

The Republic of Mozambique

FY2018 Ex-post Evaluation of Technical Cooperation Project

“The Project for Nacala Corridor Economic Development Strategies”

External Evaluator: Haruo Ito, ICONS Inc.

## 0. Summary

The Nacala Corridor Region<sup>1</sup>, which is located in the northern part of Mozambique, was expected to see the development of natural resources such as coal, the development of agriculture utilizing abundant land and ample water resources, and the development and industrial promotion focusing on the potential of the Nacala Port which is a naturally favorable port. Nevertheless, the Government of Mozambique has not had development plans for this region, and thus there was a lack of comprehensive concept and norms of development. As such, mining industry-centered, dispersed development has been progressing through the private investment, giving rise to such concerns as deprivation of resources, labor force and land, as well as environmental destruction. Against this background, this project was implemented with the purpose of formulating *Nacala Corridor Economic Development Strategies*, necessary for appropriate development and investment based on the systematic understanding of co-relations and inherent influences among development projects, potentials and risks pertaining to development, and constraints.

With regard to the results of the evaluation of the Project, the implementation of this project is in line with the development needs related to Mozambique’s development policies, economies of the country and the Nacala Corridor Region, infrastructure, poverty, literacy, school enrollment ratio, and public health. It is also in line with Japan’s ODA policies. Therefore, its relevance is high. The contents of *Nacala Corridor Economic Development Strategies* were confirmed appropriate and highly feasible. At the same time, technical transfer to stakeholders was sufficiently carried out. Therefore, the set project purpose, namely, “To promote development and investment in the Nacala Corridor, the mechanism for application of the integrated development strategies is established,” was achieved. Furthermore, it was observed that more than half of the high priority projects, which were proposed under the Project, were to be implemented, and other indicators were achieved. Hence, the overall goal was also achieved. Accordingly, effectiveness and impact are high. Meanwhile, both the duration and cost of the Project exceeded the plan. This is considered justifiable, in view of the following reasons: the addition of a study to formulate two master plans newly, and the need for the approval of the concerned strategies by the new administration formed after the change of administrations following a presidential election in order to ensure the sustainability of the said strategies. Therefore, the efficiency of the project is fair. The sustainability of the project, in terms of policy and political involvement aspects and technical aspects of the implementing agencies, is ensured. However, concerning the allocation

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<sup>1</sup> This refers to Nampula Province, Niassa Province, Cabo Delgado Province, Zambezia Province and Tete Province, all located in the northern part of Mozambique, which are the target of this Project.

of the staff in the implementing agencies and the securing of financial resources for activities, there is room for improvement. Thus, some issues remain with regard to institutional, organizational and financial aspects of the implementing agencies. Accordingly, sustainability of the project effects is fair.

In light of the above, this project is evaluated to be satisfactory.

## 1. Project Description



Target provinces (Five northern provinces)



Nacala Corridor

### 1.1 Background

The Nacala Corridor Region, which is located in the northern part of Mozambique, is a region in which development has been delayed. However, there was a high expectation for the development of natural resources such as coal in Tete Province, development of agriculture utilizing abundant land and ample water resources in Nampula Province, Niassa Province and Zambezia Province, and development and industrial promotion focusing on the potential of the Nacala Port, which is a natural favorable port. JICA has been implementing a number of cooperation projects targeting this Corridor. Also, private investment and resource exploration have become increasingly active. The Nacala Corridor Region is strongly expected to constitute the main supply route for the country's natural resources and agricultural products. The significant benefit brought by the strengthening of transportation capacity of the Corridor, which is connected to Nacala Port, is also expected to extend to inland countries such as Zambia and Malawi. However, with the Government of Mozambique not having any development plans for the northern regions including this Corridor, and due to the resultant lack of comprehensive concept and norms of development, mining industry-centered, site-specific development has been propelled by private investment. Consequently, there was a delay in the development of public infrastructure including transportation, electricity and water resources to respond to the demands arising from rapid industrial development. In addition, due to the lack of sufficient legal norms, development has been progressing in a dispersed manner, giving rise to concern of worst case scenarios such as deprivation of resources, labor force and land, and environmental destruction by foreign investment. Against this background,

in order for appropriate development and investment in the Nacala Corridor, it was deemed necessary to formulate development strategies for the Corridor for various development projects extending over the abundant land, by taking into consideration the current situation of the region, and based on the systematic understanding of co-relations and inherent influences among development projects, potentials and risks pertaining to development, and constraints.

## 1.2 Project Outline

Overall Goals <sup>2</sup>		<ul style="list-style-type: none"> <li>• Development projects are implemented in accordance with the priorities recommended by this project.</li> <li>• The recommendations from this project are approved as measures to be implemented and incorporated in the next national and provincial plans, and appropriate development regulation mechanism is introduced.</li> <li>• Geographic Information System (hereinafter referred to as “GIS”) data are utilized in development plans of related agencies and provincial governments.</li> <li>• Developed topographic maps are utilized by related agencies, local governments, private sectors and donors which are concerned with the development and investment of Nampula City and Nacala City.</li> </ul>
Project Purpose		To promote development and investment in the Nacala Corridor, the mechanism for application of the integrated development strategies and related information is established <sup>3</sup>
Outputs	Output 1	Integrated development strategies from national to regional levels for the Nacala Corridor are developed
	Output 2	Database of various sectors in the Nacala Corridor, including GIS data is developed
	Output 3	Topographic maps for selected areas in the Nacala Corridor (Nampula City and Nacala City) are developed
Total Cost (Japanese Side)		1,072 million yen
Period of Cooperation		From March 2012 – January 2016 (of which Extension Period: January 2014 – January 2016)
Target Areas		Nampula Province, Niassa Province, Cabo Delgado Province, seven northern districts of Zambezia Province, Tete Province
Implementing Agencies		Ministry of Industry and Commerce (hereinafter referred to as “MIC”), Agence de Promotion des Investissements et des Exportations (hereinafter referred to as APIEX <sup>4</sup> ), Other relevant agencies <sup>5</sup>
Other Relevant Agencies/Organizations		None

<sup>2</sup> This Project is a Technical Cooperation for Development Planning, and hence, unlike a general technical cooperation, overall goal and project purpose are not devised. For this reason, this report takes “utilization targets of proposed plans” in the *Summary of the ex-ante evaluation* as the Project’s overall goal. The project purpose is newly formulated by consolidating the set outputs, in order for the evaluation of this Project under the ex-post evaluation.

<sup>3</sup> Under the Project, in addition to comprehensive development strategies, GIS data, and topographic maps, the technical transfer for coordination functions of development strategies and for updating of GIS data and topographic maps was carried out to counterpart agencies. In addition a steering committee was organized, consisting of related agencies and stakeholders of the target provinces. In view of such consolidation of mechanism to utilize outputs, the project purpose was set as above.

<sup>4</sup> The implementing agency during the duration of the Project was the Gabinete das Zonas Económicas de Desenvolvimento Acelerado, (hereinafter referred to as “GAZEDA”) under the Ministry of Planning and Development (hereinafter referred to as “MPD”). But currently, it was merged into APIEX under MIC.

<sup>5</sup> Ministry of Transport and Communication, Ministry of Energy, Ministry of Agriculture, Ministry of Mineral Resources, Ministry of Coordination of Environmental Affairs, Ministry of Tourism, Centro Nacional de Cartografia e Teledeteccao, Mozambique Ports and Railways, National Road Administration, and National Water Directorate.

Consultant in Japan	Oriental Consultants Global Co., Ltd. RECS International Inc. International Development Center of Japan Kokusai Kogyo Co., Ltd. Eight-Japan Engineering Consultants Inc.
Related Projects	<p><u>Technical Cooperation</u></p> <ul style="list-style-type: none"> <li>• The Project for Supporting the Promotion of Nacala Corridor Development (2015 – 2018)</li> <li>• The Project for Improving Research and Technology Transfer Capacity for Nacala Corridor Agriculture Development (2011 – 2017)</li> <li>• The Project for Establishment of Development Model at Communities' Level under Nacala Corridor Agricultural Development (2013-2019)</li> <li>• The Project for Improvement of Nacala Port (2012 – 2015)</li> <li>• The Project on Promoting Sustainability in Rural Water Supply, Hygiene and Sanitation in Niassa Province (2013 – 2017)</li> </ul> <p><u>Grant Aid</u></p> <ul style="list-style-type: none"> <li>• The Project for Construction of Bridges on the Road between Ile and Cuamba (June 2013, G/A)</li> <li>• The Project for Construction of Bridges on N380 in Cabo Delgado Province (April 2017, G/A)</li> <li>• The Project for Reinforcement of Transmission Network in Nacala Corridor (April 2015, G/A)</li> <li>• The Project for Urgent Rehabilitation of Nacala Port (December 2012, G/A)</li> <li>• The Project for the Construction of Secondary Schools in Nampula Province (August 2012, G/A)</li> <li>• The Project for the Construction of Monapo Primary Teacher Training Institute in Nampula Province (April 2013, G/A)</li> <li>• The Project for Construction of Health Science Institute in Nacala (October 2015, G/A)</li> </ul> <p><u>Japanese ODA Loan Project</u></p> <ul style="list-style-type: none"> <li>• The Montepuez – Lichinga Road Upgrading Project (March 2007, L/A)</li> <li>• The Nampula – Cuamba Road Upgrading Project (March 2010, L/A)</li> <li>• Mandimba – Lichinga Road Upgrading Project (November 2013, L/A)</li> <li>• Nacala Port Development Project Phase I (March 2013, L/A)</li> <li>• Nacala Port Development Project Phase II (June 2015, L/A)</li> </ul>

## 2. Outline of Evaluation Study

### 2.1 External Evaluator

Haruo Ito, ICONS Inc.

### 2.2 Duration of Evaluation Study

This ex-post evaluation was conducted with the following schedule.

Duration of the Study: September 2018 – October 2019

Duration of the Field Study: November 11 – December 15, 2018, and March 12 – March 23, 2019

### 2.3 Constraints during the Evaluation Study

It was in the form of Technical Cooperation for Development Planning, and hence, the project purpose and its indicators were not formulated. Therefore, the evaluation was conducted based on the logics that were consolidated under this ex-post evaluation. In addition, since the mid-term review, terminal evaluation or periodic monitoring, which are normally carried out for general technical cooperation projects, have not been implemented, it was difficult to obtain information related to the progress and achievement status of the project.

## 3. Results of Evaluation (Overall Rating: B<sup>6</sup>)

### 3.1 Relevance (Rating: ③<sup>7</sup>)

#### 3.1.1 Consistency with the Development Plan of Mozambique

This project concerned the formulation of strategies to promote comprehensive economic development by taking into consideration positive and negative impacts of development and investment on the target regions including poor population. At the time of planning (2011), it was consistent with the *National Development Plan (2010-2014)*, *Action Plan for the Reduction of Absolute Poverty (2010-2014)* and the *Poverty Reduction Action Plan (2011-2014)*, which stipulated poverty reduction through sustainable economic development, as well as the importance of human resource development and social development for this purpose. The country also formulated the *Strategy for the Development of Integrated Transport Systems* in 2009, based on which the *Spatial Development Initiative* was introduced with the aim of setting up mechanisms and plans and of cultivating human resources to promote economic and infrastructure development, targeting six corridors<sup>8</sup> in Mozambique including the Nacala Corridor.

At the time of the project completion (2016), the above-mentioned *National Development Plan (2010-2014)* was combined into the *Five-year Governmental Plan (2015-2019)*. The *Five-year Governmental Plan (2015-2019)* upholds five priorities, namely, (a) unity of state, peace, and sovereignty, (b) development of human and social capitals, (c) promotion of employment and improvement of productivity and competitiveness, (d) development of economic and social infrastructure, and (e) sustainable management of natural and environmental resources with high transparency. These five priorities are apparently consistent with the main areas in the *Nacala Corridor Economic Development Strategies* formulated under this project. With regard to provincial governments, the *Provincial Strategic Plans* at the time of the project planning are currently still in effect in Nampula Province, Tete Province and Zambezia Province. Thus, at the time of this ex-post evaluation, the consistency between the *Nacala Corridor Economic Development Strategies* and the *Provincial Strategic Plans* of these three provinces are

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<sup>6</sup> A: Highly satisfactory, B: Satisfactory, C: Partially Satisfactory, D: Unsatisfactory

<sup>7</sup> ③: High, ②: Fair, ①: Low

<sup>8</sup> Maputo Corridor, Beira Corridor, Nacala Corridor, Limpopo Corridor, Lichinga - Mueda Corridor, North-South Great East African Barrier Reef (targeting the coastline and islands between Tanzania and Mozambique)

maintained. In Niassa Province and Cabo Delgado Province, where the new *Provincial Strategic Plans* were formulated after the completion of the project, it was confirmed that the provincial focal points of the steering committee, who were responsible for formulating the *Nacala Corridor Economic Development Strategies*, remained involved in the *Provincial Strategic Plan*, and the high priority projects were incorporated in the *Provincial Strategic Plan* of these provinces.

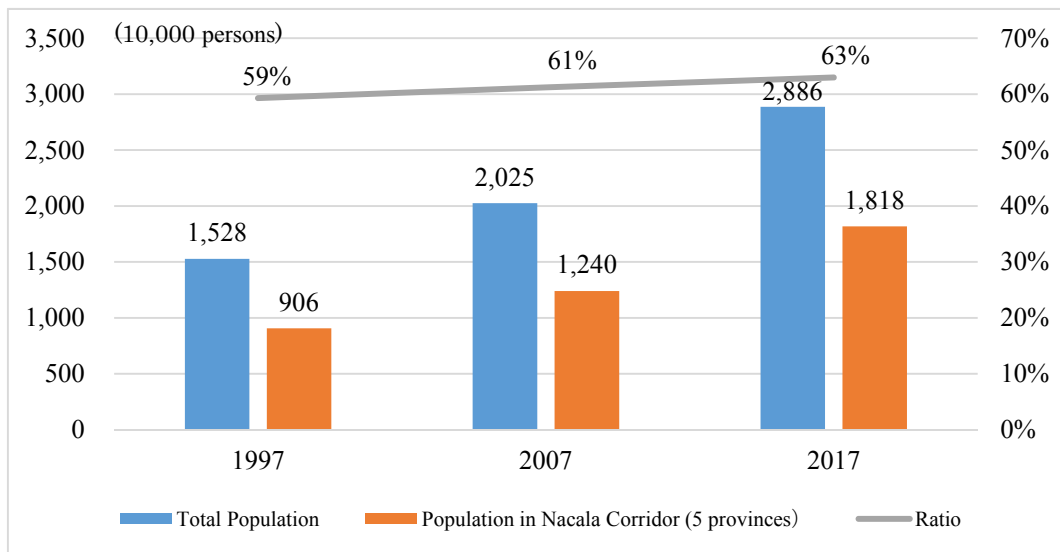
### 3.1.2 Consistency with the Development Needs of Mozambique

The Nacala Corridor Region was expected to see the development of natural resources such as coal in Tete Province, development of agriculture utilizing abundant land and ample water resources in Nampula Province, Niassa Province and Zambezia Province, and development and industrial promotion focusing on the potential of the Nacala Port, which is a naturally favorable port. However, the development of the Nacala Corridor Region has been delayed in such aspects as economy, infrastructure, literacy rate, school enrollment rate and health conditions, due to the low population density, remoteness and vastness of the land, poor road conditions, high prices of daily consumption goods and of construction materials as well as high transportation cost, lack of government budget, and also prolonged domestic conflicts. As such, it was confirmed that, at the time of the planning, the implementation of this project was consistent with the development needs of the region.

At the time of the completion of the project, as demonstrated in the respective aspects described below, the consistency with the development needs of the Nacala Corridor Region was confirmed in terms of economic development, which was the target of the project.

#### (1) Population

With regard to the population trends, the national census is conducted every ten years in Mozambique. According to the national censuses of the past approximately 30 years, as shown in Figure 1, the population of Mozambique exceeded 20 million persons in 2007, and reached 28.86 million persons in 2017 at the latest. The population of the Nacala Corridor Region, namely, the target region of this project, was 9.06 million persons in 1997, 12.4 million persons in 2007, and 18.66 million persons in 2017. It is a region with a relatively high ratio of population growth in the country, and its population in 2017 occupied 63% of the total population of the country. In the sense that the Nacala Corridor Region has been seeing a higher level of population growth than other regions, targeting this region is expected to bring benefits to a large number of population.

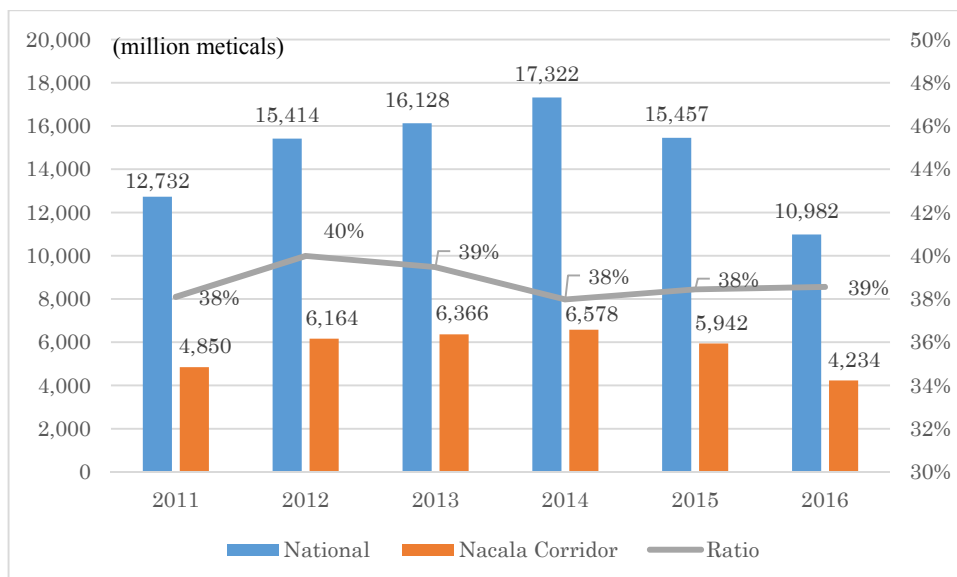


Source: National Institute of Statistic (INE)

Figure 1 Population Trends in the Nacala Corridor Region

## (2) Economic Growth

As shown in Figure 2, Gross Regional Domestic Product (GRDP) of the Nacala Corridor Region at the time of planning (2011) was 4,850 million meticals, which constituted 38% of the national GDP. In 2016, namely, at the time of the project completion, GRDP was 4,234 million meticals, which was lower than the figure of 2011. Its share in the national GDP remained at 39%, not much improved from the 2011 figure.

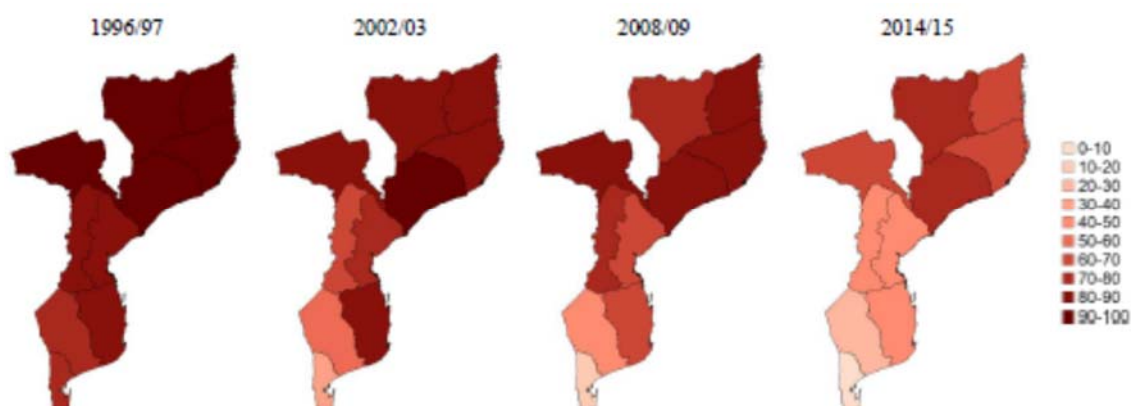


Source: National Institute of Statistic (INE)

Figure 2 Gross Regional Domestic Product (GRDP) in the Nacala Corridor Region

### (3) Poverty Head-count Ratio

As shown in Figure 3, the poverty head-count ratio<sup>9</sup> of the Nacala Corridor Region, which is located in the northern part of Mozambique, has significantly improved between 1996/1997 and 2014/2015 or before the completion of the project. Still, the poverty head-count ratio of this region is higher than the national average, which indicated the needs for development also at the time of the project completion.



Source: Ministry of Economy and Finance *4ª Avaliação Nacional da Pobreza baseados nos dados do Inquérito aos Agregados Familiares sobre Orçamento Familiar (2016)*

Figure 3 Poverty Head-count Ratio in the Nacala Corridor Region

### (4) Infrastructure and Roads

At the time of planning of the project, the road network in Mozambique was estimated to be approximately 30,000 km, of which only approximately 20% was paved (2007). The pavement ratio of main roads was 76% for the whole Mozambique, while it was 53% in Niassa Province, Cabo Delgado Province and Nampula Province. At the time of the project completion, the pavement ratio of roads was 35% (2016) for the whole Republic and for the Nacala Economic Region, 32%, which was below the national average.

### (5) Illiteracy Ratio

The illiteracy ratio at the national level in 2008/09 was 49.9%, while the average illiteracy ratio of provinces in the Nacala Corridor Region was 59.7%, higher than the national figure. At the time of the project completion (2014/15), the illiteracy ratio of the Nacala Corridor Region was 56.8%, which indicated slow improvement vis-à-vis the national average of 44.9% (2014/15). Especially, the female illiteracy ratio was notably high, i.e., 71.7% (while the national average was 57.8%) (2014/15).

<sup>9</sup> The percentage of the poor (0 to 100%) was calculated from the following six indicators: education level, access to safe water, existence of toilets, housing type, access to electricity, and duration of durable goods. (Source: Ministry of Economy and Finance *4ª Avaliação Nacional da Pobreza baseados nos dados do Inquérito aos Agregados Familiares sobre Orçamento Familiar*)



## (6) Health

At the time of the planning of the project, the national average of the mortality rate of children below five years old was 133.6 (2007), and the average of the Nacala Corridor Region, 164.3. At the time of the project completion, the national level institutional delivery rate was 76.6% (2016), and that of the Nacala Corridor Region, 78.7%, confirmed to be the similar level as the national average. The national level underweight infant rate was 4.3% (2016), and that of the Nacala Corridor Region was 4.6%, slightly higher than the national average. The figure of Cabo Delgado Province was notably high, namely, 7.1%.

## (7) Sanitation

Development of the Nacala Corridor Region was behind other regions in terms also of the supply of hygienic water. At the time of the planning of this project, the share of the population with access to safe water was 40.5% for the whole Republic (2008). The figures for the Nacala Corridor Region was 36.1%. Particularly, 20.1% for Zambezia Province was the lowest in the country. At the time of the project completion, the access to safe water represented 50.3% (2014<sup>10</sup>) at the national level. That of the Nacala Corridor Region was improved to be 40.4%. Yet, this was confirmed to be a persisting problem of this Region.

### 3.1.3 Consistency with Japan's ODA Policy

It was agreed through policy discussions on March 23, 2011, that Japan would promote the development of surrounding regions of the Nacala Corridor, with a focus on the development of this Corridor. In addition, taking into consideration the *Poverty Reduction Action Plan* formulated in Mozambique in 2011, with a view to promote development of the Nacala Corridor in such a way as to facilitate the Country to utilize its high potential to materialize sustainable economic growth while reducing poverty, the revitalization of regional economy through support to development of infrastructure including roads connecting the corridor and surrounding regions, bridge replacement, Nacala Port development and electricity, was identified as priority areas. Furthermore, based on the principles on assistance to Africa in relation to the fifth Tokyo International Conference on African Development (TICAD V) held in 2013, support on the formulation of a strategic master plan concerning economic corridor development and priority corridors in Africa was announced. In light of the above, the purpose of the project was confirmed to be consistent with Japan's ODA policies.

### 3.1.4 Appropriateness of the Project Plan and Approach

The project was in the form of the Technical Cooperation for Development Planning, which

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<sup>10</sup> The Project was completed in 2016. However, since the study was not conducted annually, the data of 2014, when the Project was still under implementation, are referred to.

provides technical transfer to the Mozambican counterparts on such subjects as study and analysis methods and plan formulation methods while it supports for formulating master plans for planning policies and public works. Under the Technical Cooperation for Development Planning, the aspect of the “Capacity Development” was introduced through technical support including On-the-Job-Training (OJT) in Mozambique as well as training in the third country and Japan. The approach was deemed appropriate, as it allowed not only the formulation of economic strategies, but also the establishment of a mechanism to continuously promote the formulated strategies.

In light of the above, This project was highly relevant to the country’s development plan and development needs, as well as Japan’s ODA policy. Therefore its relevance is high.

### 3.2 Effectiveness and Impact<sup>11</sup> (Rating: ③)

This project was in the form of Technical Cooperation for Development Planning, and hence, unlike other technical cooperation projects, the indicators for the project purpose were not set. For this reason, in this evaluation study, the outputs of the project were utilized as the indicators of the project purpose, i.e., “To promote development and investment in the Nacala Corridor, the mechanism for application of the integrated development strategies is established,”<sup>12</sup> and their achievement status is taken into consideration in the evaluation of the project purpose.

#### 3.2.1 Effectiveness

##### 3.2.1.1 Achievement of Project Purpose

As per Table 1, at the completion of the project, the indicators 1 to 3 of the project purpose were all achieved. The achievement status of the indicators of the project (outputs) is described below.

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<sup>11</sup> Sub-rating for Effectiveness is to be put with consideration of Impact.

<sup>12</sup> The initial Project Purpose was “To formulate development strategies to guide appropriate development and investment in the Nacala Corridor”. However, in view of the contents of three outputs, it was changed as “To promote development and investment in the Nacala Corridor, the mechanism for application of the integrated development strategies and related information is established”.

Table 1 Achievement of Project Purpose

Project Purpose	Indicator (Output)	Achievement
To promote development and investment in the Nacala Corridor, the mechanism for application of the integrated development strategies is established	1. Integrated development strategies from the national to the regional levels for the Nacala Corridor are developed	<u>Achieved</u> The <i>Nacala Corridor Economic Development Strategies</i> were formulated as comprehensive economic strategies towards 2035, targeting five northern provinces. The final report was approved at the steering committee which was organized on December 9, 2014, and disseminated in April 2015.
	2. Database of various sectors in the Nacala Corridor, including GIS data is developed	<u>Achieved</u> For the formulation of the <i>Nacala Corridor Economic Development Strategies</i> , a wide variety of information, including statistical data and geographical information, were compiled into the consolidated the Nacala Corridor Integrated GIS Database.”
	3. Topographic maps for selected areas are developed	<u>Achieved</u> Topographic maps of the selected areas (Nampula City, Nacala City) were created. The created topographic maps are stored at the National Cartography and Remote Sensing Centre (CENACARTA) to be available by application.

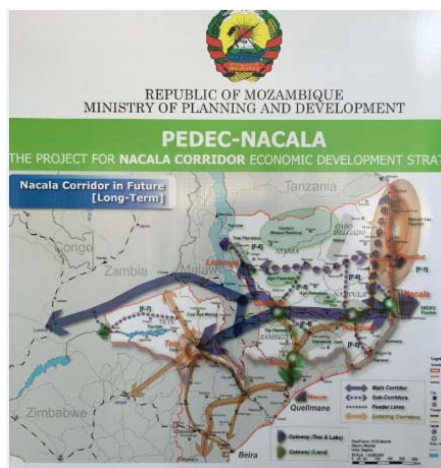
### 3.2.1.2 Achievement of the Outputs

#### (1) Output 1

Concerning the Output 1, “Integrated development strategies from the national to the regional levels for the Nacala Corridor are developed,” the *Nacala Corridor Economic Development Strategies* were formulated under the project, the draft final report was approved at the final steering committee organized on December 9, 2014, and the final report was disseminated in April 2015.

In the process of formulation of the *Nacala Corridor Economic Development Strategies* in the project, under the leadership of the implementing agency, APIEX (then GAZEDA), the opinions on the Strategies were compiled through the discussions at the steering committee consisting of representatives of related agencies and target provinces and at the working groups. In addition, following the establishment of the new administration in 2015, there was a change in personnel among the stakeholders. In response, in order to ensure the consistency of the central and provincial level strategies, the explanation to and hearing of comments from the central level related agencies at the central and provincial level government agencies were carried out<sup>13</sup>.

<sup>13</sup> As mechanisms to share the devised strategies with related agencies and provincial governments, the total of five rounds of steering committee meetings (cumulative total number of participants: 129 persons) and the total of ten rounds of working group meetings (cumulative total number of participants: 172 persons) were held. In addition, discussion group meetings and international seminars were organized in order for the discussions and information sharing among provincial governments, for the purpose of sharing with related agencies in the formulation process of the *Nacala Corridor Economic Development Strategies*.



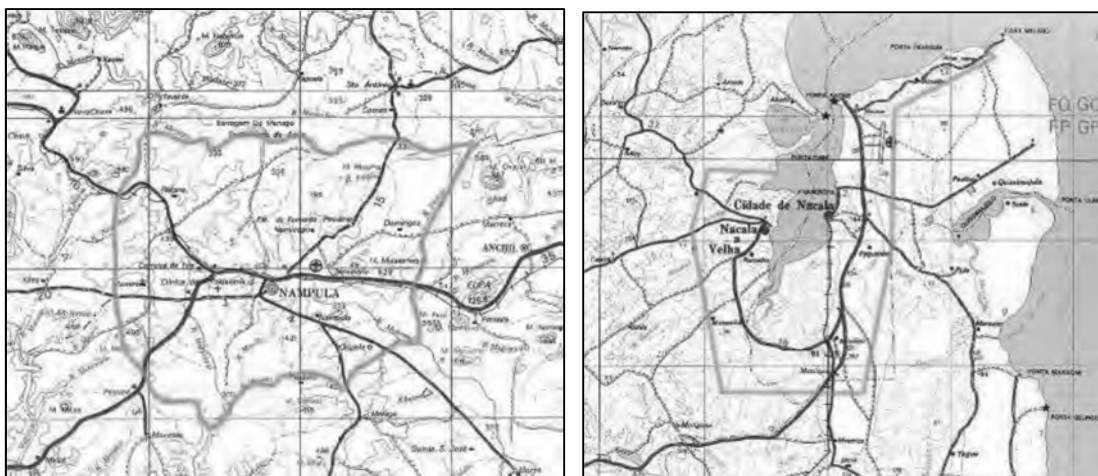
Formulated *Nacala Corridor Economic Development Strategies*

(2) Output 2

With regard to Output 2, the database, which was consolidated for the formulation of the *Nacala Corridor Economic Development Strategies*, were compiled into the “Nacala Corridor Integrated GIS Database,” comprising a wide variety of information including statistical data and geographical information. In addition, the experts under the project organized four rounds of GIS training by September 2013, targeting three staff members of APIEX (then GAZEDA) and ten staff members of MTC. Furthermore, inter-departmental GIS network was established. At the time of the ex-post evaluation, the integrated GIS database was utilized by the technical staff of APIEX for such purposes as the planning of Special Economic Zone (hereinafter referred to as “SEZ”). Hence, the technical transfer to the implementing agencies is considered to have been appropriately carried out.

(3) Output 3

Concerning Output 3, latest topographic maps of 1:10,000 were created for Nampula City (approximately 330 km<sup>2</sup>) and Nacala City including its suburbs (approximately 270 km<sup>2</sup>). These topographic maps were digitalized and stored at the National Cartography and Remote Sensing Centre for the utilization by related government agencies and private companies, and planned to be made available by application. At the time of the ex-post evaluation, it was confirmed that these digitalized topographic maps were appropriately stored at the National Cartography and Remote Sensing Centre, of which electric data were made available by application. In addition, these topographic maps were utilized in the selection of outline road routes under the “Nacala Port Access Road Project” and the “Nampula Southern Bypass Road Project,” which are the high priority project proposed under the *Nacala Corridor Economic Development Strategies*, on which JICA subsequently implemented Feasibility Study (hereinafter referred to as “F/S”), as the “Preparatory Survey for Nacala Corridor Road Network Upgrading Project in the Republic of Mozambique.” Thus, it can be considered that highly versatile topographic maps were created.



Source: *Nacala Corridor Economic Development Strategies*

Figure 4 Topographic Maps of the Areas (Nampula City, Nacala City)

As above, Outputs 1 to 3 were achieved. The quality of the products delivered was ensured, and the technical transfer to the stakeholders was appropriately carried out. The effects of these Outputs were confirmed to have contributed to the achievement of the project purpose of “To promote development and investment in the Nacala Corridor, the mechanism for application of the integrated development strategies is established.”

### 3.2.2 Impact

The project was in the form of Technical Cooperation for Development Planning, and thus its overall goal was not set. The effects of the impacts after the completion of the project were assessed by taking the items described under “utilization targets of proposed plans” which were formulated at the time of planning of the project. “Targets to be achieved by utilization,” which were also set at the time of the planning, were considered as the effects to be produced after the achievement of the overall goal, of which achievement was assessed under “Other Impacts”. The combination of the above was the basis for the evaluation of the impacts of the project.

#### 3.2.2.1 Achievement of Overall Goal

As shown in Table 2, the indicators of the overall goal were mostly achieved. With regard to the indicators of the overall goal, the evaluation was carried out with particular attention to such aspects as the feasibility of the *Nacala Corridor Economic Development Strategie* and the indicator 1-1 “Implementation status of high priority projects,” which demonstrates the degree of the utilization of the Strategies. As a result, the realization ratio of high priority projects is 56%<sup>14</sup>.

<sup>14</sup> “The study on the status of completed projects proposed by masterplans” (February 2017), targeting 1,266 projects implemented since 1997 up to 2014 including F/S, calculated the ratio of realization (share of the projects being realized or concretized). The overall realization ratio was 63.9%, 67.5% for ASEAN, 67.1% for Middle and Near East, 54.2% for Africa, and 53.5% for Central and South America. “The Project for the Nacala Corridor Economic Development Strategies” was in the form of Technical Cooperation for Development Planning, and hence, simple comparison with the results of the above study which targets F/S is difficult. However, if taking the realization for Africa as above of 54.2% as a reference value, the realization of the Project, namely, 56%, exceeds this value, and therefore, its realization ratio is considered high.

Considering such issues as the fact that only about two years have passed since the Cabinet approval of the *Nacala Corridor Economic Development Strategies*, temporary freeze of the loan project by development partners due to the country’s debt problems such as the revelation of unaccounted loans to state enterprises, and the decline of private investment, the realization ratio of the projects proposed by the Strategies was deemed high. Hence, the indicator 1-1 is evaluated as mostly achieved.

There is no clear description of the timing of the achievement of the overall goal. However, the period of implementation of the above-mentioned high priority projects is defined as “initiated by 2017 and completed by 2025.”

Table 2 Achievement of the Overall Goals

Goal	Indicator	Achievement
1. Development projects are implemented in accordance with the priorities recommended by this project.	1-1 Implementation status of high priority projects <sup>15</sup>	<u>Mostly Achieved</u> <ul style="list-style-type: none"> <li>At the time of the ex-post evaluation 56% of 48 high priority projects, namely, 27 projects, were in the process of realization (F/S, implantation stage), (11 projects for F/S by JICA, eight projects for F/S and implementation by the World Bank, three projects implemented by the African Development Bank, three projects for F/S by PPP, and two projects for plan formation by the Mozambican government and others).</li> </ul>
2. The recommendations from this project are approved as measures to be implemented and incorporated in the next national and provincial plans, and appropriate development regulation mechanism is introduced.	2-1 Approval of recommendations as measures to be implemented	<u>Achieved</u> <ul style="list-style-type: none"> <li>The <i>Nacala Corridor Economic Development Strategies</i> were approved by the Cabinet under the new administration on November 29, 2016<sup>16</sup>.</li> </ul>
	2-2 Cases of the utilization of measures in development plans	<u>Achieved</u> <ul style="list-style-type: none"> <li>At the interviews of related agencies, there were comments that the <i>Nacala Corridor Economic Development Strategies</i> were consistent with <i>Five-year Governmental Plan (2015-2019) (PQG)</i>, and were preferably to be reflected in the following the <i>Five-year Governmental Plan (2020-2024)</i>.</li> <li>According to the interviews of provincial governments, in Niassa Province, the <i>Provincial Strategic Plan</i>, which was newly formulated after the approval of the <i>Nacala Corridor Economic Development Strategies</i>, incorporated the implementation plan of the high priority projects. In Nampula Province, it was confirmed that in the evaluation of the <i>Provincial Strategic Plan</i>, the <i>Nacala Corridor Economic Development Strategies</i> were utilized in the selection of the priority projects of the Province.</li> </ul>

<sup>15</sup> “Development Projects” were used as the initial indicators. However, under this ex-post evaluation, the short-term to mid-term “High Priority Projects” (48 projects), which are clearly described in the *Nacala Corridor Economic Development Strategies* to be started by 2017 and completed by 2025, are taken as measurable indicators.

<sup>16</sup> There was a relatively long time between the approval of the *Nacala Corridor Economic Development Strategies* by the Steering Committee in December 2014 and the Cabinet approval (November 2016). This was due to the presidential election of October 2014, i.e. it was decided that the cabinet approval procedures were to be done by the new administration, rather than the previous administration.

	2-3 Introduction of the development regulations and mechanism	<u>Unable to measure</u> <ul style="list-style-type: none"> <li>Strategic Environmental Assessment (SEA) was carried out in parallel with the formulation of the <i>Nacala Corridor Economic Development Strategies</i>. Meanwhile, it was not possible to confirm the introduction status of the results of the assessment.</li> </ul>
3. GIS data are utilized in development plans of related agencies and provincial governments.	3-1 Cases of the utilization of GIS data	<u>Achieved</u> <ul style="list-style-type: none"> <li>The technical staff of APIEX, who received technical support on GIS data utilization, utilized GIS data in such instances as the formation of plan and proposal of SEZ/ Industrial Free Zone (hereinafter referred to as "IFZ").</li> </ul>
4. Developed topographic maps are utilized by related agencies, local governments, private sectors and donors which are concerned with development and investment of Nampula City and Nacala City.	4-1 Cases of the utilization of topographic maps	<u>Achieved</u> <ul style="list-style-type: none"> <li>The topographic maps of Nacala City and Nampula City were utilized in the selection by JICA of the outline road routes under "Preparatory Survey for Nacala Corridor Road Network Upgrading Project in the Republic of Mozambique," which was one of the high priority projects under the <i>Nacala Corridor Economic Development Strategies</i>.</li> </ul>

### 3.2.2.2 Current Status of the Outputs and the Project Purpose

After the completion of this project, under the leadership of an implementing agency, APIEX, a Technical Implementation Unit for the Project for Nacala Corridor Economic Development Strategies (hereinafter referred to as "UTI-PEDEC") was established, with the support of "the Project for Supporting the Promotion of Nacala Corridor Development" implemented with dispatch of experts. The ministerial ordonnance to establish UTI-PEDEC went into effect on January 10, 2018, with the signature of the Minister. The "1<sup>st</sup> Inter-sectorial Committee (February 21, 2018)" was organized, where the explanation was provided to the focal points from related agencies and organizations, who were newly appointed after the change of administrations, concerning the *Nacala Corridor Economic Development Strategies*, as well as the roles and function of newly established UTI-PEDEC. The "2<sup>nd</sup> Inter-sectorial Committee (November 22, 2018)" was organized by UTI-PEDEC, where the focal points from related agencies and provincial governments confirmed on the road map for the promotion of "the Project for Supporting the Promotion of Nacala Corridor Development," the review on the high priority projects proposed under the Strategies was conducted, and the continuation of the activities for the promotion of the *Nacala Corridor Economic Development Strategies* after the completion of the project was confirmed.

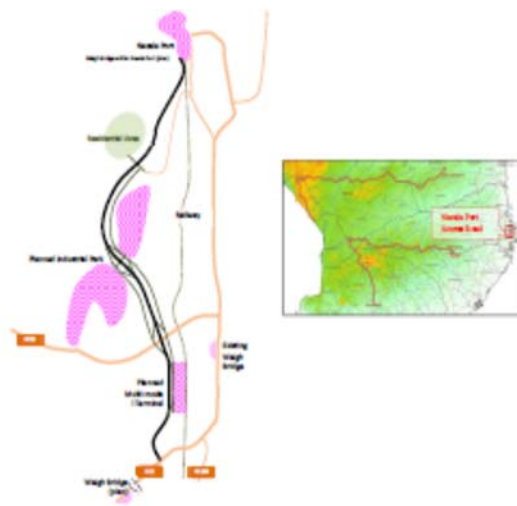
### **BOX Implementation status of the high priority projects**

Among the approximately 200 development projects owned by respective ministries and agencies, based on the results of the studies conducted under the project, 93 “Priority projects” were proposed in the *Nacala Corridor Economic Development Strategies* to be completed by 2035. Among those, 48 short-term and mid-term “high priority projects” were selected with the aim for the initiation by 2017 and the completion by 2025. The specific departments in charge, regions and contents of the respective projects were clearly described.

The following are the examples concerning the implementation status of the “high priority projects” proposed by this project.

#### **(1) Nacala Port Access Road Project (F/S conducted by JICA)**

This project is positioned under the “Securing of the Multi-Modal Transport Function of the Nacala Corridor” in the *Nacala Corridor Economic Development Strategies*. It aimed at consolidating an access road of 13.5 km, including 0.7 km of the bridge section, which connects the Nacala Port and a nearby national road, in order to respond to the expected increase of the road traffic by the expansion of the Nacala Port (support by JICA), and the urban development of the Nacala Bay Area.



Nacala Port Access Road Development Plan

The “Preparatory Survey for Nacala Corridor Road Network Upgrading Project,” which is the F/S related to the consolidation of three roads including this project, was carried out by JICA. Its results are utilized as basic sources of reference for the evaluation of Japanese ODA loan projects by the Japanese Government. In this study, the road routes selection was conducted by utilizing the design concept and the topographic map of Nacala City which were proposed in the *Nacala Corridor Economic Development Strategies* devised under the project.

#### **(2) Bridge Replacement Project for Pempa-Palma-Negomane (Partially implemented by JICA Grant Aid)**

This project planned the replacement of eight existing bridges in the eastern part of Cabo Delgado Province, with the aim of infrastructure development which would be necessary for the improved access to Tanzania and the natural gas development off the coast of Rovuma.



In response to the request from the Mozambican Government, JICA implemented the “Preparatory Survey on the project for Construction of Bridges on N380 in Cabo Delgado Province” targeting the above-mentioned eight bridges. Based on the results, in order to replace three bridges (Mesalo I Bridge, Mesalo IIIbridge, Mapuede Bridge), which could be the target for the Grant Aid, the “Plan for the Construction of Bridges on N380 in Cabo Delgado Province” (G/A: 2017) has been implemented.



Bridge to be replaced  
(Document provided by JICA)

**(3) SEZ/IFZ Management Improvement Project (Partially implemented by the World Bank)**

As a part of a high priority project under the *Nacala Corridor Economic Development Strategies*, namely, “Development of the Foundation for Economic Development in Nacala Bay Area, Greater Nampula and Palma,” this project was planned with the aim to develop the capacity of APIEX, in view of the management of Nacala SEZ and the establishment of new SEZ and IFZ.

The World Bank has implemented the “Integrated Growth Poles Project” for the economic growth in the region through improving performance of enterprises and small businesses in the Zambezi Valley and the Nacala Corridor. In order to provide support to a business environment, access to infrastructure and SME training in the Zambezi Valley and the Nacala Corridor, improvement of a business environment, infrastructure development, and capacity building of public and private sectors are carried out in Tete Province and Nampula Province. Its components include support to development and human resource capacity building in the Nacala SEZ, and consolidation of the management mechanism of the Nacala SEZ, enterprise mapping, support to the creation of Webpages, and capacity development training for staff from organizations including MIC and APIEX (total of 150 persons). Furthermore, the project co-organized the APIEX-hosted “the 1st International Investment Conference in Nacala” (November 2018). Thus, it supports investment promotion to the Nacala Corridor Region.



The 1st International Investment Conference in Nacala

**(4) Nacala Medium-Level Technical and Vocational School project (Partially implemented by JICA Grant Aid and Technical Cooperation)**

This project is planned under the “Strengthening of Basic Education and Industrial Human

Resources Development,” with the aim of satisfying the demands for skilled labor in the Nacala Region by providing technical and vocational education concerning the subjects related to industries such as transportation, logistics, manufacturing and service.

Under Grant Aid project of the “Project for the Improvement of Vocational Training Centers” (G/A: 2018), JICA implements the development of facility and equipment in three Vocational Training Centers (CFP) located in the central cities of northern, central and southern parts of Mozambique, namely, Nacala City of Nampula Province, Quelimane City of Zambezia Province, and Matola City in Maputo Province. In addition to this grant aid, a technical cooperation project, namely, the “Project for Enhancing The Professional Education System Model” (2017—2021), has been implemented, which concerns the creation of vocational training curriculum and materials and capacity building of the management of CFP. In particular, the training courses, which are the target of the support, comprise the subject of agricultural produce processing. Thus, it is expected to contribute to the industrial promotion and economic revitalization of the region through the development of human resources meeting the industrial needs.



Nacala Vocational Training Centers (CFP)

### 3.2.2.3 Other Positive and Negative Impacts

#### (1) Impacts on Natural Environment and Local Community

Under the project, the *Strategic Environmental Assessment (SEA)*<sup>17</sup>, which pays attention to the influence of development on such aspects as the environment and local communities, was carried out in parallel with the strategy formulation. Specifically, concerning the formulated development strategies, the analyses such as environmental risk, opportunity matrix and appropriateness matrix evaluation, and composite-influence matrix evaluation were conducted. In addition, the final stage of the formulation incorporated the insights from the stakeholder meetings that were organized in the target five provinces with a view to obtaining comments from various stakeholders from the administration, civil society, private sector, university, and so forth, and the finalization of the strategies and the selection of high priority projects were carried out<sup>18</sup>.

The results of the *SEA* carried out in this project are incorporated in the process of the

<sup>17</sup> *Strategic Environmental Assessment* refers to an environmental assessment carried out at the time of the decision-making which is at a stage higher than the environmental assessment at the project stage. For Technical Cooperation for Development Planning projects, such as this Project, the implementation of Strategic Environmental Assessment in the guideline is stipulated by JICA.

<sup>18</sup> At the stakeholder meeting following opinions were raised; “The benefits to the community are not well explained” “I do not know how to improve the lives of local residents” “We cannot see any action on the health sector” “Not only basic education but also higher education should be covered” and “Gender initiatives should be included”. In the Project, High Priority Projects were selected and recommendations were compiled based on those opinions.

Environmental Impact Assessment (EIA) conducted under the “Preparatory Survey for Nacala Corridor Road Network Upgrading Project in the Republic of Mozambique” and the “Project for Reinforcement of Transmission Network in Nacala Corridor” carried out as F/S for the proposed high priority projects. It was confirmed that, in these F/S, the results of the *Strategic Environmental Assessment* surveys are utilized in the planning and implementation of a series of studies<sup>19</sup> on environmental and social considerations with the support of Japanese consultants, including the procurement of consultants on environment, implementation of the natural and social environment studies, organization of stakeholder meetings, submission of environment reports (including the *Simplified Environmental Report* and *Resident Relocation Plan*) to Ministry of Land, Environmental and Rural Development.

## (2) Other Indirect Effects

“Targets to be achieved by utilization” listed below, which were set at the time of planning, are the effects to be seen in the form of outputs after the implementation of high priority projects. As mentioned above, 56% of high priority projects have been realized. However, at the time of the ex-post evaluation, only two years had passed since the Cabinet approval of the *Nacala Corridor Economic Development Strategies*, and none of the high priority projects were completed. For this reason, at the time of the ex-post evaluation, it was too early to assess the effects of the following “Targets to be achieved by utilization” which are to be seen as a result of the implementation of the high priority projects. However, as indicators set at the time of planning, the achievement status at the time of this ex-post evaluation is shown as reference values.

### **Targets to be achieved by utilization**

- Target 1: Economic growth and social capacity improvement in the Nacala Corridor
- Target 2: Promotion of private investment
- Target 3: Utilization of resources with appropriate demand–supply balance

#### Target 1: Economic growth and social capacity improvement in the Nacala Corridor

As shown in Table 3, the GDP of the Nacala Corridor Region at the time of the ex-post evaluation (2017) was 309,812 million meticals, and its per capita GDP, 17,989 meticals. Reflecting the economic recovery of the country as a whole, the figures have been following upward trends in recent years.

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<sup>19</sup> It was confirmed that there were no issues regarding natural and social environment in these High Priority Projects as a result of the survey.

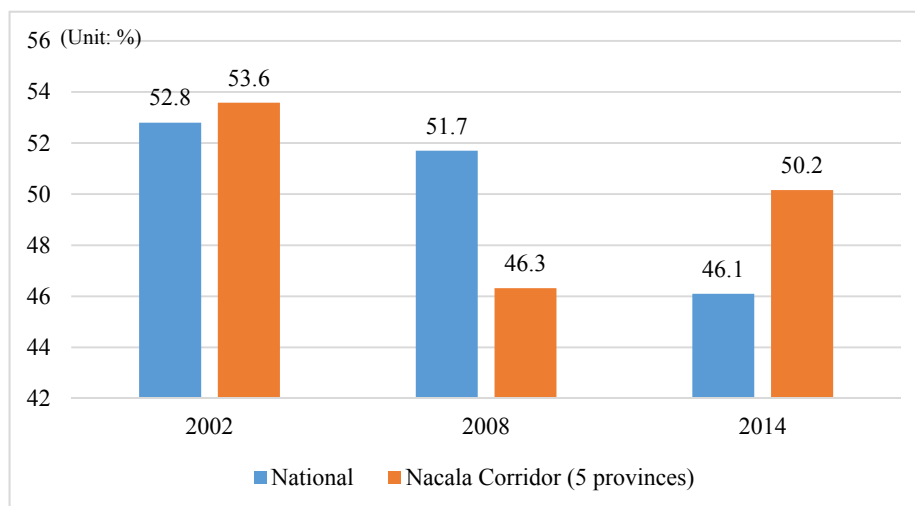
Table 3 Economic Indicators of the whole Republic and the Nacala Corridor Region

(Unit: million meticals)

	2013	2014	2015	2016	2017
GDP (National)	482,233	531,777	591,679	687,116	804,464
GDP growth ratio (National) (%)	7.1	7.4	6.6	3.8	3.7
GDP (Nacala Region)	190,352	201,944	227,479	264,930	309,812
Per capita GDP (National)	19,791	21,182	22,939	26,083	29,654
Per capita GDP (Nacala Region)	26,195	12,747	13,991	15,856	17,989

Source: National Institute of Statistic (INE)

Figure 5 shows the poverty ratio, as to represent social capacity. Vis-à-vis the ratio of 46.1% for the whole Republic, the poverty ratio of 50.2% for the Nacala area (2014) is high. At the time of the ex-post evaluation, poverty ratio was not measured, and hence was not available. However, in view of the economic situations of the Nacala Region, it is presumed that the above-mentioned trends remain unchanged.

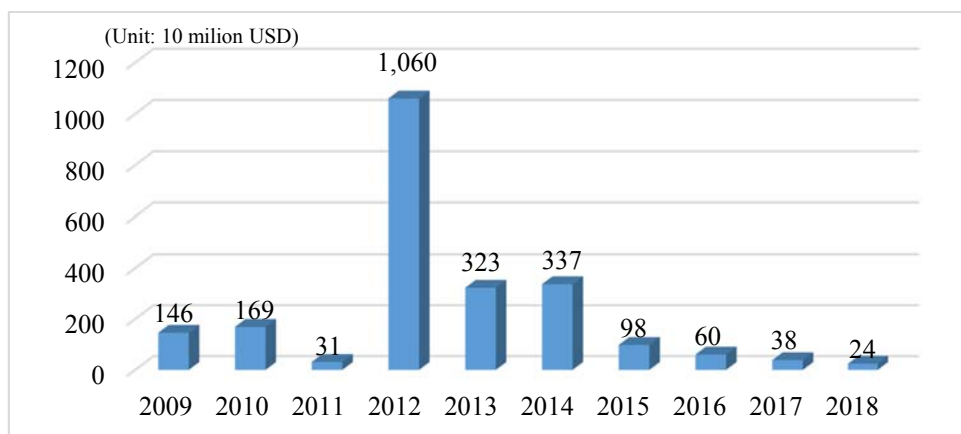


Source: National Institute of Statistic (INE)

Figure 5 Poverty Trends of the Whole Republic and Nacala Area

#### Target 2: Promotion of private investment

With regard to the promotion of private investment, as indicated in Figure 6, against the background of the debt problem which surfaced in 2016 and the economic crisis that followed, the advancement of companies to the Nacala SEZ has not been progressing. In addition, as mentioned above, the high priority projects, which were proposed by the project, have not been completed. Hence, at the time of the ex-post evaluation, it is deemed too early to assess the impacts of the project on the promotion of private investment.



Source: APIEX

Figure 6 Trends of Investment Amounts to Nacala SEZ

Target 3: Utilization of resources with appropriate demand–supply balance

This target concerns some of the recommendations under the *Nacala Corridor Economic Development Strategies*. i.e. “the formulation of policies in respect of the protection, development and utilization of forest and of land use plans including forests, as well as the expansion of agricultural land in line with such plans and the protection of forestry”, and “the collection of appropriate royalties and taxes and the allocation of such resources to social and environmental problems and needs in social services in the Nacala Corridor Region.” In this regard, high priority projects concerning the “Land Use and Law (DUAT)” and “mineral resource development” were selected. The implementation of these projects was expected to enable the utilization of resources based on the balanced demand and supply. However, at the time of the ex-post evaluation, these projects were not completed, and therefore, their effects cannot be assessed.

With regard to impacts, as shown in Table 2, the indicators set for the overall goal were mostly achieved. In particular, despite the fact that only about two years have passed since the Cabinet approval of the *Nacala Corridor Economic Development Strategies*, and despite of such issues as the temporary freeze of the loan projects by development partners due to the country’s debt problems, and the decline of private investment, the realization ratio of the high priority projects proposed under the project was 56%, above that of the development studies for African countries<sup>20</sup>. From this perspective, the impacts are deemed high. Nevertheless, the assessment of the other impacts is difficult to be confirmed at the time of the ex-post evaluation, as the high priority projects proposed under the *Nacala Corridor Economic Development Strategies* have not completed yet.

<sup>20</sup> See Footnote 14.

By the implementation of the project, “to promote development and investment in the Nacala Corridor, the mechanism for application of the integrated development strategies and related information is established,” which was stipulated as the project purpose, was achieved. In addition, judging from such elements as the implementation status of the high priority projects proposed under the project, the indicators set for the overall goal were mostly achieved. Therefore, effectiveness and impacts are high.

### 3.3 Efficiency (Rating: ②)

#### 3.3.1 Inputs

Under this project, the inputs were provided as per Table 4.

Table 4 Plan and Actual of Inputs of the Project

Input	Plan	Actual (at the time of the project completion)
(1) Experts	Dispatch of study teams (24 sectors) (61.22 M/M)	Dispatch of study teams (24 sectors) (88.78 M/M)
(2) Trainees received	Not mentioned	Training in Japan (16 persons) Viet Nam study tour (9 persons)
(3) Equipment	Equipment necessary for the study (PC, GIS software, etc.)	Equipment necessary for the study (PC, GIS software, etc.)
Total Project Cost of the Japanese Side	Total: 910 million yen	Total: 1,072 million yen
Inputs of the Mozambique Side	1. Assignment of counterparts 2. ID for the study team members 3. Provision of information 4. Operational expenses necessary for the implementation of the project	Implemented as per the plan (the amount of expenses borne by the Mozambican side was not available)

Source: a document provided by JICA

#### 3.3.1.1 Elements of Inputs

With regard to the dispatch of experts, at the time of planning, it was planned to dispatch experts on 24 sectors. Since the project was described as the *Strategic Master Plans* at the fifth Tokyo International Conference on African Development (TICAD V), a component of the strategic master plan formulation related to the *Development of Value Chain for Natural Gas related Sectors* and the *Strengthening of Nacala Corridor Region-Wide Freight Network for Agricultural and Mining Sectors* were added. In order for the subsequent in-depth research by expert teams, the period of dispatch of experts increased. Specifically, the period of dispatch of experts on urban planning, social system/social services, agricultural/forestry sector development, GIS analysis, industrial estate development, waste management (soiled waste), water resources development, deputy team leader, and interpreters was extended. There is a lack of concrete description in the initial plan concerning the number of trainees received, transfer of equipment and the inputs by

the Government of Mozambique, and hence, the comparison between the plan and the actual is difficult. However, it was confirmed that the inputs necessary for the implementation of the project were provided.

#### 3.3.1.2 Project Cost

With regard to the cost of this project, the actual figure of 1,072 million yen exceeded the 910 million yen at the time of planning (118% of the planned figure). The reason for the increase in the project cost was mainly the additional component of the *Strategic Master Plans* formulation, cost for the dispatch of experts for the understanding of trends after the presidential election and strengthening of the implementation mechanism after the formulation of the *Nacala Corridor Economic Development Strategies*, and the increase of expenses related to country-focused training, and the organization of international seminars.

#### 3.3.1.3 Project Period

With regard to the project period, the actual was 47 months (March 2012 – January 2016), considerably longer than the period of 20 months (March 2012 – October 2013) at the time of planning (235% of the planned period). This was due to the extension of the study period following the additional implementation of the above-mentioned two *Strategic Master Plans*, as well as the continuation of support to the approval of the *Nacala Corridor Economic Development Strategies* under the new administration and of the survey on the impact of the 2014 presidential election and subsequent situation on the project implementation. Nevertheless, by extending the project period, the *Nacala Corridor Economic Development Strategies* were approved by the present administration. APIEX confirmed that this contributed largely to ensuring feasibility and sustainability of the Strategies.

In the previous administration, former implementing agencies, MPD and GAZEDA, provided an explanation to and organized meeting with the Economic Council in April 2014, in order for the approval of the *Nacala Corridor Economic Development Strategies*. Subsequently, although the Cabinet approval was planned in June 2014, with the change of administrations, the Cabinet approval was carried over to the present administration. Concerning specifically the *Nacala Corridor Economic Development Strategies*, the study and draft preparation were mostly completed in April 2014, and after that, most activities carried out were for the approval by the present administration. If presuming that the termination of the project was in April 2014 when the Strategies were completed, the length of the period added to the planned length was six months (130%). In view of the addition of studies, the extension of the project period is deemed to be within the reasonable range.

As explained above, both the cost and the period of the project exceeded the plan. In particular, the project period significantly longer than planned. However, when considering the addition of a necessary component as well as the fact that this extension of period was a necessary measure to minimize the impacts of the change of administrations, Therefore, efficiency of the project is fair.

### 3.4 Sustainability (Rating: ②)

#### 3.4.1 Policy and Political Commitment for the Sustainability of Project Effects

At the Cabinet meeting on November 19, 2016, it was decided that “*the Nacala Corridor Economic Development Strategies* was approved” and that “it is incumbent upon the Minister who supervises the area of industry and commerce to coordinate the necessary actions on the occasion of the effective implementation of this Strategy” (Resolution No. 44/2016). During the interviews of related agencies, namely, MTC and Ministry of Public Works and Housing, they expressed the intention to reflect the implementation of the high priority projects proposed under the *Nacala Corridor Economic Development Strategies* in the next *Five-year Governmental Plan (2020-2024)*. Concerning provincial governments, the *Provincial Strategic Plans* at the time of planning of this project are currently still in effect in Nampula Province, Tete Province and Zambezia Province, and at the time of the ex-post evaluation, the consistency is ensured between the *Nacala Corridor Economic Development Strategies* and *Provincial Strategic Plans* of these three provinces. In Niassa Province and Cabo Delgado Province, where new *Provincial Strategic Plans* were formulated after the completion of the project, the provincial focal points of the steering committee, who were responsible for formulating the *Nacala Corridor Economic Development Strategies*, are involved in the formulation of the *Provincial Strategic Plan*, and hence, it was confirmed that the high priority projects were incorporated in the *Provincial Strategic Plan* of these provinces.

In light of the above, the sustainability in policy and political involvement aspect is high.

#### 3.4.2 Institutional/Organizational Aspect for the Sustainability of Project Effects

As shown in Figure 7, the project was started with GAZEDA under MPD as an implementing agency. Subsequently, after the ministerial re-organization following the shift to the present administration (the new President Nyusi) in January 2015, MPD became a part of the Ministry of Economy and Finance (MEF), and hence GAZEDA was re-positioned to be under the Ministry of Economy and Finance. Furthermore, the present administration undertook merging of administrative organizations and reduction of staff, as a result of which GAZEDA was merged with the Investment Promotion Centre (hereinafter referred to as “CPI”) and the Exports and Imports Institute (hereinafter referred to as “IPEX”), to be re-established as APIEX under MIC, which in turn was approved to be the implementing agency of the project. As such, implementing



agencies of the project were forced to be frequently changed due to the change of administrations. However, the *Nacala Corridor Economic Development Strategies* were approved by the Cabinet under the present administration (November 2016), and the Cabinet meeting decided that “it is incumbent upon the Minister who supervises the area of Industry and Commerce to coordinate the necessary actions on the occasion of the effective implementation of this Strategy,” Hence, it was institutionalized that APIEX, which is *de facto* under MIC, would promote the Strategies as an implementing agency.

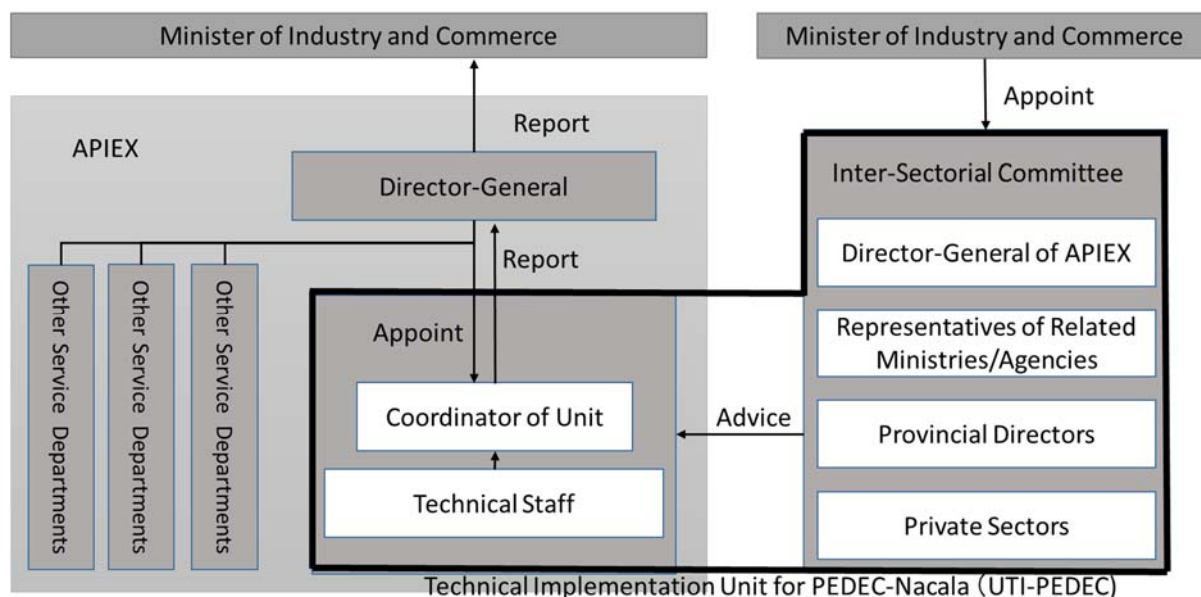
	2012-2014	2015	2016	2017	2018
Administration	Previous administration	Current administration			
Responsible Ministries	MPD	MEF		MIC	
Implementing agencies	GAZEDA			APIEX	
Progress of the project	▲ March 2012 Start of the Project		▲ January 2016 Completion of the Project	▲ November 2016 Cabinet approval of Development Strategies ▲ December 2016 Establishment of APIEX	▲ January 2018 Establishment of UTI-PEDEC

Source: created by the Evaluator based on the document provided by JICA

Figure 7 Change of Implementing Agencies of the Project

Since the latter part of the project, the “Project for Supporting the Promotion of Nacala Corridor Development (2015–2018),” a technical cooperation project of JICA, was implemented. For the promotion of the *Nacala Corridor Economic Development Strategies*, UTI-PEDEC was established within APIEX, as an organization to promote the Strategies. In January 2018, a ministerial ordonnance which stipulated the organizations and functions of UTI-PEDEC went into effect with the signature of MIC. As shown in Figure 8, the ministerial ordonnance clearly described that the organization of UTI-PEDEC consisted of a coordinator and technical staff of APIEX, and the Inter-sectorial Committee comprising related agencies and organizations, provincial governments, and the private sectors. In response, the General Director of APIEX appointed, among APIEX staff, one coordinator and two technical staff members (total three persons) as the members of UTI-PEDEC. In addition, representatives of respective agencies and organizations and focal points in the provincial governments were appointed to be the members of the Inter-sectorial Committee. However, since the coordinator and technical staff from APIEX were not fully dedicated to UTI-PEDEC, and remain to be the staff of the Department of Investment Promotion in APIEX, they have time constraints to engage in activities in UTI-PEDEC. Although the implementation mechanism was established, the stakeholders in APIEX pointed out the need to dedicate coordinator and staff and to reinforce human resources, and hence

there are remaining issues concerning the work arrangements of the personnel assigned to UTI-PEDEC.



Source: a document provided by JICA

Figure 8: Organigram of UTI-PEDEC

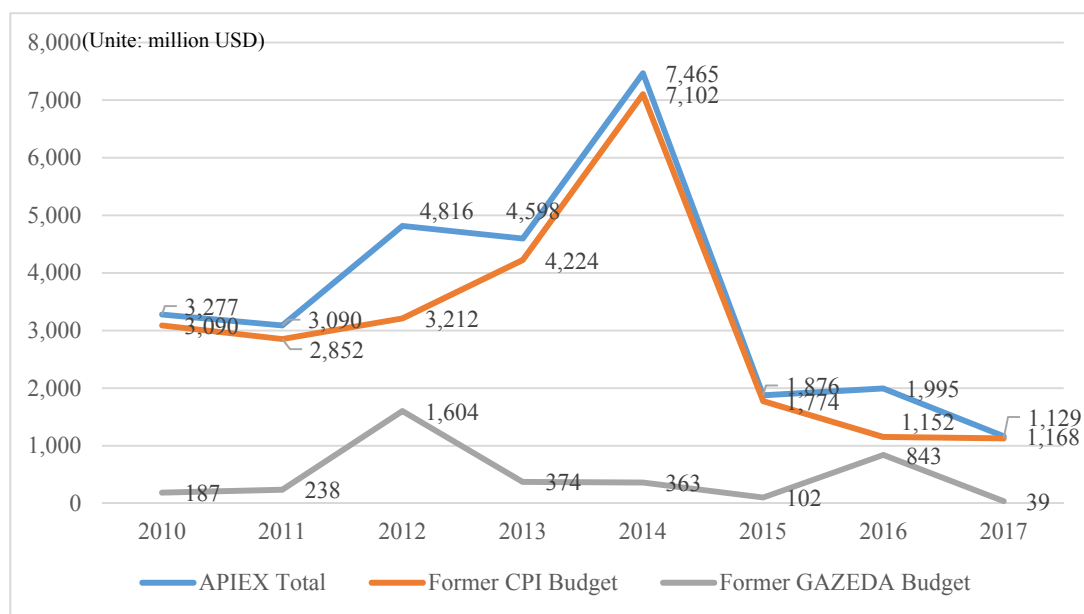
### 3.4.3 Technical Aspect for the Sustainability of Project Effects

As mentioned above, UTI-PEDEC, an implementing agency in APIEX, is a new organization established in January 2018. Therefore, within the organization, experiences related to the coordination for the regional development and to development promotion were not sufficiently accumulated. However, the counterparts, who took part in the formulation of the *Nacala Corridor Economic Development Strategies* and in capacity development programs such as the training Japan under this project, have been assigned as the coordinator and technical staff of UTI-PEDEC. UTI-PEDEC has continuously been organizing the Inter-sectorial Committee as an activity concerning the promotion of PEDEC. The interviews of the representatives of related agencies who attended the Inter-sectorial Committee confirmed that there was not a problem concerning the coordination and negotiation capacity of UTI-PEDEC to promote the *Nacala Corridor Economic Development Strategies*.

The computers and GIS software, which were procured by the project, have been appropriately utilized by APIEX technical staff by using the latest statistical data, as necessary. In addition, the topographic maps stored at the National Cartography and Remote Sensing Centre, which were the products delivered under the project, have been appropriately managed and utilized. Thus, there are no problems concerning the technical capacity of the staff in charge.

### 3.4.4 Financial Aspect for the Sustainability of Project Effects

The ministerial ordonnance concerning the establishment of UTI-PEDEC to promote the *Nacala Corridor Economic Development Strategies* stipulates that the budget of UTI-PEDEC is to be obtained from the budget of APIEX and other financial sources including development partners. However, due to the fiscal entrenchment deriving from the debt problem that was disclosed in 2016, there has not been the allocation of the budget from APIEX for activities related to the *Nacala Corridor Economic Development Strategies*, and the budget sources have not been identified. While the salary of the UTI-PEDEC coordinator and technical staff is paid by APIEX, it has come to the point to consider the utilization of the funds from development partners and the budget of MIC as sources of activity budget. There are views within APIEX referring to the need for the establishment of the financing mechanism for the procurement of expenses for the management of UTI-PEDEC and activities. Figure 9 shows the Project Investment Budget<sup>21</sup> of the whole APIEX and former CPI and former GAZEDA. In 2014, there was a sudden hike in the deficit of Mozambique to exceed 10% of GDP<sup>22</sup>, indicating that the stringent financial management by the government shook the confidence by the financial institutions and investors in the macro economy of Mozambique, resulting in the large decline in the investment since 2015. The investment to the projects implemented by APIEX has remained stagnant.



Source: APIEX

Figure 9 Trends of APIEX Project Investment Budget

<sup>21</sup> APIEX was established in 2016. However, the budget as of 2017 was still divided into former CPI and former GAZEDA. The Project Investment Budget does not include the operational budget items such as staff salary.

<sup>22</sup> Although the problem of dubious debts surfaced in 2016, even before that, the government finance had problems. Due to the rapid increase of external debt in 2014, the confidence by the private sector was declined, and investment was decelerated.

The implementing agencies of the high priority projects, which were proposed in the *Nacala Corridor Economic Development Strategies*, are the respective related agencies. For instance, road development, projects were prepared by the National Road Administration (ANE) and implemented by the budget from such sources as the government budget, development partners and private investment. The securing of the budget for the implementation of high priority projects has been facing difficulties, due to the financial entrenchment by the government, the temporary freeze of loan projects by development partners and the decline of private investment, which followed the disclosure in 2016 of debt problems. Nevertheless, in the sense that there is an increase in private investment accompanying the economic recovery, and in view of the initiatives by development partners and aid agencies towards the resumption of loan business, the possibility for the eventual implementation of the high priority projects is deemed high.

The sustainability in terms of policy institutions and technical aspects to implement the *Nacala Corridor Economic Development Strategies*, which were formulated under the project, are ensured. However, there is room for improvement with regard to the assignment of staff and securing of finance for activities at UTI-PEDEC. Some minor problems have been observed in terms of the institutional/organizational aspect and financial aspect. Therefore sustainability of the project effects is fair

#### **4. Conclusion, Lessons Learned and Recommendations**

##### **4.1 Conclusion**

The Nacala Corridor Region, which is located in the northern part of Mozambique, was expected to see the development of natural resources such as coal, the development of agriculture utilizing abundant land and ample water resources, and the development and industrial promotion focusing on the potential of the Nacala Port which is a naturally favorable port. Nevertheless, the Government of Mozambique has not had development plans for this region, and thus there was a lack of comprehensive concept and norms of development. As such, mining industry-centered, dispersed development has been progressing through the private investment, giving rise to such concerns as deprivation of resources, labor force and land, as well as environmental destruction. Against this background, this project was implemented with the purpose of formulating *Nacala Corridor Economic Development Strategies*, necessary for appropriate development and investment based on the systematic understanding of co-relations and inherent influences among development projects, potentials and risks pertaining to development, and constraints.

With regard to the results of the evaluation of the Project, the implementation of this project is in line with the development needs related to Mozambique's development policies, economies of the country and the Nacala Corridor Region, infrastructure, poverty, literacy, school enrollment ratio, and public health. It is also in line with Japan's ODA policies. Therefore, its relevance is

high. The contents of *Nacala Corridor Economic Development Strategies* were confirmed appropriate and highly feasible. At the same time, technical transfer to stakeholders was sufficiently carried out. Therefore, the set project purpose, namely, “To promote development and investment in the Nacala Corridor, the mechanism for application of the integrated development strategies is established,” was achieved. Furthermore, it was observed that more than half of the high priority projects, which were proposed under the Project, were to be implemented, and other indicators were achieved. Hence, the overall goal was also achieved. Accordingly, effectiveness and impact are high. Meanwhile, both the duration and cost of the Project exceeded the plan. This is considered justifiable, in view of the following reasons: the addition of a study to formulate two master plans newly, and the need for the approval of the concerned strategies by the new administration formed after the change of administrations following a presidential election in order to ensure the sustainability of the said strategies. Therefore, the efficiency of the project is fair. The sustainability of the project, in terms of policy and political involvement aspects and technical aspects of the implementing agencies, is ensured. However, concerning the allocation of the staff in the implementing agencies and the securing of financial resources for activities, there is room for improvement. Thus, some issues remain with regard to institutional, organizational and financial aspects of the implementing agencies. Accordingly, sustainability of the project effects is fair.

In light of the above, this project is evaluated to be satisfactory.

## 4.2 Recommendations

### 4.2.1 Recommendations to the Executing Agency

It is necessary for UTI-PEDEC, which was established within APIEX to promote the implementation of the *Nacala Corridor Economic Development Strategies*, to create a roadmap with stakeholders and steadily implement it. In addition, in the implementation of the strategies, it is necessary to understand the progress status of the realization of the high priority projects, review the projects yet to be realized, and to devise tangible measures such as F/S for the projects with the potential for implementation.

### 4.2.2 Recommendations to JICA

There is a request from APIEX for a technical cooperation project with the purpose of strengthening the function of UTI-PEDEC, which was newly established to support the implementation of the *Nacala Corridor Economic Development Strategies*. APIEX is planning the staff assignment and budget allocation to UTI-PEDEC in conjunction with the implementation planning of the technical cooperation project. The implementation of the technical cooperation project is expected to be instrumental for the appropriate staff assignment in UTI-PEDEC, the securing of the operational budget, and the reinforcement of sustainability based on the improved

coordination with related agencies by the members. Therefore, the swift implementation of the project is desirable.

#### 4.3 Lessons Learned

##### Engagement of related agencies and provincial government by the establishment of a steering committee

It is often the case under Technical Cooperation for Development Planning that the planning and policy formulation are carried out under the leadership of consultants, due to the constraints of study period and budget. However, by establishing a steering committee and by taking advantage of workshop and training opportunities engaging stakeholders from the early stages, the project largely contributed to the capacity development of stakeholders. In order to elevate the effects of capacity development, it is required to carry out activities intended for capacity development, as was done in the project, instead of assuming that development study activities would automatically lead to the achievement of capacity development. In addition, engaging the relevant personnel from ministries, agencies and target provinces resulted in the enhancement of the consistency of policies between the central and provincial governments.

##### Measures to minimize the impacts of the change of administrations

In order for the *Nacala Corridor Economic Development Strategies* to be acknowledged as development strategies of the Mozambican government, a series of meetings were organized from the early stages of the project implementation. Consequently, in 2014, the *Nacala Corridor Economic Development Strategies* were nearly to be approved by the Cabinet. However, since this was toward the end of the term of the previous administration, it was deemed adequate to leave it to the decision by the new administration to be in power in 2015, and thus the Cabinet approval was postponed. This contributed to minimizing the negative impacts by the change of administrations on the continuity of a Technical Cooperation for Development Planning project. Support to master plan formulation, in such modalities as Technical Cooperation for Development Planning, calls for appropriate understanding related to the change of administrations, as well as flexibility regarding the timing of the approval of a master plan.

##### Support for the establishment of an implementation mechanism of proposed projects

Under this project, in view of the implementation of the projects proposed by Technical Cooperation for Development Planning, the establishment of a mechanism for tangible action plans was carried out under a technical cooperation project. In reality, the establishment of a “Technical Implementation Unit” to follow the proposed projects was institutionalized by a ministerial order, and at the same time, through the support to the formulation of a “road map” to stipulate tangible activities, an implementation mechanism was established. As such, in the

Technical Cooperation for Development Planning, it is desirable to combine the support to the establishment of implementation mechanisms of a project proposed by the Technical Cooperation for Development Planning, like the installation and institutionalization of a “Technical Implementation Unit” and the formulation of a “road map,” either in the framework of the Technical Cooperation for Development Planning, or under an individual scheme such as a technical cooperation project.

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