Board Meeting of December 18, 1997
Statement by Pieter Stek

Mozambique
Country Assistance Strategy

The Mozambique CAS focuses our attention on a country where the WB made a large contribution to recent positive trends. The Netherlands Embassy in Maputo participated in discussions in the donor community on the CAS, and together with other interested donor countries developed a common position on the document. This common position provided some of the input for our statement today.

1. Content

a. Analysis and development strategy
We welcome, and agree with, the analysis, as well as the overarching objective of supporting the government’s programme for poverty reduction through sustainable economic growth. This growth should be broad-based, in order to help alleviate poverty, and should contribute to sustainable development. We also support the three strategic priorities defined in the CAS (promoting broad-based, private sector-led growth which will lead to productive jobs; capacity building and development of human resources; strengthening development partnerships).

We share the concern voiced in the CAS over the social and environmental impact and the questionable wider economic benefits of “mega-projects,” such as the MOZAL aluminum smelter. Given the scale and the capital-intensive nature of the current mega-investment proposal, it is likely to have limited linkages to the wider economy and relatively little impact in terms of poverty reduction.

b. Role of the WB
We are less in agreement on the role the WB should play. The WB’s role in the immediate future is crucial in the area of policy development in consultation with the government, as well as capacity building (non-lending assistance). This will be conducive to broad-based, private sector-led growth. The WB should also be “lender of last resort” if grant funding were to prove inadequate. But for a country as indebted as Mozambique, loan financing entails risks (as Mozambique’s potential HIPC status indicates). Perhaps the WB could make an assessment of
the budgets and grant assistance likely to be available and likely to be absorbed by priority areas in the medium term?

c. **Sectoral and geographical emphasis**
At the sectoral level, we would have appreciated some elaboration. We would also have appreciated some elaboration on policies benefiting smallholder farmers, the rural poor and other vulnerable groups (we welcome the attention paid to these groups in the analysis). Geographically, we welcome the commitment to channel more resources towards the rural areas, in particular to the centre and north of the country which not only have the highest concentration of poverty but also the greatest agricultural potential. More attention to these areas will help attain broad-based, poverty alleviating growth.

2. **Procedure**

a. **Decentralisation**
We welcome the decision to delegate the responsibility for IDA portfolio management to the resident representative in Maputo. We ourselves have seen positive results of our own decentralisation efforts in development cooperation, and we encourage further efforts on decentralisation. It will facilitate the WB’s dialogue with the government, civil society and the local donor community. Is it the intention, in the course of the decentralisation process, to place the country director in the field? What would be relevant considerations?

b. **Partnerships**
In the process which preceded today’s discussion, there was a lack of consultations in Maputo. Furthermore, the important findings of the Country Assistance Review have been insufficiently integrated in the CAS. We look forward to an improved process in the future, which will strengthen partnerships in the field. We, therefore, welcome the commitment to participation and partnership stated in the CAS and in Management’s response to the Country Assistance Review.