain of value production, as well as various infrastructures and production support services.

140. These industrial policy measures involve, in certain cases, incentives for new enterprises. On the other hand, sometimes the viability of industrial segments emerging markets may require some protection from competition from imported products. Although efficient as instruments for promoting the diversification of the industrial park, subsidy and, above all, protection also imply a certain risk.

141. In fact, such benefits, if preserved indefinitely, sanction eventual inefficiencies and high costs or provide unnecessary profit margins to companies protected from competition from external producers. Accommodated in the market

protected domestic market, these companies have difficulty exporting and transfer the burden of its inefficiency to the country's consumer; in the case of producers of inputs or goods capital, this inefficiency is reflected in the costs of buyers of their products and is propagates throughout the production system. In this sense, the incentives and protection granted to emerging industrial sectors must be the subject of a concession plan that provides for the beginning and end of them.

142. From this perspective, a central concern of the industrial policy to be implemented in Country should aim to build a competitive and efficient industrial park, in which competition is present between Mozambican producers and is capable of making in the face of competition from producers in the rest of the world. Fulfillment of this objective is the way of ensuring that the benefits of the industrialization process are appropriated by the entire population of the country and that Mozambican industry is capable, in the future, of placing its products in overseas markets.

3.2.3.2.1 Extractive industry

143. The great challenge in the area of mineral resources, with particular attention to coal, gas, iron and heavy sands, is its transformation at a national level, adding value in terms of the primary product export substitution policy for a approach to exporting finished products.

144. In this context, the National Development Strategy includes:

(i) Vertical exploration of mineral production, ensuring its transformation in finished products that will serve the national and international market;

(ii) The establishment of partnerships between national and foreign companies in the exploitation of resources;

(iii) The intervention of Mozambican companies in the provision of services;

(iv) State intervention in PPP in the provision of public goods and services;

(v) The intervention of individuals as financiers of large and small and medium-sized companies, through the Stock Exchange.

145. To this end, the National Development Strategy provides:

(i) Adjustment of the legal framework to provide, if necessary and appropriate, how alternatives, tax on ore exports and incentives for local transformation of this ore into industrialized products;

(ii) The creation of industrial parks in regions with resource potential minerals and hydrocarbons, considering the extraction and transformation processes of mineral resources; It is

(iii) The revitalization of existing industrial parks in the country due to the dynamics of the market, and through public investment and, essentially, through attracting national and foreign investors interested in investing in industrial parks.

3.2.3.3. Development of ecological, cultural, historical tourism, etc.

146. Mozambique has valuable intrinsic resources and a strong comparative advantage in the tourism sector. This sector plays a fundamental role in social inclusion and socioeconomic development of the country due to the diversity of areas it covers. Thus, the need to implement infrastructure for tourist destinations in Mozambique and intersectoral coordination with the sectors responsible for managing the areas respective, constitutes the priority for the development of tourism in Mozambique.

147. The consolidation of an information and data system on the tourism that incorporates advances in information technology and encourages research. O encouraging information technology practices facilitates the organization of agents of the tourism industry and encourages cooperation between various agents, providing improvements in the competitiveness of the sector.

148. From this perspective, the development of the tourism sector requires the design of government programs in support of its promotion, and micro and macroeconomic policies effective to stimulate production in the sector, based on permanent innovation as a factor of conquering and guaranteeing markets. The integration of markets and the intensification of intra and inter sectoral, national, regional and international exchanges, as well as improving the access of micro and small companies to public markets constitutes one of the conditions for expanding the productive base of this sector.

149. On the other hand, tourism support infrastructure is related to the area of activity from other sectors, which demands intersectoral coordination, prioritizing action transversal articulation for the implementation of infrastructure to support tourism.

150. Therefore, investing in tourism development hubs **is crucial** to boost the various aspects of tourism, namely cultural, historical, ecological, fauna and sports; while opening space for the promotion of crafts, archaeology, sport, gastronomy and development centers cultural.

151. **The existence of tour operators** to ensure their connection with new aspects and dynamics of tourism, as well as the modernization of tourist activity, would provide a an even greater boost to the development of tourism development hubs.

3.3. Mechanisms for Operationalization of Priority Areas

3.3.1. Public Investment Financing

152. The development process requires a significant volume of public expenditure whether with current expenses associated with government programs and possible incentives for the sector private sector, whether in investments in works and undertakings under the responsibility of the public sector, or also in the financing of institutions and financial mechanisms aimed at private sector financing.

153. The implementation of economic activity induced by the National Strategy for Development will depend on the capture of future State revenues. Additionally, it is important to ensure:

(i) Increase in State revenue;

(ii) Greater efficiency in the execution of public expenditure;

(iii) That the State does not assume responsibility for investments that may be carried out by the private sector; It is

(iv) The adoption of judicious public debt policies, in close coordination with monetary policy.

154. The transfer to the private sector of responsibility for investment, concession of construction, rehabilitation and exploitation of energy, transport, communication infrastructure and sanitation can be operationalized through public-private partnerships (PPP) in concession modality.

155. In addition to counting on possible payments by the extractive sector, the financing of the public investment must rely on stable tax revenues from non-extractive sectors, with a view to ensuring budgetary sustainability. The collection instruments are:

(i) Expansion of the tax base, as a result of economic growth and the incorporation of informal activities into the formal economy;

(ii) Increased efficiency of the State's collection machine and combating evasion fiscal;

(iii) Review of the tax structure, including the careful review of tax rates current;

(iv) Elimination or gradual reduction of tax incentives.

3.3.2. Private Sector Development

156. The policy aimed at the participation of the national private sector in the diversification process of the country's productive structure must include two lines of action, namely:

(i) **Strengthening the business segment,** through the expansion of its capacity to mobilize resources for new investments, individually or in partnership with other national or foreign investors; It is

(ii) **The creation and consolidation of a significant segment of small and medium-sized companies companies,** making them more efficient and sustainable in the medium and long term.

157. These lines of action must be operationalized not only with regard to sectors industrial, commercial and services, but also in relation to the agricultural sector, covering small and medium producers with the presence of large companies agricultural. The focus and instruments to be mobilized in each of these lines of action are different:

(i) In the case of the business segment already existing in the country, whose capacity to invest is limited, the volume, term and conditions of bank financing should be expanded for this segment;

(ii) Guarantee the provision of a capital market in the country, in order to expand mechanisms for attracting long-term financing and enabling the opening of capital of Mozambican companies with the placing of shares on the market; It is

(iii) Increase the technical and management capacity of small and medium-sized entrepreneurs companies.

158. The limited capacity to mobilize resources to invest reflects the low levels of private savings and the limitations of the credit market that restrict the supply of credit, notably longer-term financing.

159. Government policy must include:

(i) The increase in the volume of public resources allocated to financing operations;

(ii)The mobilization of resources from external sources and domestic savings;

(iii) The expansion of the volume of resources from commercial banks destined for credit operations credit with productive activity, as well as improving the conditions of financing.

160. In addition to these aspects, a significant increase in public resources from of natural resources could be used to reduce the tax burden on the private sector national.

161. With the Development Bank created, the aim is to find alternatives to the challenges funding for the Government's priority programs, as well as for areas considered crucial for the country's development. In this context, BD is an institution crucial for financing long-term public and private projects, guaranteeing necessary conditions for this type of financing, and on the other hand, also constitutes a mechanism for promoting small and medium-sized national companies allowing them to have access to special lines of credit.

162. The DB, in addition to financing long-term development programs in a directly, you will also be able to indirectly finance priority projects from the financial intermediaries that operate in permanent interaction with agents

economic benefits, as well as creating a guarantee fund to reduce the risk of operating credit from financial intermediaries.

163. The creation of alternative and/or complementary institutions such as a Fund Investment and/or Stabilization Fund may also be an option for the country.

164. Regarding the constitution and consolidation of small and medium-sized companies, initiatives aimed at making available financial resources mentioned above, are not sufficient to ensure the success of these ventures.

165. Its development requires that the limited capacity technique and management of these entrepreneurs and potential entrepreneurs, and overcome the obstacles of an institutional nature and deficiencies in the country's physical infrastructure.

166. In this sense, policy aimed at small and medium-sized companies must include:

(i) The creation of a favorable business environment;

(ii) Strengthening the management capacity of entrepreneurs and the technological level of companies; It is

(iii) The improvement of physical infrastructure throughout the country.

167. The creation of a more favorable business environment aims to eliminate regulatory obstacles and bureaucratic procedures that make it difficult for new entrepreneurs to emerge and impose high administrative costs, notably for smaller companies – leading to small business owners often take refuge in the informal economy. This reform of the institutional environment should look like this:

(i) Make regulatory systems agile, easy to understand and low cost, promoting, in particular, the simplification of licensing procedures for activities economic;

(ii) Promote the review of the tax system, simplifying the required procedures and taxation of small taxpayers, with improvements in the Simplified Regime for Small Taxpayers, which also takes into account the specificities of the activities rural; It is

(iii) Improve the provision of public services, consolidating the functioning of branches Single Service.

168. The policy aimed at developing the management capacity of entrepreneurs and for the technological training of companies should aim to:

(i) Develop the entrepreneurial skills of businesspeople, disseminating the culture business;

(ii) Qualify the entrepreneur for business planning and management, specifically in topics related to the company's human resources; to your products and services; its relationships with the market, suppliers and competition;

(iii) Spread the use of machines, equipment and other means that provide greater productivity in industry and agriculture, as well as the mastery of new practices agricultural; It is

(iv) Provide the entrepreneur with the flow of information about the markets.

169. The country's physical infrastructure deficiencies especially affect small and medium-sized companies and small rural producers.

170. The industrialization model and strategies for infrastructure development contained in the National Development Strategy are articulated in order to face this question.

171. The creation of Special Economic Zones and Industrial Parks, foreseen in the model of industrialization, favors gains in scale and scope in the provision of services required by the production system, notably energy supply and integration into the power grid telecommunications.

172. On the other hand, the structuring of development corridors makes it possible to articulate the improvement of logistics infrastructure, through expansion of the transport network road and rail and the construction of a storage network, the expansion of productive activities in Special Economic Zones and Industrial Parks.

173. These institutional policies and solutions, and corresponding investments, should not only meet the needs of mega-projects and companies and rural producers of

larger size, but also integrate small and medium-sized companies from all sectors into the market. production sectors.

IV. IMPLEMENTATION AND EXPECTED RESULTS

4.1. Expected Results in Socioeconomic Indicators and Targets

174. The National Development Strategy is drawn up at a time when Mozambique has considerable potential to accelerate economic growth. However, robust and sustained economic growth will be conditioned on the existence of macroeconomic stability, good definition of economic policies and a good financial regulation. In this context, it is necessary to combine the objectives of macroeconomic stability, robust and sustained economic growth, and efforts with a view to achieving social development goals, with an emphasis on the vision of poverty eradication.

175. During the period 2015-2035, an average annual growth of around 7.4% is expected. You sectors of Manufacturing Industry, Extractive Industry, Transport and Communication, Construction, Electricity and Water will be those that will contribute most to growth, due to to the high investments planned for these sectors.

(i) Agricultural and fishing protection and organization in Special Economic Zones will boost agricultural and fishing production and reduce production costs, which will result in increased productivity levels;

(ii) The extractive industry has been boosted by significant investments in mining sector seen in recent years. However, with the expansion of production of Moatize coal, natural gas and other mineral resources (heavy sands and stones precious resources) and the prospects for LNG (Liquefied Natural Gas) production will boost this sector will lead to greater growth in production and country's exports;

(iii) The expected dynamics of the Transport and Communications sector will result from the implementation of transport services that will mainly serve to connect the interior areas of South Africa, Zimbabwe and Malawi to the sea. Another factor that will boost the transport and communications sector are investments in infrastructure structures for the logistics of large projects in the mining and hydrocarbons sector.

(iv) The Electricity sector has recorded strong growth due to the construction of transport and distribution infrastructure. The expansion of electricity coverage and drinking water through increased access by the Mozambican population to sources modern energy systems and investments in various supply infrastructures of water will lead to the growth of these sectors. Another factor that will boost the electricity sector is the existence of other alternative sources for its production (natural gas and coal) and the increase in exported production.

(v) One of Mozambique's greatest challenges is water management to allow supply of communities with drinking water, but also the development of irrigation systems within the scope of agricultural production. Under the strategy national level, Mozambique must be able to manage its availability of water resources for national development through investment in irrigation systems, development of hydraulic infrastructures, for the energy production, irrigation and supply to populations, construction of dikes and water reserve sources, and in the future studies with a view to desalination of water from sea to guarantee consumption and industrial and agricultural use.

(vi) The Construction sector will be boosted by the construction of infrastructures logistics for large projects in the area of natural resources, infrastructure in area of electricity, water and transport and house construction projects for housing.

(vii) The economic growth projected for the period 2015-2035 will take a level GDP per capita of nearly USD USD 2,957.4, which represents five times as much current level of USD 604.5 in 2012. On the other hand, inflation targets in the medium and in the long term are in single digits and inflation is projected on average to be between 5% and 6% per year.

(viii) In fiscal terms, a growing trend in State Revenue is projected standing on average at 30% of GDP, at the same time that External Resources on average they will be at 4.8% of GDP in a decreasing trend throughout the entire period period.

(ix) In the external sector, the trade balance deficit is expected to reduce from the current 28.2% of GDP in 2012 for a *surplus* of 3.7% of GDP in 2035.

Table 4. Forecast of Mozambique's Main Macroeconomic Indicators

	2012	2015	2016-2020	2021-2025	2026-2030	2031-2035
Sector Real						
Real Growth Rate (%)	7,2	8,2	7,9	7,7	7,1	7,0
Nominal GDP (Millions of USD)	14.363	18.436	25.260	41.490	66.805	106.515
Nominal GDP (Million MT)	407.903	611.953	915.960	1.743.925	3.254.307	6.014.667
PIB Per Capita (USD)	604,5	716,6	902,9	1.305,4	1.850,4	2.596,7
Average Annual Inflation (%)	2,1	5,6	5,6	5,6	5,6	5,6
Population (Thousands of Individuals)	23,760	25,728	27,870	31,665	35,979	40,880
Sector Fiscal (% do PIB)						
Internal Resources	**23.7**	**26.6**	**27.7**	**29.8**	**32.2**	**34.7**
State Revenue	22.9	25.7	27.2	29.7	32.2	34.7
Internal Credit	0.8	0.9	0.4	0.1	0.0	0.0
External Resources	**10.5**	**17.6**	**18.2**	**14.3**	**10.9**	**8.2**
Donations	6.7	5.4	3.7	1.7	0.8	0.3
Credit	3.8	12.2	14.5	12.6	10.1	7.9
Expenses	**35.6**	**44.2**	**45.8**	**44.1**	**43.1**	**42.9**
Operating Expenses	20.5	20.8	21.5	19.6	18.9	19.7
Investment Expenses	13.1	18.8	19.6	19.9	19.8	19.2
Financial Operations	2.0	4.6	4.7	4.6	4.4	4.1
External Sector (Millions of USD)						
Trade balance	-4.048	-4.975	-5.431	-5.363	-3.498	1.517
Exports	3.856	4.553	6.294	10.606	17.873	30.116
Imports	7.903	9.528	11.725	15.970	21.371	28.599
Public debt						
Internal (MT)	23.738,3	18.076,9	8.768,6	—	—	—
Externa (USD)	4.826,4	9.699,7	13.273,4	20.243	28.754,4	22.176,7

176. The expected macroeconomic performance in this period will be supported by:

(i) Growing Manufacturing and Complementary Services Industry accelerated, increase in the weight of the manufacturing industry in GDP to 20% of current 12%;

(ii) Gradual increase in agricultural productivity;

(iii) Improvement of infrastructure in general, including those linked to extraction mining (mainly Coal), and projects in the natural gas sector; It is

(iv) Increase in national competitiveness, moving to 50 position from the current 129.

177. The risk considered in achieving the GDP growth rates referenced above may be due to conflicts of interest between operators, regulators and communities in the scope of mining exploration. However, there are strong points that include the increase in employment and income levels (absorption of labor by industries) and the non-aggravation of the level of inequality (Gini Index at 40% in 2035).

External Debt Stock Projection

178. In 2012, the total external public debt stock was USD 4,826.38 million corresponding to 61% from multilateral creditors (USD 2,926.86 million) and 39% from bilateral creditors (USD 1,899.52 million).

179. For the next 20 years, the stock of external debt is expected to remain sustainable in the long term.

Projection of the Domestic Public Debt Stock

180. The stock of domestic public debt has been increasing progressively in recent years years, and in 2012 it was 23,738.28 million MZN, this increase was influenced significantly due to the increase in the stock of Treasury Bonds, as a result of the issuance of bonds in 2012, worth MZN 3,150.1 million to finance the deficit budget. However, in the long term, a reduction in the stock of domestic debt is expected of the current 29,671 million MZN in 2013. However, without calling into question the public debt sustainability and in close coordination with monetary policy followed by the Central Bank, the Government intends to continue investing in projects with direct impact on the country's socioeconomic growth and development, mobilizing financial resources with priority for internal revenues, donations, credits concessional credits, non-concessional credits and, finally, internal debt as strategic option for the development of the capital market.

181. With regard to public debt management, it constitutes a challenge in the medium and long term substantially reduce external dependence, through the expansion of the tax base and increase in internal revenues, at the same time that programs and development projects in the country.

Table 5. Matrix of Development Indicators and Goals

Classification	Indicator	Meta	
		Current	2035
general	PIB per capita	USD604.5	USD2.957,4
	Poverty rate	54.7%	(20-30%)
	Unemployment rate	21%	10-11%
Productive-Development of Private sector	Total Exports	USD3.85 billion	USD36.7 billion
	Contribution of exports excluding large projects in the total volume of exports	37%	45%
Financial and Tax	Private credit as a percentage of GDP	28.4%	40%
	Global financial inclusion rate	13%	60%
	Total deposits as a percentage of GDP	30%	50%
	Tax revenue as a percentage of GDP	24%	30%
Agriculture	Average Crop Productivity: • Corn • Rice	1.2 ton/ha 1.1ton/ha	3 ton/ha 4 ton/ha
Defense and Security	% of police units linked to the integrated criminal information system, in relation to the total number of police units	11%	60%
	Road control index	700.000/again	2.200.000/again
	Ratio of inspections of as infrastructures with a large population and medium and large industries	100/again	2.000/again
Infrastructure			
	Number of Aquaparks built	0	30
	Number of fish inspection laboratories built	5	10
	Electrification rate	40 %	100 %
	Developed, interconnected and efficient railway - port system	51.780,1 (106 P.Km) 7.988,2 (106 T.Km) 30.119,1 (103 T.M)	90.000,0 (106 P.Km) 40.000,0 (106 T.Km) 150.000,0 (103 T.M.)
	Teledensity rate	50.9%	80%
	Service usage fee	53%	100%

	Water supply		
	River basins with management plans Basins elaborated and in use2	8%	80%
Social	Primary education completion rate (grade 7)	47%	90- 95%
	Illiteracy rate	46%	27-30%
	Net enrollment rate in basic education	46%	75%
	Education success rate Professional Technician	27%	70%
	Number of students in higher education	3/1000 inhabitants	7/1000 inhabitants
	Malaria	33000/100000 inhabitants	Eradicate
	HIV rates	14%	5%
	Infant mortality rates	108/1000 inhabitants	47/1000 inhabitants
	Chronic malnutrition rate	45%	20% (or 39% depending on current trends)
	Low birth weight rate	19%	3%
	Maternal mortality rate	408/100000 inhabitants	5/100000 inhabitants
	Hope of life	51 years	65 years
	Rate of poor and vulnerable households benefiting from basic social protection	9%	75%
	Fee for using services Sanitation	24%	70%

4.2. Implementation Mechanisms and Challenges

4.2.1. Operationalization

182. The National Development Strategy will guide the preparation of Plans Sectoral and Territorial Strategies and will be implemented every five years through the Government's Five-Year Program, whose annual implementation will take place, within the framework of the current planning system, through the Economic and Social Plan and Budget of the State, two key annual instruments in this process.

183. These operational instruments of the National Development Strategy will have Results Frameworks (containing, general objective, priority areas of investment for achieve each general objective, the strategic objectives for each priority area, the actions priorities for each strategic objective) and Strategic Indicators that will be fully aligned with the National Development Strategy and which will be extracted of the National Indicators Manual. (Main Indicators).

184. The consistency of Strategic Indicators will be ensured across the various instruments planning in terms of name/wording, definition and methodology for the

[2] The country has a total of 104 river basins.

calculation of indicator values, according to the description of the technical notes of the indicators. Strategic Indicators must be maintained throughout the validity of the National Development Strategy, and additional indicators may be included in the course of implementing the National Development Strategy, in responding to changes in the operating environment and circumstances.

185. Each indicator of the National Development Strategy will have a line value base and a goal to be achieved by the end of the strategy's validity period. This one will also have five-yearly and/or annual goals to monitor progress and maintain strategy on the right track. When necessary and possible, corresponding targets will be defined for the Provinces and Districts/Municipalities to allow monitoring of contribution of territorial strategies to national development goals to be measured. When necessary, the goals of the National Development Strategy also will be disaggregated by sex, poverty profile, rural and urban categories and other forms of demographic, social and economic categorization.

186. To facilitate monitoring the implementation and effectiveness of the National Development Strategy, the interventions proposed in the Strategic Plans Sectoral and Territorial, programs and actions of the Five-Year Program and PES will be clearly subject to a referential crossing with specific objectives and strategies in National Development Strategy. Before finalizing economic and social plans and territorial annual budgets, the activities prioritized for implementation by lower levels of Government (provincial, district and municipal) will be aligned with the planned for implementation by the highest levels of Government (sectoral ministries and other central entities) to facilitate monitoring by lower levels of Government.

4.2.2. Monitoring

187. Monitoring progress in implementing the National Development Strategy and its achievements will happen at national, sectoral, provincial, district, local authority levels local and lower levels of State administration, guided by the Indicator Matrix Strategic. Achievements will be monitored at the level of products, results and impact.

188. All State bodies and institutions will have operational monitoring and statistics based on solid methodologies to ensure continuous data production relevant, timely, coordinated, accurate and reliable performance indicators of the National Development Strategy. These functions will be guided by a Five-year Strategy and Monitoring Plan, developed and funded for each of these institutions.

189. State bodies and entities, including ministries, local authorities, other bodies and State institutions implementing the National Development Strategy will have Management Information Systems to ensure efficient collection, processing, storing, retrieving, sharing, analyzing and using monitoring data for Strategic Indicators of the National Development Strategy. A database web-based database will be created by the MPD to store information about the Indicators Strategies of the National Development Strategy. The web-based tool will be accessible to both generators of information on Strategic Indicators of the National Development Strategy, as well as for users, in order to facilitate timely updating and ease of recovery respectively.

190. Various monitoring mechanisms and instruments will be used to monitor the execution and achievements of the National Development Strategy.

191. In the short term, the implementation and results of the National Health Strategy Development will be tracked using the tracking mechanisms of the Five-Year Program and PES. These mechanisms and instruments include:

(i) Quarterly balance sheets of plan execution and budget execution;

(ii) Semiannual and annual reports on the physical and financial evolution of implementation and the development results of the Annual Economic and Social Plan;

(iii) Monitoring field visits to territorial units;

(iv) Planning forums;

(v) Monitoring visits within the scope of open governance;

(vi) Development Observatory Sessions;

(vii) Annual Joint Sector Review (RACS) for sectors with Approaches of Sectoral Support, e

(viii) Joint Annual Review of the General Budget Support Instrument.

192. In the medium term, the National Development Strategy will be monitored using:

(i) Balance of the Government's Five-Year Program;

(ii) The Mid-Term Review of the National Development Strategy

In the long term, the National Development Strategy will be subject to evaluation.

4.2.3. Assessment

193. Scheduled and periodic assessments of public strategies and investments prioritized in the National Development Strategy will be mandatory to guarantee a more rigorous assessment of the choice, quality of implementation and impact of interventions resulting effects on target populations. Assessments will answer specific questions that will help guide decision-making by political decision-makers, managers and employees, as well as providing information on the performance of the Strategy National Development Council to supervisory bodies and the general population.

194. Assessment of the National Development Strategy and programs and projects correspondents will be guided by the following criteria: relevance, monetary valuation (economy, efficiency and cost-benefit), effectiveness, impact (including broad benefits or costs to society at large) and sustainability (including sustainability technological, financial, environmental and social). Furthermore, assessments should analyze to what extent cross-cutting issues are addressed, such as equality, social inclusion (including gender, poor and marginalized groups such as women and children, the elderly and people with disabilities), environment and innovation will also be addressed. To the evaluations will extract transversal lessons from the experiences of operational units and determine the need for modifications to strategic results frameworks.

195. The strategies of the National Development Strategy will be submitted to five possible types of evaluations, namely: process, results and impact evaluations, and assessment of monetary value and level of citizen satisfaction with services public. The planning of these assessments will be both through the Rolling Three-Year Plan Assessments, approved by the Council of Ministers, which will identify strategies national issues or topics of great interest to the country for a rigorous assessment and plans

Five-Year Rolling Assessments, produced by State bodies and entities, for the assessment of your long-term strategic plans, programs and projects.

196. These assessments will be financed through a special budget allocation for policy assessments managed by the Ministry of Planning and Development A evaluation of the National Development Strategy will be based on information generated through national censuses and research that the country has already carried out with an emphasis on following:

(i) General Population and Housing Census

(ii) National Poverty Assessment (IIAP)

(iii) Family Budget Survey (IOF)

(iv) Questionnaire on Basic Indicators of Well-Being (QUIBB)

(v) Continuous Household Survey (INCAF)

(vi) Multiple Indicator Survey, MICS (MICS)

(vii) Demographic and Health Survey (IDS)

(viii) Integrated Workforce Survey, IFTRAB

(ix) Agricultural and Livestock Census (CAP)

(x) Agricultural Inquiry Work (TIA)

(xi) Early Warning Systems (MINAG / FEWSNET, SETSAN)

(xii) Social, Demographic and Economic Statistics of Mozambique (ESDEM)

(xiii) District Development Monitoring System (SMoDD)

(xiv)

197. The MPD will use all available mechanisms to ensure broad dissemination of the monitoring and evaluation information on the implementation and realization of the Strategy National Development. M&A information will be made available through effective information channels (such as newspapers, newsletters, publications in

websites, seminars and conferences, etc.) to support and influence planning, budgeting and policy-making decisions.

4.2.4. Institutional Model of articulation for Monitoring and Evaluation of the National Development Strategy

198. Monitoring the implementation of the National Development Strategy will be carried out by the Planning Forum, which met periodically to carry out the monitoring of the National Development Strategy through the PES (reports semi-annual and annual PES Balance Sheets). FORUM will analyze the activities carried out, observing its alignment in relation to the current PQG objectives and the objectives of the National Development Strategy.

199. The FORUM will have a legal mandate, with Specific Terms of Reference and will be based and led by the MPD, which is represented by all sectors and with privilege of presenting the great achievements, progress and challenges of implementing the National Development Strategy at the level of the Council of Ministers.

200. Through the results of monitoring the National Development Strategy, FORUM will provide guidance for planning processes. While the Forum Planning will ensure monitoring and establishment of guidelines for planning, in parallel, there will be a macroeconomic management forum, legally established and with the specific function of monitoring the global macroeconomic situation, analysis of the performance of the national economy and advice on the guidelines to be followed taken into account by other sectors of the Government in order to guarantee the national macroeconomic stability.

4.2.5. Challenges in implementing the National Development Strategy

201. **Within the SNP**

(i) Preparation of an action plan with a territorial and sectoral dimension in a integration containing:

ÿ National development master plan containing the planning and land use planning; It is

ÿ National development programs.

202. **In the scope of articulation and coordination**

(i) Alignment of existing Strategies and integration into the SNP;

(ii) Creation of a nucleus for coordinating the implementation, monitoring and evaluation of the National Development Strategy with a central and territorial dimension;

203. **In the financial sphere**

(i) The programs defined in the National Development Strategy reflect the Government priorities for the specific economic year. In this way, the same should receive priority in the allocation of funds, especially those from of the State Budget.

(ii) The international community (cooperation partners) must be encouraged to financially support the programs of the National Development Strategy through its involvement in its implementation, in the same context of support which lends itself to the programs defined in the PARP.

(iii) The national and foreign business community, however the private sector can invest in the priority areas defined by the National Strategy for Development, individually or in partnerships.

(iv) The State should not mobilize other specific sources of financing for National Development Strategy, otherwise use the mechanisms of financing existing State activities. The mobilization of more partnerships will be aimed at raising more financial resources given the magnitude of the National Development Strategy.

4.3. Risk factors

204. **Economic and Financial Shocks**

(i) The most common economic shocks result from fluctuations in the price of commodities, mainly oil shocks. Regarding the oil shocks, the discovery of gas, can quickly raise the the country's response capacity through the use of this resource for energy production and transport.

(ii) The exploration of energy produced from gas is an important factor for the development of various industries, such as the industrial of iron and steel.

(iii) The other component of economic shocks arises from crises financial problems that affect developed economies and, through contagion, affect less developed economies as a result of globalization and of external dependence.

(iv) To face cyclical international crises, it is important to guarantee the economic robustness and the reduction of external dependence, which involves the development of programs to promote small and medium-sized companies because of their potential in the functioning of the private sector national level, generation of jobs, income and revenue for the State, and provision of services to large projects.

(v) Fiscal, monetary and exchange rate policies are not excluded from this approach, in addition to the expansion of research institutions to increase the productive competitiveness, as mechanisms for resilience to economic shocks.

205. **Natural Shocks**

(i) Natural disasters constitute one of the greatest challenges that the country must exceed to achieve the national development objectives expressed in the National Development Strategy. The experience of the last 30 years shows that due to its magnitude, the high frequency and impact of natural disasters on the social fabric, economy and infrastructures have acted as a real brake or even setback to national efforts to development. On the one hand, in addition to eroding the gains of the development, disasters, have contributed to the diversion of the allocation of resources from the development area for investment in actions to respond to emergency and post-disaster reconstruction.

(ii) Due to its geographic location, the country is highly exposed to climate risks such as floods, droughts and cyclones. As an illustration, the country is affected in average by a severe drought or flood once every 3 to 4 years and 1 cyclone tropical per year.

(iii) At the same time Mozambique remains highly vulnerable to disasters natural resources, resulting in loss of human life and extensive damage. In 2000, the catastrophic natural disasters (floods and cyclones) caused the deaths of 800 people, displaced 540 thousand people and caused economic losses in the order of 600 million US dollars, corresponding to 20% of that year's GDP. In 2013, new catastrophic disasters killed 117 people, displaced others 172 thousand and caused damage in the order of 517 million dollars, corresponding to 10% of the State Budget.

(iv) Recent projections indicate that due to the impact of climate change, there will be an increase in the frequency, intensity and magnitude of disasters, which may, If there is no investment in resilience, annual losses will reach 450 million dollars by around 2040, due to damage to agriculture, infrastructure and production of energy.

(v) In these terms, taking into account the high vulnerability of agriculture due to frequent floods on irrigated perimeters and droughts in rainfed agriculture; there is a wide possibility of cyclical stoppage of agricultural production, as well as of production in the various sectors due to the temporary inoperability of communication ways.

(vi) Tourism could be directly and indirectly affected due, on the one hand, to damage, along the coast, to support infrastructures due to the action of cyclones, as well as the inaccessibility of parks and reserves due to power cuts roads and bridges due to the action of floods.

(vii) Therefore, the National Development Strategy must integrate as priority is given to creating the resilience of infrastructures and productive activities through specific investments for the construction or remodeling of infrastructure existing and projected structures for the coming years to meet standards of construction resilient to the type of disaster arising there. For its increased role When shipping goods, special attention must be paid to railways, ports and roads, and above all those linked to the main regional corridors and production and consumption centers.

(viii) With regard to agriculture, in addition to the construction of infrastructures protection of irrigated perimeters (dams and protective dikes), it is necessary adopt rainfed agriculture and alternative irrigation techniques, while time that agricultural insurance should be introduced to ensure rapid recovery of the post-disaster producing sector. However, the implementation of insurance must cover other productive activities such as tourism, fishing and transport.

206. **Political and cultural clashes**

(i) Ensure that political stability is maintained and ensure the Change of Mentality

(ii) Combined and results-oriented actions

207. **External shocks**

(i) External competition and blockage to development

The. (ii) Conflicts in the region

B. (iii) Conflicts in the world

208. **Institutional Shocks**

(i) Sectoral approach vs. Integrated approach

(ii) Capacity to retain qualified staff at different levels of public service