

MAPPING OF DONORS SUPPORTING THE PRIVATE SECTOR IN MOZAMBIQUE & BUDGETING AND DETAILING OF THE PAMAN

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Context

- The objective of this consultancy was to map donor support to private sector and to provide support to DASP in the budgeting and tasks definition of PAMAN.
- The consultancy was funded by the Norwegian Embassy , it started on May 1st and took place during 17 working days.

MAPPING OF DONORS SUPPORTING THE PRIVATE SECTOR 1997-2015

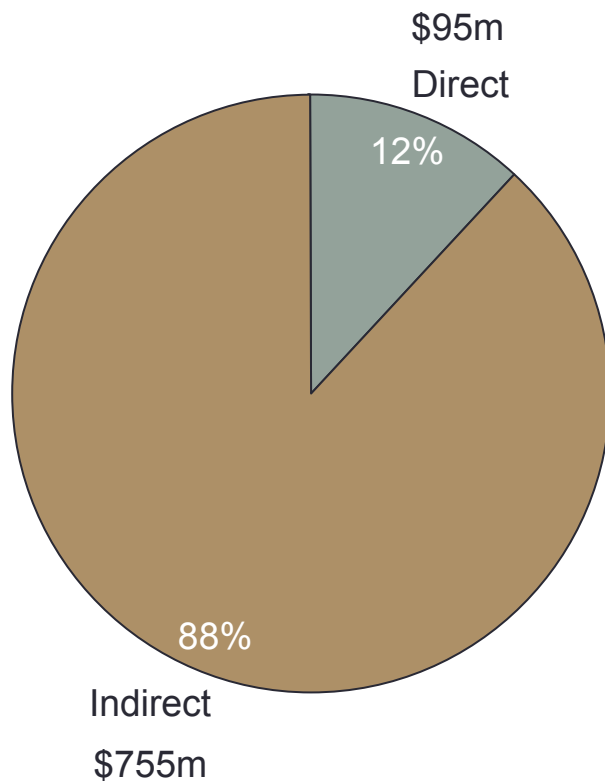
The ODAMOZ is the source of the data used

- All the slides in this presentation are based on data from the ODAMOZ
- ODAMOZ is a database of development assistance to Mozambique
- It started in 2005 funded by the EC and some bilateral donors
- The last donor Atlas was produced in 2008
- The ODAMOZ sits in **MPD's Directorate for Investment and Cooperation (DIC)**
- Each Donor and UN agency has selected a focal point that is responsible for collecting, entering and updating the data online on a quarterly basis.
- ODAmoz focuses on reporting quarterly disbursement data and forecasts for the current year and annual values for further 3 years according to Medium Term Expenditure Forecast (MTEF) procedure
- The ODAmoz Management Committee agreed to link the update procedure to the Official Budget Cycle of GoM.
- In general the update deadlines will be followed according to below mentioned dates:
 - 1st Quarter: 1st of April - 15th of May
 - 2nd Quarter: 1st of July - 15th of August
 - 3rd Quarter: 1st of October - 15th of November
 - 4th Quarter / Yearly report: 15th of January - 15th of February

The focus is private sector projects whether they have been correctly marked or not

- Accessed 15th June 2012. Data extracted via custom reports 3300, 3379 and 3380.
- We focusing on projects supporting the private sector (we excluded areas like humanitarian aid, social protection, etc)
- There may be some degree of inconsistency in the way donors mark their projects as “private sector support”.
- Private sector support includes:
 - Direct
 - Indirect through the public sector (but still marked as private sector support)
- Projects marked “private support” (direct and indirect) as well as “does not know” have been analysed
- Actual disbursements shows the funds actually disbursed from the project inception up until 15th June 2012
- Forecast disbursements/commitments shows the cumulative for 2013,2014 and 2015
- Note each project in ODAMOZ shows a different starting and ending date
- Note earliest entry (1997) is for Italy but some donors start reporting later (1998...)

Aid marked as private sector support is predominantly indirect through the public sector

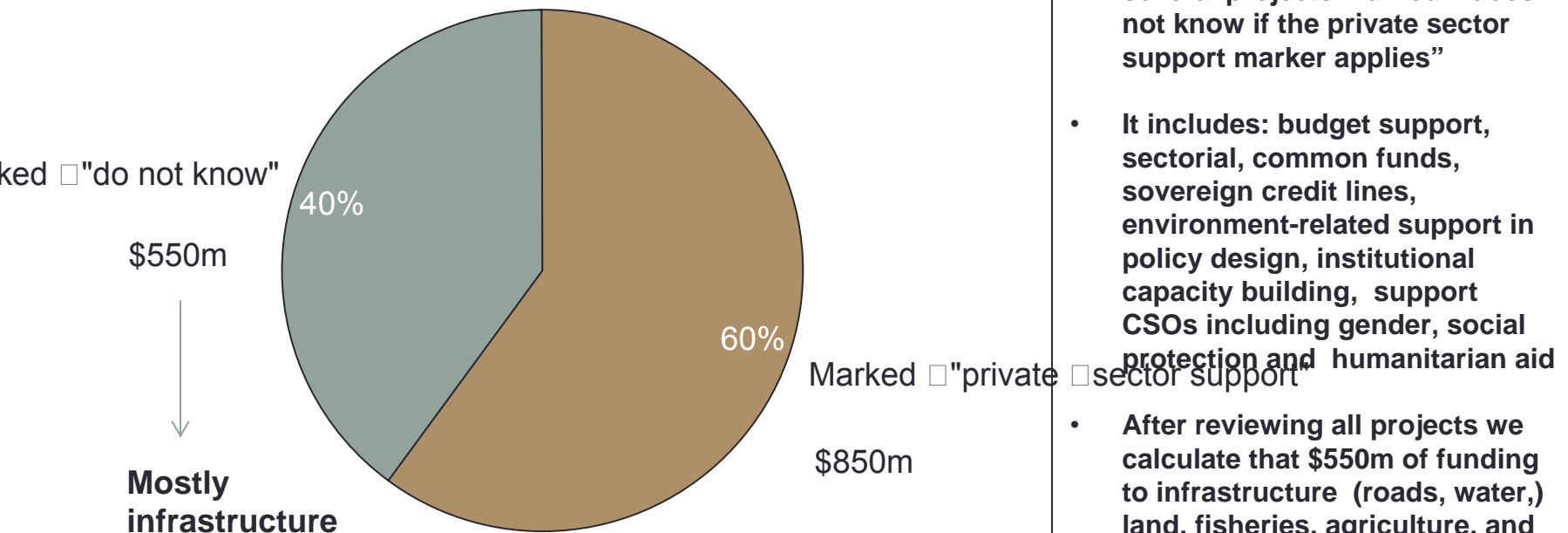


- Only 12% of the financial aid to the private sector registered in the ODAMOZ is direct support
- 88% is indirect support through the public sector

Total aid marked as private sector support

**Total Private Sector Support
(1997-06/2012): approx. \$850m**

An important share of the aid marked as “do not know” may also be considered private sector support

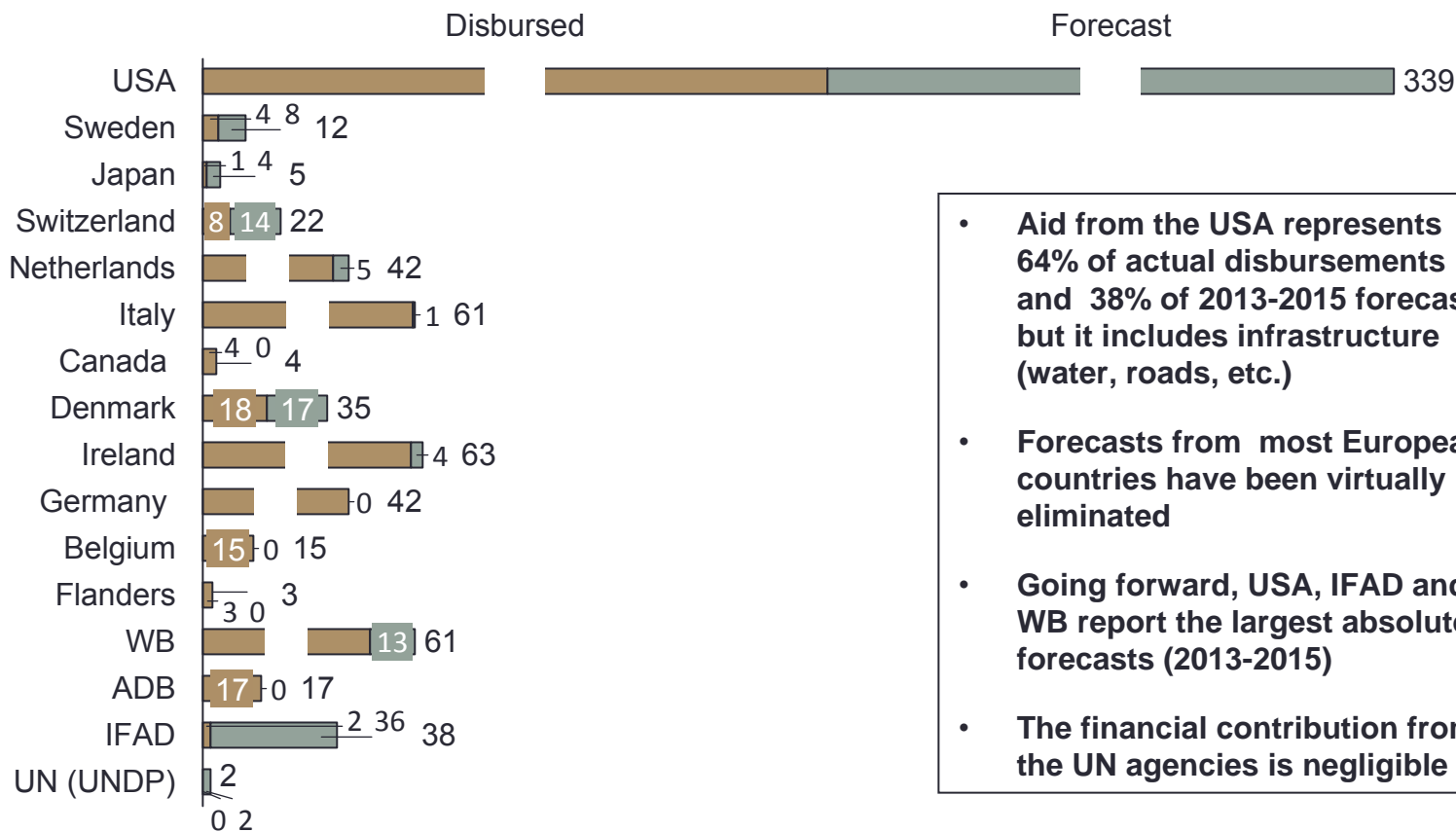


**Total Private Sector Support
(1997-2015): approx. \$1.4Bn**

- Note in ODA MOZ there are several projects marked “does not know if the private sector support marker applies”
- It includes: budget support, sectorial, common funds, sovereign credit lines, environment-related support in policy design, institutional capacity building, support CSOs including gender, social protection and humanitarian aid
- After reviewing all projects we calculate that \$550m of funding to infrastructure (roads, water,) land, fisheries, agriculture, and natural resources can be considered private sector support

USA leads the table of donors of financial aid marked as “private sector support”

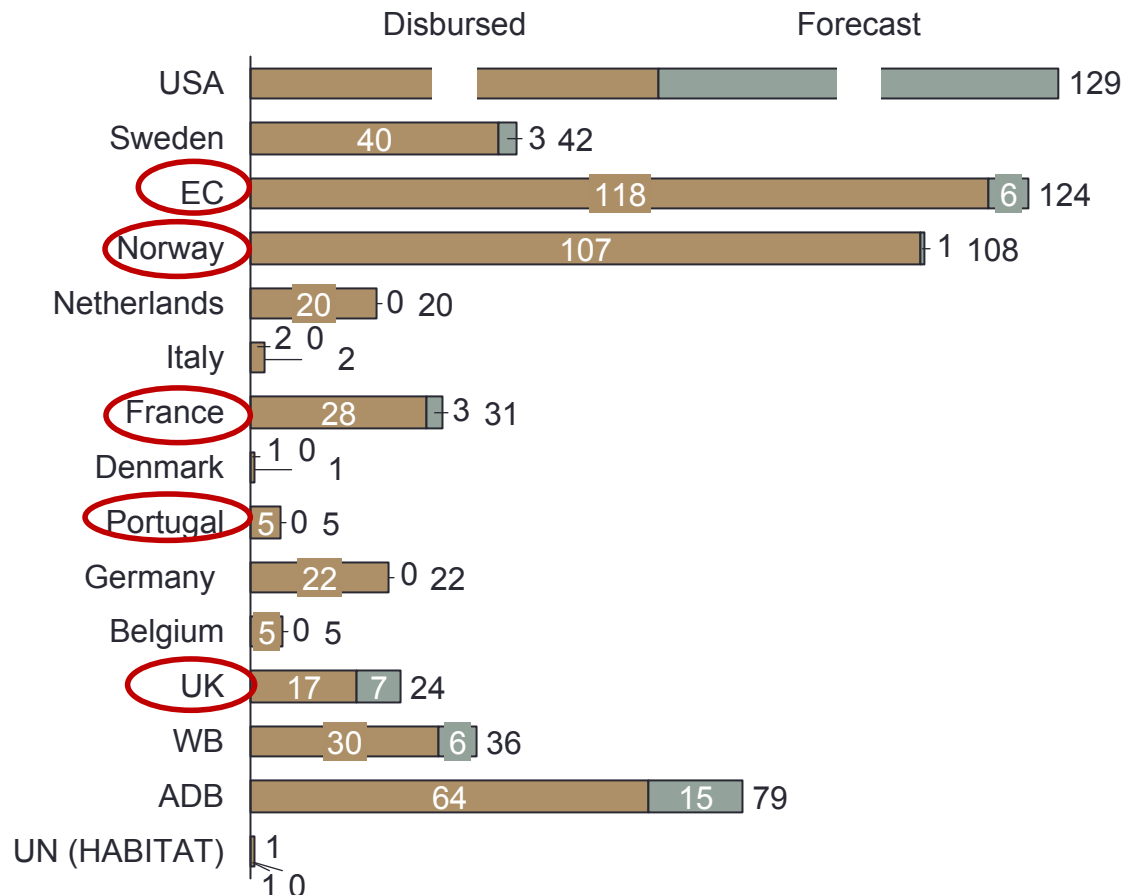
Data in USD millions



- Aid from the USA represents 64% of actual disbursements and 38% of 2013-2015 forecasts, but it includes infrastructure (water, roads, etc.)
- Forecasts from most European countries have been virtually eliminated
- Going forward, USA, IFAD and WB report the largest absolute forecasts (2013-2015)
- The financial contribution from the UN agencies is negligible

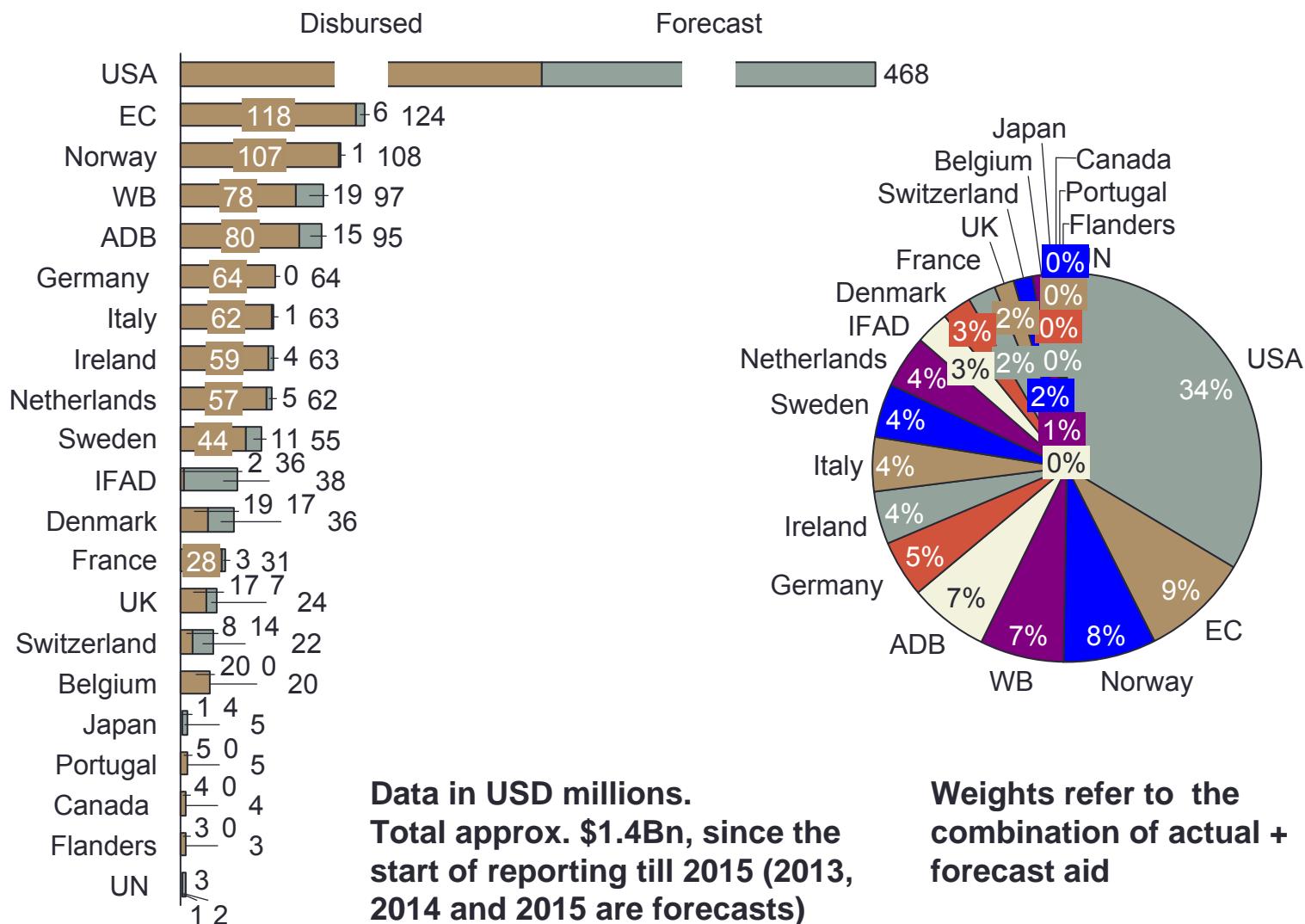
USA also leads the table of donors of financial aid marked as “do not know if it constitutes private sector support”

Data in USD millions



- When including “do not know” projects new donors are added to the list of supporters of private sector: EC, Norway, France, Portugal and UK.
- Some USA (MCC) projects have similar names as previously shown “private sector-marked” projects (e.g. roads rehabilitation).
- Despite similarities in names project codes differed. Therefore it is assumed that there is no double counting

In the full list of private sector donors the top 5 represent 61% of total aid to private sector

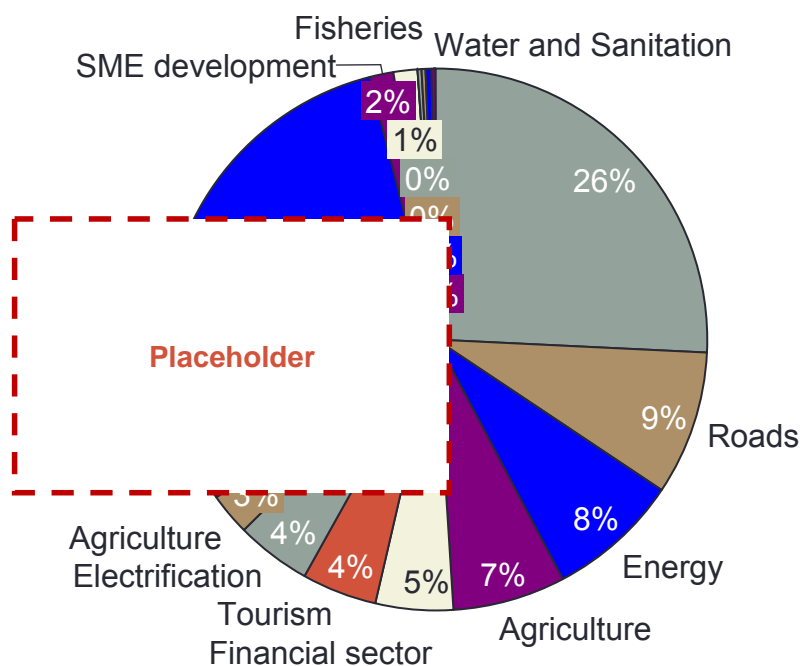


Donor	Main private sector focus	Other sub-sectors
USA	Water and Sanitation	Roads and Land
EC	Roads and Energy	Fisheries and Water and Sanitation
Norway	Electrification	Fisheries, Financial Sector
WB	Agriculture and Tourism	Water and Sanitation, Competitiveness, Financial Sector and Energy
ADB	Water and Sanitation	Mining
Germany	Rural infrastructure and Financial Sector	SMEs, Microfinance
Ireland	Agriculture	Land
Italy	Agriculture and River Development	Fisheries
Sweden	Electrification	Transport
Netherlands	Water and Sanitation	Financial Sector, Judicial Environment
IFAD	Agriculture	Rural Development
Denmark	Roads	SMEs
France	National Parks (Limpopo, Quirimbas)	Energy
UK	Roads	Land
Switzerland	SME development	Rural development
Belgium	Fisheries	Roads

Private support donors have different priority areas

Approximation to sectorial allocations using DAC categories

Work in progress



- Many projects are multi-sectorial (e.g. 40% agriculture, 40% roads, 20% water)
- Some projects have non-private sector components

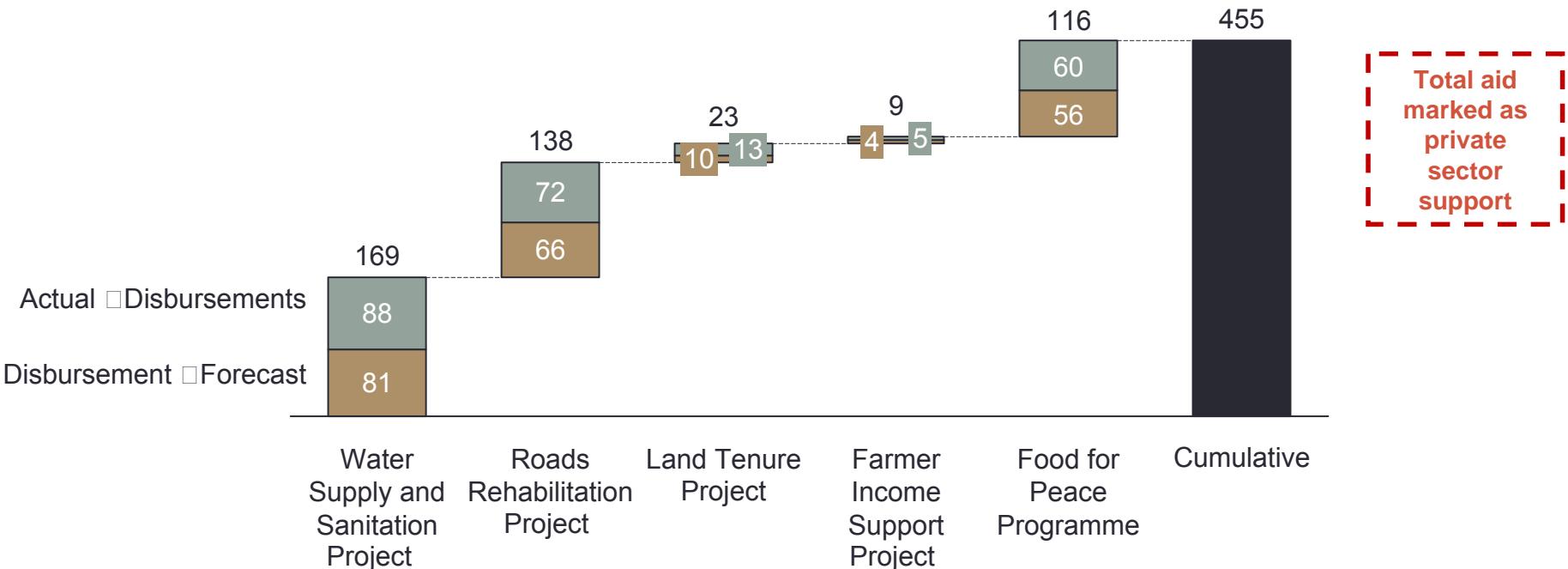
Donors report private sector support in inconsistently

- UN agencies categorised some projects as private sector support (e.g. UNCDF's \$9m of PPFDF programme), even though the description of the projects reveals that they were social or political support
- Italy categorised most of its projects (e.g. budget support, basket funds, etc.) as private sector support
- Japan and USA categorised food aid as private sector support
- Netherlands and Ireland categorised social protection projects as private sector support
- Sweden categorised support to Niassa's public sector as private sector support
- For USA only disbursements forecast = commitments forecasts
- Other countries either report disbursement forecasts (most bilateral donors) or commitments forecasts (Japan, Switzerland, Italy, Netherlands, Denmark, UN agencies, etc.)

USA private sector support

Data in USD millions

- 100% of reported USA aid to the private sector (excluding food aid) is channelled through the MCA

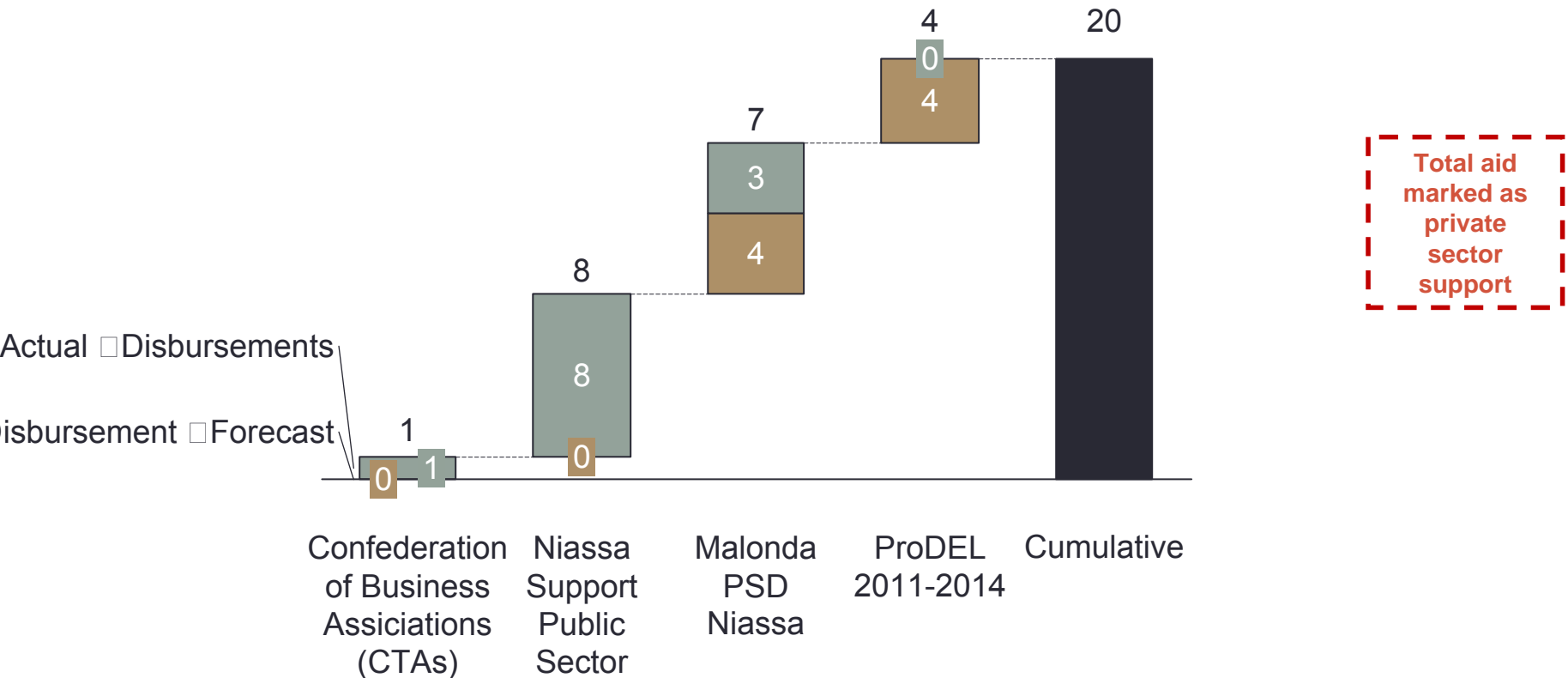


The following projects have been excluded from the total calculations:

- Food for peace programme

Sweden private sector support

Data in USD millions

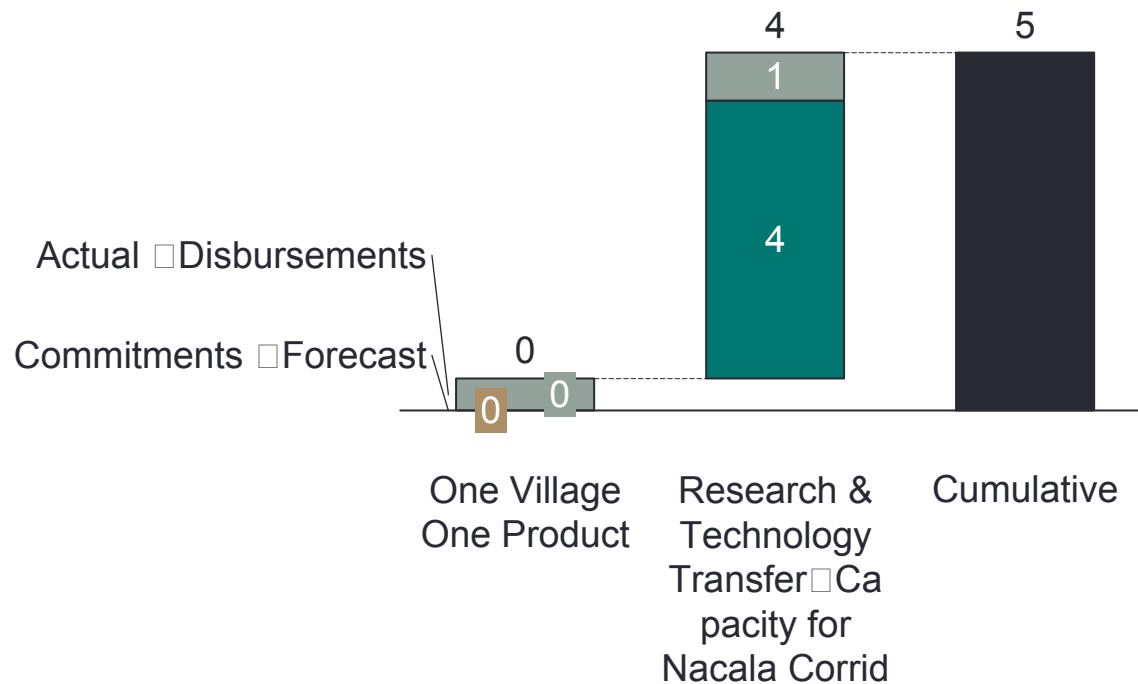


The following projects have been excluded from the total calculations:

- Niassa Support Public Sector

Japan private sector support

Data in USD millions



Total aid marked as private sector support

Data does not show a disbursement forecast but a commitment forecast

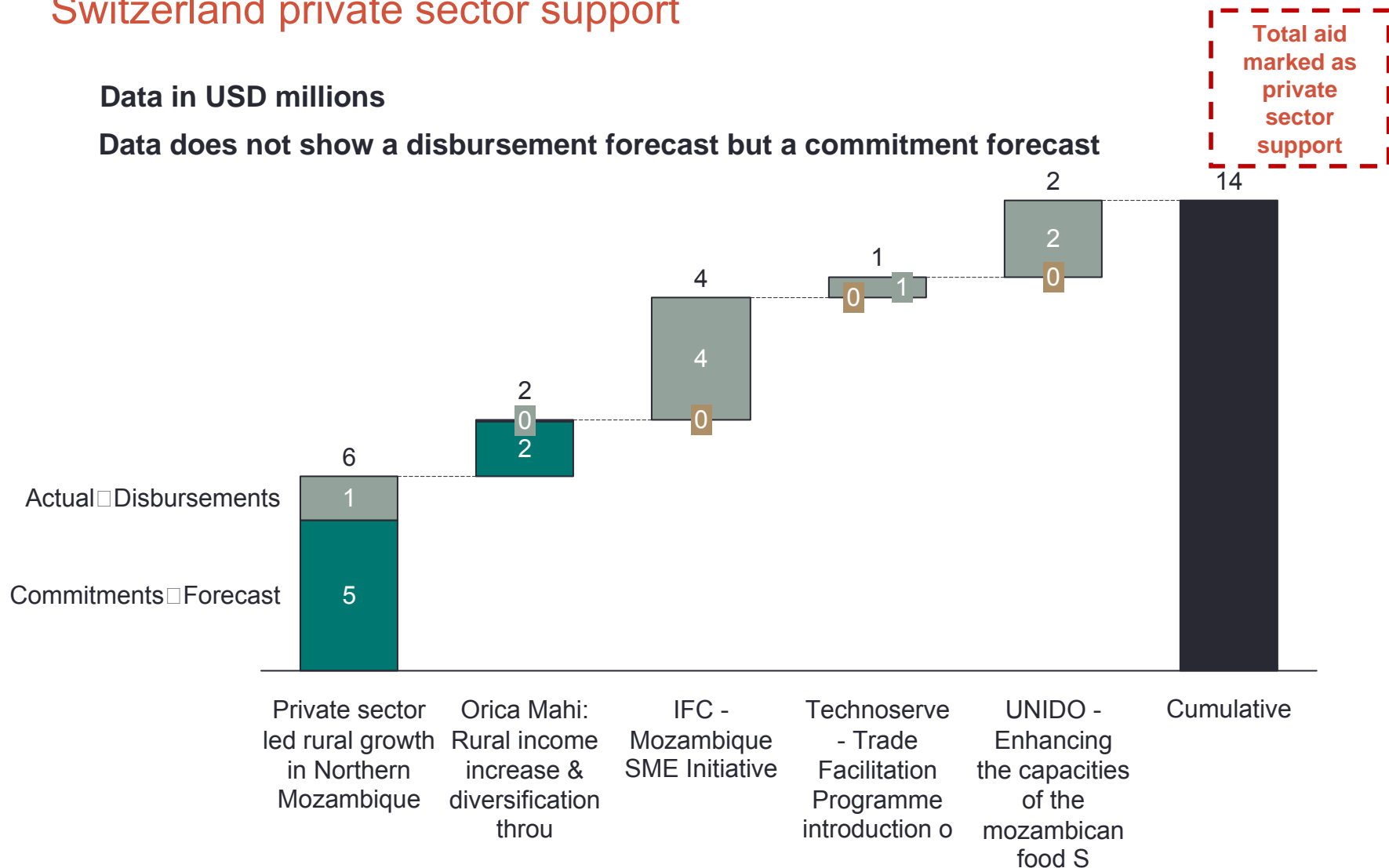
The following projects have been excluded:

- Food aid 2011

Switzerland private sector support

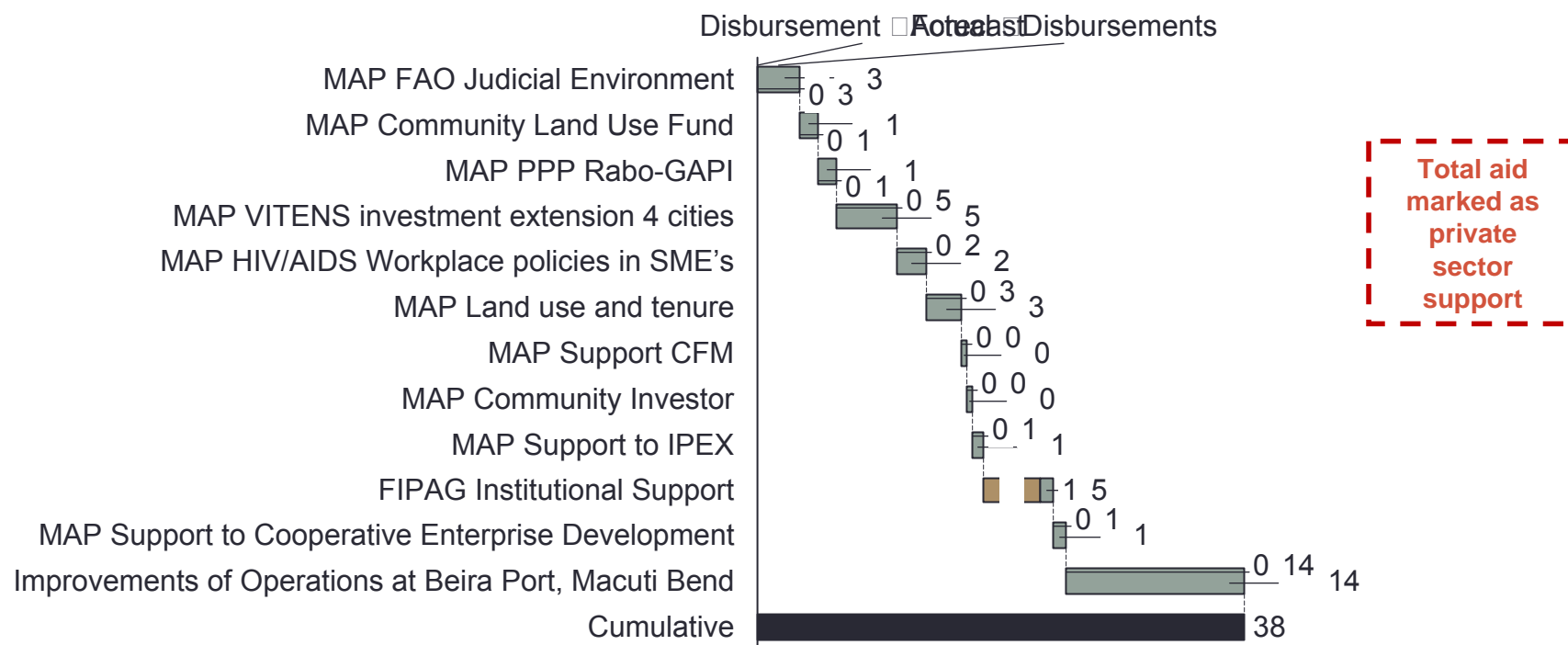
Data in USD millions

Data does not show a disbursement forecast but a commitment forecast



Netherlands private sector support

Data in USD millions

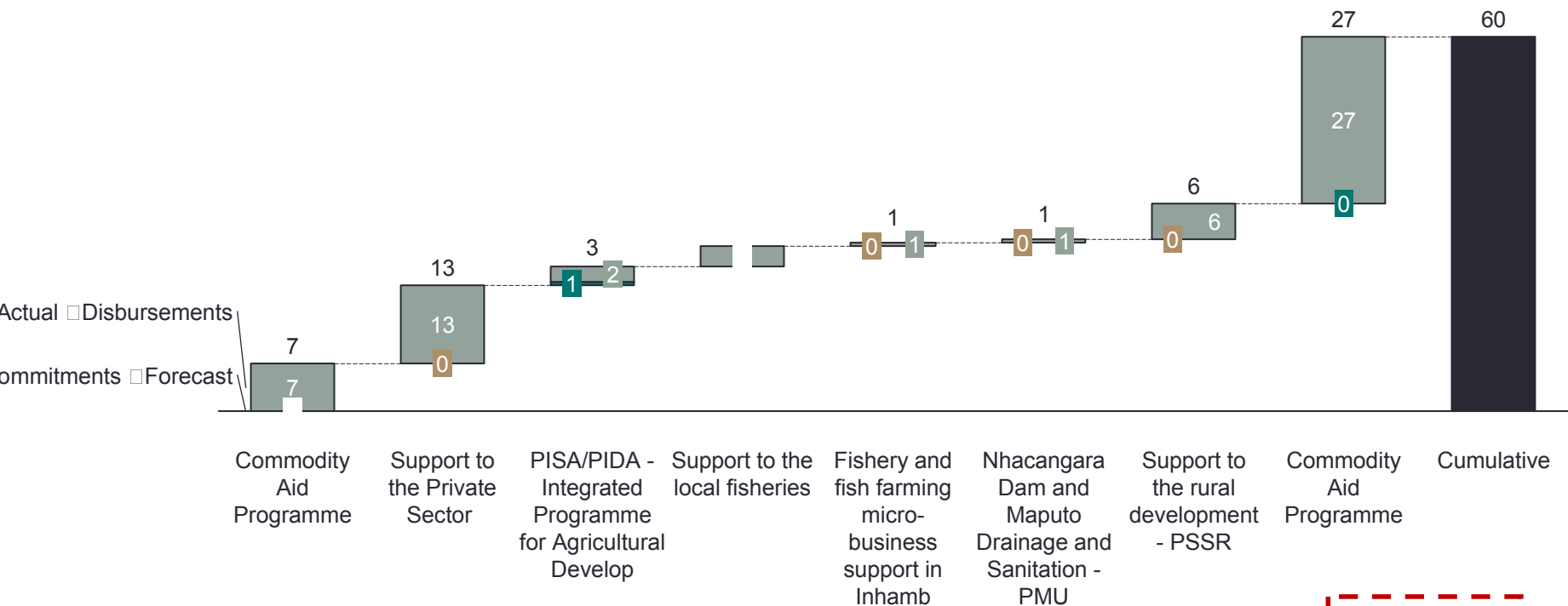


The following projects marked as “private sector support” have been excluded:

- Social protection of OVC, elderly and PLWHA
- Social marketing of health commodities

Italy private sector support

Data in USD millions



Data does not show a disbursement forecast but a commitment forecast

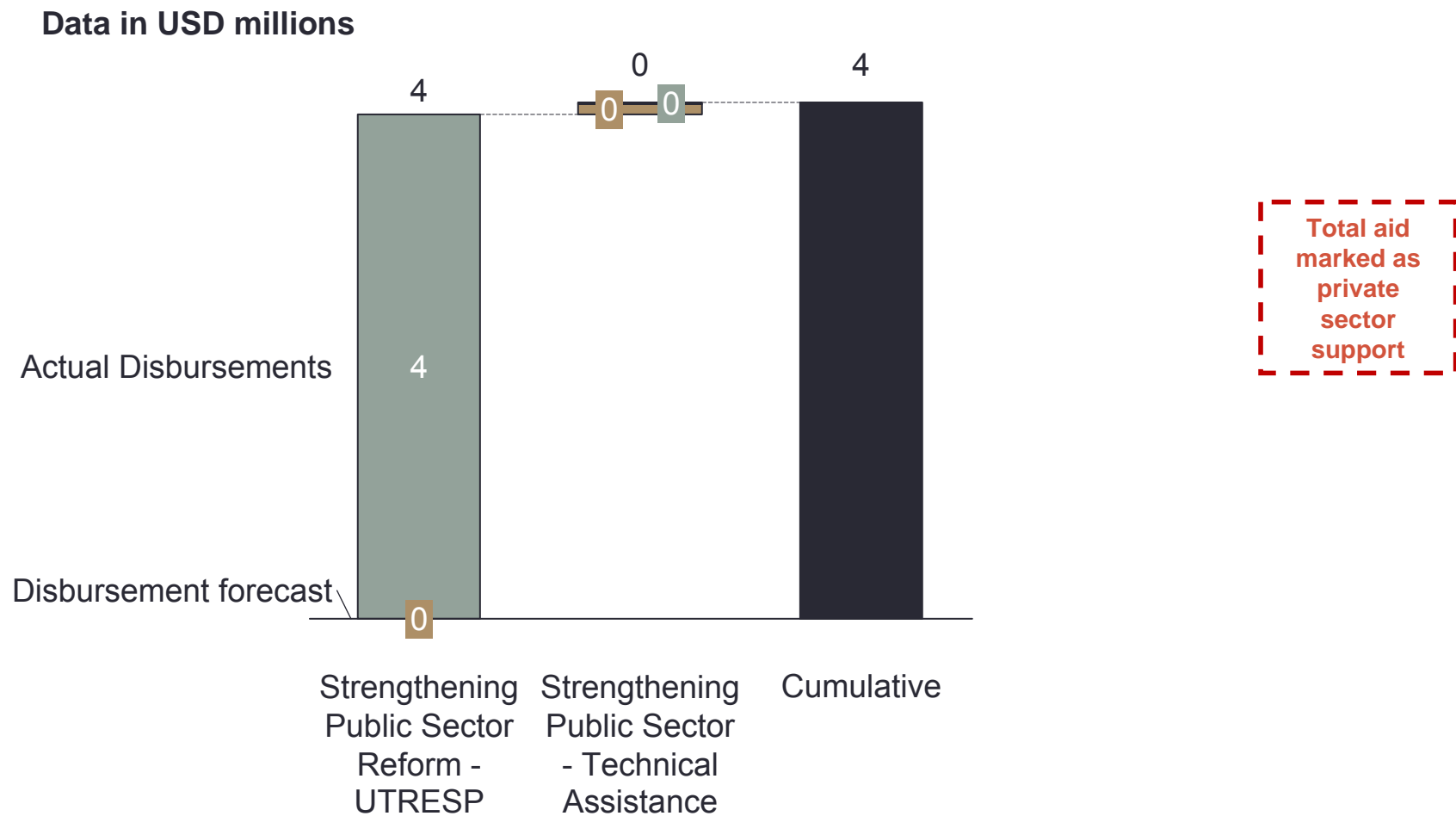
Total aid marked as private sector support

Italy private sector support

The following projects marked as “private sector support” have been excluded:

- Decentralization and Development of Local Health System in Mavalane
- IUCN/Italy - Sustainable Livelihoods and Natural Resources Management in Protected and Multiple Use Areas
- Support to the primary health care laboratory services
- Support to the decentralisation and local economic development – PADDEL
- General Budget Support 2007-2012
- Italian contribution to the PROSAUDE Common Fund
- Re-qualification of the Chamanculo
- Donors Common Fund for the implementation of the Third Action Plan SISTAFE (UTRAF)
- Italian participation in the financing and management of FASE
- General Budget Support 2013-15

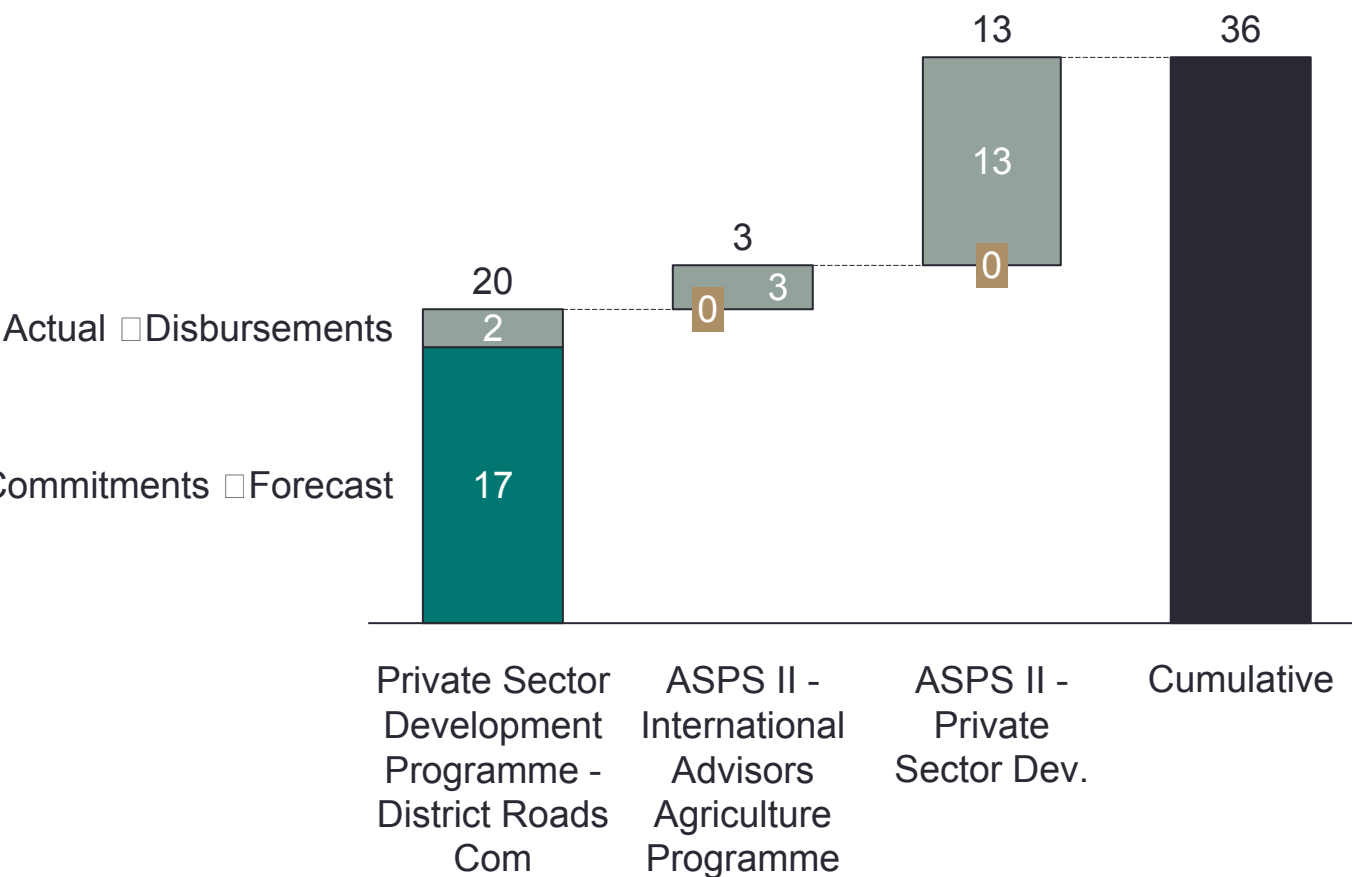
Canada private sector support



Denmark private sector support

Data in USD millions

Data does not show a disbursement forecast but a commitment forecast

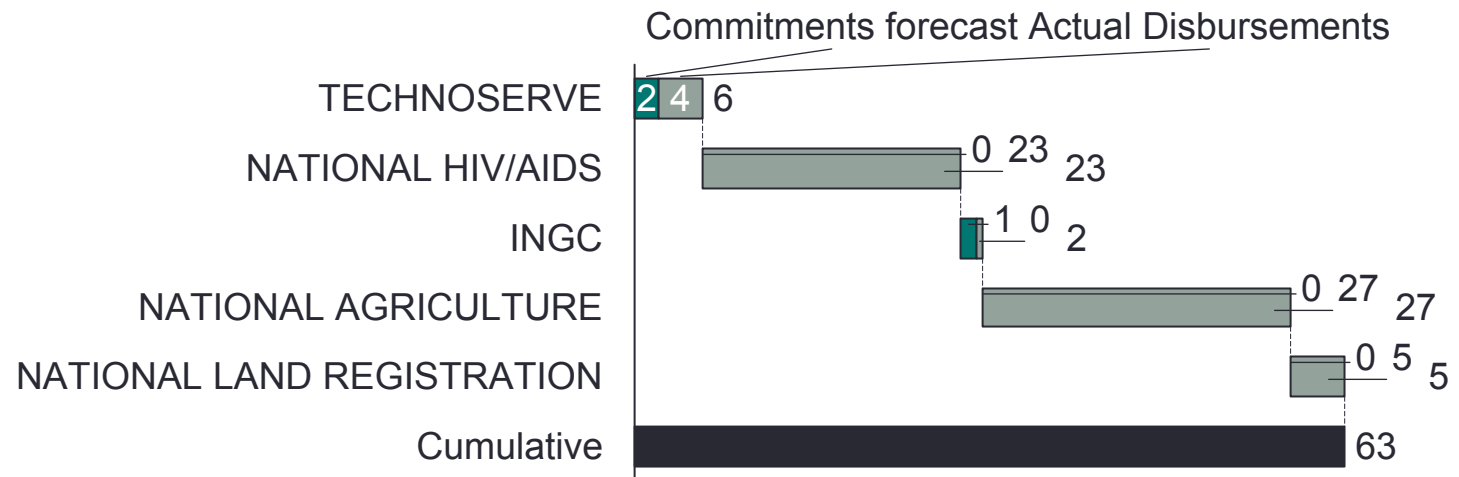


Total aid marked as private sector support

Ireland private sector support

Total aid
marked as
private
sector
support

Data in USD millions



The following projects have been excluded:

- Support implementation of PROSAUDE - Health sector strategic plan, through annual operation plan.
- Social Protection
- Institutional capacity building programme to Inhambane.
- HIV/AIDS CIVIL SOCIETY SUPPORT

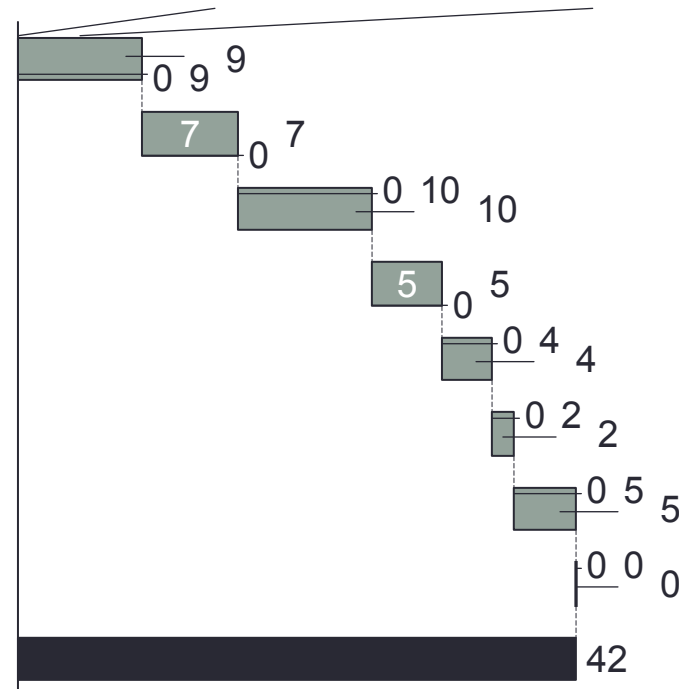
Germany private sector support

Total aid
marked as
private
sector
support

Data in USD millions

Project Name	Disbursement forecast	Actual Disbursements
Road Construction and Maintenance Programme Inhambane	0	9
Decentral Funding of Infrastructure (FINDER)	7	0
Financial Sector Programme I	0	10
Banco Terra, Equity participation	5	0
SME Program: Improving the legal, political and instituti	0	4
Support to the Microfinance Sector (participation FSTAP)	0	2
Improvement of the framework conditions for a sustainable	0	5
Sustainable Economic Development - Promotion of the Finan	0	0
Cumulative		42

Disbursement forecast Actual Disbursements

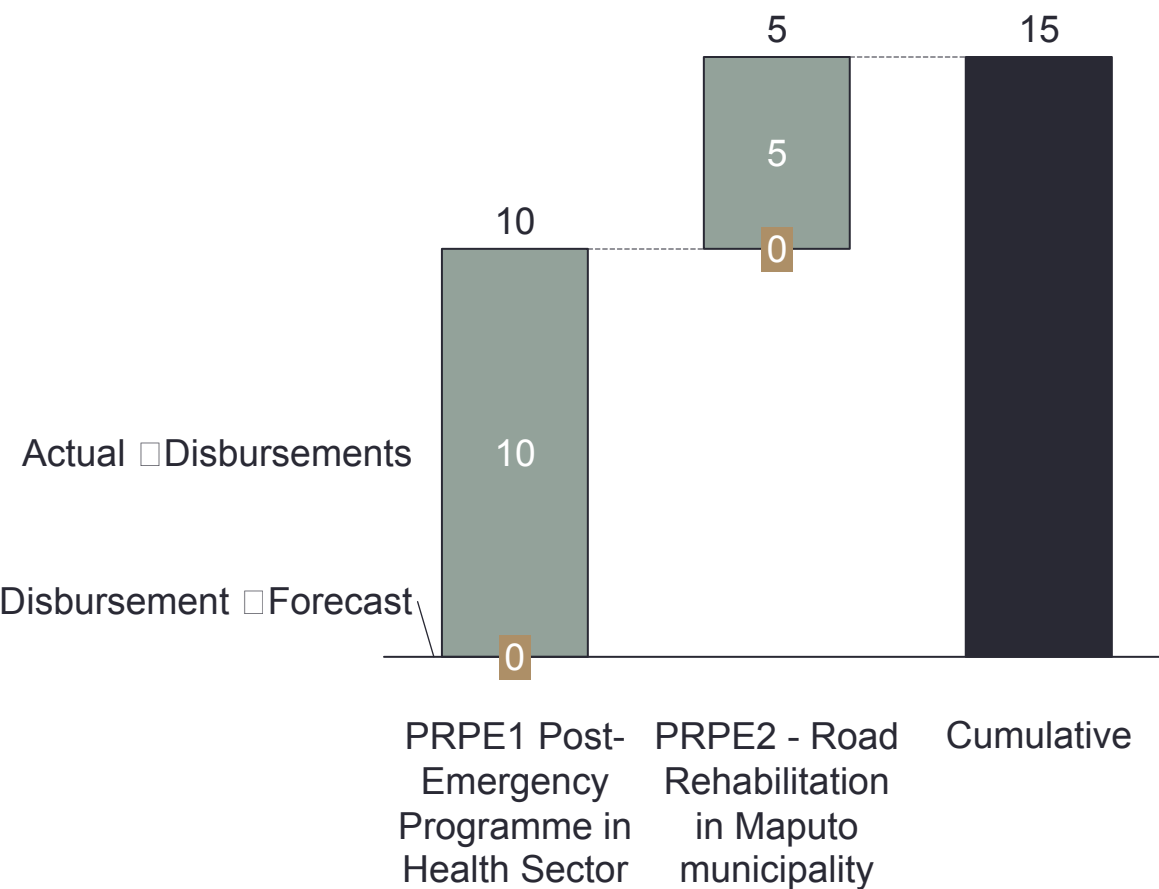


The following project have been excluded:

- Promotion of Primary Education/ Parallel Financing

Belgium private sector support

Data in USD millions

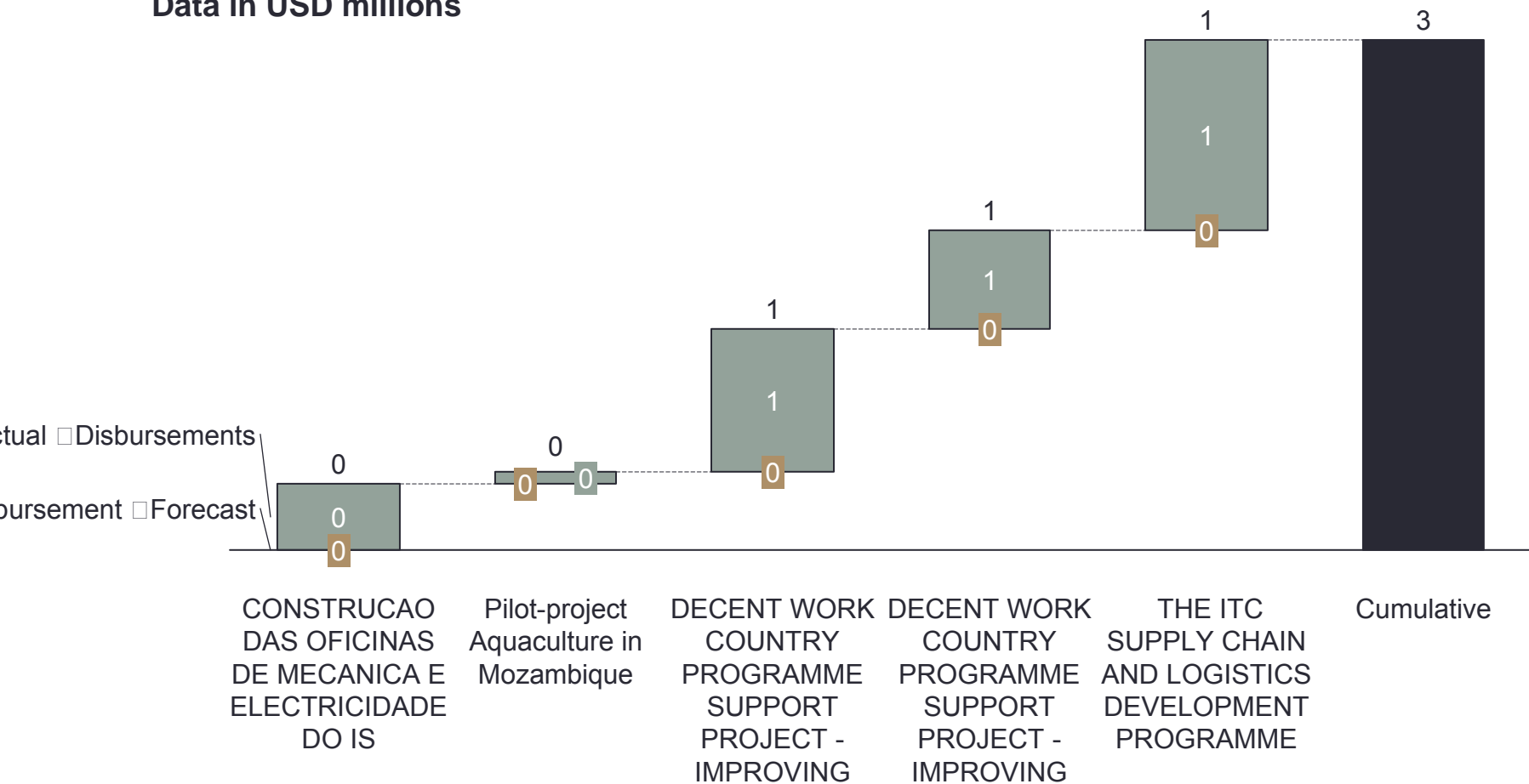


Total aid marked as private sector support

Flanders private sector support

Total aid
marked as
private
sector
support

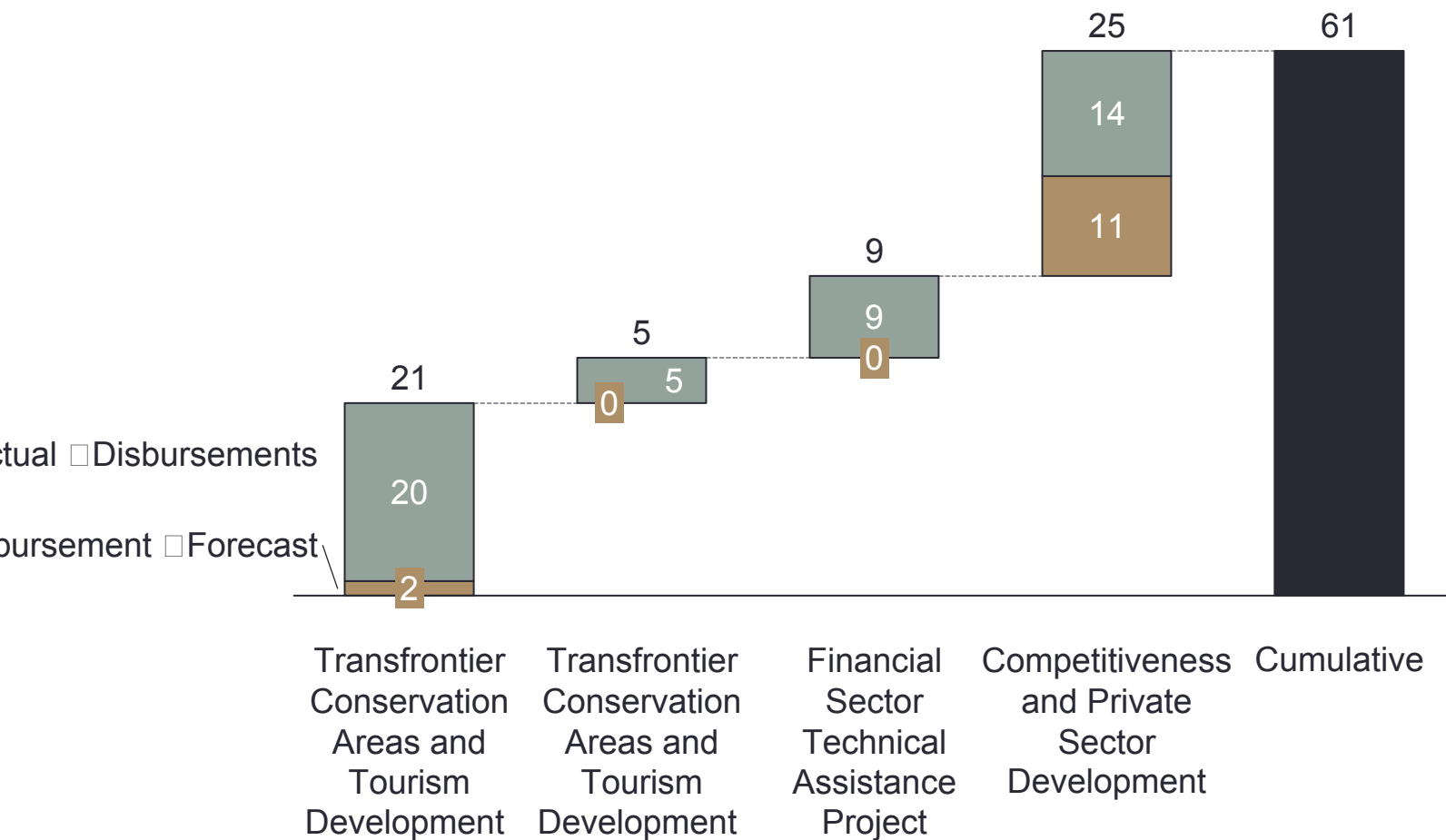
Data in USD millions



WB private sector support

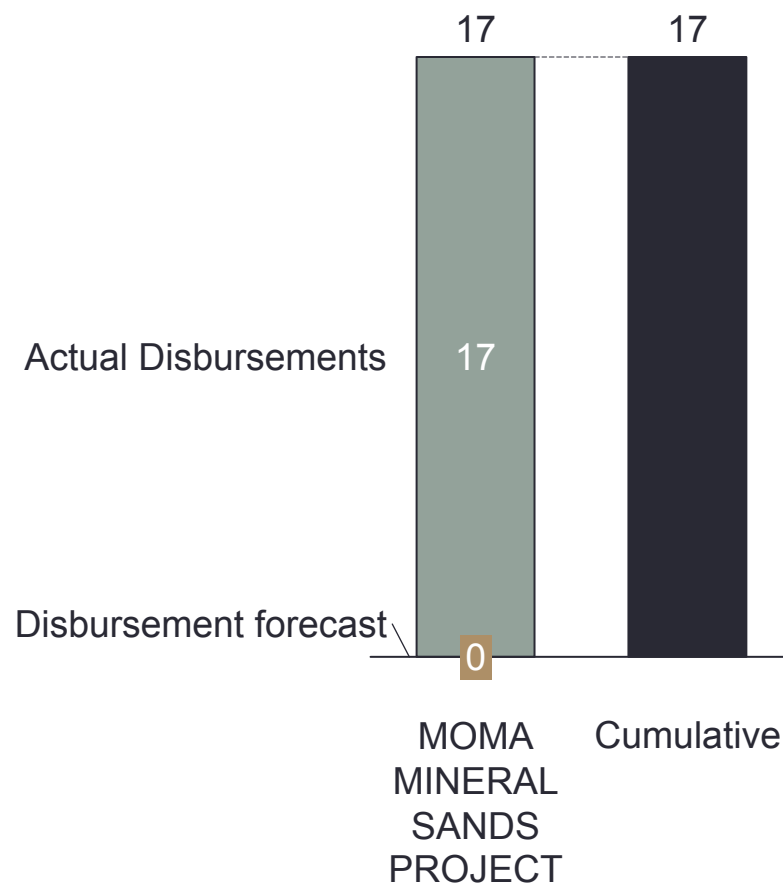
Total aid
marked as
private
sector
support

Data in USD millions



ADB private sector support

Data in USD millions



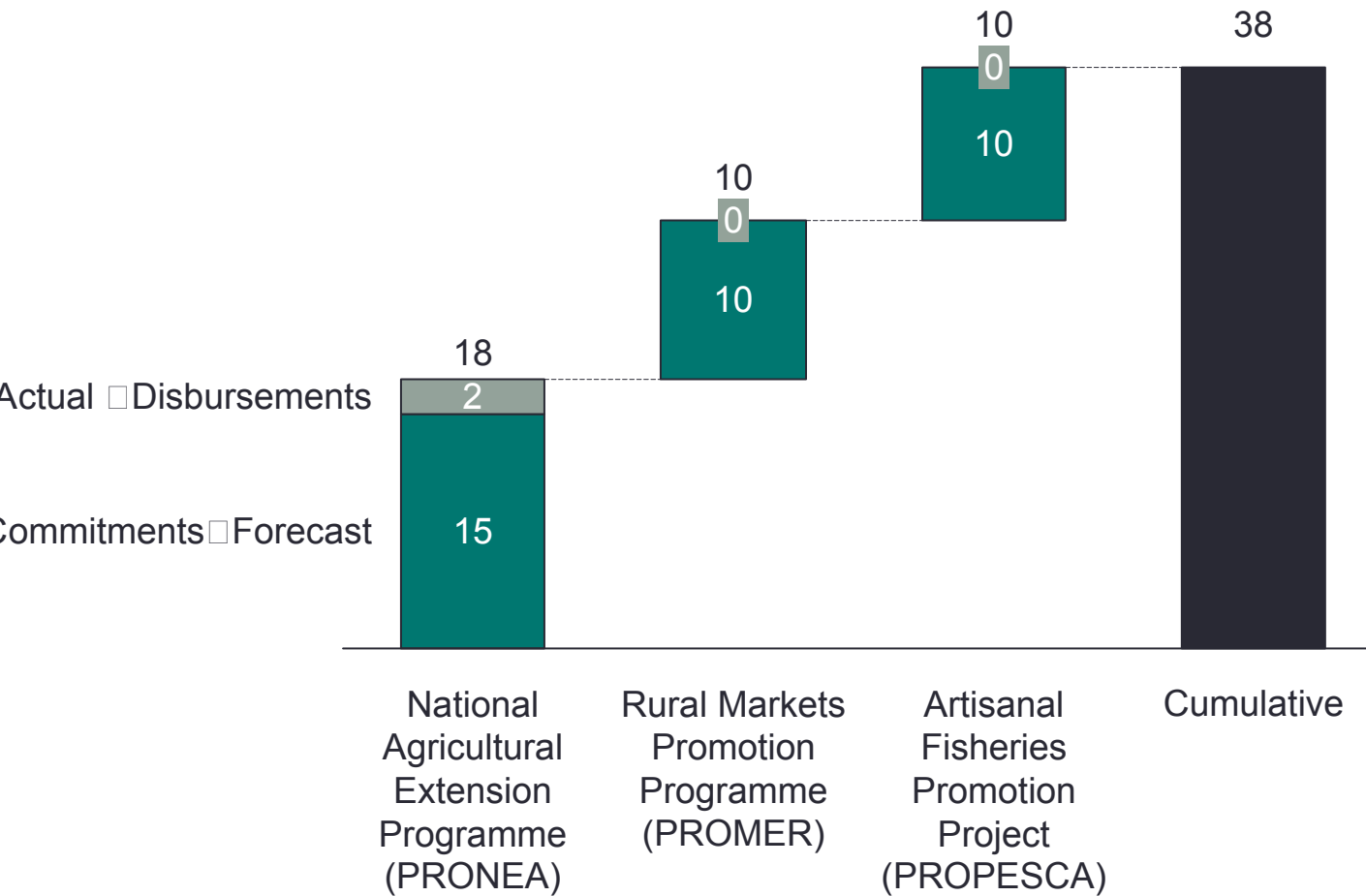
Total aid
marked as
private
sector
support

IFAD private sector support

Total aid
marked as
private
sector
support

Data in USD millions

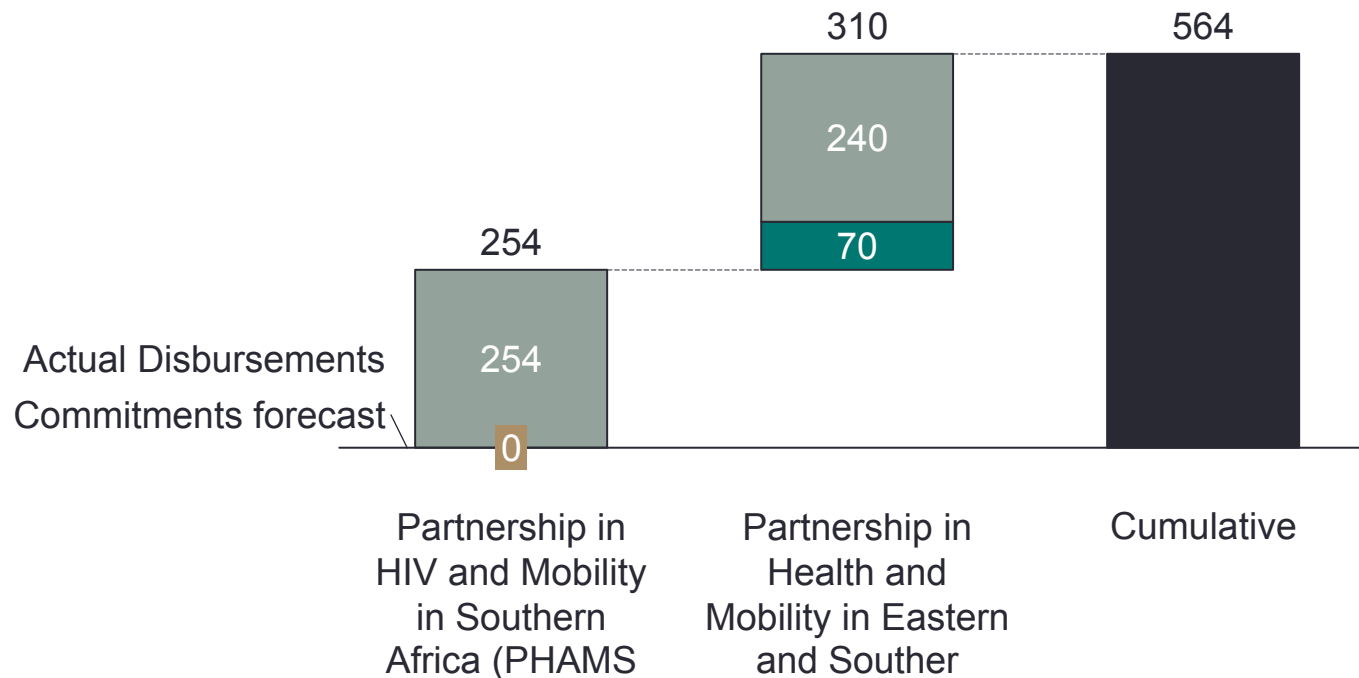
Data does not show a disbursement forecast but a commitment forecast



IOM private sector support

Data in USD thousands

Total aid
marked as
private
sector
support

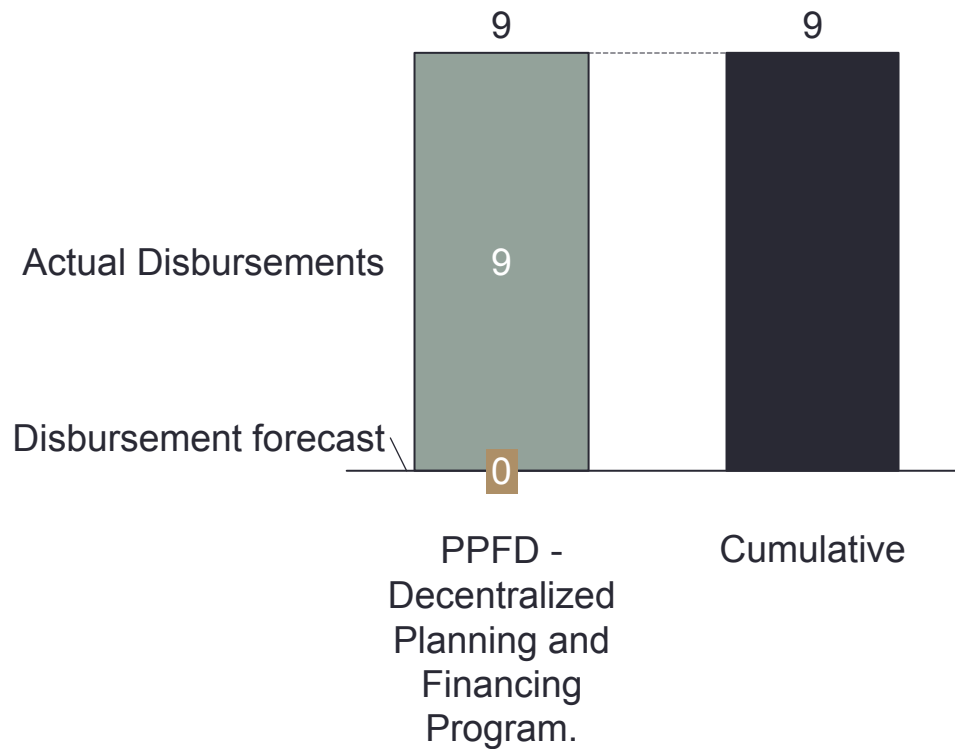


- Data does not show a disbursement forecast but a commitment forecast
- Projects have been excluded from the total private sector support calculations

UNCDF private sector support

Total aid
marked as
private
sector
support

Data in USD millions

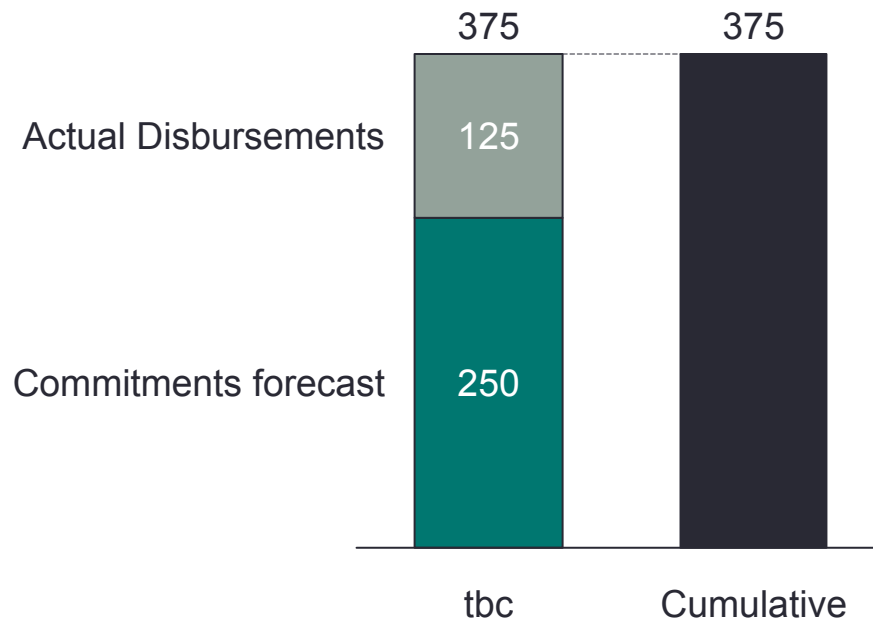


Project has been excluded from the total private sector support calculations

UNAIDS private sector support

Total aid
marked as
private
sector
support

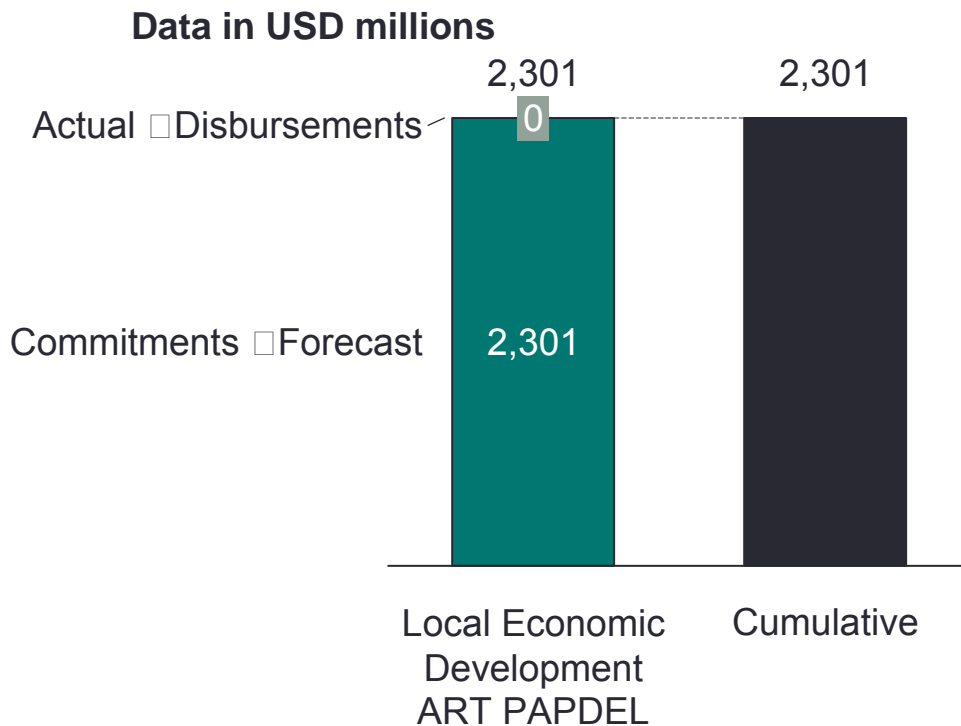
Data in USD thousands



- Data does not show a disbursement forecast but a commitment forecast
- Projects have been excluded from the total private sector support calculations

UNDP private sector support

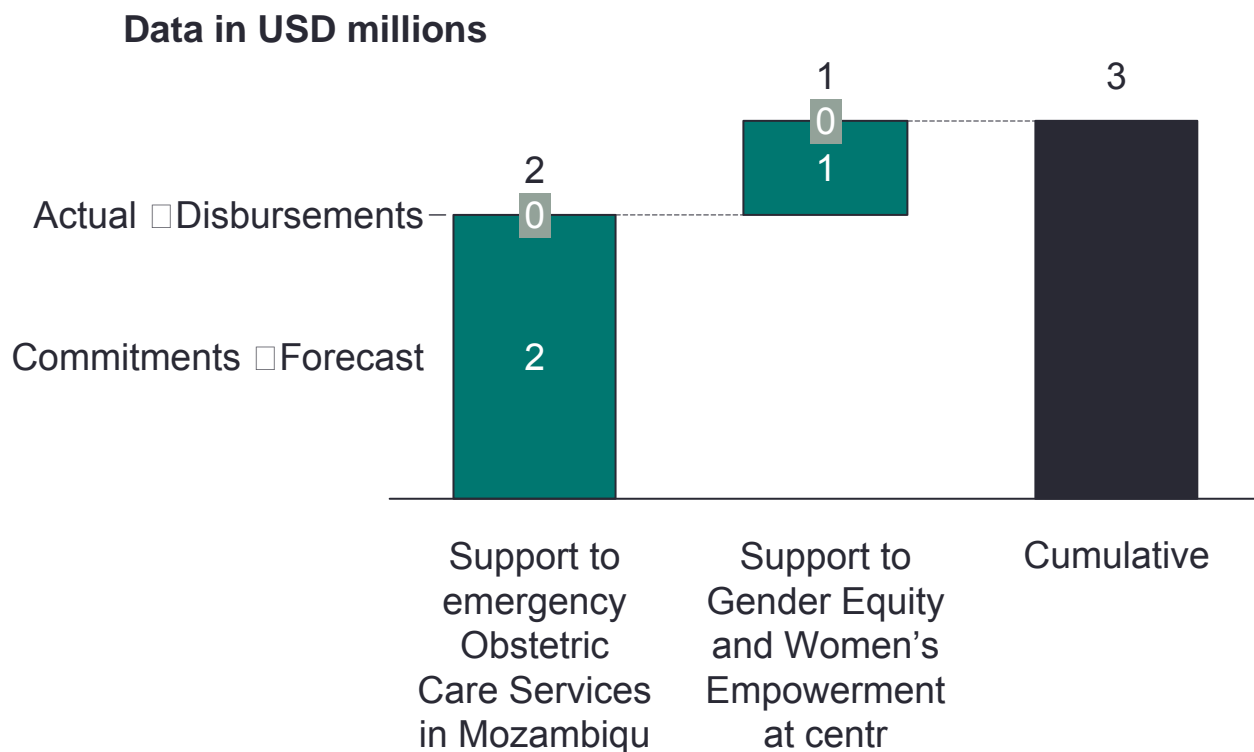
Total aid
marked as
private
sector
support



- Data does not show a disbursement forecast but a commitment forecast
- Data is probably not reported correctly (\$2.3Bn!).
- It has been assumed figure that the correct figure is \$2.3m

UNFPA private sector support

Total aid
marked as
private
sector
support



- Data does not show a disbursement forecast but a commitment forecast
- Projects have been excluded from the total private sector support calculations

BUDGETING AND DETAILING OF PAMAN

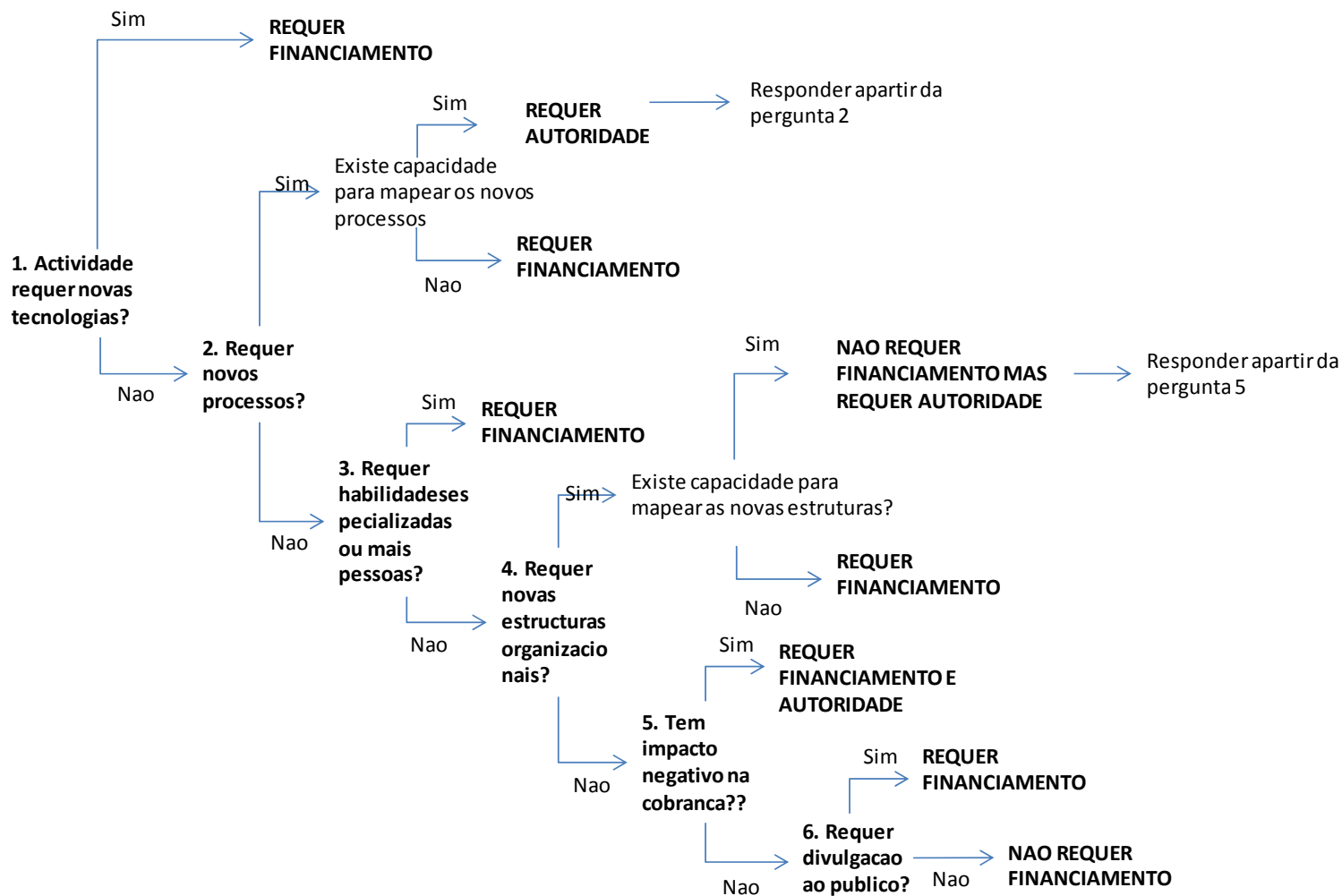
The PAMAN as a long list of short-term activities and tasks with multiple responsible institutions

Resultados	Responsáveis
1. Reforma Legal	
<i>Simplificar a constituicao e registo das sociedades</i>	<i>MJ, MF, DASP</i>
<i>Simplificar o licenciamento das actividades economicas</i>	<i>MIC & MOPH</i>
<i>Melhorar a implementacao da legislacao laboral</i>	<i>MITRAB</i>
<i>Adoptar a lei de solvencia e recuperacao dos empresarios</i>	<i>MJ</i>
<i>Reduzir os custos de transaccão comercial e simplificar os calculos das taxas dos tribunais</i>	<i>MJ</i>
<i>Reforçar o registo e colaterizacao das propriedades</i>	<i>MJ</i>
<i>Melhorar o ambiente legal das comunicacoes</i>	<i>MTC</i>
2. Reforma fiscal e financeira	MF, MJ, AT, BM
<i>Adoptar um sistema fiscal simples e pouco oneroso</i>	<i>MF, AT, MJ</i>
<i>Estabelecer um modelo de Centro de Informação de Créditos e Registo de Mutuários definido (Credit Bureau)</i>	<i>BM</i>
<i>Induzir o acesso ao crédito pelas PMEs</i>	<i>MIC/IPEME</i>
3. Investimento em infra-estruturas	ME, EDM, CNELEC
<i>Melhoria da qualidade do serviço, do ambiente regulatório e de negócios do sector de energia eléctrica</i>	<i>ME/EDM</i>
<i>- Rever o sistema tarifario</i>	<i>ME/EDM</i>
<i>- Tornar CNELECT autoridade reguladora</i>	<i>ME</i>
<i>- Rever a lei de electricidade</i>	<i>ME</i>
<i>- Elaborar regulamento de conciliacao, medicacao e arbitragem</i>	<i>CNELEC</i>
<i>- Estabelecer padroes de qualidade dos servicos da EDM</i>	<i>CNELEC</i>
<i>- Melhorar a qualidade dos servicos</i>	<i>EDM</i>
<i>- Expandir a rede de energia</i>	<i>EDM</i>
3. Prestacao de servicos publicos	
<i>Funcionamento dos Balcões de Atendimento Único consolidado e a prestação de serviços melhorada</i>	<i>MIC</i>
<i>Atendimento na prestação de serviços públicos melhorado</i>	<i>MFP</i>
<i>Capacidade de coordenação do GIRBI melhorada</i>	<i>MIC/DASP</i>
<i>Capacidade de comunicação de reformas melhorada</i>	<i>MIC</i>
4. Actividades complementares e estudos	
<i>Estudo sobre o Registo de empresas</i>	<i>MIC</i>
<i>Estudo sobre a Simplificação de carga fiscal</i>	<i>AT</i>
<i>Estudo sobre a Facilitação de comércio transfronteiriço</i>	<i>MIC</i>
<i>Estudo sobre a Simplificação de procedimentos para licença de construção</i>	<i>CMCM</i>
<i>Estudo sobre a Simplificação o Registo de Propriedades</i>	<i>MIC</i>

Both Government and donor funding are required in roughly the same proportions

Resultados	Orçamento total	OGE	FE
1. Reforma Legal	\$5.5m	\$1.2m	\$3.3m
2. Reforma fiscal e financeira	\$5.2m	\$0.7m	\$4.5m
3. Investimento em infra-estruturas	\$10.5m	\$8.4m	\$2.1m
4. Prestacao de servicos publicos	\$0.3m	\$0.1m	\$0.2m
5. Actividades complementares e estudos	\$0.4m	\$0.01m	\$0.39m
Contingency (10%)	\$2m	\$1m	\$1m
Total	\$24m	\$11.4m	\$12.6m

To determine the financial needs a decision tree methodology was followed



Sectors were reluctant to report on progress

- It was not possible to track progress holistically – a decision has been made to postpone DASP's monitoring round
- Sometimes planned activities were changed ex-post if there had been slow execution
- The following sectors reported high degrees of executions: ME (electrification),
- The following sectors reported a medium level of execution: BancoMoc (credit bureau), MIC (fortalecimento GIRBI)
- The following sectors either did not report or reported slower progress: MITRAB (implementation of labour legislation), Centro de Informacao de Negocios (portal electronico para divulgar reformas), AT (tax reform), MJ (legal form), CMCM (ligacao entre cadastro e registo predial), MTC (lei postal, lei de comunicacoes electronicas)

There has been slow progress on the constitution of the credit bureau by the Central Bank

RESULTADOS	ACTIVIDADES	INDICADOR GERAL DE EXECUÇÃO	INDICADORES PORMENORIZADOS	DATA DE CUMPRIMENTO	GRAU DE EXECUÇÃO
2.2 Centro de Informação de Créditos e Registo de Mutuários Criado Reforçado e desenvolvido	2.2.1 Estudo para criação de um Centro de Informação de Credito e registo de mutuários	Estudo com propostas realizado e apresentado	Levantamento de informações relevantes do sistema bancário e financeiro nacional pela IFC	Nov-07	25%
			Apresentação de 3 possíveis modelos de bureaux de crédito ao Banco de Moçambique	Aug-08	6%
			Análise do quadro legal em vigor em Moçambique que condiciona a tomada de decisão sobre o modelo a adoptar (Sal & Caldeira Consultores)	Apr-09	6%
			Apresentação do Modelo da Central	Abri 12	6%
			Consulta Pública	Jun-12	6%
			Submissão da proposta da Lei de Centrais de Registo de Crédito Privado na CM	Aug-12	0%
			Elaboração do Código de Conduta dos Operadores da Central	Aug-12	0%
			Apresentação do Regulamento da Lei	?	0%
			Submissão da proposta da Lei de Centrais de Registo de Crédito Privado na AR	?	0%
			Apresentação do Aviso do Governador	?	0%

Targeted completion date was 2008

Focal points were fatigued and hesitant to share "hard lessons" learned

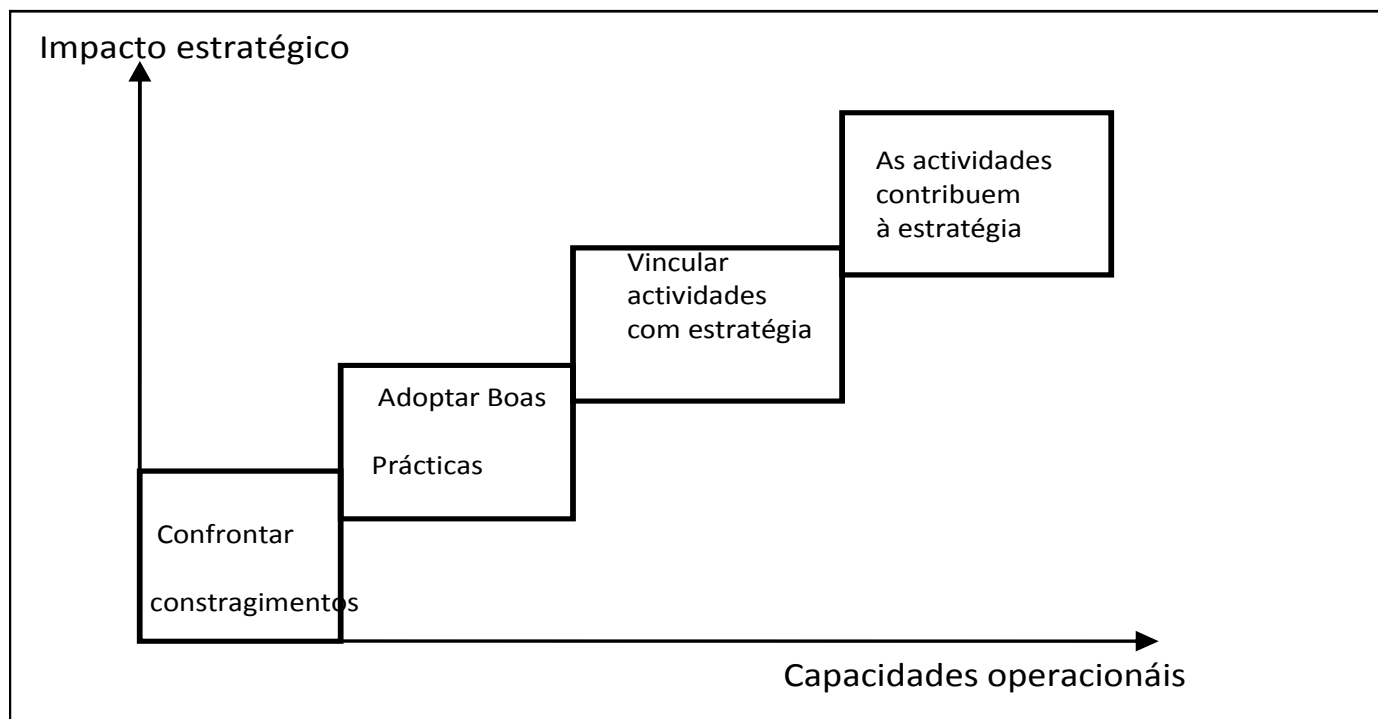
- Lack of time was the most common reported constraint related to the fact that sectors have their own plans beyond PAMAN
- The second was lack of sufficient funding
- Some sectors were reluctant to provide written inputs on their experience of executing PAMAN actions

Focal points think there is too much focus on small tasks

- Some comments from focal points:
 - Exampe of good practice: “o acompanhamento permanente das actividades de EMAN ao nivel de conselho consultivo”
 - “Os indicadores devem ser flexiveis na sua implementacao de modo a ajusta-los sempre que se mostrar necessario”
 - “O processo de planificacao e monitoria nao é suficientemente claro para os pontos focais”
 - “O nivel de desdobramento das activitidaes nem tarefas no PAMAN é excessivo”
 - “O nosso sistema de monitoria baseado na nossa planificacao poe mais enfase nos resultados esperados e atingidos”
 - “No PAMAM existe uma combinacao de algumas actividades sob a reponsabilidade do sector e processos politicos sob a responsabilidade de altas instituicoes do Estado como a AdR o que faz diluir as responsabilidades”

It is recommended that an institutional lessons-learned effort is conducted not only on activities' execution but also on coordination and M&E

- Also, in EMAN 2 activities should be linked to the overall strategy in a mutually exclusive and collectively comprehensive way so as to achieve the Government's strategic objectives



Other recommendations

- PAMAN was a transient tool - In EMAN II, be less tactical and more strategic
- Rebalance effort legislation vs. implementation
- Give a protagonist role to the private sector
- Avoid mixing planning with M&E
- Institutionalise GIRBI but empower implementing sectors
- Link competences/responsibilities to capacity to implement and M&E
- Stick to a single M&E process, don't circumvent or duplicate
- Objective to improve dimensions included in the DBR
- Other business environment objectives:
 - SME
 - Business services, including professional/liberal services (WB CEM 2008/9)
 - Access to Finance
 - Insurance in business development
 - Infrastructure (ICT, water and sanitation)

THANK YOU FOR YOUR
ATTENTION
