

Country Name	<b>Project for Enhancing Capacity of Investment Promotion and Facilitation</b>
Republic of Mozambique	

**I. Project Outline**

Background	<p>It was expected that Mozambique would continue to develop in a stable political environment with the presence of natural resources discovered in recent years and the acceleration of agricultural development. Under these circumstances, foreign companies including Japanese companies were increasingly interested in the Mozambican market as an investment destination; the government of Mozambique recognized the necessity to continue investment promotion and strengthen its policies to increase domestic and foreign direct investment. In addition, since it was necessary for the Investment Promotion Centre (CPI) to improve the quality of its services through capacity building, JICA dispatched Japanese experts to CPI through strengthening investment promotion capacity. However, in recent years, it became essential for CPI to continuously strengthen its institutional capacities in order to cope with the rapid increase in investment; therefore, the government of Mozambique requested the government of Japan to provide a technical cooperation project in the area of investment promotion and facilitation.</p>												
Objectives of the Project	<p>Through improving Agency for Investment and Export Promotion (APIEX)'s investment promotion activities, making the operation for investment approval processes, business licensing support and investment monitoring smooth and effective, and advancing implementation of Strategic Plan for the Promotion of Private Investment (PEPIP) through facilitation by APIEX, the project aims at enhancement of the APIEX's capacities for investment promotion and facilities, thereby increasing domestic and foreign direct investment.</p> <ol style="list-style-type: none"> <li>Overall Goal: National and foreign direct investment is increased.</li> <li>Project Purpose: APIEX's capacity for investment promotion and facilities is enhanced.</li> </ol>												
Activities of the Project	<ol style="list-style-type: none"> <li>Project site: Mainly in Maputo City (the capital city of Mozambique)</li> <li>Main activities: 1) Improving APIEX's investment promotion activities, 2) making operation for investment approval, business licensing support and investment monitoring smoother and more effective, and 3) advancing implementation of Strategic Plan for Promotion of Private Investment (PEPIP) through facilitation by APIEX.</li> <li>Inputs (to carry out above activities) <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Japanese Side</td> <td style="width: 50%;">Mozambican Side</td> </tr> <tr> <td>1) Experts: 7 persons</td> <td>1) Staff allocated: 11 persons</td> </tr> <tr> <td>2) Trainees received: 15 persons</td> <td>2) Facility and equipment: office space in APIEX</td> </tr> <tr> <td>3) Training in the third countries (Vietnam and Malaysia): 10 persons</td> <td>3) Administrative cost: office running cost</td> </tr> <tr> <td>1) Equipment: Projector and external hard disk</td> <td></td> </tr> </table> </li> </ol>			Japanese Side	Mozambican Side	1) Experts: 7 persons	1) Staff allocated: 11 persons	2) Trainees received: 15 persons	2) Facility and equipment: office space in APIEX	3) Training in the third countries (Vietnam and Malaysia): 10 persons	3) Administrative cost: office running cost	1) Equipment: Projector and external hard disk	
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Project Period	(ex-ante) February 2016–January 2020 [48 months] (actual) February 2016–March 2020 [50 months]	Project Cost (Japanese side only)	(ex-ante) 350 million yen, (actual) 366 million yen										
Implementing Agency	Investment Promotion Centre (CPI), (Since August 2018, the Agency for Promotion of Investment and Exports (APIEX))												
Cooperation Agency in Japan	Koei Research & Consulting Inc.												

**II. Result of the Evaluation**

<Special Perspectives Considered in the Ex-Post Evaluation>

- Continuation Status of Project Effects at the time of Ex-post Evaluation after project completion

In the ex-ante evaluation sheet, the indicator of the Project Purpose is stated as “investor satisfaction with investment promotion/facilitation services provided by APIEX”. Since APIEX did not conduct an investor satisfaction survey, the ex-post evaluation assessed the number of enquiries from investors and the indicator of output 1-2 — number of investment promotional events held by APIEX and participants' satisfaction to each event — as supplemental information.

**1 Relevance/Coherence**

[Relevance]

<Consistency with the Development Policy of Mozambique at the Time of Ex-Ante Evaluation >

The project was consistent with the development policy of Mozambique at the time of ex-ante evaluation. As one of the measures to eradicate poverty, the “Government Five Year Plan 2015-2019” aimed to increase employment through the expansion of domestic and foreign direct investment. Based on the plan, the government made “Action Plan for the Reduction of Absolute Poverty (PARP) 2011-2014” as an action plan. In addition, the government formulated the “Strategic Plan for the Promotion of Private Investment (PEPIP) 2014-2016” which was the first investment related strategic plan in Mozambique.

<Consistency with the Development Needs of Mozambique at the Time of Ex-Ante Evaluation >

The project was consistent with the development needs of Mozambique at the time of ex-ante evaluation. Foreign companies including Japanese ones were increasingly interested in the Mozambican market as an investment destination. Under such a situation, the government of Mozambique recognized the necessity to continue investment promotion and strengthen its policies to increase domestic and foreign direct investment.

<Appropriateness of Project Design/Approach>

<p>The project design/approach was appropriate. No problem attributed to the project design/approach was confirmed.</p> <p>&lt;Evaluation Result&gt;</p> <p>In light of the above, the relevance of the project is ③.</p>
<p>[Coherence]</p> <p>&lt;Consistency with Japan’s ODA Policy at the Time of Ex-Ante Evaluation&gt;</p> <p>The project was consistent with Japan’s ODA policy to Mozambique at the time of ex-post evaluation. One of the three priority areas of the “Country Assistance Policy for the Republic of Mozambique” (2013) was regional economic revitalization, including corridor development. In 2013, the government of Japan and the government of Mozambique signed an agreement on the reciprocal liberalization, promotion and protection of investment to increase the closeness of economic relation between two countries.</p> <p>&lt;Collaboration/Coordination with other JICA’s interventions&gt;</p> <p>Any collaboration/coordination between the project and other JICA’s intervention was not clearly planned at the time of ex-ante evaluation.</p> <p>&lt;Cooperation with other institutions/ Coordination with international framework&gt;</p> <p>Although the cooperation/coordination with United Nations Industrial Development Organization (UNIDO) and the Confederation of Economic Associations of Mozambique (CTA) which had been planned at the time of ex-ante evaluation and during the project period were implemented accordingly, any positive effects were not confirmed at the time of ex-post evaluation. Throughout three times training in Japan provided by UNIDO, officials from APIEX and PEPPIP institutions learned how to promote and facilitate inward investment. In addition, APIEX has collaborated with the CTA whose mission is to contribute to economic and social development of Mozambique by promoting business opportunities.</p> <p>&lt;Evaluation Result&gt;</p> <p>In light of the above, the coherence of the project is ②.</p>
<p>[Evaluation Result of Relevance/Coherence]</p> <p>In the light above, the relevance/coherence of the project is ③.</p>
<p>2 Effectiveness/Impact</p>
<p>&lt;Status of Achievement of the Project Purpose at the Time of Project Completion&gt;</p> <p>At the time of project completion, the Project Purpose was achieved as planned. 50% of the investors were satisfied with APIEX’s investment promotion activities, 74% of investors answered that there was no problem with investment approval by APIEX, and 39% answered that they were satisfied with the APIEX related services (Indicator 1). The period required for obtaining investment approval was shortened from 25 days to 13 days and many license applications were accepted and processed by the local branch offices of each ministry or agency. There have been cases where it has taken as little as one day (Indicator 2).</p> <p>&lt;Continuation Status of Project Effects at the Time of Ex-Post Evaluation&gt;</p> <p>By the time of the ex-post evaluation, the project effects have been continued. APIEX had not conducted any investor’s satisfactory survey. However, APIEX has improved its investment promotion through publishing materials of investment opportunities and partnership opportunities. Therefore, it is assumed that more investors have recognized the role of APIEX. In addition, APIEX has been working with national and international entities involved in investment promotion and has signed Memorandum of Understanding (MOUs) with them to attract more investment to Mozambique. As a result of various initiatives, the number of inquiries from investors through email, phone and in-person meeting increased from 1,084 in 2020 to 3,050 in 2022. However, the breakdown of these inquiries could not be confirmed. In addition, APIEX held investment promotion events twice in 2020, once in 2021, ten times in 2022 and three times in 2023 (as of August 2023). According to the satisfaction survey of the events, on average more than 100 participants attended each event and about 80% of the participants were satisfied with APIEX’s event each time. During the project implementation, operations for investment approval, business licensing support and investment monitoring became smooth and effective. The period required for obtaining investment approval was shortened from 13 days in 2020 to 10 days in 2023 as well as on average the period required for obtaining a business license has been shortened by 7 days. However, the period for obtaining a business license depends on the type of business license. APIEX has continuously been reviewing the processes of business licensing support every year.</p> <p>&lt;Status of Achievement of the Overall Goal at the Time of Ex-Post Evaluation&gt;</p> <p>At the time of ex-post evaluation, the Overall Goal has been partially achieved. Since the project completion, the number of national and foreign direct investment approved by APIEX has decreased, while the amount of national and foreign direct investment has increased (Indicator 1). Therefore, the number of realized national and foreign direct investment approved by APIEX have also decreased, while the amount of realized national and foreign direct investment approved by APIEX have increased (Indicator 2). The reason for the decrease in the number of approved and realized projects is the COVID-19 pandemic, which began in early 2020. Additionally, the government of Mozambique introduced reforms to simplify business licensing procedures under the Legal Regime for the Licensing of Economic Activities. The newly enacted Decree No. 27/2023, issued on 23 May 2023, aims to improve the business environment by streamlining procedures, reducing administrative costs, and shortening approval times. These improvements facilitated the establishment and operation of businesses in Mozambique, creating a more attractive environment for entrepreneurs and investors.</p> <p>&lt;Other Impacts at the Time of Ex-Post Evaluation&gt;</p> <p>Some positive impacts have been observed in the ex-post evaluation. The government of Mozambique introduced the “Economic Acceleration Package” in response to the challenges posed by the COVID-19 pandemic, incorporating several policies to promote investment. APIEX actively participated in these efforts, particularly in the introduction of a new investment visa and the electronic visa system, which have streamlined visa application processes and facilitated entry procedures for foreign investors. These reforms have improved the investment environment, increased investor confidence, and are expected to support economic recovery. As a result of implementation of the project, the number of investment projects has increased, which has created employment in Mozambique. However, detailed data on the employment creation could not be confirmed. In addition, APIEX, in accordance with the “Gender Policy and Strategies for its Implementation”, has promoted gender equality in employment and training opportunities to improve the status of women in the APIEX and increase organizational performance. No negative impact has been observed as of the ex-post evaluation.</p> <p>&lt;Evaluation Result&gt;</p>

In light of the above, the effectiveness/impact of the project is ③.

Achievement of Project Purpose and Overall Goal

Aim	Indicators	Results	Source															
(Project Purpose) APIEX's capacity for investment promotion and facilitation is enhanced.	Indicator 1 Investors' satisfaction with / facilitation services provided by APIEX.	Status of the Achievement (Status of the Continuation): achieved as planned (partially continued) (Project Completion) - 50% of investors were satisfied with APIEX's investment promotion activities - 74% of investors answered "No problem" for investment approval process. - 39% of investors were satisfied with APIEX's services. (Ex-Post Evaluation) - The investor's satisfactory survey was not conducted. However, the number of investor enquiries increased from 1,084 in 2020 to 3,050 in 2022 through the success of various activities such as producing promotional materials, speeding up the approval process and raising awareness of APIEX.	APIEX															
	Indicator 2 Period required for obtaining investment approval and relevant business licenses.	Status of the Achievement (Status of the Continuation): achieved as planned (continued) (Project Completion) - The average number of days required for project approval was improved from 25 days in 2015 to 13 days in 2019. - Many license applications were accepted and processed by the local branch offices of each ministry or agency. There have been cases as early as one day. (Ex-Post Evaluation) - The average number of days required for project approval 10days. - Although the reduction in the number of days required to obtain a business license varies according to the sector, it is estimated that on average 7days have been shortened.	APIEX															
(Overall Goal) National and foreign direct investment is increased.	Indicator 1 Number and amount of national and foreign direct investment approved by APIEX.	(Ex-Post Evaluation) partially achieved - The number of national and foreign direct investment approved by APIEX has decreased due to the COVID-19 pandemic, which started in early 2020, while the amount of national and foreign direct investment has increased, <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>No. of Approved project</td> <td>270 (100%)</td> <td>232 (86%)</td> <td>212 (79%)</td> <td>N/A</td> </tr> <tr> <td>Amount of Approved project*</td> <td>1,134 (100%)</td> <td>1,404 (124%)</td> <td>1,547 (136%)</td> <td>N/A</td> </tr> </tbody> </table>		2020	2021	2022	2023	No. of Approved project	270 (100%)	232 (86%)	212 (79%)	N/A	Amount of Approved project*	1,134 (100%)	1,404 (124%)	1,547 (136%)	N/A	APIEX
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3 Efficiency

Both the project cost and the project period slightly exceeded the plan (the ratio against the plan: 105 % and 104 %, respectively), due to the combined factors.

	Project Cost (Japanese side only, yen)	Project Period (months)
Plan (ex-ante)	350 million yen	48 months
Actual	366 million yen	50 months
Ratio (%)	105%	104%

Outputs were produced as planned.<sup>1</sup>

<sup>1</sup> JICA has not received clear answer from implementing agencies about the exceed of the project cost and period although JICA asked and couldn't find the information about it from any documents.

In the light above, the efficiency of the project is ③.

#### 4 Sustainability

##### <Policy Aspect>

There are sustainable policies and programs to continuously support the effects of the project and promote investment facilitation. In addition to the investment law regulation formulated in 2021, on June 9, 2023, the Parliament of Mozambique passed a new Private Investment Law (Law No. 8/2023). This law aims to create favourable conditions for private sector growth, enhance economic competitiveness and reduce bureaucratic barriers, thereby simplifying investment procedures, improving the business environment, and attracting more investment. To assist entities and individuals wishing to operate businesses in Mozambique, the Mozambique Business Licensing Guide was produced to provide guidance on sector-specific licensing procedures.

##### <Institutional/Organizational Aspect>

After the project, the organizational structure of APIEX was reorganized by the government of Mozambique. The new organizational structure has been functioning as a one-stop centre for business and investment in Mozambique. As a result of the reorganization, investors can obtain assistance from the new structure not only for general investments, but also for the use of Special Economic Zones (SEZ) and for exports. APIEX employs 110 staff (all national staff), which is sufficient for its current operations. Although APIEX has a human resources system which monitors the required number of staff in the headquarters and provincial delegations in all provinces, one of the issues faced by APIEX is that it is necessary to newly recruit more technicians due to some technicians becoming retirement age.

##### <Technical Aspect>

APIEX has a training system that defines priority training according to the sector. Although in the current organizational structure APIEX has a large number of employees under financial constraints, APIEX has always required to strengthen institutional capacity to have more skilled personnels to better assist all investors. APIEX has updated or revised all promotional materials and manuals prepared by the project. These quality materials have been provided not only in investment promotion events, meetings and their website, but also sent to embassies of Mozambique around the world so that they also can promote Mozambique potential and business opportunities. According to the internal monitoring, these items have been an important factor of investors' satisfaction. Moreover, the APIEX staff who received capacity building through the project were able to carry out impact studies for creating new Industrial Free Zones (IFZ) and SEZ.

##### <Financial Aspect>

APIEX has not secured the necessary budget to continue the activities introduced by the project, because of the financial limitation in the allocation of resources by the government, which is affected by the stagnant economic situation in the country. Besides, as APIEX has the new organizational structure which accommodates more roles, APIEX requires more budgets to cover all the APIEX mission.

##### <Environmental and Social Aspect>

No issue on environmental and social aspect has been observed, and it has not been necessary to take any countermeasures.

##### <Evaluation Result>

In light of the above, slight problems have been observed in terms of the financial aspects of the implementing agency. Therefore, the sustainability of the project effects is ②.

#### 5 Summary of the Evaluation

The project achieved as planned the Project Purpose to enhanced APIEX's capacity for investment promotion and facilities and partially achieved the Overall Goal to increase national and foreign direct investment. As for sustainability, no problem has been observed in terms of the policy, institutional/organizational, technical, and environmental and social aspects of the implementing agency.

Considering all of the above points, this project is evaluated to be satisfactory.

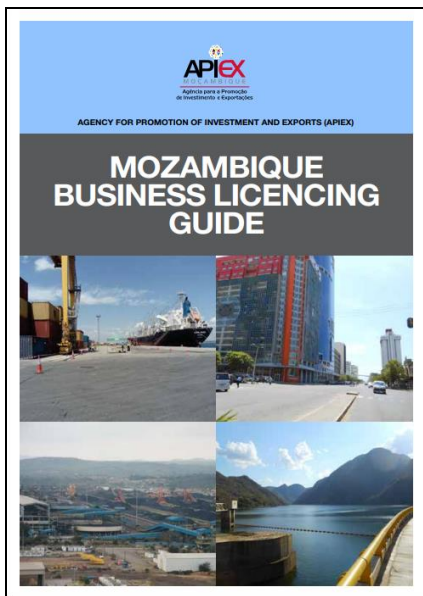
#### IV. Recommendations & Lessons Learned

##### Recommendations for Implementing Agency:

- It is recommended that APIEX conduct a more detailed survey for the participants of investment promotion events to check their satisfaction in order to address investors' higher needs and improve the APIEX service quality.

##### Lesson learned for JICA

- In order to effectively meet the needs of investors, it is critical that investment promotion agencies streamline their administrative procedures to ensure they are both timely and efficient. When implementing similar projects, it is recommended that JICA and investment promotion agencies conduct a thorough evaluation of the business processes in advance and identify areas for improvement. In the early stages of the project, the process of obtaining approvals and licenses took time, which risked losing the interest of investors. However, by reviewing and improving the business processes during the project, the procedures were streamlined, enabling investors to obtain approvals in a shorter period of time.



A manual made by APIEX through the project



FACIM, the largest exhibition in Mozambique where APIEX is one of host agencies.