



## Activity brief (December 2014)

### Support for Preparation and Start-up of World Bank and Mozambique Ministry of Mineral Resources (MIREM) Project

24 May 2012 – 30 June 2014



**Background:** Mozambique has been a strong economic performer in Africa since the end of the civil war in 1992. The growth record has been remarkable, averaging above 8 per cent from 1993 to 2010, making Mozambique the fastest growing non-oil economy in Sub-Saharan Africa. In the 2010 Worldwide Governance Indicators, Mozambique performed better than Sub-Saharan Africa and low income group averages on all six aspects of the index (voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption). Despite the promising progress, significant challenges remain.

The country remains poor (USD 440 per capita income in 2010, no change from 2009), below levels for Sub-Saharan region and low income countries; social indicators are low, infrastructure is inadequate, and the business environment remains unfriendly.

The Government of Mozambique has made a strong commitment to develop its natural resources in line with best global practices guided by transparency principles. Mozambique joined the Extractive Industries Transparency Initiative (EITI) in 2009.

In December 2011, the Ministry of Planning and Development requested a USD 50 million credit from the World Bank to support its mining and gas sector governance reforms over the next five years – all with the objective to improve economic and social impacts of extractive industry development, including improving revenue collection, estimation and management, stimulating regional and local infrastructure development, and increasing local employment and procurement.

**Objective:** The purpose of this activity was to design and commence implementation of a comprehensive action program for long-term capacity building of the Ministry of Mineral Resources (MIREM).

**Activity description:** This two-stage activity provided funds to the World Bank to prepare and support the start-up of a Mining and Gas Technical Assistance Project with MIREM. Items funded by the AAPF included: an institutional review and action program for capacity building of MIREM; a geo-data review; a scoping study of a revenue authority activity; review of the management framework for mining social impacts; and workshops to support decision making.

Specifically, this activity supported:

- mining contract negotiations and licensing;
- the update of the mining law, regulations and the model mining contract;
- a workshop for the government officials on financial aspects of mining contracts evaluation and mineral economics;
- preparations of a long-term mining technical assistance program and capacity building plan for the mining sector;
- development of the micro and macro fiscal models for mines and related training to government officials on modeling and update of the models, and use of data;
- a diagnostic review of artisanal and small-scale mining (ASM) sub-sector and development of a strategy for ASM going forward, including potential for local value-addition; and
- development of the mineral sector strategy, including a time-bound action plan with measurable progress indicators, to support implementation of the updated mineral sector policy.

**Sector:** Extractives

**Participating country:** Mozambique

<b>Date approved:</b>	24/05/2014
<b>Implementation partner:</b>	MIREM
<b>Total cost:</b>	AUD 400 000