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# REPUBLIC OF MOZAMBIQUE

# **POVERTY REDUCTION AND GROWTH STRATEGY**

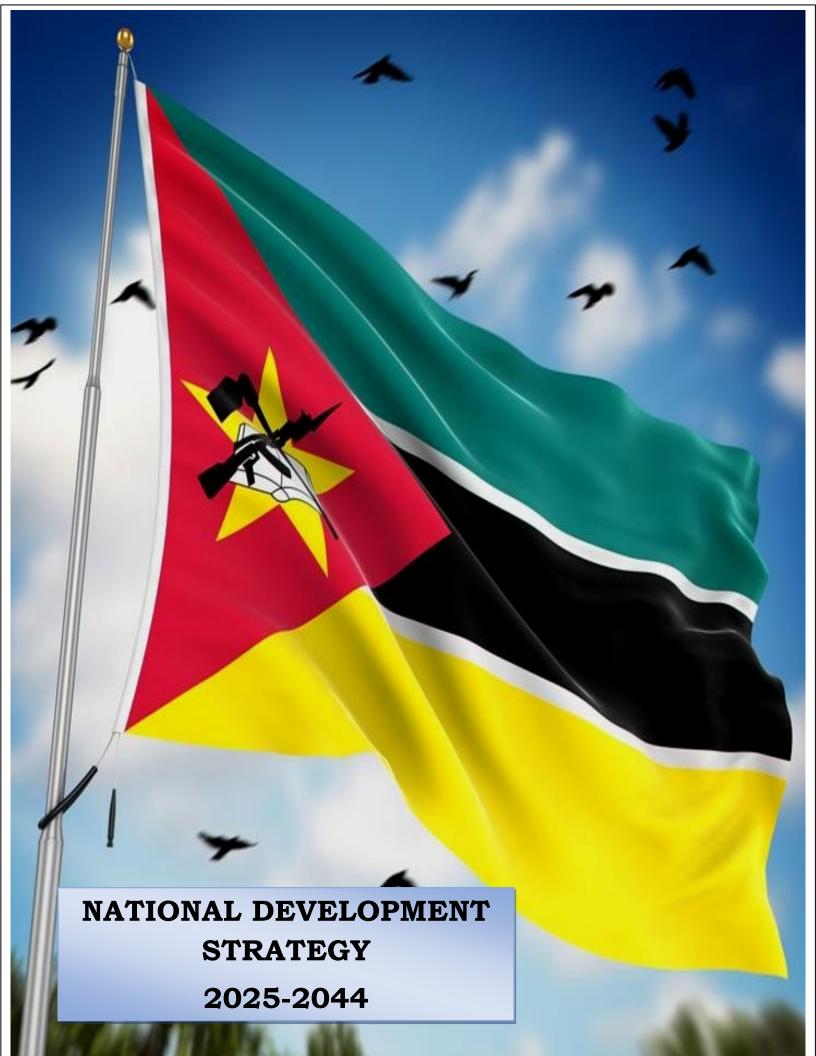
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# NATIONAL DEVELOPMENT STRATEGY 2025-2044

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# ABBREVIATIONS AND ACRONYMS

CFMP Medium-Term Fiscal Framework

NDS National Development Strategy

ES Sector Strategy

ET Territorial Strategy

ES1 1st Cycle Secondary Education

ES2 2<sup>nd</sup> Cycle Secondary Education

FDI Foreign Direct Investment

HBS Household Budget Survey

HDI Human Development Index

MEF Ministry of Economy and Finance

SDG Sustainable Development Goals

GDP Gross domestic product

EAP Economically Active Population

UNDP United Nations Program

PEE Strategic Education Plan

PQM Five-Year Municipal Program

PESOE Economic and Social Plan and State Budget

PESOM Economic and Social Plan and Municipal Budget

PO-OGDP Budget Plan for Provincial Decentralized Governance

Bodies

SPO Planning and Budgeting System

SISTAFE Government Financial Administration System

WGI World Governance Indicators

USD U.S. Dollar

#### **PREFACE**

It is with great enthusiasm that the Government of Mozambique presents the National Development Strategy 2025-2044, an essential document that outlines the path to a prosperous, middle-income future, where equity, security and the well-being of the population are guaranteed, and sustainability and competitiveness are a priority. We recognize the challenges that lie ahead on this journey, but with courage, unity, determination and hard work, the country is ready to overcome them.

All Mozambicans are invited to join in this transformative mission. This is a call to action for everyone - Government, Private Sector, Civil Society, Academics, Religious, Cooperation Partners, Local Communities and others - to work together to build a better future. United, as one nation, we can move forward with confidence and determination, ensuring a future of prosperity and inclusion for all.

The aim is to promote economic and social development that is sustainable, inclusive, equitable and fair. The goal is a diversified and efficient economy, driven by a strengthened private sector, with a focus on well-being and improving the quality of life of the population.

The revised National Development Strategy for 2025-2044 is an essential guide for the country's development journey, ensuring that all Mozambicans have equal opportunities for progress. However, we recognize that the successful implementation of the Strategy depends on the active participation of all sectors of society. Together, we can overcome the challenges, promote inclusive growth and build a sustainable middle-income Mozambique.

The Government of the Republic of Mozambique expresses its deep gratitude to all segments of society (private sector, civil society, cooperation partners, academia, local communities, religious groups, political parties, young people, children and others). Collaboration and partnerships are fundamental to the successful implementation of the National Development Strategy and are expected to continue throughout this journey.

"United and determined, with a spirit of hard work and dedication, together we will rebuild a better Mozambique for everyone!"

#### **EXECUTIVE SUMMARY**

- 1. The National Development Strategy (NDS) has been revised for the 2025-2044 period to guide the country's new priorities and challenges, in response to changes in the legal, conjunctural and structural context of the economy, planning and international commitments.
- i. In terms of legal aspects, this is to ensure the adjustment of the reforms to the legal framework on the functioning of the State Financial Administration System (SISTAFE), the Decentralization Package and the Sovereign Fund Law.
- ii. In terms of the national economic situation and structure, to adjust policies and strategies in an integrated and participatory manner, considering, among other factors:
  - i. Demographic changes, such as population growth and the rural exodus to urban areas which puts pressure on the demand for basic services and infrastructures.
  - ii. Climate change and vulnerabilities to natural disasters, such as floods and droughts, pose a threat to infrastructure, environmental security and the welfare of the population.
  - iii. Terrorism in the North of the country, which is a threat to internal security, regional stability and national development, requiring efforts to contain violence and promote security, and
  - iv. Kidnappings and abductions, which have become a threat to personal security and public order.
- iii. In terms of planning, to ensure that the Planning and Budgeting instruments are articulated and aligned with long-term objectives.
- **iv.** In terms of international commitments, to ensure that national policies are aligned with international commitments (e.g.: ODS; Paris Agreement, among others).
  - 2. The NDS review process took place over the 2021-2024 period and comprised six main phases: Phase (i) Preparation of preliminary documents and official launch of the NDS review; Phase (ii) Public consultation at national level; Phase (iii) Harmonization and appraisal of the proposal by the various segments, and publication on the website of the Ministry of Economy and Finance (www.mef.gov.mz); Phase (iv) Submission to government forums and

the Portuguese Parliament; and finally Phase (vi) Publication and Dissemination.

- 3. As a result of the consultation process, the following stand out as fundamental issues to guide the country's development: Encouraging public and private investment; Promoting vocational and professional education; Strengthening education in Science, Technology, Engineering and Mathematics (STEM) in the National Education System; Improving access to and quality of health care; Making better use of agricultural, tourist and human potential; Promoting the development of industries and revitalizing industrial parks; Boosting technological innovation; Improving the provision of public services; Planning infrastructure development taking climate vulnerability into account; Strengthening national security and defense; Integrating the informal sector into development policies with a focus on youth employment; Resilience to climate change and natural disasters and strengthening public institutions.
- 4. Vision & Mission: The 2025-2044 Vision is inspired by the 2025 Agenda vision "by 2025, Mozambican men and women will use their capacity, energy and knowledge to build an entrepreneurial and continuously successful country" and the NDS 2015-2035 Vision "Mozambique a prosperous, competitive, sustainable, secure and inclusive country."

The vision and mission of the NDS 2025-2044 have been revised to reflect the collective aspiration and values that guide national development. While the vision remains centered on building a **middle-income society where equity, security and well-being of the population are guaranteed, sustainability and competitiveness are a priority,** the mission has been refined to promote human, economic and environmental development through integrated and results-oriented policies and actions.

The NDS 2025-2044, unlike the previous one, deserves to be assessed and approved by the Assembly of the Republic in compliance with the legal command of the SISTAFE Law in article 14(3) of Law 14/2020 of 23 December.

5. *Pillars of the Strategy:* The revised Strategy is based on five main pillars: (i) Structural Transformation of the Economy, (ii) Social and Demographic Transformation, (ii) Infrastructures, Organization and Territorial Planning, (iv) Governance, Peace and Security, and (v) Environmental Sustainability, Climate Change and Circular Economy. Each pilar is essential not only for

achieving long-term goals, but also for ensuring a prosperous future for the country, demonstrating their interdependence and articulation.

# i. Pillar I: Structural Transformation of the Economy

- i. Pillar I aims to achieve sustainable, competitive and inclusive economic growth by stimulating the diversification of the economy, increasing productivity and competitiveness.
- ii. Compared to the previous strategy, it reinforces the commitment to industrialization and seeks to exploit sectors with high potential to generate jobs, increase productivity and competitiveness, based on the development of the agricultural, mining, tourism and energy sectors.

# ii. Pillar II: Social and Demographic Transformation

- i. Pillar II aims to promote sustainable, inclusive and equitable human development, with a special focus on demographic transition, improving social indicators, reducing poverty and promoting social inclusion. The revised NDS further emphasizes the need to address emerging issues such as rapid population growth, food security, access to safe drinking water, energy and sanitation, as well as providing housing and support for vulnerable groups, considering the lessons learned from the implementation of the previous strategy.
- ii. Compared to the previous Strategy, it continues to prioritize the reduction of inequalities and universal access to basic services, with a renewed focus on health, education, social protection and the inclusion of vulnerable groups.

## iii. Pillar III: Infrastructure, Organization and Territorial Planning

- i. Pillar III aims to promote sustainable and equitable territorial development, integrating infrastructure, urban and rural planning and efficient environmental management, guaranteeing fair access to public services and effective territorial organization, with the aim of improving the quality of life of all communities and boosting inclusive and resilient economic growth, respecting environmental limits and promoting social cohesion.
- ii. Compared to the previous strategy, investment in infrastructure to promote regional development and territorial cohesion has been strengthened. In addition, urban and rural planning will be improved,

ensuring the efficient and sustainable use of resources and strengthening territorial organization for more effective management.

- iii. The issue of infrastructure is maintained as a pillar and not addressed across other pillars, recognizing:
  - a. It's central role and importance as a fundamental component that affects all aspects of socio-economic development. Making it a specific pillar recognizes its critical importance as the basis for progress in all other areas, from health and education to the economy and the environment.
  - b. There is an explicit commitment to prioritize investments and actions in this area, ensuring that resources are directed appropriately and strategically to meet society's infrastructure needs.
  - c. Coordination and cohesion allow for more effective coordination between the different sectors and actors involved in planning, financing and implementing infrastructure projects. This promotes an integrated and cohesive approach to infrastructure development in all its dimensions.
  - d. Specific challenges, such as the lack of access to basic services in remote areas or the deterioration of existing infrastructure require a specific approach and dedicated attention. By having a pillar dedicated to infrastructure, enables us to focus our efforts and resources on tackling these challenges more effectively.
  - e. Responsibility and accountability, allows for a clearer assessment of performance and results, enabling us to identify areas for improvement and any necessary adjustments to infrastructure policies and strategies.

### iv. Pillar IV: Governance, Peace and Security

i. Pillar IV Governance, peace and security is essential for the country's sustainable development, ensuring solid institutions, the protection of human rights, national defense and maintaining public order. Its main objective is to strengthen and modernize government institutions, guarantee national and internal security, promote peace and justice, and create a safe and stable environment for all citizens. Areas of focus include strengthening and modernizing government institutions, preventing and combating crime and terrorism, national defense, promoting social cohesion and guaranteeing access to justice. The

- effective implementation of this pillar will guarantee a safe, stable and fair environment, promoting sustainable socio-economic development and social cohesion.
- ii. Compared to the previous strategy, there is a greater emphasis on institutional integrity, security and stability, promoting citizen participation, building an environment of peace and preventing and combating corruption. These areas recognize the challenges identified during the implementation of the previous strategy and the need to address them more effectively to achieve sustainable and inclusive development. The revised strategy includes specific measures to prevent conflicts, promote social cohesion and ensure that all citizens live in security and harmony.

# v. Pillar V: Environmental Sustainability, Climate Change and Circular Economy

- i. Pillar V focuses on promoting an integrated approach that includes the principles of the blue economy and the green economy, with the aim of achieving sustainable development. This approach ensures that natural ecosystems are protected and preserved, resources are used efficiently, waste is reduced and recovered, and products are designed to be reused, repaired and recycled. The aim is to guarantee the protection of the environment, promote biodiversity, mitigate the impacts of climate change and natural disasters and establish a resilient and inclusive economy, in harmony with environmental limits.
- ii. Compared to the previous strategy, there is a greater emphasis on mitigating the impacts of climate change and natural disasters, managing natural resources, the circular economy, and integrating environmental aspects into all development policies and projects.
- 6. Challenges and Opportunities: The challenges facing the country include the need to diversify the economy, promote human development and strengthen human capital, develop modern and resilient infrastructure, ensure environmental protection and increase the capacity to respond to damage and losses caused by disasters, increase resilience to disasters and climate change, and implement effective measures to prevent and combat corruption. However, there are significant opportunities for progress, with the potential for economic growth through innovation and industrialization, the improvement of quality of life through education and empowerment, the

strengthening of environmental resilience and sustainability, and the promotion of a more efficient public administration.

7. Targets and Indicators: The revised NDS targets cover several key areas for the country's progress, with emphasis on: (i) Increasing Gross Domestic Product (GDP) through economic diversification and promoting industrialization, (ii) Improving education and health to ensure human development and strengthening human capital, (iii) Developing modern and resilient infrastructure to promote connectivity and access to basic services, and (iv) Environmental protection to ensure long-term sustainability.

These targets are accompanied by key indicators that will be used to monitor progress and adjust as necessary over time.

8. The revision of the National Development Strategy is a shared commitment to the country's future. By implementing this revised Strategy, Mozambique strengthens its capacity to face the challenges of the present and build a prosperous and sustainable future for all its citizens. Commitment is working together, with determination and vision, to achieve the objectives and fulfill the shared vision of progress and prosperity for all.

#### I. INTRODUCTION

- 9. The 2015-2035 National Development Strategy (NDS) arose from the need to conform to the 2025 Agenda, which stated that "Every person has the right and duty to envision a future that integrates their aspirations and dreams". It further emphasized that "...although the vision is the central element that will guide aspirations and dreams, it will remain a dead letter if development strategies are not implemented. These are vital instruments for realizing the shared national vision in the light of the desirable and realistic scenario."". Agenda 2025, p. 9.
- 10. The NDS is a strategic Planning and Budgeting instrument that aims to shape Mozambique's future over the next 20 years. The Strategy is a response to the challenges and opportunities facing the country in its quest for sustainable, inclusive and resilient development.

- 11. *Context of the Review:* The 2015-2035 NDS review comes at a crucial moment in the national development journey. Since the adoption of this Strategy in 2015, the nation has made progress towards its development goals. However, this progress has encountered challenges and opportunities, both in the international and national context, which require a review of the strategic approach:
  - (i) The international context is constantly evolving, with economic, political, social, technological and environmental changes having a direct impact on development prospects, with emphasis on rapid technological advances and emerging geopolitical challenges.
  - (ii) In the *national context*, Mozambique has faced significant changes in its economic, political, social and environmental scenario. Macroeconomic and political instability, rapid population growth and demographic changes, infrastructure deficits and precariousness, vulnerability to climate change and inequalities.
- 12. However, the lessons learned during the 2015-2035 Strategy have provided a solid basis for adjusting and strengthening future efforts. In this context, the review has become a strategic priority to ensure Mozambique's future development vision.
- 13. This strategy forms the basis for the country's entire planning process and will be operationalized through other instruments that make up the Planning and Budgeting Sub-system (SPO), namely: the Sectoral and Territorial Strategic Plans, the Five-Year Government Program (PGQ), the Five-Year Plan (PQ), the Five-Year Municipal Plan (PQM), the Medium-Term Fiscal Scenario, and the Economic and Social Plan and State Budget (PESOE).
- 14. Document Structure: This document is structured in sections designed to provide a comprehensive analysis of the NDS review. It is organized into (5) five chapters, comprising (i) Introduction, (ii) Lessons learned, (iii) Rationale for revising the Strategy, (iv) National Development Strategy, (v) Mechanisms for implementing NDS. Each chapter contains several sections that present the relevant information and analysis.

# II. LESSONS LEARNED FROM THE 2015-2035 STRATEGY

- 15. During the 2015-2035 Strategy, valuable lessons were learned that shaped the vision for the future. The learnings provided crucial *insights* into the areas where efforts need to be strengthened and opportunities seized.
- 16. Achievements: Mozambique has made significant progress in several areas between 2015 and 2023, especially in the economic, social, political, environmental, governance, infrastructure and administration areas, as well as some relevant legislation:

# Economic Scope

- i. Mozambique has shown resilient economic growth after facing an economic crisis and the COVID-19 pandemic, with GDP at around 4.1% in 2022 and 5.01% in 2023. This growth was largely driven by: (i) the liquefied natural gas (LNG) sector, particularly through projects such as Coral South, which have attracted significant investment and (ii) traditional sectors of the economy such as agriculture, construction, transport and communications, trade which has been contributing to the post-pandemic economic recovery.
- ii. Improvement of the business environment with the implementation of reforms to promote investment and the simplification of processes for starting a business, resulting in a reduction in the number of procedures from 4 to 1, and a reduction in the number of days for business licensing from 3 to 1.
- iii. Implementation of agricultural modernization programs, such as the National Investment Plan for the Agricultural Sector (PNISA), the Program to Support the Development of Commercial Agriculture (SUSTENTA), the Project for the Integrated Development of Agriculture and Natural Resources (ProIRN), the Program to Support the Cashew Nut Value Chain, and the Program for Agricultural Development and Commercialization (PROSUL). These programs have helped increase agricultural productivity, integrate small farmers into profitable value chains and promote sustainable agricultural practices.
- iv. The National Program for Industrializing Mozambique (PRONAI) was approved in 2021 with the aim of boosting the country's industrialization and economic diversification. This program aims to increase national industrial production, using local raw materials, stimulating production and marketing, and contributing to rural transformation and job creation, especially for young people and women.

v. The combination of economic growth, investments in infrastructure and energy, economic diversification and tax reforms has resulted in a reduction in the unemployment rate from 20.7% to 18.4% by 2023.

# Social Scope

- i. Notable improvements in vaccination coverage and reduction of infant mortality. Reduction in infant mortality rate from 64 to 48 per 1,000 live births, and the maternal mortality rate was reduced from 489 to 289 per 100,000 live births by 2023.
- ii. Improved health infrastructure has also provided better access to essential medical care for millions of Mozambicans.
- iii. Expansion of HIV/AIDS and malaria treatment and prevention programs, with antiretroviral treatment coverage reaching 70% of people living with HIV by 2023.
- iv. Hiring of 9,787 new health professionals, doctors, health technicians and service agents in the different institutions of the Health System.
- v. Increase in life expectancy from 53.8 to 56.1 years by 2023.
- vi. The enrollment rate in primary education increased significantly with the introduction of free and compulsory education for children aged 6 to 12.
- vii. Improvement of Secondary and Higher Education with the expansion of universities and technical institutes in several provinces, increasing access to higher and technical education.
- viii. Significant reduction in the illiteracy rate, from 49.9% to 39.9% in 2023, due to various educational initiatives and programs implemented by the government and its international partners.
- ix. Expanded the National Reproductive Health Program to include more mobile clinics and health centers in remote areas, as well as the free distribution of contraceptives and the provision of family planning consultations. Teenage pregnancy rates fell by 15%, and there was a significant increase in the use of modern contraceptive methods among women of childbearing age.
- x. The Basic Social Subsidy Program (PSSB) was expanded to reach more than 500,000 families living in poverty. This program provided monthly

- cash transfers to help buy food and other essentials. Assisted 1,746,079 households in situations of poverty and vulnerability between 2019-2023.
- xi. Launched training and financing programs for women entrepreneurs, partnerships between the government and international NGOs. One example is the "Women Entrepreneurs" program, which has offered microcredits and business management training to more than 20,000 women. There has been a 25% increase in the number of women starting small businesses, promoting economic independence and gender equality.
- xii. Implemented programs to improve accessibility in schools and offer specialized support for students with disabilities. This program included training teachers in inclusive education and adapting school infrastructures. The enrollment of students with disabilities increased by 40%, and the school completion rate among these students also improved.

# **Scope of Governance**

- i. The signing of the Peace and Reconciliation Agreement between the government and Renamo (Mozambican National Resistance), which resulted in the establishment of a framework for Disarmament, Demobilization and Reintegration (DDR), guaranteeing the demobilization of thousands of Renamo fighters and the handing over of weapons. Demobilization centers were set up in various provinces, where combatants could hand in their weapons and receive initial support. With 63% of former Renamo guerrillas having been demobilized and reintegrated, around 3,267 guerrillas; (ii) 128 religious denominations and 37 religious associations registered. Demobilization contributed to reducing the presence of illegal weapons and improved security in several regions, creating a safer environment for socioeconomic development.
- ii. The 2018 constitutional revision introduced several significant changes, including the decentralization of executive power and the creation of new mechanisms to increase the transparency and accountability of government institutions. These changes have helped to consolidate democracy in Mozambique.
- iii. The law was passed, and the decentralization process was implemented, transferring more powers and resources to the provinces and municipalities, including autonomy in the management of financial resources and the ability to implement local development projects.

- iv. Strengthened the Central Anti-Corruption Office (GCCC) in 2015 with more resources and authority to investigate and prosecute corruption cases. In 2017, the GCCC launched a series of high-profile investigations against public officials and businessmen involved in corruption schemes. These actions resulted in the conviction of several individuals for corruption, including high-ranking officials.
- v. The creation of specialized courts and implementation of new laws to protect civil rights, as part of the comprehensive review of the legal framework carried out in 2019 to strengthen the rule of law and the independence of the judiciary.

# **Infrastructure Development Scope**

- i. The N6 (Beira-Machipanda) road: This road, which connects the port city of Beira to the border with Zimbabwe, has been significantly improved. Reforms to the N6 have facilitated trade and the transport of goods, reducing travel time and logistic costs.
- ii. The Maputo-Katembe Bridge: Inaugurated in 2018, this bridge is the largest in southern Africa and connects the city of Maputo to Katembe, facilitating movement and urban development in the region. The project included 187 km of associated roads and contributed to local economic growth by improving connectivity and attracting investment.
- iii. Significant improvement to the Nacala railway line, which connects the port of Nacala to Malawi, to facilitate the transportation of goods. This project includes the rehabilitation of railway sections and the modernization of freight terminals, increasing the efficiency of rail transport in the region.
- iv. Modernization of the Port of Beira to increase its capacity and efficiency, making it a crucial hub for regional trade. The improvements included expanding the quays, modernizing cargo handling equipment and improving rail and road access infrastructures.
- v. The Ressano Garcia Thermal Power Station, one of the largest natural gasfired power stations in the country, was expanded to increase electricity generation capacity. This project is crucial to ensuring a more stable energy supply and reducing dependence on external sources.
- vi. There have been significant investments in solar and wind energy, with projects such as the Mocuba Solar Power Plant, which added 40 MW to the country's energy capacity. These projects not only increased energy capacity, but also contributed to environmental sustainability.

- vii. The Corumana Dam Water Supply Project was developed, which aims to improve the water supply in Maputo and Matola by increasing the capacity of the Corumana Dam and modernizing the water distribution infrastructure. The project is key to guaranteeing sustainable access to drinking water for millions of people.
- viii. Access to energy has increased from 24% to 39% by 2023. This significant growth has provided more rural communities with access to electricity, improving their quality of life and boosting local economic development.
- ix. Access to safe water increased from 50.3% to 53.3% by 2023. These projects ensured that more families had access to drinking water, reducing the incidence of waterborne diseases and improving public health.
- x. Access to safe sanitation increased from 27% to 31.7% by 2023. These improvements helped reduce the incidence of diseases caused by inadequate sanitation, such as diarrhea, and promoted a healthier environment for local communities.

# Scope of Environmental Sustainability and Climate Change

- i. Implementation of environmental management policies and initiatives to protect biodiversity and combat deforestation, in particular:
  - a. The National Climate Change Adaptation Plan (PNACC) which aims to increase resilience to climate change by implementing adaptation measures in sectors such as agriculture, water resources and infrastructure, as well as coastal ecosystem recovery programs. As a result, it has been helping to reduce the vulnerability of local communities to the impacts of climate change, such as floods and prolonged droughts.
  - b. Adoption of climate resilience programs, especially in areas affected by natural disasters, such as Cabo Delgado province. These programs focus on reconstruction and sustainable development, helping communities to recover and better prepare for future disasters. The Cabo Delgado Reconstruction Plan and the Integrated Resilience and Development Program for Northern Mozambique are examples of efforts to recover and develop these regions in a sustainable way.
  - c. The MozBio Program, started in 2015, was a comprehensive initiative to strengthen Mozambique's network of conservation areas. The program involved the creation of new protected areas, the strengthening of existing ones and the implementation of sustainable management practices, which

- have been key to improving the management of conservation areas and promoting the sustainable development of local communities.
- d. The Quirimbas National Park was created in 2002 and in recent years there has been a significant increase in conservation activities, including the protection of marine and terrestrial habitats and the development of sustainable natural resource management practices. This park covers both terrestrial and marine environments, including coral reefs and mangroves, and is crucial for the conservation of several threatened species.
- e. Collaborative efforts between the Mozambican government, the Peace Parks Foundation and other organizations have focused on strengthening law enforcement and reducing human-wildlife conflict in the reserve. Resulting in the significant strengthening of conservation and community development policies in the Niassa Special Reserve.
- f. Significant restoration of Zinave National Park from 2015, through the 20-year agreement signed between Mozambique's National Administration of Conservation Areas (ANAC) and the Peace Parks Foundation to restore, develop and manage the park.
- 17. *Challenges faced:* However, the strategy also faced important challenges, such as:
  - i. Macroeconomic instability generated by adverse shocks resulted in lower-than-expected economic growth, resulting in decreased investments, increased unemployment and reduced government capacity to finance social programs and essential infrastructure.
  - ii. Military hostilities in the center and north of the country, including the prevalence of terrorism in Cabo Delgado, have undermined stability and security. These phenomena have generated and are generating displacement of the population, destruction of infrastructure, increased spending on security, reduced investment, interruption of development projects and a reduction in the investment climate.
  - iii. The abrupt withdrawal of international partners from General Budget Support in 2015 significantly affected the financing and implementation of programs. And consequently, it generated a reduction in financial resources for development projects, the need to reorient policies and increased dependence on limited domestic resources.

- iv. Cyclones such as *Kenneth, Idai and Freddie*, in addition to cyclical rains, floods and droughts, required assistance to the affected population, emergency replacement of destroyed infrastructure and the implementation of reconstruction plans. These extreme weather events have led to the transfer of resources for emergency response and reconstruction, negatively impacted agriculture and food security, and increased the vulnerability of affected populations.
- v. The COVID-19 pandemic has had serious consequences for public health, the economy and social structure. This situation has put pressure on the health system, caused an economic downturn, increased unemployment and exacerbated social inequalities.
- vi. Rapid population growth and demographic changes have put additional pressure on public resources and services. As a result, there has been a need to expand health services, education and infrastructure, as well as challenges in creating sufficient jobs for the growing population.
- vii. Disparities in access to basic public services, affecting equity and social development. These disparities have been largely influenced by insufficient resources for investment, extreme weather events, the COVID-19 pandemic and rapid population growth. As a result, the population in situations of vulnerability and poverty has increased, as have regional inequalities.
- viii. The need to develop strategic infrastructure to support the country's growth and modernization. For the reasons mentioned in the previous paragraphs, there are delays in economic development, logistical difficulties and limitations in access to markets and essential services.
  - ix. Dependence on sectors such as low-productivity agriculture and extractive industry has limited economic diversification. As a result, the country has become susceptible to external shocks, limited economic growth, and a lack of innovation and competitiveness.
  - x. Limited access to electricity and other forms of modern energy, particularly in rural areas, has restricted economic and social development. Which has limited industrial development, living standards and created difficulties in implementing essential services.
  - xi. Natural disasters have resulted in significant damage and losses, requiring constant emergency responses. This has led to the transfer of resources to respond to emergencies, continuous reconstruction and an increase in the vulnerability of affected communities.

- xii. The country faces increasing vulnerabilities to climate change, with impacts on agriculture, infrastructure, and livelihoods. Leading to reduced agricultural productivity, food insecurity, environmental degradation and increased adaptation costs.
- xiii. Endemic corruption in various sectors of society undermines citizens' trust and the effectiveness of governance. As a result, they generate a decrease in public confidence, diversion of resources, inefficiency in public administration and reduced economic growth.
- 18. *Lessons learned:* The main lessons learned during the implementation of the previous strategy are:
  - i. The importance of macroeconomic stability is crucial for sustainable economic growth, creating a favorable environment for investments and continued development.
  - ii. The need for flexible approaches is essential to face unforeseen challenges and changing circumstances, allowing for a more effective and agile response to crises.
  - iii. The relevance of public-private partnerships is fundamental to boosting development in strategic areas, harnessing the resources and expertise of the private sector to complement the government's efforts.
  - iv. The importance of the Decentralization Process is vital for efficient management adapted to local needs, promoting balanced regional development and reducing socio-economic inequalities.
  - v. The engagement of Civil Society is essential to ensure that policies and projects meet the needs and expectations of citizens, promoting transparency and accountability.
  - vi. The incorporation of innovative technologies and the promotion of innovation are crucial to improving efficiency, reducing costs and increasing the effectiveness of government initiatives.
  - vii. The continuous development of skills and the training of civil servants are essential to ensure that the public administration can respond effectively to emerging challenges.
- viii. Robust monitoring and evaluation systems are key to tracking the progress of initiatives, allowing for timely adjustments and ensuring the effectiveness and efficiency of the policies implemented.

- ix. The inclusion of environmental sustainability practices in development policies is crucial to ensure that economic growth does not compromise natural resources and environmental health.
- x. Collaboration with neighboring countries and participation in regional and international initiatives are important to address common challenges and promote shared development.

# III. RATIONALE FOR THE REVISION OF THE NATIONAL DEVELOPMENT STRATEGY

19. The National Development Strategy (NDS) review is essential to ensure that the country continues on a path of sustainable development and prosperity. This review is based on a comprehensive analysis of several key aspects, including the legal, institutional, international and situational contexts. Each of these elements plays a crucial role in guiding public policies, drawing up planning and budgeting instruments, and in the continuity of national development processes. Understanding the fundamentals is vital to making informed strategic decisions and ensuring the effectiveness of the NDS.

# **3.1** Legal Framework

- 20. The NDS review is legally supported by a legal framework that includes the Decentralization Package, the State Financial Administration System Act (SISTAFE) and the Sovereign Wealth Fund Act.
  - i. The SISTAFE Law, Law 14/2020 of 23 December and Decree no. 26/2021, of 03 May, which regulates the State's financial and asset management, guaranteeing transparency, efficiency and responsibility in the application of public resources.
  - ii. The Decentralization Package, Law 4/2019 of May 31, which establishes guidelines for the transfer of powers and resources to local governments, promoting community participation in decision-making and policy implementation. However, to avoid a proliferation of strategies that may indicate different paths, making strategic and resource planning difficult, the NDS aims to guide the national development process in a single direction, to be followed by all segments.

- iii. The Sovereign Fund Law, Law No. 1/2024 of January 09, which establishes the rules for the management of resources from the exploitation of natural resources, with a view to ensuring their sustainable use for the benefit of present and future generations.
- 21. These legal instruments provide the necessary framework for the NDS review, ensuring that it complies with constitutional principles and current legislation.

# 3.2 Framework for the country's economic and structural issues

- 22. The NDS review considers the conjunctural and structural challenges that influence the country's current context.
- 23. Regarding conjunctural aspects, the review considers immediate challenges that could affect economic growth and sustainable development.
  - i. Fluctuations in *commodity* prices, volatility in global financial markets, and the impacts of the COVID-19 pandemic on the national economy.
  - ii. Other conjunctural factors such as extreme weather events and humanitarian crises that can affect the country's economic and social stability.
- 24. As far as structural aspects are concerned, the review considers the long-term trends shaping the economy and society.
  - i. Demographic changes with an exponential growth of the population and the rural exodus justified by the demand for public services and other opportunities.
  - ii. Structural issues such as income inequality, limited access to quality education, and inadequate infrastructure. Addressing these structural problems is essential to promote inclusive and sustainable economic growth.
- 25. By considering both conjunctural and structural aspects, the revision of the National Development Strategy identifies policies and creates programs that respond to the country's immediate needs.

# 3.3 Framework Within the National Planning System

26. The NDS review is based on a comprehensive analysis of existing planning instruments, incorporating various sources of information and perspectives:

- i. Evaluation of the results of previous five-year plans revealed successes and challenges, pointing to the need to adjust planning instruments to current challenges such as adaptation to climate change, innovation and digital inclusion.
- ii. Stakeholder *feedback* obtained through public consultations highlights the need for a more participatory and inclusive approach in planning instruments.
- iii. The review aims to ensure that planning instruments are aligned with long-term strategic objectives.

#### 3.4 Framework for International Commitments

- 27. It is essential to ensure alignment with the international commitments made by the country, promoting sustainable development and global cooperation, and the review specifically sought:
  - i. Ensure that national policies are aligned with the international commitments ratified by the country, with emphasis on: Agenda 2030 (Sustainable Development Goals), African Union Agenda 2063, SADC Vision 2050, the Regional Indicative Strategic Development Plan 2020-2030 (RISDP), the United Nations Framework Convention on Climate Change (UNFCCC), the SENDAI Framework for Disaster Reduction (SFDRR) 2030, the main global legal instruments on human rights and humanitarian issues, contributing to the achievement of global goals.
  - ii. Strengthen national action against climate change, in line with the commitments set out in the Paris Agreement.
  - iii. Ensure that national policies promote a favorable trading environment, respecting international trade agreements.
  - iv. Adjust national policies to recognized international norms and standards in areas such as human rights, health, and the environment.
  - v. Seize opportunities for international cooperation and technical support to address shared challenges and promote sustainable development.

#### IV. PARTICIPATORY STRATEGY REVIEW PROCESS

28. Participation played a central role in the revision process of the National Development Strategy. This chapter provides a detailed overview of how the

- participatory process was conducted, highlighting the methods used, the stakeholders involved, and the results achieved.
- 29. *Methodology:* The participatory process was guided by a comprehensive and inclusive flexible methodology, which consisted of:
  - i. Face-to-face and virtual participation of the various parties involved, including representatives of the government, private sector, civil society, cooperation partners, academics, local communities, religious groups, political parties, young people, adolescents, among others, ensuring that their voices were heard even during the restrictions imposed by COVID-19.
  - ii. Holding discussion forums and using collaboration platforms to promote broad and inclusive participation; and
  - iii. Maintaining continuous dialogue with the various segments involved, offering opportunities for interaction and updates throughout the process.

And this multi-faceted approach allowed for broad participation and a range of perspectives.

- 30. *The NDS review process took place over the 2021-2024 period and* comprised the following phases:
  - i. Phase (i) Preparation of preliminary documents, in particular:
    - a. The concept note, which presented the country's current situation and proposed future guidelines and served as the basis for the review, in its economic, social, governance and environmental dimensions.
  - b. The official launch of the NDS review by H.E. the President of the Republic in September 2021.
  - c. The work teams created at central level the coordinating team at the MEF and the sectoral teams including the state secretariats. At provincial level, joint provincial services and decentralized governance bodies will be set up.
  - ii. Phase (ii) Public consultation, which took place at the national level, consisted of:
    - a. Making the NDS review concept note available on the Ministry of Economy and Finance's website (<a href="www.mef.gov.mz">www.mef.gov.mz</a>), which contained the guidelines to encourage debate and allow broad participation in the process;

- b. Announcing the process through the media, radio and television and a national newspaper, in which information was given about the start and explanation of the review process and how Mozambicans could participate.
- c. Public consultation sessions were organized by groups, areas and pillars, opening face-to-face and virtual debate at central level, in the provinces and in the districts.
- iii. Phase (iii) Harmonization of the proposal with various segments, to improve and publish it on the Ministry of Economy and Finance's website (www.mef.gov.mz).
- iv. Phase (iv) Submission to government forums and the Assembly of the Republic, which consists of assessing and approving the NDS.
- v. Phase (vi) Publication and dissemination, which consists of distributing the 2025-2044 NDS at national level.
- 31. *Outcomes and impact:* Stakeholder involvement had a significant impact on the outcome of the NDS review. Contributions were incorporated directly into the revised document, reflecting a wide range of perspectives and concerns. This approach strengthened the NDS's legitimacy and increased stakeholder commitment to its implementation.
- 32. Challenges and lessons learned: One of the greatest challenges throughout the process was ensuring an equal representation of all interest groups and managing varying expectations. However, these challenges also provided opportunities to learn and improve participation practices. Transparency, effective communication, and openness to feedback were key to overcoming these obstacles.
- 33. The participatory process of the NDS review was a demonstration of the government's commitment to inclusive and participatory governance. We continue to value and prioritize the involvement of stakeholders in future strategic reviews, recognizing their fundamental role in building public policies that are more effective and responsive to society's needs.

#### V. CURRENT SITUATION AND DEVELOPMENT CHALLENGES

#### 5.1 Economic Situation

- 34. Mozambique has experienced robust economic growth over the years, with an average Gross Domestic Product (GDP) growth rate of approximately 7.0% per year for almost two decades. However, the country has also faced periodic slowdowns due to factors such as adverse extreme weather events, terrorism and the impact of the COVID-19 pandemic. In recent years there have been signs of economic recovery with an average current Gross Domestic Product rate of 5.01% in 2023.
- 35. The agricultural, extractive, manufacturing and service sectors (including tourism) have emerged as fundamental pillars of the economy. However, if the country is to achieve sustainable and inclusive growth in the long term, significant challenges, such as economic diversification, still need to be addressed.
- 36. The primary sector, comprising of agricultural, fishing and mining production, is characterized by a low level of productivity. The primary causes of this low productivity include: (i) the low level of access to and use of improved inputs; (ii) the low adoption of technologies and their limited transfer; (iii) the limited availability of agricultural services; (iv) a deficit in production and transportation infrastructure; (v) high seasonality; (vi) limited agro-processing capacity; and (vii) growing climate vulnerability, which affects agricultural yields and food security. The extractive subsector has a strong reliance on mega-projects that are not labor-intensive, while most of the economically active population remains in the agrarian sector, representing 75.4% of the workforce.
- 37. The secondary sector is characterized by the poor performance of the manufacturing industry. This performance has been influenced by several factors, including: (i) inadequate infrastructure; (ii) unfavorable investment climate (business environment); (iii) high investment costs; (iv) lags in technological advancement; and (v) low level of qualification of the workforce.
- 5.1.1 Evolution of the Economic Structure, Employment and Average Labor Productivity by Sector (in USD)

- 38. The productive structure of the country presents few changes in its composition, being dominated by the tertiary sector (services), which has registered a considerable weight in recent years, representing an average of 54.7%, where formal and informal trade stand out.
- 39. The primary sector (agrarian and extractive) occupies the second position in the productive structure, with an average of 30.8%. The secondary sector (industry) remains underdeveloped, accounting for an average of 14.5%. Table 1 shows the evolution of the economic structure and the proportion of jobs by sector.

Table 1 Evolution of the Economic Structure and Employment Ratio by Sector

Indicator	2000	2003	2009	2014	2019	2022	
	Sector's share of GDP						
Primary sector	19.3	23.2	29.2	28.7	35.9	37.1	
Secondary sector	19.3	18.4	15.6	13.4	12.8	12.4	
Tertiary sector	61.4	58.4	55.2	57.9	51.3	50.5	
Total	100.0	100.0	100.0	100.0	100.0	100.0	
	Jobs by sector						
Primary sector	87.0	80.5	80.4	71.0	70.3	75.4	
Secondary sector	4.0	3.4	4.6	4.9	8.5	4.4	
Tertiary sector	9.0	16.1	15.0	24.1	21.2	20.2	
Total	100.0	100.0	100.0	100.0	100.0	100.0	

Source: INE (IAFs and IOFs)

40. Labor productivity is relatively low in Mozambique. However, among the three sectors, it was significantly higher in the industrial sector. The services sector has also seen improvements in productivity, although it has tended to stabilize over time. Despite some improvements, especially at the beginning of this decade, the primary sector has seen its average productivity level fall in recent years.

6000 2,000 1,797 1,800 5000 1,639 1,600 1,477 1,400 4000 1,200 1,108 3000 1,000 815 800 2000 **5**79 600 400 1000 200 2003 2008 Secondary sector 2014 2019 Tertiary sector 2022 Total average 1996 Primary sector

Figure 1: Average labor productivity by sector (in *USD*)

Source: INE, MEF and BM

#### 5.2 Social Situation

# 5.2.1 Demographic Trends

- 41. The country's population has been growing at a rate of 2.5% per year, with a predominantly young age structure, with around 34% of the population comprising young people (15 to 35 years old) and around 47% under the age of 15 (INE 2023). This growth represents both an opportunity and a challenge for the country, especially in relation to the provision of essential services such as education, health, employment and housing, among others.
- 42. Mozambique's estimated population is approximately 32.42 million inhabitants, with a population density of 38 inhabitants Km<sup>2</sup>, according to INE data (2023). The rapid population growth between 2017 and 2023 resulted in an increase of around 4.6 million inhabitants. This growth is even greater at the young age group, between 15 and 35, which showed a growth rate of 3.6%.
- 43. The country's dependency ratio is 103.2%, being higher among young people (95.9%) and in rural areas (115.6%) compared to urban areas (83.1%).
- 44. The country's workforce consists of 49.2% of the total population, of which 84.9% are considered Economically Active Population (EAP). Among the

- EAP, about 18.4% are not absorbed by the formal labor market, being involved in casual work, self-employment or as unpaid family workers.
- 45. Of the Economically Active Population (EAP) absorbed by the labor market, 74.7% is engaged in primary activities 4.4% in secondary activities (manufacturing, construction and energy) and 20.2% in tertiary activities (transport and communications, commerce and finance, administrative services and others), with the majority concentrated in commerce and finance. However, primary activities are mainly carried out by individuals with no formal education and who have never been to school. On the other hand, the population absorbed by the secondary and tertiary sectors has a level of education that varies between primary and higher education.

#### **5.2.2 Trend of Basic Social Services**

### 5.2.2.1 Health & Nutrition

- 46. Notable improvements in access to health services have been recorded, driven by the increase in the number of health facilities. Today, health facilities are closer to citizens, with around 67% of the population having access to a health facility. The population's satisfaction with the health services provided has increased significantly, from 53% in 2014/15 to 59.5% in 2022, according to INE data (IOF,2022).
- 47. Due to the rapid population growth rate, the population-to-doctor ratio is 5.9 doctors per 100,000 inhabitants, which is lower than that recommended by the World Health Organization, which is one doctor per 10,000 inhabitants. These figures pose a challenge for the country to provide quality health services for its population.
- 48. In Mozambique, communicable and vaccine-preventable diseases have reduced significantly in recent decades, due to the success of prevention and treatment strategies for the main childhood diseases. However, the situation of diseases such as HIV/AIDS (12.5%), Malaria (392/1000hab.), Tuberculosis (350/100.000hab.) remains serious, and cases of non-communicable diseases such as hypertension (39.0%), diabetes (7.4%), breast, cervical and prostate cancer, trauma, excessive alcohol and tobacco consumption and drug abuse have also increased.
- 49. Chronic malnutrition persists, in Mozambique approximately 37% of children under 5 suffer from chronic malnutrition, 4.1% suffer from acute

- malnutrition and 10% of the population is in a situation of acute food insecurity.
- 50. Despite the progress shown in reducing mortality rates and access to health care, important challenges and limitations persist regarding:
  - i. High infant (39%) and neonatal (24%) mortality rates.
  - ii. Chronic malnutrition rates for children remain above 35%
  - iii. Improving access to and the quality of health services with a view to expanding coverage. The average distance that inhabitants living farther away must travel to access a Health Unit remained at 12 km in 2021/22. This distance is still higher than that recommended by the WHO (10km).
  - iv. Waiting times, the lack of essential medication and medical equipment are factors in the population's dissatisfaction with health services.

#### *5.2.2.2* Education

- 51. Education is recognized as a key element for socio-economic development and for increasing the productivity of the Mozambican economy.
- 52. Improving access to and the quality of education is seen as a driving force behind the country's development, as it is a way of reducing income inequalities and improving opportunities.
- 53. The low quality of education prevents young people from having better job opportunities and limits their prospects of a better quality of life, resulting in a society with low productivity.
- 54. Education indicators show that the system fails to fully literate children and adolescents by the age of 15. In the initial years of primary education, despite improvements in learning rates, there are still major inequalities between rural and urban areas.
- 55. The overall average pupil-to-teacher ratio in basic education still stands at 64.3 pupils to one teacher, which has had an impact on learning levels.
- 56. As for vocational and higher education, the country's expected expansion, coupled with the rapid changes in the scientific and technological base and in production processes, requires significant investment in the training of workers to ensure a qualitative and quantitative expansion of the labor supply.

- 57. There has been a significant expansion of education services, along with an increase in the number of students, literacy students and learners in schools and literacy and adult education centers. However, challenges remain, specifically:
  - i. The illiteracy rate remains high, although it has decreased among people aged 15 and over, rising from 39.9% in 2019/20 to 38.3% in 2022. It is important to note that illiteracy prevails among women (49.2%) compared to men (25.9%) (IOF, 2022). The inequalities between illiteracy levels in rural areas (52.3%) and urban areas (19.7%) are also evident (IOF, 2022).
  - ii. The primary level of primary education is attended by the majority, representing 52.4% of the population of all ages, except for the population aged between 15 and 19, who make up 32.4% as having attended the secondary level of the first cycle. In all provinces, most of the population has attended primary education (EP1 and EP2). However, Maputo city has the highest percentage of the population attending or having attended higher education.
  - iii. Most of the population has completed elementary school, corresponding to 18.8%, while 45.8% have not completed any level of schooling.
  - iv. Education infrastructure, especially at pre-school and secondary school level, is still a challenge in terms of guaranteeing fair access, quality and equity in learning.
  - v. School books are distributed free of charge. However, the coverage does not fully serve the needs of students.
  - vi. Overcrowding in schools, reflected in the high student-to-teacher ratio, the lack of classrooms, the shortage of essential water and sanitation infrastructure in many schools, as well as the shortage of qualified teachers, represent persistent challenges in the national education system; and
  - vii. High levels of school wastage expressed by the high number of dropouts, especially girls, failure rates and low completion rates for each level of education.

# 5.2.3 Income And Employment

- 58. Youth unemployment is high, with 33.4% of the youth population out of employment, education or training. The informal economy, which accounts for a significant portion of employment, presents precarious conditions and job insecurity for many workers. Tonsure a strong connection between the training offered and the demands of the job market, to maximize employment opportunities and promote economic and social development.
- 59. The general unemployment rate in Mozambique, according to the National Statistics Institute (INE), was around 18.4% in 2022. Urban areas, especially the city and province of Maputo, register higher rates, with 31% and 36.5%, respectively, while in rural areas, the rate is lower, at around 12%. The unemployment rate is particularly high among young people, aggravated by the pandemic and the insurgency in Cabo Delgado, which have further affected job opportunities.
- 60. Unemployment among young people aged 15 to 24 was 7.74% until 2023. This figure represents a slight decrease on previous years, where the peak was 8.67% in 2021. Despite this, the youth unemployment rate is still a significant challenge for the country.

# 5.2.4 Housing and infrastructure

### 5.2.4.1 Housing

- 61. The percentage of the population living in dwellings covered with conventional material increased from 39.4% in 2014/19 to 47.5% in 2022, while the percentage of the population living in dwellings covered with non-conventional material decreased from 60.7% in 2014/19 to 52.5% in 2022. Regarding the type of flooring, the percentage of the population living in dwellings with conventional flooring increased from 34% in 2019/20 to 35.9% in 2022, while dwellings with non-conventional flooring fell from 66% in 2019/20 to 64% in 2022, (INE, IOF 2022). However, challenges remain:
  - i. Around 52.4% of the population live in dwellings that have grass, thatch or palm thatch roofs, and this prevalence is more significant in rural areas (68.2%) than in urban areas (21.3%).
  - ii. Similarly, approximately 33.9% of the population live in dwellings with adobe (rammed earth) floors, and 30% live in dwellings with bare floors,

these conditions being more common in rural areas, with approximately 43% and 38.1%, respectively.

#### 5.2.4.2 Water

- 62. Access to water from a safe source increased from 49.6% in 2019/20 to 53.6% in 2022. This increase was more significant in urban areas with about 78.2% of the population consuming water from a safe source, compared to 41.1% of rural areas, (INE, IOF 2022). However, challenges are faced:
  - i. 46.4% of the population does not consume water from a safe source, with 28.7% of the population relying on an unprotected well and 12% on a river, lake or pond.

#### 5.2.4.3 Sanitation

- 63. Access to safe sanitation has seen a modest increase, from 31% in 2019/20 to 31.7% in 2022. This improvement is more significant in urban areas, where 60.8% use safe sanitation, compared to 16.9% in rural areas, (INE, IOF 2022). Nevertheless, access to safe sanitation is still a challenge:
  - i. 42.2% of households still use an unimproved latrine, while 26.1% have no latrine/toilet or practice open defecation.

# 5.2.4.4 Energy

- 64. The percentage of the population using electricity from the public grid for lighting increased in the country, from 30.1% in 2019/20 to 33% in 2022. In urban areas, this percentage corresponds to about 75.3%, while in rural areas it is 12.8%, (INE, IOF 2022). However, challenges remain:
  - i. The main source of lighting at national level is the battery, with around 38.3% of the population making use of it, being more significant in rural areas (50.2%) than urban areas (14.9%).
  - ii. Similarly, around 8.1% of the population uses firewood as a source of lighting, of which 11.5% is in rural areas and 1.4 in urban areas.

#### 5.2.5 Gender

65. The UNDP gender inequality index ranked 191 countries in 2022, and places Mozambique in the 185th position, with a value of 0.537. This index analyzes three gender dimensions that showed variations between 2015 and 2022, namely: i) reproductive health, where it shows improvements in

the maternal mortality rate, from 480 to 289, however, the pregnancy rate among adolescents increased from 137.8 to 165.8; ii) empowerment, showing improvements in the percentage of parliamentary seats held by women from 39.6 to 42. Similarly, in the percentage of the population with at least secondary education, there have been improvements in both sexes (M from 1.4 to 10.8 and H from 6.2 to 20.2), however, the disadvantage of women in relation to men continues; iii) Economic activities show a reduction in the proportion of participation in the labor market for both sexes (W from 85.5 to 77.7 and M from 82.8 to 78.9).

## 5.2.6 Social protection

- 66. Despite the progress made, the country is still among the poorest in the world, with 68.2% of Mozambicans living below the poverty line, and inequality in the distribution of consumption, measured by the GINI coefficient, is 0.51.
- 67. Social protection in the country has seen advances in Basic Social Security in the period from 2010 to 2023, in terms of:
  - i. An increase in the number of beneficiaries from 254,000 to 384,000.
  - ii. The value of social transfers from 0.47% of GDP to 0.73% of GDP; and
  - iii. Public spending on social action programs from 0.2% of GDP to 0.51% of GDP.
- 68. Despite the progress made in recent years in expanding social protection, the country faces significant challenges in terms of:
  - i. Increasing coverage. Only 6.8% of the Mozambican population is covered by the social protection system.
  - ii. Proportion of children covered by social protection benefits, 0.1.
  - iii. Proportion of poor people covered by social protection systems.
  - iv. Effective access to at least one social protection benefit in 2023 covered only 5.4% of Mozambique's total population.
  - v. Coverage for the elderly population reached 21.7% and for children only 4.2%.

- vi. Expenditure on social protection is only 0.21% of GDP, with 0.12% for public expenditure on the non-contributory system.
- vii. The number of internally displaced people in Mozambique has increased, especially due to the conflict in Cabo Delgado, since 2017, around one million people were displaced in December 2022.

# 5.2.7 Trends in Poverty

- 69. Poverty has affected a significant portion of the population, with distinct demographic and socio-economic characteristics, due to the various adverse events that have negatively influenced the country, with emphasis on climatic events such as cyclones Keneth and Idae, which have significantly affected the lives of the population, causing significant economic and social damage. Combined with rising food prices, climate shocks affecting families' agricultural production and the transport sector, and the terrorism situation in the north of the country.
- 70. In terms of poverty, estimates indicate an increase in consumption poverty, from 46.1% in 2014/15 to 68.2% in 2019/20 and slightly reduced to 65.0% from 2019/20 to 2022. The IOF 2022 shows that rural areas (68.4%) and urban areas (58.4%), and regions in the north (70.2%) and center (65.6%), have high poverty rates compared to the south (54.8%) (MEF, 5ª Poverty Assessment, 2021).
- 71. Multidimensional poverty saw a more stable change in rate, from 55% in 2014/15 to 53.1% in 2022, suggesting improvements in access to education and safe drinking water. However, the challenge of adequate housing conditions with access to safe water and sanitation, electricity and the possession of durable goods still prevails, with greater emphasis on rural areas where 66.6% of the country's total population resides.
- 72. Inequalities, as measured by the *GINI coefficient*, increased slightly at national level (urban/rural and regional) from 0.47 in 2014/15 to 0.51 in 2019/20, being more pronounced in rural areas and northern regions of the country. Social inequalities have also increased due to the emergence of pockets of food insecurity and hunger resulting from rising food prices, climatic shocks affecting families' agricultural production and the terrorism situation in the north of the country.
- 73. The causes of poverty in the country are diverse and interconnected and are also closely linked to conjunctural and structural issues. Among the

main factors are rapid population growth that puts pressure on basic services, poor employment opportunities, inequality of income and access to resources, and poor investment in essential infrastructure.

i. Strengths, Weaknesses, Opportunities, and Threats Analysis (SWOT)



# **Strengths**

### Geostrategic Location:

- i. Mozambique is in a favorable geostrategic position, facilitating international trade and access to neighboring markets.
- ii. This privileged location allows Mozambique to become a regional logistics hub and attract foreign investment.

## Young and Economically Active Age Population:

- i. Most Mozambique's population is young and of economically active age, providing a large labor and consumption potential.
- ii. These favorable demographic drives economic growth and fosters innovation in key sectors such as technology and entrepreneurship.

#### Natural Resource Potential:

- i. The country has a potential in natural resources that can serve as a basis for economic diversification and the export of commodities.
- ii. Resource wealth offers opportunities to develop sectors such as mining, agriculture and energy, boosting economic growth, contributing to revenue generation and job creation.

#### Remarkable Tourism Potential:

- i. The country's remarkable tourism potential, with a variety of attractions that can draw visitors all year round.
- ii. Investments in the tourism industry can generate jobs, stimulate economic growth and promote infrastructure development, generating revenue and creating jobs.

## Multimodal Transport Infrastructure:

- iii. The existence of a multimodal transport network interconnected with neighboring countries, facilitating regional trade and economic development.
- iv. A well-developed multimodal transport network can promote regional and global trade, improve connectivity and attract investment in logistics and transport, contributing to economic growth and regional integration.

### Biophysical Diversity and Biodiversity:

- i. The country's biophysical diversity, including terrestrial, marine and aquatic biodiversity, offers opportunities for tourism and scientific research.
- ii. These potentialities can create opportunities for tourism, scientific research and conservation, promoting sustainable development. Highlighting the importance of conservation and attracting tourists interested in the country's nature and wildlife.

#### Domestic and Foreign Market for National Products:

- i. The presence of a domestic and foreign market for products produced in the country, boosting the production and marketing of national products.
- ii. This advantage can stimulate the growth of the industrial sector and promote the competitiveness of national products in local and international markets.



# Favorable Demographics:

- i. The acceleration of the demographic transition as an opportunity to take advantage of the demographic dividend, as the young population enters the workforce, boosting economic growth and productivity.
- ii. A favorable demographic transition can stimulate economic growth by increasing production and consumption, as well as promoting innovation and entrepreneurship among young people.

The end of the armed conflict in the center of the country and the agreement on Disarmament, Demobilization and Reintegration (DDR):

Reducing violence in the affected communities, enabling the reconstruction of infrastructure destroyed by the conflict, access to basic services and the dynamization of economic life.

- i. Providing a safer environment for domestic and foreign investment, boosting economic and social development.
- ii. The DDR agreement offers the opportunity to reintegrate the combatants of the National Resistance of Mozambique, which allows them to be trained and inserted into the job market, becoming productive members of society, contributing to the growth of the economy and reducing dependence on social assistance programs.

# Growing International Demand for Commodities:

- i. The growing international demand for commodities as an opportunity for export and economic growth, taking advantage of the country's natural resources.
- ii. Growing demand offers the opportunity to diversify exports, increase foreign exchange earnings and boost the development of key sectors of the economy.

# International Respect and Trust:

- i. International respect and trust as an opportunity to attract foreign investment and establish solid business partnerships.
- ii. Improving the country's international image can increase access to foreign funding, technology and expertise, boosting economic growth and competitiveness in the global market.

### **Energy Transition:**

- i. The energy transition as an opportunity to invest in renewable energy sources and promote sustainability.
- ii. Investing in renewable energy sources can diversify the country's energy mix, reduce dependence on fossil fuels and mitigate the impacts of climate change, while creating new business opportunities and jobs in the renewable energy sector.



# Macroeconomic instability and the state's weak financial capacity:

- i. Mozambique faces challenges of macroeconomic instability and a limited financial capacity of the government to invest in infrastructure and public services.
- ii. These factors can undermine investor confidence, hinder access to external and internal financing, and compromise the government's ability to provide essential public services, thereby hindering the implementation of long-term development policies.

# Low Levels of Production and Productivity:

- i. The low level of production and productivity is a weakness that limits economic growth and competitiveness.
- ii. This situation reduces the country's ability to generate wealth and jobs, negatively affecting the population's quality of life and ability to compete in global markets.

# Low quality of human capital formation and technological development:

- i. The low quality of human capital formation and technological development is a weakness that limits the workforce's potential.
  - Weaknesses in human capital formation hinder the country's ability to innovate, adapt to technological changes and compete in highskill sectors in the global market.
- ii. Insufficient investment in professional education to promote know-how and a competitive workforce.
  - Weak investment in vocational education limits the availability of professionals for the labor market.
  - Existence of discontinued institutions, with poor development of requalification plans and the need to improve the quality assurance and certification process.

#### Predominance of the Informal Sector:

i. Informality reduces the tax base, limiting the government's ability to finance public services and infrastructure, as well as limiting access to credit.

## Low Quality of Basic Service Provision:

- i. The poor quality of provision of basic services, such as health, education and infrastructure, as a threat to the well-being of the population and to the social and economic development of the country.
- ii. Weakness in the quality of public services undermines equitable access to essential services, increases social inequalities and limits development opportunities for the most vulnerable population.

# Deficit in infrastructure and services to support production:

- i. The deficit of infrastructure and production support services as a limitation to economic growth and competitiveness.
- ii. This deficit hinders the diversification of the economy, access to internal and external markets and the creation of productive jobs for the population.

# Poor Performance by Institutions:

- i. The poor performance by institutions conditions the implementation of policies and strategies, which are also conditioned by poor institutional articulation and coordination.
- ii. This weakness can result in duplicated efforts, wasted resources and a lack of coherence in the formulation and implementation of public policies, hindering progress towards the country's development goals.

# Corruption

- i. Corruption is a persistent problem in Mozambique, undermining the effectiveness and integrity of public institutions, damaging the efficient allocation of resources, hindering the business environment by discouraging private investment and undermining public confidence in government.
- ii. The prevention and control of corruption is essential to strengthen governance and attract foreign investment to the country.



## **Threats**

Influence of International Economic and Political Shocks:

- i. The influence of international economic and political shocks are a threat to the country's economic and political stability, due to their ability to negatively affect the economy and international relations.
- ii. These events can cause instability in the financial markets, reduce foreign investment, affect exports and imports and destabilize the political environment, compromising the country's overall stability.

# Negative effects of climate change and vulnerabilities to natural disasters:

- i. Climate change and vulnerabilities to natural disasters, such as floods and droughts, pose a threat to infrastructure, environmental security and the well-being of the population.
- ii. These events result in damage to vital infrastructure, loss of production, loss of life, population displacement, scarcity of natural resources and increased costs associated with adaptation and recovery, compromising the country's sustainable development.

### Violent Extremism and Insecurity

Violent extremism in the north of the country constitutes a threat to internal security, regional stability and national development, requiring efforts to contain violence and promote security.

i. Violent extremism can undermine trust in government institutions, damage tourism and foreign investment, destabilize local communities and create ethnic and religious tensions, negatively affecting social cohesion and economic progress.

## Organized Crime and Terrorism:

- ii. Organized and transnational crime has become a present threat to personal safety and public order.
- iii. This event can create a climate of fear and insecurity among the population, damage confidence in security institutions, affect tourism and foreign investment and destabilize local communities, compromising the stability and development of the country.

#### Social Inequalities:

i. Social inequalities between rural and urban areas, as well as between regions of the country, as a source of tension and a limitation to equitable development.

ii. These inequalities can increase social exclusion, reduce social cohesion and limit the development potential of the most marginalized communities.

### Pandemics and Health Emergencies:

- i. Pandemic crises and health emergencies are a threat to social and economic stability, requiring improved public health measures and emergency preparedness.
- ii. Epidemics, pandemics or health emergencies can overwhelm health systems, cause economic disruptions, increase unemployment, reduce productivity and create social instability, negatively impacting the country's human and economic development.

# ii. Challenges and Opportunities for Development

- 74. The following is an analysis of the challenges faced by the country on the road to development. Identifying and understanding these challenges is key to guiding effective strategies that promote economic growth, social stability and overall progress. By tackling these challenges head on, we can create opportunities to turn obstacles into catalysts for positive change, thus promoting a more prosperous and sustainable future for all citizens.
- 75. Diversification of the National Economy The country's geostrategic location and its potential in natural resources represent forces that can be harnessed for structural transformation of the economy with a focus on industrialization and modernization of the agricultural sector. This diversification is crucial to reducing dependence on the primary sector and enabling sustained economic development based on the development of the manufacturing industry, which has the potential to create the value chain and generate greater employment potential. Growth opportunities in high value-added sectors and services offer a route to achieving this diversification, thus promoting more stable and resilient economic growth.
- 76. Human capital development: The mostly young and economically active population is a force that can drive economic growth. However, the low qualification of the national workforce and poor access to technology represent a weakness that needs to be overcome. Strengthening education in Science, Technology, Engineering and Mathematics (STEM) in the National Education System and investing in professional education will make it possible to qualify the workforce and generate opportunities to reverse this trend and take advantage of the demographic dividend, further boosting economic growth and promoting human development.

- 77. Infrastructure development: The existence of a multimodal transportation network and logistical development corridors are strengths that can be exploited to promote infrastructure development. Overcoming the deficit in these infrastructures is fundamental to improving levels of economic growth and the population's quality of life. This improvement in infrastructure not only promotes regional trade and economic development, but also creates opportunities to increase connectivity and attract investment.
- 78. Environmental protection and resilience to climate change: Climate change and environmental challenges pose significant threats to national development. However, developing capacities to prevent and mitigate the negative effects of climate change can become an opportunity to promote sustainability and resilience. This not only protects infrastructure and the well-being of the population against adverse events, but also creates opportunities for investments in renewable energies, green technologies and sustainable practices.
- 79. Corruption: Corruption is a weakness that undermines the integrity of institutions and damages economic development. However, implementing coercive measures to prevent and combat corruption can transform this threat into an opportunity to strengthen governance, promote transparency and attract foreign investment. This not only improves the business environment and government efficiency, but also builds public trust and drives economic and social progress.

## i. Critical Success Factors of the National Development Strategy

This section identifies and describes the critical success factors that must be considered and addressed to ensure the effectiveness and success of the implementation of the National Development Strategy, namely:

- 80. Political and Social Stability Ensuring a stable political and social environment is fundamental to promoting investor confidence, guaranteeing the proper functioning of democratic institutions and creating a climate conducive to economic growth and sustainable development.
- 81. Economic Diversification and Innovation Investing in the diversification of the economy and promoting innovation in high value-added sectors are essential for stimulating economic growth, reducing dependence on vulnerable sectors and increasing the country's international competitiveness.

- 82. Sustainable Management of Natural Resources Ensuring responsible management of natural resources is crucial to protecting the environment, preserving biodiversity and guaranteeing the sustainable use of resources.
- 83. Human Capital Development Investing in human development, including education, technology, health and professional training, is key to promoting sustainable economic growth and ensuring a more equitable and resilient society.
- 84. Transparency and Good Governance Promoting transparency, accountability and citizen participation in public management are key to fighting corruption, strengthening institutions, peace and security and ensuring the efficient and equitable use of the country's resources.

#### VI. NATIONAL DEVELOPMENT STRATEGY

- 85. The National Development Strategy (NDS) has been updated, considering several key factors for the country's development. The current level of development, macroeconomic, sectoral and territorial policies and strategies, as well as socio-economic reforms were considered.
- 86. The experience gained in development processes at home and in other countries was also considered, as well as Mozambique's bilateral and multilateral development agreements and commitments. In addition, the country's potential, opportunities and future challenges were considered.

#### **6.1** Strategic Orientation

#### 6.1.1 Vision

"To be a prosperous middle-income country, where equity, security and the well-being of the population are guaranteed, sustainability and competitiveness are priorities".

87. Mozambique will be recognized in the region and internationally as an example of equitable development, harmonizing economic and population growth with the preservation of the environment. Our nation is characterized by a fair, diverse and participatory society, which offers

equal opportunities to all citizens. Through the strengthening of our institutions, strategic investment in key sectors such as health, education, water and sanitation, agriculture, energy, tourism, industry, infrastructure, technology and innovation, and a commitment to sustainability, we will be a regional, continental and international benchmark, and beyond, building a promising future.

#### 6.1.2 Mission



"Promote sustainable, inclusive, equitable and resilient economic and social development, aiming to increase the well-being and quality of life of the population through integrated and participatory policies."



#### **6.1.3 Values**

- i. Equity and social justice Ensure that all citizens have access to equal opportunities and basic services such as health, education, water and sanitation. Equally, reduce socio-economic disparities and promote social justice, ensuring that no group is marginalized or left behind.
- ii. Productivity, Entrepreneurship and Innovation Promote productivity and entrepreneurship, fostering the creation of new businesses and job opportunities. It also stimulates innovation in all sectors of the economy, encouraging creativity and the development of new solutions to economic and social challenges.
- iii. Respect for cultural diversity and human rights Ensuring that all cultures are valued and respected, promoting equal opportunities for all citizens, regardless of color, race, sex, ethnic origin, place of birth, religion, level of education, social position, parents' marital status, profession or political choice. This includes the protection of human rights, guaranteeing the dignity and freedom of all individuals.
- iv. Responsibility and commitment Demonstrate responsibility in the government's actions and commitment to achieving the goals and objectives of the National Development Strategy. This involves accountability to the public and responsibility for any failures.

v. Transparency and democratic participation - Ensuring that all government decisions are transparent, with information accessible to the public. Similarly, to promote the broad and active participation of all sectors of society including civil society, the private sector, professional, religious and grassroots organizations in decision-making processes, so that citizens have a voice and influence on the policies that affect them.

## 6.1.4 Principles

- i. Good Governance and Transparency Prioritize good governance, with strong, efficient, honest and ethical institutions. And ensure transparency in government actions, with information that is accessible and understandable to the population.
- ii. National and international cooperation Seek collaboration between different areas and actors in the country and promote cooperation with other countries and international organizations to achieve common development goals.
- iii. Holistic and multidisciplinary development Approach development comprehensively, considering all dimensions of human well-being, such as health, education, security, the environment and the economy. Integrating different areas of knowledge and policies to achieve sustainable and comprehensive results.
- iv. Social inclusion and reduction of inequalities Focus on policies and actions that promote social inclusion, reducing economic and social inequalities. And ensuring that all citizens have equal opportunities to access the benefits of development.
- v. Participation and social dialogue Encourage the active participation of civil society and different actors in the formulation and implementation of public policies. And promote more dialogue and collaboration between the government, private sector, non-governmental organizations and local communities.
- vi. Public-private partnerships Encourage collaboration between the public and private sectors to boost economic and social development. And promote partnerships that benefit both parties and contribute to achieving the strategy's objectives.

- vii. Resilience and adaptation to change and uncertainty Prepare to face challenges and uncertainties by developing resilience and adaptation capacities to cope with economic, social and environmental changes.
- viii. Environmental and economic sustainability Promote development that protects the environment and uses natural resources responsibly and sustainably.

### 6.2 Main Objective

88. Promote sustainable, inclusive, equitable and resilient development in the country, driven by economic growth, improving the population's quality of life and reducing inequalities.

## 6.3 Specific Objectives

- i. Boost sustainable and competitive economic growth by diversifying the production base, focusing on sectors with growth potential, added value (industrialization), innovation and technology.
- ii. Stimulate sustainable, inclusive and equitable human development by strengthening the training and mastery of science and technology, encouraging demographic transition and reducing inequalities.
- iii. Encourage investment in modern, resilient and quality infrastructure, integrating territories and connecting people and goods (markets) to boost inclusive, sustainable growth and improve people's quality of life.
- iv. Strengthen institutions and the justice system, promoting modernization, transparency, accountability and the fight against corruption, to ensure efficient and effective governance, social equity and justice for all.
- v. Promote peace and security, strengthening national unity, stability, reducing security threats, respecting human rights and seeking conflict resolution and well-being for all.
- vi. Promote the energy transition by reducing dependence on coal and oil, promoting the use of hydrocarbons, natural gas as a transition fuel and expanding the share of renewable energies.
- vii. Establish and strengthen national and international cooperation (regional, continental and global) to boost sustainable development; and

viii. Promote environmental sustainability, adopting the circular economy in an integrated approach that includes the principles of the blue economy, the green economy and the protection of natural resources, paying special attention to maintaining a balance with the socioeconomic development needs of the country and its communities.

# VII. THE NATIONAL DEVELOPMENT MODEL AND THE MACROECONOMIC SCENARIO

89. This chapter outlines the key sectors and strategies for driving transformation in national development, providing a comprehensive vision of how the economic future is to be shaped.

# 7.1 Development Model

90. The Development Model proposed to guide Mozambique's economic, social and sustainable path towards a prosperous and inclusive future encompasses a holistic and strategic approach aimed at the structural transformation of the economy, the diversification of productive sectors and the strengthening of the national industrial base. Through a series of policies and initiatives, the aim is to create the necessary conditions for inclusive, equitable and environmentally responsible economic growth.

#### 7.1.1 Model fundamentals

- 91. The Development Model proposed for the country is based on key principles, including valuing human capital, stimulating technology and innovation and entrepreneurship, strengthening public institutions and respecting the principles of environmental and social sustainability. These pillars provide the basis for the strategies outlined in each of the priority sectors.
- 92. The Development Model adopts an integrated approach, recognizing the interdependence between the various sectors of the economy and the importance of coordinated policies to achieve the goals of economic growth and sustainable development. Public-private partnerships, international cooperation and the participation of non-governmental organizations will be essential for the successful implementation of this model.

93. The model distinguishes between the main strategic sectors, which are those that are directly focused on economic growth and the structural transformation of the economy, and the supporting strategic sectors, which are those that offer support and facilitate the development of these main sectors. As shown in the figure below:

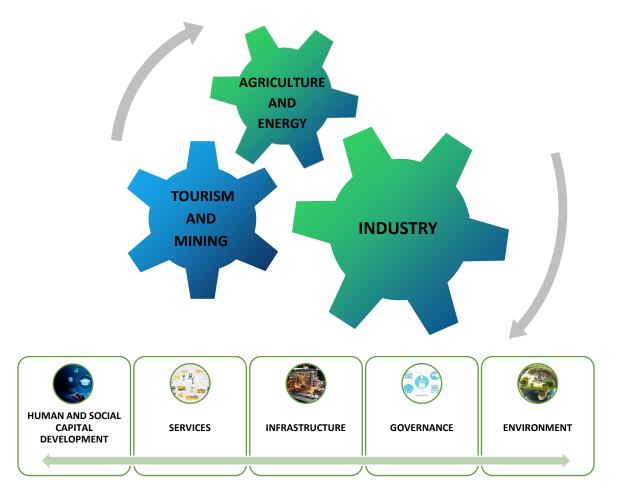


Figure 1: Development Model

## 7.1.2 Key Strategic Sectors

94. Agricultural sector - Recognized as the essential basis for food security and the country's development. The agricultural sector will receive significant investments to modernize production techniques, increase productivity and integrate small producers into wider value chains in the **Pemba-Lichinga corridor** with technological support from the North West

Research Center in Lichinga and a focus on cotton, potatoes, beans, chickens, corn, soybeans, tobacco, wheat, fisheries and forestry products; in the **Nacala corridor** with technological support from the Northeast Research Center in Nampula and concentration on cotton, peanuts, chickens, fruit, cassava, corn and fishery products; in the Zambezi Valley **corridor** with technological support from the Ulóngue experimental unit and a focus on cotton, rice, potatoes, cattle, goats, chickens and maize; in the Beira corridor with technological support from the Sussundenga Research Center and a focus on rice, cattle, chickens, fruit, vegetables, maize, soya and wheat; in the **Limpopo corridor** with technological support from the Southern Research Center in Chókwè and a focus on rice, cattle, poultry and vegetables, fisheries and forestry products; and in the Maputo corridor with technological support from the Umbeluzi Experimental Unit and a focus on rice, cattle, poultry and vegetables. In addition to satisfying domestic food demands, the agricultural sector is an important source of raw materials for the manufacturing industry, so policies will be strengthened to increase agricultural productivity by providing access to agricultural inputs, technologies, developing rural infrastructure to facilitate the flow of production and access to markets, and encouraging the diversification of crops and the production of higher value-added products, such as processed foods and organic products.

- 95. *Energy Sector* Diversification of the energy matrix is a priority, with a focus on expanding renewable energies and energy efficiency. The energy sector plays a transversal role in the NDS, with two main objectives.
  - i. The first seeks to supply the domestic market, reducing production costs in strategic sectors to make domestic producers more competitive and the economy more attractive to investors in the region. it is also a means of improving access to energy and making it affordable for the general population.
  - ii. The second is to take advantage of the country's energy potential, from hydroelectric, solar, wind and biomass sources, to promote an increase in renewable energy production capacity to meet domestic demand while, simultaneously, increase exports to neighboring countries in the region. The aim is not only to encourage the use of renewable energies in order to achieve a more sustainable energy matrix, but also to help reduce energy losses, increase energy supply security and ensure a just transition (a change in the energy matrix based on principles of equity, social justice and respect for the rights of workers and affected

communities) and energy transition considering the use of hydrocarbons: natural gas, as a transition fuel.

- 96. Tourism Sector Recognizing the potential of tourism as a catalyst for economic growth and regional development, policies will be implemented to promote sustainable tourist destinations such as Quirrimbas (Pemba Bay, Quissanga Districts, Macomia, Palma, Mocimboa da Praia, Ibo Island, Nacala and Mozambique Island); Niassa (Lichinga, Metangula and Niassa Park); Gorongosa (Gorongosa National Park, Chimanimani National Park, Cabeça do Velho and Savannah); Vilankulo (Vilankulo District headquarters, Bazaruto Archipelago and Inhassoro) and Maputo (Maputo City, Maputo National Park and Ponta de Ouro), preserving cultural and natural heritage and diversifying tourism offers. Promote cross-sector coordination to diversify the local economy and generate self-employment through handicrafts, archaeology, sports, gastronomy and cultural development centers. Public-private partnerships will be encouraged to develop resilient tourism infrastructure and promote responsible tourism.
- 97. *Mining sector* The mining sector is strategic for economic development, providing a solid base for local manufacturing. The aim is to continue to stimulate the growth of mineral production units that can be processed locally by small and medium-sized industries, such as construction, lapidary and jewelry, with the aim of adding value and transforming these raw resources into finished goods. This will significantly increase market gains and generate job opportunities for the population.

At the same time, public-private partnerships, investment in technology and innovation will be promoted, as well as ensuring environmental sustainability at all stages of the mining value chain.

The aim is to maximize the benefits of the mining sector, contributing to the country's inclusive, equitable and sustainable economic development.

98. Industry sector: Industrialization is a fundamental pillar of the Development Model, with the promotion of competitive and innovative manufacturing industries. Efforts will be made to promote investment and the development of industry in the country, in areas with great potential for revitalizing industrial parks: Cuamba Industrial Park (agro-industry); Chimoio Agro-industrial Park; Vilanculos Industrial Park (seafood industry); Afungi Petrochemical Industrial Park (fertilizers); Morrumbala Industrial Park (cement); Moma and Chibuto Industrial

- Park (dyes); Vanduzi and Munhava Industrial Park (dry port); Balama Industrial Park (pencils, batteries and solar panels); Chiúta Iron Industrial Park (metalwork) and Beleluane Industrial Park (aluminium).
- 99. Industry absorbs raw materials from the agricultural and mining sectors, which will stimulate the strengthening and expansion of the food/beverage/furniture/paper/glass and pharmaceutical industries; industrial fishing; and the cement industry, among others.
- 100. Investments in infrastructure, labor training, tax incentives, facilitating access to financing for manufacturing companies, especially for the acquisition of modern technology and equipment, promoting foreign trade policies that encourage import substitution and the export of manufactured products, will be implemented to stimulate local production, reduce dependence on imports and promote the diversification of the economy.

# 7.1.3 Strategic Support Sectors

- 101. Human and Social Capital Development ensuring a qualified and healthy workforce is essential for sustainable economic growth. Likewise, implementing a national population policy and social programs to contain population growth at sustainable levels, reduce inequalities and promote social inclusion. As well as taking advantage of the favorable demographic dynamics, characterized by a young population, to turn challenges into development opportunities.
  - a. Demographic Dynamics of the Population plays a fundamental role in the formulation of the Development Model. With a population characterized by rapid growth and a predominantly young age structure, there are both challenges and opportunities to be considered.
    - i. Challenges such as population growth can put pressure on basic social services, while opportunities such as a young population represent significant potential for boosting economic and social growth.
  - ii. It is therefore necessary to take demographic considerations into account in all areas of policy (including population policy) and

- programs, including strategies to promote reproductive health, family planning and women's empowerment.
- iii. Turning demographic dynamics into an impetus for sustainable development, harnessing the potential of the young population to drive economic growth.
- iv. Developing human capital based on establishing and maintaining educational quality standards, with a focus on critical areas such as Science, Technology, Engineering and Mathematics (STEM). And, supporting training programs and offering retraining opportunities for workers.
- v. Developing a highly qualified workforce aligned with market needs, ready to drive growth in strategic sectors.
- 102. Services Sector The services sector is key to providing the necessary support for the main strategic sectors (agriculture, energy, tourism, mining and industry) through a services infrastructure that promotes efficiency, innovation and competitiveness. Initiatives in financial services, trade, transportation, communication and logistics will be essential to create an environment conducive to sustainable and integrated growth in the economy.

## The following will be promoted:

**In financial services** in facilitating access to specialized financing and encouraging public-private partnerships to support the growth and modernization of strategic sectors.

**In trade**, the development of programs to facilitate exports, strengthen distribution networks and support the digitalization of trade to facilitate the marketing of products on the national and international markets.

**In transport**, integrated logistics systems combining different modes of transport (road, rail and sea) to facilitate the flow of products and connectivity between regions; and optimizing transport logistics to reduce costs and delivery times, essential for the competitiveness of local products.

**In communication**, the use of information and communication technologies to increase operational efficiency in the main sectors; and

**In logistics**, the development and modernization of logistics parks to improve the storage, processing and distribution of products, which are

vital for the operation and expansion of these sectors, promoting an efficient and integrated economy.

103. *Infrastructure Sector* - The modernization and expansion of infrastructure is fundamental to guaranteeing regional connectivity, access to essential services and support for the efficient development of key strategic sectors. The focus will be on creating an integrated infrastructure network that boosts sustainable economic growth and improves the population's quality of life.

Priorities will be to ensure regional connectivity, access to basic services and the development of efficient transportation and logistics corridors to connect production zones with domestic and international markets.

Investments in digital infrastructure will also be made to promote digital inclusion and boost the digital economy.

The development of the energy sector, the expansion of renewable energies and the promotion of energy efficiency projects and support infrastructure for the adoption of clean energy technologies will be backed.

Investments in modernization, resilience and quality will also be promoted, with the aim of creating an integrated infrastructure network that efficiently connects territories and people.

- 104. The aim is to facilitate the movement of people, goods and access to essential services, reducing logistics costs and creating a favorable environment for economic growth and development.
- 105. Governance is crucial for the successful implementation of development policies and the responsible management of public resources, ensuring an environment of trust and participation for all citizens. A transparent, efficient and accountable governance environment will be promoted to ensure the effective implementation of public policies and the proper management of resources, contributing to sustainable growth and trust in institutions. Strengthening government institutions, fighting corruption and promoting civic participation are essential for the harmonious and equitable development of the country.
- 106. *Environment* Environmental protection is fundamental to ensuring sustainable development. The focus is on preserving natural resources, mitigating negative environmental impacts and promoting sustainable

practices in all economic sectors. Policies and regulations will be implemented to address climate change, manage disaster risks and ensure that economic growth does not compromise the ecological balance.

#### 7.2 Macroeconomic Scenarios

- 107. The National Development Strategy presents two scenarios for the evolution of the country's economy up to 2044, a reference scenario (Base Scenario) and a structural transformation scenario ("NDS Scenario"), with 2023 as the base year. The growth trajectories of the national economy depend on domestic choices, considering the influences of the international context.
- 108. The scenarios and assumptions presented in this chapter provide a solid basis for drawing up the National Development Strategy. By considering the different perspectives of the country's economic future, we will be better prepared to face the challenges and maximize the opportunities to achieve our goals of sustainable, inclusive and equitable development. The flexibility and adaptability of the strategy will allow us to make informed decisions throughout the implementation process, ensuring that we can achieve a trajectory of lasting economic growth and social well-being.

#### 7.2.1 Economic Growth

- 109. The impact of the COVID-19 pandemic has exacerbated the challenges for the economy, highlighting the country's vulnerability to external shocks and the need for measures to boost economic recovery.
- 110. The prospects of the NDS scenario show a trajectory of economic growth, population and GDP per capita illustrated in the table below by NDS five-year period.

Table 2 Macroeconomic assumptions

Growth	Base	2025-2029	2030-2034	2040-2044	20-year average
Growth rate incl. LNG	5.0	9.0	9.3	9.2	8.8
GDP per capita incl. LNG	605.9	1,053.9	1,676.1	3,309.3	2,077.6
Growth rate excl. LNG	4.4	5.7	8.1	10.5	8.4
GDP per capita excl. LNG	605.9	948.6	1,324.8	2,925.0	1,767.1
Population 10^6	31.6	34.4	38.8	47.0	40.9
Population growth rate	2.5	2.3	2.1	1.8	2.0

Source: INE, MEF-QM

111. In the short and medium term, the oil and gas sector will sustain economic growth until 2030. However, in the long term, the dynamics of the non-oil sectors (agriculture, manufacturing and services) are expected to determine the pace of growth and income generation in the country.

## 7.2.2 Structural Change

112. In terms of productive structure, in the long term, the primary and tertiary sectors are expected to continue to make the greatest contribution to GDP. Strategic sectors with growth potential and added value such as high value-added agriculture, agro-industry, tourism, sustainable processing of natural resources and the production of manufactured goods could determine economic growth trends over the next 20 years. Raising average annual economic growth rates to 10.7% with LNG and 11.6% without LNG, as shown in table 7 below.

Table 3: Sectoral growth

Sector	Base	2025-2029	2030-2034	2040-2044	20-year average
Primary including LNG	6.0%	19.4%	10.4%	6.1%	10.6%
Primary without LNG	6.0%	7.3%	8.4%	8.1%	8.0%
Secondary	1.8%	4.0%	8.2%	12.1%	8.8%
Tertiary	3.7%	4.7%	6.6%	8.5%	6.9%
ow. Non-administrative services	4.8%	3.9%	6.3%	9.3%	6.9%
Administrative services	2.5%	5.4%	7.0%	7.8%	6.9%
Taxes on Products	3.2%	3.1%	3.1%	3.1%	3.1%
Real GDP growth rate inc. LNG	4.4%	9.0%	9.3%	9.2%	8.8%
Real GDP growth rate without LNG	4.4%	5.7%	8.1%	10.5%	8.4%

Source: INE, MEF-QM

Note: The primary sector includes agriculture and fishing, the secondary sector includes manufacturing, electricity and construction and the tertiary sector includes trade, transport and communications, financial services, hotels and restaurants, public administration and education and health services.

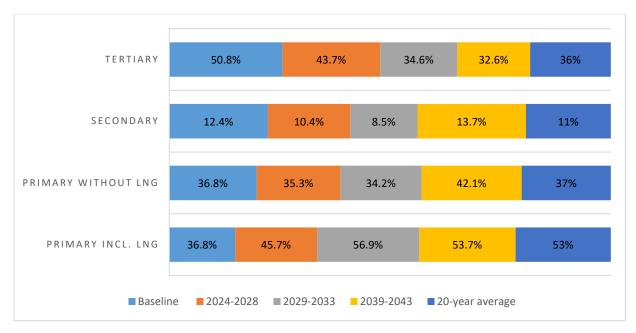


Figure 2a: NDS Scenario - Productive Structure

Source: INE, MEF-QM

# 7.2.3 Workforce participation

113. Considering the demographic assumptions combined with greater progress in human capital formation and advances in the demographic transition, these could change the trajectory of the country's productive structure. According to Figure [2b] below, more than 50% of the economically active population's workforce will be absorbed by the non-agricultural sectors by 2044.

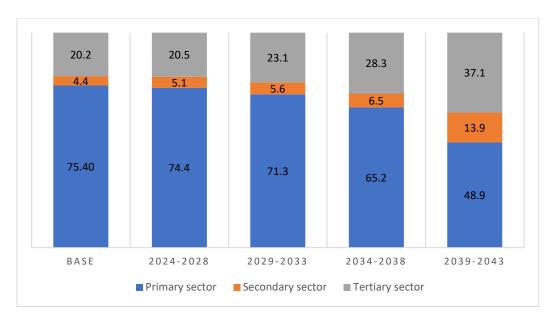


Figure 2b: Trend in Labor Force Participation (%)

Source: INE, MEF

Labor force participation in the secondary sector (industry) could increase to around 13.9% of total participation, on average, per year between 2040-2044. The services sector, on the other hand, is expected to absorb 37.1% of the workforce over the same period.

#### 7.2.4 Macroeconomic Scenario Risks

114. The main risks and uncertainties that could affect the country's economy include insecurity, natural disasters and volatile commodity prices. Proposals for risk mitigation strategies are discussed to promote economic resilience and minimize adverse impacts.

#### VIII. NDS PRIORITIES AND PILLARS OF IMPLEMENTATION

#### 8.1 NDS Priorities

- 115. This sub-chapter outlines the main priorities identified to boost the country's sustainable and inclusive development. The following areas have been identified as being of critical importance for achieving the long-term objectives of the National Development Strategy:
  - Implement policies and incentives to promote the diversification of the economy, industrialization and local transformation of raw materials, reducing dependence on primary sectors and developing high valueadded sectors and services.
  - ii. Investing in education, health, professional education, science and technology, training the national workforce to improve skills and productivity, taking advantage of the potential of the demographic dividend and boosting human development.
  - iii. Overcoming the deficit in essential infrastructure, especially in the transport, energy, water and sanitation sectors, to boost economic growth, promote regional trade, and significantly improve the quality of life of the population.
  - iv. Implement effective anti-corruption measures to strengthen governance, promote transparency and attract foreign investment, thus ensuring a fairer business environment and promoting economic and social progress.
  - v. Developing capacities for prevention, adaptation to climate change and disaster risk management, reducing damage and losses to infrastructure and the well-being of the population. Promoting investments in renewable energies and sustainable practices.
  - vi. Implementing policies and incentives to promote the conservation of natural capital and environmental protection, integrating territorial planning and the blue and green economy as one of the arms for the development of the circular economy.

### 8.2 Strategy Implementation Pillars

- 116. The 2025-2044 National Development Strategy (NDS) is a comprehensive instrument that guides Mozambique's development process, aiming to achieve a long-term vision for the country. Composed of five fundamental pillars, the NDS seeks to effectively direct development initiatives and operationalize the defined objectives.
- 117. The five strategic pillars of the NDS are: (i) Structural Transformation of the Economy, (ii) Social and Demographic Transformation, (iii) Infrastructures, Organization and Territorial Planning, (iv) Governance, Peace and Security and (v) Environmental Sustainability, Climate Change and Circular Economy.
- 118. Each pillar presents main and strategic objectives, accompanied by results indicators and priority programs.
- 119. These pillars act in an integrated way to articulate the strategic sectors of national development over the next 20 years. Although they are interdependent and cross-cutting, each one is geared towards tackling the country's main current challenges. The figure below is a visual representation of the five strategic pillars.



Figure 3: Implementation Pillars of the 2025-2044 NDS

Source: MEF, 2024

### PILLAR I. Structural Transformation of the Economy

120. This pillar aims to achieve sustainable, competitive and inclusive economic growth by stimulating the diversification of the economy, increasing productivity and competitiveness. The structural transformation of the economy, with **a special focus on** industrialization, is essential to reduce dependence on traditional sectors and increase international competitiveness. To achieve this, it is necessary to develop a robust agricultural sector as a source of raw materials and supplier of food for the domestic market, while stimulating investment in industry, creating jobs and developing new business opportunities.

### 1.1 Pillar Objectives

# *In the context of macroeconomic stability:*

- i. Ensure the implementation and continued adoption of responsible fiscal policies that promote predictability and transparency in public accounts, that seek long-term budget balance and the implementation of structural reforms to ensure the sustainability of public finances.
- ii. Ensure a stable, balanced and sustainable macroeconomic environment, promoting the continuous improvement of investor confidence and creating an environment conducive to economic growth.
- iii. Promote and strengthen the continued implementation of the monetary policy that guarantees the maintenance of low inflation rates.
- iv. Define policies and regulations that facilitate access to credit and guarantee favorable financing conditions.
- v. Ensuring the regulation and supervision of the financial system, guaranteeing the stability and security of the banking system and the capital market.

# *In the context of diversifying the economy:*

- i. Broaden the country's production base to reduce dependence on the primary sector and promote more balanced and sustainable economic growth.
- ii. Promote industrialization, diversifying the economy, prioritizing sectors with high added value and growth potential, including the transformation of agricultural and extractive products locally.

- iii. Increase productivity and competitiveness of traditional agricultural and extractive sectors, modernizing them and adopting innovative technologies, with an emphasis on integration with industry.
- iv. Promote the integration of strategic production chains, especially between the agricultural and industrial sectors, to improve efficiency and reduce costs, making the sectors more competitive.
- v. Encourage research, innovation and technological development in strategic sectors, with a focus on industrialization and the modernization of the agricultural sector.
- vi. Invest in essential areas, such as transport, energy, telecommunications and logistics, to support the development of new sectors and facilitate the expansion of economic activity.

## *In the context of improving the business environment:*

- i. Adopt policies and measures that stimulate competitiveness, innovation and productivity in local companies.
- ii. Strengthen the implementation of foreign trade promotion policies facilitated by trade agreements that will strengthen the internationalization of local products and companies, especially those operating in the agricultural, industrial, mining and services sectors.
- iii. Strengthen the state's institutional capacity to simplify processes and reduce bureaucracy, facilitating the creation and growth of companies in the industrial, agricultural, mining and services sectors.
- iv. Ensure legal certainty, flexibility and efficiency in conflict resolution, protecting property rights and contracts, to attract investment and promote business confidence.
- v. Promote competition through a healthy competitive environment between companies.

*In the field of employment, entrepreneurship, self-employment and dignified work* 

- i. Implement policies and programs that encourage the formalization of informal work, offering benefits and fair working conditions to workers and promoting the regularization of economic activities.
- ii. Encourage entrepreneurship and the development of small and medium-sized enterprises in the industrial, agricultural, services and mining sectors.
- iii. Attract and facilitate investment in strategic sectors, with an emphasis on industrialization and sustainable agricultural development for entrepreneurs, enabling them to invest in their own businesses and generate income.
- iv. Promote the professional education of young people with a focus on STEM and vocational training aligned with the needs of industry, modern agricultural and mining sector and develop technical and behavioral skills that are valued by companies.

## *In the field of innovation, technology and digitalization:*

- i. Encourage partnerships between companies, educational institutions and research centers and academia to boost innovation and technological development, benefiting both industry and the agricultural sector.
- ii. Establish regulatory policies and standards that encourage innovation and digitalization, protecting intellectual property, ensuring cyber security and promoting healthy competition.
- iii. Implement public policies that encourage scientific production, technological development and collaboration between academia, the public and private sectors.
- iv. Adopt advanced and digital technologies that can drive innovation, automate processes, improve efficiency and create new business opportunities for economic development.

#### 1.2 The Pillar's Expected Results

i. Sustainable economic growth, increased income, job creation and decent work.

- ii. Diversification of the economy, transforming national manufacturing and reducing dependence on traditional sectors.
- iii. Increased international competitiveness.
- iv. Stimulation of innovation and technological development.
- v. Improvement of business environment and increase investment.

# 1.3 Main Indicators and Targets

1. Indicator <sub>1</sub> : Average annual real GDP growth rate.	Target: Increase the average annual growth rate of real GDP from 4.4 to 9.2 % incl. GNL, e 10.5 s/ GNL.
2. Indicator <sub>2</sub> : Annual growth in real GDP per capita.	Target: Increase the annual growth of real GDP per capita from USD 557.3 to USD 3,309.3 incl. GNL, e 2,925.0 s/ GNL.
3. Indicator <sub>3</sub> : Sectoral growth rate	Target: Increase the growth rate of the primary sector from 6.5% to 11.5% s/GNL.
Target: Increase the growth rate of the primary sector from 1.3% to 15.5% s/GNL.	Target: Increase the growth rate of the tertiary sector from 3.6% to 7.7%.
4. Indicator <sub>4</sub> : Sectoral weight in the economy as a % of GDP	Target: Increase the weight of the primary sector from 36.8% to 53.7% s/GNL.
Target: Increase the weight of the secondary sector from 12.4% to 13.7%.	Target: Reduce the weight of the tertiary sector from 50.8% to 32.6%.
5. Indicator <sub>5</sub> : Global Competitiveness (points 0 to 7).	Target: Increase the global competitiveness rating from 38.1 points to 53.1 points.
6. Indicator <sub>6</sub> : Expenditure on research and development as a % of GDP.	Target: Increase spending on research and development as a % of GDP from 0.33 to 1.8.
7.Indicator <sub>7</sub> : general index of ease of doing business (points from 0 to 100).	Target: Increase the ease of doing business index from 55 points to 66.9 points

# 1.4 Priority Programs:

## Program 1.4.1 - Macroeconomic Stability

- 121. The program aims to ensure a stable, balanced and sustainable macroeconomic environment, emphasizing financial inclusion, stimulating domestic savings and investment. Macroeconomic stability is key to fostering an environment conducive to investment and sustainable economic growth.
- 122. Priority actions include: (i) the implementation and continued adoption of responsible fiscal policies that promote transparency in public accounts, strive for a balanced budget (fiscal equilibrium) in the long term and implement structural reforms to ensure the sustainability of public

finances; (ii) the control of monetary expansion to maintain price stability, (iii) the strengthening of the financial system through appropriate regulations and effective supervision, and (iv) the promotion of a favorable environment for investment through fiscal and regulatory incentives.

## Program 1.4.2 - Production, Productivity, Diversification and Competitiveness

- 123. The aim of the program is to stimulate an increase in production efficiency and effectiveness, both in consolidated areas and in areas with development potential, with a special focus on **industrialization** and strengthening the **agricultural sector**. Increasing efficiency and productive diversification is essential to boost economic growth, international competitiveness and long-term sustainability.
- 124. Priority actions include: (i) Modernize production techniques through the adoption of advanced technologies, both in industry and in the agrarian sector, including automation, artificial intelligence and precision farming practices, (ii) Reduce dependence on specific sectors, promoting the integration of the agrarian sector as a supplier of raw materials for industry and ensuring the supply of food to the domestic market, (iii) Invest in infrastructure to improve logistics, reducing production costs and ensuring reliable energy and water supplies to support industrial and agrarian sector activities; (v) Promote sustainable agricultural practices, support the modernization of the agrarian sector and ensure that it provides raw materials for industry and food for the domestic market, (vi) Develop specific policies to support the creation and expansion of industries, including the revitalization of industrial parks, Special Economic Zones, business incubators and affordable financing for emerging industries, (vii) Implement technical and professional education programs to train a skilled workforce in line with the needs of modern industry and agriculture, (viii) Promote technological innovation through subsidies, tax incentives and partnerships between universities, research centers and industrial and agricultural companies, (ix) Promote sustainable industrial and agricultural practices, such as the circular economy, and the efficient use of natural resources, to ensure that growth is environmentally responsible.

## Program 1.4.3 - Business Environment

125. The program aims to create a favorable environment for entrepreneurship and the development of the private sector, reducing obstacles to business

- activity. A favorable environment for entrepreneurship and private sector development is crucial to stimulating economic growth and job creation.
- 126. Priority actions include: (i) the implementation of foreign trade promotion policies facilitated by trade agreements that will strengthen the internationalization of local products and companies; (ii) the simplification of company registration and licensing processes and the simplification of the tax system, (iii) the promotion of transparency and fiscal responsibility, (iv) the facilitation of access to financing for small and medium-sized companies and (v) the encouragement of innovation and entrepreneurship through support programs; (vi) fostering public-private partnerships for investment in services that support industrial, agricultural, energy and mining production; (vii) establishing a continuous dialogue between the government, companies and other players in the productive sector to identify challenges, opportunities and solutions to improve the business environment.

# Program 1.4.4 - Employment, Entrepreneurship, Self-employment and Dignified Work

- 127. The focus of the program is to ensure the absorption of the workforce, with an emphasis on creating job opportunities, encouraging entrepreneurship, self-employment and decent work. Ensuring the absorption of the workforce and promoting entrepreneurship are important strategies for reducing unemployment and fostering inclusive economic growth.
- 128. Priority actions include: (i) the implementation of job creation programs in key sectors of the economy, (ii) the provision of professional education to improve workforce skills, (iii) the encouragement of entrepreneurship and self-employment through financial support, training and technical support, mentoring and (iv) the establishment of partnerships between companies and educational institutions to facilitate the transition of young people into the labor market.

# Program 1.4.5 - Scientific and Technological Research and Innovation

129. The program aims to promote technological development and innovation in the country, encouraging the adoption of new technologies by national companies. Technological development and innovation are essential to increase the competitiveness and sustainability of the economy in the long term.

130. Priority actions include: (i) encouraging scientific research and the development of advanced technologies, (ii) creating financial support programs for startups and innovative companies, (iii) establishing partnerships between universities or academia, companies and research centers, and promoting international cooperation in research and development.

### PILLAR II. Social and Demographic Transformation

131. The Social and Demographic Transformation Pillar aims to promote sustainable and equitable human development, recognizing the population as a fundamental resource for economic and social growth. It focuses on investing in human capital and facilitating a favorable demographic transition, reducing inequalities and guaranteeing equitable access to essential services.

## 2.1 Pillar Objectives

#### *In education sector:*

- i. Strengthen the national curriculum by incorporating a STEM (Science, Technology, Engineering and Mathematics) educational approach and include modules focused on digital skills and critical thinking throughout the National Education System.
- ii. Strengthen and expand technical and vocational programs to provide viable alternatives to academic education, with technological support from specialized training centers in various regions of the country guaranteeing quality certification.
- iii. Align vocational education programs with higher education, with the needs and trends of the job market, ensuring that students can meet the demands of the market.
- iv. Strengthen teachers' ongoing training and development in modern pedagogy and the use of technology to become facilitators of innovative, student-centered learning.
- v. Encourage collaboration between the government, private sector and other stakeholders to enrich the SNE through Public-Private Partnerships in the areas of:

- a. Provision of educational resources, curriculum development and technological support, creating synergies that promote quality education.
- b. Encourage corporate social responsibility initiatives to improve school infrastructure, offer scholarship programs and train teachers.
- vi. Integrate and invest in the use of educational technology to create digital, dynamic and accessible learning environments, with a focus on continuous and flexible education, especially in rural areas.

#### *In health sector:*

- i. Improve the quality and efficiency of health services, ensuring that all Mozambicans receive patient-centered care.
- ii. Expand primary health services to include prevention and wellness promotion, with a focus on nutrition, maternal and child health, and chronic disease prevention, especially in rural and peripheral areas.
- iii. Implement policies to guarantee the quality and safety of health services, with standards of care, clinical protocols and infection control measures that ensure the safety of patients and health workers.
- iv. Encourage and guarantee the involvement of communities in the management of the health system, promoting dialogue and transparency in decisions related to public health.

# In the context of population dynamics and harnessing the demographic dividend:

- i. Encourage a favorable demographic transition through the implementation of population policy to achieve a balanced population profile favorable to development.
- ii. Promote the integration of family planning, sexual reproductive health and comprehensive education, guaranteeing equal access to all population groups, and fostering social and economic well-being.
- iii. Promote the use of demographic bonuses by capitalizing on the economic potential of the young population to boost the country's sustainable development.

- iv. Promote the revitalization of rural areas and reduce rural exodus by improving quality of life, strengthening the economy and providing equitable access to essential services.
- v. Ensure that population growth is sustainable and compatible with the preservation of natural resources and the quality of the environment.

### As part of the provision of other basic services:

i. Improving the quality of basic services such as water, power, sanitation, housing and transport for all communities, contributing to a better quality of life.

### *ii. In the youth sector:*

- iii. Increase access to quality education and vocational training programs, preparing young people for the challenges of the job market and the digital economy.
- iv. Promote employment and entrepreneurship among young people by providing practical work opportunities and support for new business development.
- v. Ensure that young people have access to comprehensive health care, including mental, sexual and reproductive health, improving their overall well-being.
- vi. Ensure that all young people, especially those in vulnerable situations, have access to the necessary support for development and social integration.
- vii. Actively involve young people in civic and political life, ensuring that their voices are heard, and their needs addressed in public policies.
- viii. Promote the development of socio-emotional skills such as resilience, empathy, teamwork and problem-solving, which are essential for forming more aware citizens who are prepared for life's challenges.
- ix. Promoting professional counseling and guidance, aiding in choosing careers and defining personal objectives and goals.

### *Culture and sport sector:*

- i. Promote natural, cultural and historical heritage to boost tourism and the local economy, preserving cultural diversity and promoting national pride.
- ii. Encourage people to partake in cultural, sporting and recreational activities, with a view to promoting well-being and valuing cultural diversity.

### Gender and social protection:

- i. Promote gender equality in all spheres of life, including equal access to education, employment and participation in decision-making.
- ii. Ensure social inclusion and equal opportunities for all groups, especially the most vulnerable, through social protection and empowerment policies.
- iii. Ensure that social protection systems are sustainable and operate efficiently, optimizing the use of available resources.
- iv. Strengthen community resilience and the adaptability of social protection systems to respond effectively to crises and social and economic changes.
- v. Consolidate an integrated and comprehensive system of social protection and humanitarian support for internally displaced people.
- vi. Implement effective programs to fight poverty and hunger, including cash transfers and support for family farming, to ensure food security and reduce malnutrition.

# 2.2 Expected Outcomes

- i. Improved quality of education, with an emphasis on developing skills for critical thinking, problem solving, collaboration and creativity.
- ii. Enhanced human capital and National Education System.
- iii. Increased academic performance, with a special focus on STEM and digital skills.
- iv. Continued teacher training and professional development.
- v. Improved quality of life and health promotion.
- vi. Reduced poverty and inequality.
- vii. Promotion of social inclusion.
- viii. Stimulation of human capital development.

### 2.3 Main Indicators and Targets

1.	Indicator 1: Population growth rate	Target: Reduce the population growth rate from 2.5% to 1.8%.
2.	Indicator 2: Average years of schooling.	Target: Increase school years from 3.5 years to 5.4 years.
3.	Indicator 3: Illiteracy rate.	Target: Reduce the illiteracy rate from 38.3% to 19.3%.
4.	Indicator 4: Rate in Science Technology, Engineering and Mathematics (STEM).	Target: Increase the STEM rate from 49% to 70%.
5.	Indicator 4: Life expectancy of the population.	Target: Increase life expectancy from 55.7 to 76.0.
6.	Indicator 5: Infant mortality rate (per 1000 live births).	Target: Reduce the infant mortality rate from 39% to 17.2%.
7.	Indicator 6: Prevalence of chronic malnutrition in children under 5.	Target: Reduce the prevalence of chronic malnutrition in children under 5 from 37% to 18.7%.
8.	Indicator 7: Proportion of the population living below the national poverty line.	Target: Reduce the proportion of the population living below the national poverty line from 68.2% to 27.7%.
9.	Indicator 8: Multidimensional poverty index.	Target: Reduce the multidimensional poverty rate from 53% to 24.2%.
10.	Indicator9: Income inequalities (GINI coefficient).	Target: Reduce income inequality from 0.5 to 0.3.
11.	Indicator <sub>10</sub> : Employability rate of vocational education graduates.	Target: Increase the employability rate of vocational education graduates from 47% to 57.1%.
12.	Indicator <sub>11</sub> : Participation rate in education and training programs for young people.	Target: Increase the youth participation rate from 35.3% to 51.7%
13.	Indicator <sub>12</sub> : Female participation rate in the EAP.	Target: Increase the female participation rate in the EAP from 83.1% to 93.5%.
14.	Indicator <sub>13</sub> : Proportion of seats held by women in the National Assembly.	Target: Increasing the proportion of seats held by women in Parliament from 42.2% to 54.2%.
15.	Indicator <sub>14</sub> : Gender Inequality Index (GII).	Target: Increase the Gender Development Index from 0.523 to 0.660.

### 2.4 Priority Programs

### Program 2.4.1 - Population and Human Capital

132. The aim of the program is to promote a balance between demographic growth and investment in human development, with a view to ensuring sustainable population growth and improved living conditions. Investing in human capital is fundamental to a nation's long-term social and economic development. Investing in vocational education is a strategic area for stimulating socio-economic growth, providing citizens with access to quality technical and vocational training to meet the demands of the job market.

# 133. Priority actions include:

In education: (i) Promote major investment in all education subsystems, the encouragement and revitalization of the SNE aimed at professional education with a focus on STEM in order to fully develop human potential, (ii) Establish partnerships with local companies and industries to ensure that educational programs are aligned with sector practices and criteria, providing students with internship opportunities, practical learning and networking; (iii) Strengthen policies to support education with regard to equitable access, educational development and incentives for innovation; (iv) Promote the Acquired Skills Recognition System.

In health: (i) investment in health, water and basic sanitation to guarantee the population's well-being, (ii) promotion of family planning and (iii) nutritional education to encourage a favorable demographic transition and improve quality of life, (iv) continuous implementation of disease prevention policies, health education programs and promotion of healthy habits to reduce the incidence of disease and improve the population's quality of life.

# Program 2.4.2 - Protection, Assistance, Social Inclusion and Equity

134. The aim of the program is to ensure the equity and sustainability of the social protection and assistance system, as well as the inclusion of vulnerable groups, thus promoting a fairer and more supportive society. Social inclusion is crucial to reducing inequalities and promoting sustainable development.

135. Priority actions include: (i) guaranteeing social protection and access to health, education, training, employment and income services for vulnerable groups in difficult situations, (ii) consolidating an integrated and comprehensive system of social protection and humanitarian support for internally displaced people; (iii) implementing inclusive and more equitable policies for disadvantaged groups such as people with disabilities, displaced people, street children and the elderly, (iv) combating and eradicating harmful socio-economic practices such as child labor and domestic violence, (v) strengthening food and nutrition security, and (vi) expanding access to housing to guarantee decent living conditions for all citizens.

### 2.4.3 Youth program

- 136. The aim of the program is to promote the empowerment, integral development of young people, seeking to provide tools and opportunities for learning, personal growth and active participation in the economy and society. This program is essential to help tackle the challenges of youth unemployment, promote social inclusion and prepare the next generation to make a significant contribution to the country's development.
- 137. Priority actions include: (i) access to quality education and professional education opportunities that prepare young people for the job market and enable them to contribute to the country's economic development; (ii) the development of actions to prevent social problems that affect young people, such as violence, drugs, inequalities and exclusion, seeking to offer positive alternatives and opportunities for personal and social development; (iii) stimulating young people's engagement in civic and political issues, promoting awareness of their rights and duties, and encouraging active participation in building a fairer and more democratic society; (iv) enabling young people to exercise their citizenship to the full, promoting social inclusion, respect for diversity and active participation in the community.

### Program 2.4.4 - Culture and Sport

138. The aim of the program is to promote peace, solidarity, social cohesion and cultural identity, as well as to encourage physical activity, sports and recreation among young people and the general population. Culture and sport play a fundamental role in promoting social cohesion, strengthening

- cultural identity and promoting physical and mental well-being. Investing in young people is investing in the future of the country.
- 139. Priority actions include: (i) promoting access to culture and the arts through educational events and programs and boosting the cultural and creative industries. (ii) promoting youth associations and volunteering to develop and encourage participation in cultural and sporting activities, stimulating artistic creation to promote social integration and personal development, (iii) providing training and capacity building programs in cultural and sporting areas to develop local talent and promote national pride.

# Program 2.4.5 - Gender

- 140. The aim of the program is to ensure the promotion of gender equity and opportunities in economic and social development, with a focus on the empowerment and inclusion of women in all spheres of society. Gender equality is a fundamental human right and a prerequisite for sustainable development. Empowering women not only improves their lives individually, but also benefits their families, communities and society.
- 141. Priority actions include: (i) implementing policies to guarantee equal opportunities in all areas, including access to education, employment and political participation, (ii) combating discrimination and gender-based violence through legislation and awareness programs, (iii) promoting girls in STEM areas, (iv) promoting women's participation in leadership and decision-making positions considering technical and professional skills, and (iv) developing specific programs for women's education and empowerment, such as access to credit and entrepreneurship training, to promote women's economic autonomy.

### PILLAR III. Infrastructure, Organization and Territorial Planning

142. This pillar aims to develop essential infrastructure and promote sustainable and equitable territorial development, integrating infrastructure, urban and rural planning, efficient environmental management, guaranteeing inclusion and equity in access to public services and effective territorial organization, with a view to improving the quality of life of all communities and boosting inclusive and resilient

economic growth, respecting environmental limits and promoting social cohesion.

# 3.1 Pillar Objectives

### a) Economic Infrastructure:

- i. Modernize and expand the transport network to facilitate the movement of agricultural and industrial products, promoting logistical efficiency and reducing transport costs.
- ii. Invest in the modernization of seaports to increase cargo handling capacity and international competitiveness.
- iii. Develop industrial parks and special economic zones to attract investment, create jobs and promote balanced regional development.
- iv. Expand and improve connectivity infrastructures in an affordable, sustainable and resilient way to guarantee a reliable connection throughout the country, stimulating communication, information exchange, access to services, innovation and economic growth.
- v. Stimulate investment in clean and renewable energy not only to reduce energy costs, but also to mitigate environmental impacts and promote long-term sustainability.
- vi. Modernize and expand water storage capacity to enable sustainable agricultural and industrial development and meet basic human consumption needs.
- vii. Improve infrastructure and accessibility in the main tourist destinations, industrial and production areas.

# b) Social Infrastructure

- i. Expand and improve infrastructure in the National Education System, not only by building new educational establishments, but also by investing in teacher training and capacity building, in the National Qualifications Catalog throughout the SNE, in research and STEM.
- ii. Invest in improving and expanding health facilities and hospitals, guaranteeing universal access to quality health services and promoting primary health care and disease prevention.
- iii. Encourage investment in basic sanitation and water treatment, with an emphasis on promoting public health and preserving water resources.
- iv. Promote the development of cultural and sports infrastructures as spaces for social integration and the promotion of well-being.

- v. Develop affordable and sustainable housing projects, considering not only the quantity but also the quality and location of housing.
- vi. Improve the public transport network, prioritizing equitable access to services and reducing pollutant emissions.

### c) Administrative Infrastructure

- i. Modernize government facilities and administrative processes, promoting efficiency, transparency and accessibility of public services.
- ii. Develop citizen service infrastructures that prioritize simplicity, speed and accessibility, using digital technologies and remote channels.
- iii. Implement integrated information and communication technology systems to optimize public management and the provision of services to citizens.
- iv. Strengthen the public security and defense infrastructure, investing in equipment and training to ensure the protection of the population and the fight against crime.

### d) Administrative - Territorial Organization

- i. Implement measures to delimit territorial units.
- ii. Ensure that actions are taken to address territorial units.
- iii. Ensure the permanent updating of toponymy.

### e) Integrated Territorial Development and Sustainable Infrastructure

- i. Implement land-use planning policies that promote the sustainable management of natural resources and the preservation of ecosystems.
- ii. Encourage the planned occupation of the territory, integrating economic, social and environmental aspects to ensure balanced and resilient development.
- iii. Strengthen community participation in decision-making on land use and urban planning, promoting social inclusion and local empowerment.
- iv. Develop territorial planning instruments that consider the specific needs and characteristics of each region, with a view to reducing inequalities and promoting equitable territorial development.

- v. Draft municipal master plans that incorporate principles of environmental sustainability, ensuring the protection of vulnerable areas and the promotion of more efficient and inclusive urban patterns.
- vi. Implement land use policies that encourage the conservation of natural areas and the recovery of degraded areas, contributing to the protection of biodiversity and adaptation to climate change.
- vii. Promote sustainable urbanization projects, with a focus on urban mobility, accessibility for all citizens and the promotion of quality public spaces.

### 3.2 Anticipated Outcomes

- i. Improved accessibility and connectivity.
- ii. Increased access to essential services such as energy and drinking water.
- iii. Improved provision of public services and quality of life.
- iv. Improved capacity to respond to the needs of the productive sector.
- v. Reduced environmental risks and the impacts of natural disasters.
- vi. Balanced and sustainable development of urban and rural areas.
- vii. Reduced regional disparities in access to basic services.
- viii. Increased resilience of infrastructures to extreme weather events.
- ix. Balanced and sustainable development of urban and rural areas.
- x. Appropriate management of territorial units of public administration.
- xi. Improved infrastructure for the provision of public services.
- xii.Updated toponymy in line with the country's social, cultural and political context.

### **3.3** Key Indicators and Targets:

1.	Water storage capacity (billion m³);	Target <sub>1</sub> : Increase water storage capacity from 10,047,610 billion m <sup>3</sup> to 14,710,706 billion m <sup>3</sup> ;		
2.	Freight Traffic in Tons per km;	Target <sub>2</sub> : Increase freight traffic from 15.716 tons per km to 44.357 tons per km;		
3.	Port handling in metric tons;	Target3: Increase port handling from 48,227 metric tons to 100,004 metric tons;		
4.	Electricity production in GWh;	Target4: Increase electricity production from 19286 GWh to 73000 GWh;		
5.	Net enrollment rate;	Targets: Increase the net elementary school enrollment rate from 112.8% to 128.4% and the net secondary school enrollment rate from 43.4% to 57.8%;		

6.	Percentage of the population that has used health services;	Target <sub>6</sub> : Increase access to basic healthcare from 67.1% to 78.5%;	
7.	Percentage of the population consuming water from a safe source in %;	Target7: Increase access to safe water from 53.6% to 85%;	
8.	Percentage of the population with access to safe sanitation;	Targets: Increase access to safe sanitation from 31.7% to 68%;	
9.	Percentage of the population with access to energy from the public grid in %;	Target9: Increase access to public grid energy from 39% to 100%;	
10.	Passenger transportation in km/p;	Target 10: Increase passenger transport from 54402 km/p to 79650 km/p;	
11.	Number of tourist businesses opened;	Target <sub>11</sub> : An increase in the number of tourist businesses opened from 2,848 to 11,792;	
12.	Reclaimed and restructured tourist destinations;	Target <sub>12</sub> : (i) Develop plans to upgrade tourist destinations (ii) Create new tourist hubs;	
13.	Delimited territorial units;	Target <sub>13</sub> : Increase the number of delimited territorial units from 884 to 1695.	

### 3.4 **Priority Programs:**

# Program 3.4.1 - Economic Infrastructure

- 143. The aim is to promote the development of resilient and sustainable economic infrastructures to support production and access to markets, with a view to boosting economic growth. Robust infrastructure is fundamental to economic development, facilitating the efficient transportation of goods, reducing production costs and promoting regional integration.
- 144. Priority actions include: (i) the construction, maintenance and improvement of roads, railroads, ports, airports and electricity systems, (ii) improved connectivity between regions to increase competitiveness and productivity, and (iii) incentives for companies to settle in remote regions and improvements to transportation and communication systems.

### Program 3.4.2 - Social Infrastructure

145. The aim is to increase the provision of and access to basic services essential for human development and social well-being, guaranteeing equal access for all citizens. Quality social infrastructure is essential to guarantee universal access to health services, education, drinking water,

- basic sanitation and housing, promoting social inclusion and reducing inequalities.
- 146. Priority actions include: (i) the construction of new health units, schools and social service posts, (ii) improving the quality and availability of basic services in all regions, (iii) incentive policies for the provision of services in rural and remote areas and (iv) the construction, expansion, extension and modernization of cultural and sports infrastructures to promote social development and the well-being of production.

### Program 3.4.3 - Administration Infrastructure

- 147. The aim is to ensure adequate infrastructure for the management of public administration, defense, law, order, security and justice, guaranteeing a safe and fair environment for its citizens. Efficient administrative infrastructures are crucial to ensuring the proper functioning of public institutions and the maintenance of order and security in society.
- 148. Priority actions include: (i) the construction, maintenance and rehabilitation of buildings and equipment for public institutions, (ii) investments in technology and trained human resources to ensure the smooth running of institutions, and (iv) the development of policies to promote gender equality and combat violence.

# Program 3.4.4 – Integrated Territorial Development and Organization and Sustainable Infrastructure

- 149. The aim of the program is to promote integrated and sustainable territorial organization and planning, considering environmental, social and economic aspects, to guarantee balanced and sustainable development. Land-use planning is essential to ensure the proper use of land and the sustainable development of communities, protecting the environment and promoting social inclusion.
- 150. Priority actions include: (i) the drafting and implementation of municipal and regional master plans, (ii) the definition of land use regulations that promote environmental and social sustainability, (iii) the promotion of the participation of non-governmental actors including those from civil society, religious organizations, local communities and the private sector in the relevant decision-making processes, and (iv) the implementation of a monitoring and evaluation system to guarantee the effectiveness of actions.

# PILLAR IV. Governance, Peace and Security

- 151. Pillar IV Governance, Peace and Security is essential for the country's sustainable development, ensuring solid institutions, the protection of human rights, national defense and the maintenance of public order. Its main objective is to strengthen and modernize government institutions, guarantee national and internal security, promote peace and justice, and create a safe and stable environment for all citizens. The focus areas include strengthening and modernizing government institutions, preventing and combating crime and terrorism, national defense, promoting social cohesion and ensuring access to justice. The effective implementation of this pillar will guarantee a safe, stable and fair environment, promoting sustainable socio-economic development and social cohesion.
- 152. To achieve these goals, government institutions must be improved, human rights must be protected, corruption must be prevented and combated, and policies must be developed to strengthen defense and security institutions. These measures aim to protect citizens and promote stability throughout the country.

### **4.1** Pillar objectives

### Within the scope of strengthening and modernizing government institutions

- i. Strengthen government institutions and public service delivery mechanisms to ensure greater efficiency, transparency, integrity and accountability in the management of public resources.
- ii. Modernize and computerize public service systems and digitize administrative processes, with the aim of reducing bureaucracy and facilitating access to public services for citizens and businesses.
- iii. Promote decentralization and citizen participation in local decisionmaking, strengthening local capacities for more efficient management adapted to local needs, with the aim of reducing inequalities and promoting local development.
- iv. Promote ethics, integrity and the fight against corruption in all spheres of government, through transparency, accountability and the involvement of

- civil society and the media, ensuring the responsible use of public resources and the integrity of the public sector.
- v. Strengthen internal control bodies to cultivate a culture of integrity and accountability in public administration.
- vi. Strengthen monitoring and evaluation mechanisms for public policies, ensuring that results are monitored, and strategies adjusted in line with the country's needs and challenges.
- vii. Strengthen the democratic rule of law and social justice, guaranteeing the protection of citizens' rights and compliance with laws and obligations.
- viii. Encourage ongoing training and capacity building of civil servants and public agents, with the aim of improving their technical and management skills to offer a more qualified and efficient public service.
- ix. Strengthen partnerships with international organizations, development partners and international cooperation to implement development programs and projects, with the aim of raising financial resources and transferring knowledge and technologies.

# Within the scope of guaranteeing national and internal security

- i. Strengthen national defense and security by modernizing defense and security institutions, promoting justice and fighting corruption, organized crime and violence.
- ii. Prevent and combat crime and terrorism through robust security strategies, establishing specialized counterterrorism and organized crime units and international cooperation to respond more effectively to threats to national security.
- iii. Protect national territory and critical infrastructure by investing in surveillance and security technology to monitor borders, guaranteeing the protection of national territory from external threats.
- iv. Ensure community safety and social cohesion by promoting community policing and social development programs.
- v. Strengthen partnerships with international organizations to exchange intelligence information, with a view to improving the capacity to respond to global threats.

vi. Guarantee national integrity through migration control and the identification of nationals and foreigners, as well as the rescue of people and property in cases of calamities and disasters.

### *Promoting Peace and Justice*

- i. Strengthen the democratic rule of law and legal certainty, guaranteeing compliance with the law and the protection of human rights, which are fundamental for sustainable development and investor confidence.
- ii. Protect human rights and guarantee access to justice for all, expanding legal services and promoting education and awareness campaigns on human rights and social justice, increasing awareness and respect for the rights of all citizens.
- iii. Facilitate the peaceful resolution of conflicts, through the creation of community mediation centers and awareness programs, promoting social cohesion and the non-violent resolution of disputes.

# **4.2** Anticipated Outcomes

- i. Improved national security and the fight against crime.
- ii. Increased citizen confidence in public institutions.
- iii. Greater government transparency and integrity.
- iv. Greater enjoyment of rights and legal protection.
- v. Reduced corruption and impunity.
- vi. Improved efficiency and effectiveness of public administration.
- vii. Local development and reduction of regional inequalities.

### **4.3** Main Indicators and Targets

1.	Indicator: Political stability and absence of violence / terrorism (points 0 to 100).	Target: Increase the points for perception of political stability and absence of violence/terrorism from 11.3 to 63.4.		
2.	Indicator <sub>2</sub> : Voice and responsibility, (points 0 to 100).	Target: Increase voice and responsibility perception from 31.4 points to 63.5 points.		
3.	Indicator <sub>3</sub> : Rule of Law, (points 0 to 100).	Target: Increase perception of the rule of law from 15.9 points to 54.5 points.		
4.	Indicator <sub>4</sub> : Government Effectiveness, (points 0 to 100).	Target: Increase perception of government effectiveness from 22.6 points to 56.9 points.		

5.	Indicator <sub>5</sub> : Regulatory Quality, (points 0 to 100).	Target: Increase the perception of the quality of regulation from 24.5 points to 58.6 points.
6.	Indicator <sub>6</sub> : Control of Corruption, (points 0 to 100).	Target: Increase the perception of the control of corruption from 15.9 points to 42 points.
7.	Indicator7: Resolution rate of court cases.	Target: Increase the resolution rate of court cases from 62.0% to 100%.
8.	Indicators: Time taken to resolve the dispute (in months).	Target: reduce the time taken to resolve cases from 6 months to 3 months.
9.	Indicator9: Degree of user satisfaction with the quality of services provided by the public administration (scale from 0 to 10).	Target: Increase the level of satisfaction from 2.9 to 5.3.
10.	Indicator <sub>10</sub> : Population with media services (%).	Target: Increase the percentage of the population with media services from 22%. To 40.2%.

### **4.4** Priority Programs:

### Program 4.4.1 - National Defense, Internal and State Security:

- 153. The aim of the program is to ensure national unity, defense and security of the population, protecting the territorial integrity and natural resources of the country. Solid defense and security infrastructures are crucial for national stability and sovereignty, preventing internal and external threats and promoting social cohesion. The implementation of these priority actions will guarantee territorial integrity, promote social cohesion and strengthen national sovereignty, contributing to a safe and stable environment, essential for the country's sustainable development.
- 154. Priority actions include: The priority actions include: (i) strengthening defense and security institutions, (ii) improving defense capacity and border protection, (iii) promoting national integration and social cohesion, (iv) educating and raising awareness among the population about the importance of national sovereignty, (v) preventing and combating internal and external threats, including cyber security and the protection of natural resources, and (vi) preventing and combating violent extremism and transnational crime.

### Program 4.4.2 - Democracy and Participation

155. The aim of the program is to strengthen democracy and promote the active participation of the population in political decisions, ensuring transparency, accountability and social inclusion. A robust and

- participatory democracy is essential for political stability and sustainable development, guaranteeing human rights and promoting citizenship.
- 156. Priority actions include: (i) improving democratic institutions, (ii) increasing the participation of non-governmental actors including those from civil society, religious organizations, the local community, the private sector and others in relevant decision-making processes, (iii) respect for human rights and fundamental freedoms, (iv) transparency and accountability, (v) dialogue between government and civil society, and (vi) training community leaders and raising citizens' awareness.

### Program 4.4.3 - Reform and Modernization of Public Administration

- 157. Its main objective is to promote significant changes in the structure, functioning and culture of public administration, with a view to making it more efficient, transparent, responsive and results-oriented, covering all spheres of government.
- 158. Priority actions include: (i) the simplification and rationalization of administrative procedures, (ii) the development of integrated information systems, (iii) the training and development of human resources and the training of Public Administration training institutions. (iv) promoting transparency and accountability, (v) encouraging civic participation and collaboration with civil society, and (vi) innovation and the adoption of good management practices.

# Program 4.4.4 - Administrative and Financial Decentralization and Decentration

- 159. The aim is to strengthen the process of administrative and financial decentralization to promote balanced regional development and more effective and responsive governance. Administrative and financial decentralization is fundamental for the provision of efficient public services adapted to local needs, promoting economic and social growth in all regions.
- 160. Priority actions include: (i) strengthening the institutional capacities of local authorities, (ii) promoting community participation in decision-making and local management, (iii) developing decentralized public service delivery policies, (iv) improving financial management and resource allocation, and (v) improving efficiency and transparency in the management of local public resources.

# Program 4.4.5- Strengthening the Prevention of and Fight Against Corruption, Economic and Financial Crime

- 161. The aim is to strengthen efforts to combat illegal activities that affect the economy, the financial system and the integrity of public administration, promoting an environment of integrity and transparency. The fight against corruption and economic crime is essential for sustainable economic development, the protection of public resources and the promotion of a fair and transparent business environment.
- 162. Priority actions include: (i) strengthening law enforcement and justice institutions, (ii) improving laws and regulations related to the fight against economic crime and corruption, (iii) strengthening the institutional framework for management and transparency, (iv) raising public awareness about the damage caused by these crimes, (v) developing prevention and early detection mechanisms, and (vi) international cooperation in the fight against these crimes.

### Program 4.4.6 - Cooperation

- 163. The aim is to strengthen partnerships between government and national and international partners to promote sustainable and inclusive socioeconomic development. Cooperation is essential to mobilize the resources and knowledge needed to tackle complex socio-economic challenges and promote sustainable development.
- 164. Priority actions include: (i) support for the implementation of public policies and priority projects, (ii) establishing cooperation agreements in various areas, (iii) strengthening the institutional and human capacities of cooperation partners, (iv) promoting transparency, accountability and efficiency in resource management, and (v) jointly tackling global challenges and strengthening economic diplomacy.

# PILLAR V. Environmental Sustainability, Climate Change and Circular Economy

165. The Environmental Sustainability, Climate Change and Circular Economy pillar focuses on promoting an integrated approach that includes the principles of the blue economy and the green economy, with the aim of achieving sustainable development. This approach ensures that natural ecosystems, biodiversity as well as genetic diversity and associated ecological processes are protected and preserved, resources are used

efficiently, waste is reduced and recovered, and products are designed to be reused, repaired and recycled. Likewise, the pillar emphasizes the need to strengthen adaptation and climate risk management, ensuring the capacity to prepare for, respond to and recover from adverse events, as well as mitigation and low-carbon development.

166. The aim is to guarantee the protection of the environment, promote biodiversity, promote the sustainable use of natural resources, mitigate the adverse impacts of climate change and establish a resilient and inclusive economy, in harmony with environmental limits.

### 5.1 Strategic Objectives of the Pillar:

- Promote the sustainable management of natural resources and the transition to a circular economy, encouraging the reduction, reuse and recycling of materials, ensuring the responsible use of natural resources.
- ii. Promote a just transition based on principles of equity, social justice, transparency and respect for the rights of workers and affected communities.
- iii. Stimulate the renewal of fishing and aquaculture patterns, ship recycling, decommissioning of offshore platforms, renewable energies at sea that will also contribute to the energy supply process, blue tourism, maritime transport, blue biotechnology, among others.
- iv. Encourage sustainable practices in industries (offshore, deep offshore and onshore) and productive sectors, promoting energy efficiency, the reduction of losses and the responsible use of natural resources.
- v. Promote integrated national development that is resilient to climate change and reduce the vulnerability of people and communities to disease transmission vectors associated with climate change, natural and built capital.
- vi. Improve intersectoral coordination of major investments, particularly those related to mineral extraction, hydrocarbon production and renewable energies, coastal and land areas, maritime space and inland waters, and particularly in areas where sensitive ecosystems are most likely to exist.
- vii. Strengthen technical and institutional capacities for environmental management and the promotion of the circular economy and access

additional sources of climate finance for initiatives aimed at sustainable development.

- viii. Promote climate resilience and adaptive practices in key sectors such as agrarian (agriculture, forestry, livestock and fisheries), energy (offshore and onshore) and transport, to face climate change.
  - ix. Promote low-carbon development through investments in clean and sustainable technologies to reduce greenhouse gas emissions.
  - x. Promote environmental education and public awareness, involving civil society, companies and institutions in the adoption of sustainable practices and the enhancement of the circular economy.
  - xi. Foster partnerships and regional and international cooperation for the sustainable management of natural resources, including the promotion of conservation, sustainable forest management and carbon markets, as well as the exchange of knowledge, technologies and good practices in the circular economy allied to blue and green.
- xii. Regularly monitor and evaluate the progress and results of the actions implemented, with a view to continuously improving sustainable development practices.
- xiii. Strengthen the early warning system and institutional capacity to prepare for imminent extreme weather events and relief operations during and after shocks.

# 5.2 The Following Results Are Expected:

- i. Preservation of natural resources.
- ii. Reduction of greenhouse gas emissions including air pollution through sustainable management of habitats, urban and industrial waste.
- iii. Strengthening environmental resilience and adaptation, including reducing the impacts of natural disasters and mitigating greenhouse gases.
- iv. Increasing efficiency in the energy matrix through a just energy transition.
- v. Minimizing the production of waste.
- vi. Promoting the sustainable use of ocean and coastal resources.

- vii. Promoting the circular economy (recycle and reuse) combined with the blue and green economy.
- viii. Reducing the occurrence and mortality from water-borne diseases, especially cholera and malaria.
- ix. Reducing the impact of loss and damage resulting from tropical cyclones and other extreme events, rising sea levels, coastal erosion, particularly in coastal areas and on tourist infrastructures.

# 5.3 Main Indicators and Targets

1.	Indicator <sub>1</sub> : Urban Structure Plans drawn up.	Target: develop urban structure plans from 2 to 10.
2.	Indicator <sub>2</sub> : Hectares of reclaimed land (ha).	Target: to increase the hectares of reclaimed land from 181,213. Ha to 220,265.5 ha.
3.	Indicator <sub>3</sub> : Areas with updated topographic maps Km <sup>2</sup> .	Target: to increase the areas with updated topographic maps from 30,000.0 Km <sup>2</sup> to 50,188.9 km <sup>2</sup> .
4.	Indicator4: Environmental Performance Index, (points 0 to 100).	Target: to increase the Environmental Performance Index score from 31.7 points to 59.9 points.
5.	Indicator <sub>5</sub> : Ecosystem vitality, (points from 0 to 100).	Target: Increase the score on the vitality of the ecosystem from 44.5 points to 64.1 points.
6.	Indicator <sub>6</sub> : Climate change, (points from 0 to 100).	Target: increase the climate change score from 19.3 points to 67.3 points.
7.	Indicator7: Environmental health, (points from 0 to 100).	Target: Increase the environmental health score from 28.3 points to 48.4 points.
8.	Indicators: Level of liquid fuel adulteration (%).	Target: Reduce the level of fuel adulteration from 40% to 20.4%.
9.	Indicator9: Capacity to forecast and respond to extreme events, floods and droughts (number of days).	Target: to reduce the number of days spent forecasting and responding to extreme events from 5 days to 2 days.
10.	Indicator 10: Company and institution participation in circular economy and sustainability programs, (in %).	Target: increase to 35%.

### 5.4 Priority Programs:

### Program 5.4.1 - Environmental Management

167. This is an essential component of the National Development Strategy, with a focus on promoting efficient and sustainable management of conservation, biodiversity, natural resources and water recharge areas to minimize environmental impacts and encourage sustainable practices in the exploitation of these resources.

### 168. To achieve this, the program focuses on:

- i. The conservation and management of ecosystems and biodiversity, as well as genetic diversity and associated ecological processes.
- ii. The management of water resources, through the development of programs to protect river basins and ensure the availability of quality water.
- iii. Sustainable forestry and marine management, by promoting responsible forestry and marine exploitation practices and implementing reforestation programs.
- iv. Waste and pollution management, by developing policies and strategies to promote waste reduction, reuse and recycling.
- ix. The expected benefits include the conservation of biodiversity and natural ecosystems, the sustainable management of water and forest resources, and the reduction of pollution.
- x. The program also includes measures to adapt to climate change, such as the protection of coastal ecosystems and the reforestation of degraded areas, with the aim of increasing the resilience of ecosystems to the impacts of climate change.
- xi. Finally, there is a strong environmental education and community engagement component, with the aim of raising public awareness of the importance of conserving natural resources and promoting the participation of local communities in the territorial planning process and in the implementation of conservation and sustainable development projects.

### Program 5.4.2: Climate Change and Disaster Management

- 169. The Climate Change and Disaster Management program is multidisciplinary and collaborative, requiring the participation of different actors, including the public sector, private sector, civil society organizations and local communities, to ensure an effective and coordinated response to emergency situations that can affect the country's socio-economic conditions.
- 170. The main objective of this program is to strengthen the country's resilience to the adverse impacts of disasters and climate change, through specific and coordinated measures, reducing vulnerability to disasters affecting communities and infrastructures, by promoting the development of a green and low-carbon economy.

### 171. To achieve its objective, the program will focus on:

- i. Climate Risk Assessment, by carrying out comprehensive studies to identify and assess the country's main risks and vulnerabilities to climate change, considering different sectors and geographical regions. Mapping the areas and populations most vulnerable to the impacts of climate change, including coastal areas susceptible to flooding, regions prone to drought and desertification, and communities exposed to extreme weather events.
- ii. Developing integrated Adaptation Strategies, which identify specific measures to reduce the impacts of climate change on different sectors, such as agriculture, water resources, public health, infrastructure and natural ecosystems. And definition of adaptation priorities based on climate risk analysis and consultation with stakeholders and affected communities.
- iii. Implementation of Adaptation Measures, through the implementation of practical and concrete adaptation measures, including the construction of infrastructure resistant to extreme weather events, the development of irrigation and water management systems to cope with droughts and floods, and the promotion of the use of clean and sustainable technologies. Integrating climate change adaptation considerations into development policies, programs and projects at all relevant levels

and sectors.

- iv. Establishing monitoring and evaluation systems to track progress in the implementation of adaptation measures and assess their effectiveness and impact in reducing climate risks. And, periodic review of adaptation strategies based on new scientific information, changes in climatic conditions and lessons learned from implementation.
- v. Coordination and Partnerships, by promoting coordination and collaboration between different government sectors, academia, civil society, the private sector, and local communities to ensure an integrated and collaborative approach to disaster management and climate change adaptation. And, establishing strategic partnerships with regional and international organizations to share knowledge, resources and best practices in climate adaptation.

### Program 5.4.3 - Circular Economy

172. Aims to promote a more sustainable and inclusive economic model, based on the reduction, reuse and recycling of materials, to minimize environmental impact and maximize efficiency in the use of natural resources. To achieve this goal, the program aims to establish policies, strategies, a regulatory framework and partnerships to promote waste management and recovery initiatives.

#### 173. This program focuses on:

- i. Promoting Sustainable Practices: Encouraging the adoption of production, consumption and disposal practices that maximize resource efficiency and minimize waste.
- ii. Encouraging Reuse and Recycling: Implementing policies and incentives to increase the reuse of products and materials, as well as promoting the recycling and reuse of waste.
- iii. Establishing a humane and dignified waste segregation and recovery process.
- iv. Development of Sustainable Value Chains: Encouraging the development of circular value chains, where by-products from one

- process are used as inputs in others, thus reducing the need for new resources.
- v. Education and Awareness Raising: Deliver awareness campaigns and educational programs to inform and involve the population about the principles and benefits of the circular economy.
- vi. Innovation and Research: Invest in research and development of innovative technologies that facilitate the transition to a circular economy and promote sustainability in all sectors.
- vii. Collaboration and Partnerships: Establish partnerships with the private sector, civil society organizations and other stakeholders to create synergies and drive the adoption of circular practices throughout the economy.

### IX. STRATEGY IMPLEMENTATION MECHANISM

# 9.1. Operationalization

- 174. The National Development Strategy is a long-term planning and budgeting instrument that aims to guide national development by aligning it with other planning instruments.
- 175. To ensure the effective implementation of the NDS, a national program portfolio was created that reflects the priority programs defined in the strategy, so that there is a clear and consistent articulation with the other planning and budgeting instruments. Through this portfolio, guidelines have been established for drawing up sectoral and territorial strategies, the Five-Year Program and Plan, the Medium-Term Fiscal Scenario, the Economic and Social Plan and the State Budget, among others that may arise.
- 176. In this way, the national program portfolio will serve as a reference for the preparation of the other planning instruments and will guarantee the coherence and alignment of all the guidelines and objectives established in the NDS. The link between the main planning and budgeting instruments is illustrated in the figure below.

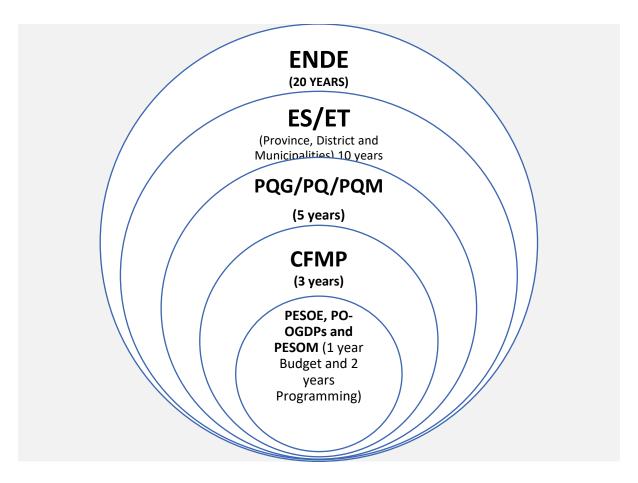


Figure 4: Linkage between the main planning and budgeting instruments

Source: MEF, 2024

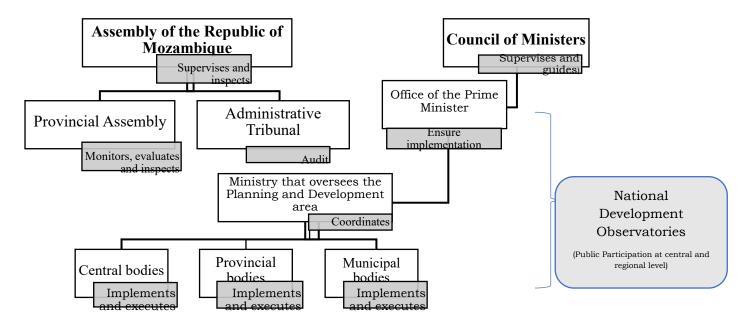
- 177. The Sectoral, Territorial and Municipal Strategic Plans define the objectives, actions, products and results for national development (within the scope of sectoral responsibility) and for the territories and municipalities for a 10-year time horizon, and must align their vision, mission, values, principles, objectives, pillars, result indicators and sectoral and territorial targets with those established in the National Strategy.
- 178. The Program, Five-Year Plans and Five-Year Plans for Municipalities define the priorities for achieving national development, territorial development and municipal development, respectively, for a 5-year time horizon. And they must be aligned with the portfolio of national programs created to operationalize the objectives and pillars of the National Strategy.

- 179. The Medium-Term Fiscal Scenario (MTFS) defines the country's macroeconomic and fiscal framework for a period of 3 years and establishes the fiscal targets for the implementation of the Five-Year Program and Plans and the Sectoral, Territorial and Municipal Strategic Plans aligned with the national program portfolio that operationalizes the NDS.
- 180. The Economic and Social Plan and State Budget (PESOE), the Plan and Budget of the Decentralized Governance Bodies and the Economic and Social Plan and Municipal Budget define the state's main economic and social objectives and financial policy for the national, territorial and municipal levels respectively, for a period of one year. They must be based on the national program portfolio, identifying the actions planned and the resources needed to implement the Program and Plans.

### 9.2 Bodies and Responsibilities

181. To ensure the successful implementation of the National Development Strategy, structures for implementation, coordination, supervision and management, accountability, monitoring and evaluation need to be strengthened at all levels (central, provincial and district).

Figure 5: Bodies and responsibilities



- 182. The Council of Ministers, chaired by the President of the Republic, has the role of supervising and guiding the implementation of the NDS, ensuring that the policies and actions implemented are aligned with the objectives set out in the NDS. The Council of Ministers is also responsible for approving the short-, medium- and long-term instruments needed to implement the NDS. This body will meet every three months to assess progress, through the periodic reports submitted by the Prime Minister's Office on the effective implementation of the NDS and adjust and updates to the strategy as necessary.
- 183. The Ministry that oversees the area of Planning and Finance, responsible for the coordination and implementation of the NDS. It has the role of ensuring the effective implementation of the strategy, through interministerial coordination of the strategy's implementation and ensuring that proposed policies and actions are aligned with the NDS goals and objectives. It will also play the role of mobilizing financial resources to support the implementation of the strategy, by drawing up budgets and seeking external funding or public-private partnerships. And it must consider ongoing actions and new needs that may arise over time, adapting its actions as necessary. It reports on the process, progress and stage of implementation of the NDS to the Prime Minister's Office.
- 184. The central bodies (Ministerial areas and central State Secretariats), provincial bodies (Provincial State Representation Body (OREP) and Provincial Decentralized Governance Body (OGDP)) and municipal bodies, chaired by their hierarchical superiors, are responsible for the implementation and technical execution of the strategies and programs envisaged in the NDS, reporting and providing information on the level of execution and the targets achieved on a regular basis (quarterly, halfyearly, annually, five-yearly, mid-term review and final review). Their role includes identifying challenges and opportunities in their areas of activity and proposing initiatives that promote the country's sustainable economic and social development, in line with the strategy's objectives. They are also responsible for regularly monitoring and evaluating the progress of the implementation of their initiatives and for reporting back to the interministerial or intersectoral coordinator (to cover the Central Secretariats of State) of ENDE. They must also be involved in public-private partnerships, investments and other forms of cooperation to achieve the objectives of the National Development Strategy.

- 185. The National Development Observatory is a participatory mechanism for dialogue and convergence of ideas between stakeholders in the national development process, including, among others, representatives of the government, the private sector, national and international partners, non-governmental organizations and civil society. The forum aims to identify challenges and opportunities in areas of action and propose initiatives in line with the objectives of the National Strategy.
- 186. The National Assembly is responsible for supervising and overseeing the implementation of the NDS, ensuring that the NDS is aligned with national interests and that public resources are used efficiently and effectively to promote the country's economic and social development, especially regarding the execution of the national budget and the evaluation of public policies implemented by the government.
- 187. The Provincial Assembly, is responsible for overseeing, monitoring and evaluating the implementation of the NDS at provincial level and ensuring that the goals and objectives of the NDS are being achieved, safeguarding the interests of the population in the province, in support of the Assembly of the Republic, according to the principle of subsidiarity.
- 188. The Municipal Assembly, is responsible for supervising, monitoring and evaluating the implementation of the NDS at municipal level and ensuring that the goals and objectives of the NDS are being achieved, safeguarding the interests of the population in the municipality, in support of the Provincial Assembly, in accordance with the principle of subsidiarity.
- 189. The Administrative Court, the body responsible for controlling the legality of administrative acts and the application of regulations issued by the Public Administration, which oversees the legality of public expenditure and the respective enforcement of liability for financial infractions. It is also responsible for controlling the implementation and execution of the NDS's short-, medium- and long-term operationalization instruments, with a view to ensuring that the goals set out in the strategy are achieved. It also guarantees transparency and legality in the execution of the actions provided for in NDS.

### 9.3. Financing and the Tentative Estimate of the Cost of the NDS

190. Financing development is crucial to the successful implementation of the National Development Strategy (NDS). The NDS financing approach

- involves mobilizing financial resources from various sources, combining both conventional and innovative methods. This combination of funding sources and a strategic allocation are essential to achieving the strategic objectives set by the government.
- 191. Efficiency and sustainability in the use of these resources are key to ensuring continued progress and long-term economic stability. The Government will ensure that these resources are managed responsibly and transparently, guaranteeing that they are applied effectively to promote the sustainable and balanced development of the country.

### 9.3.1. Sources of Funding for the National Development Strategy (NDS)

- 192. To finance the pillars of the NDS, various sources will be mobilized:
- **i. Government revenues** the collection of taxes and other fiscal revenues will be crucial to covering a significant part of the costs.

#### Collection of Taxes and Other Fiscal Revenues:

- **Direct and Indirect Taxes:** The public revenue base will be expanded through the collection of direct taxes (such as income tax) and indirect taxes (such as VAT). Strengthening the tax system and implementing tax reforms are aimed at increasing efficiency and effectiveness in tax collection.
- **Fees and contributions:** In addition to taxes, various fees and contributions will be adjusted to better reflect the services provided by the government, contributing to more robust revenue collection.
- **Improved Tax Administration:** Modernizing tax administration systems and strengthening enforcement will help combat tax evasion and increase revenue.
- **Management of Natural Resource Revenues:** Revenues from natural resources, such as oil and gas, will be managed in accordance with the Sovereign Fund Law, ensuring that they are used in a sustainable and inclusive manner.

These sources are key to financing essential public services and NDS's priority projects.

### ii. Loans and External Financing

### **International Financial Institutions and Multilateral Organizations:**

- World Bank and International Monetary Fund (IMF): These institutions will offer loans at favorable terms to finance major infrastructure projects and social programs.
- African Development Bank (AfDB) and other regional organizations: The AfDB, together with other regional financial institutions, will provide financial support for development projects specific to the African context.
- **International Cooperation Agencies:** Organizations such as the United States Agency for International Development (USAID) and the Japan International Cooperation Agency (JICA) will provide financing and technical assistance for development projects.
- Lines of Credit and Long-Term Financing: Through agreements with partner countries and economic blocs, such as the European Union, the country will be able to access lines of credit and long-term financing to sustain major investments.

These external loans and financing are vital for leveraging major projects and relieving pressure on domestic resources.

# iii. Public-Private Partnerships (PPP)

#### Collaboration with the Private Sector:

- **Sharing Resources and Risks:** In large-scale infrastructure projects such as highways, ports and airports, PPPs allow the private sector to invest capital, share risks and bring expertise, while the government maintains a regulatory and facilitating role.
- **Accelerating Infrastructure Development:** PPPs help accelerate the development of critical infrastructure that would otherwise rely solely on public funding.
- **Efficiency and Innovation:** Private sector participation can bring more efficiency and innovation to the management and operation of public services.
- **Concessions and Partnership Contracts Model:** These models will be used to attract private investment in public utility and infrastructure projects.

PPPs are essential to complement public funding and ensure the efficient execution of priority infrastructure projects.

### iv. Foreign Direct Investments (FDI)

# **Attracting Foreign Capital:**

- **Incentives for Foreign Investors:** The government will implement policies and incentives to attract foreign investors, facilitating the flow of capital into strategic sectors such as manufacturing, technology and energy.
- **Special Economic Zones:** The creation of special economic zones with favorable tax regimes will attract investment in specific areas, promoting regional development.
- **Stability and Legal Security:** Providing a stable and secure environment, with guaranteed respect for contracts and investment protection, will be key to attracting and retaining foreign investors.
- **Transfer of Technology and Know-how:** In addition to financial capital, FDI brings with it advanced technology and know-how that can boost the growth and competitiveness of local sectors.
- Foreign direct investments are an important source of funding that also promote technology transfer and job creation.

### v. National and International Funding

# **Development Banks and Cooperation Funds:**

- **National Development Banks:** Institutions such as the National Bank for Economic and Social Development (BNDES) will offer funding for projects that promote economic and social development in priority areas.
- **Multilateral Development Banks:** The World Bank, the African Development Bank and other multilateral banks that provide financial support for major development and infrastructure projects.
- **International Cooperation Funds:** Funds such as the Global Fund for Development (GGD) and the International Fund for Agricultural Development (IFAD) that support sustainable development and antipoverty initiatives.
- **Microfinance and Community Financing:** Microfinance programs that help finance small entrepreneurs and community projects, promoting local economic development.

These institutions and funds offer critical financial resources that help implement high-impact development projects.

### vi. Expense Management as a Source of Funding

Effective expenditure management not only improves the efficient use of available resources but can also be seen as a source of indirect funding for the NDSE. By optimizing expenditure, it is possible to free up additional financial resources that can be redirected to strategic priorities. How this can be achieved is detailed below.

### **Operational and Allocative Efficiency**

- **Review of Processes and Procedures:** Implement a thorough review of institutional processes and procedures to identify areas of inefficiency and opportunities for savings. This can result in the simplification of administrative processes and the elimination of redundancies.
- **Focus on Priority Areas:** Redirect resources from less critical areas or areas where efficiency can be increased to priority sectors and projects. This can ensure that each unit of resource is used as effectively as possible to support the NDS objectives.
- **Waste Reduction:** Adopt management practices focused on improving efficiency to minimize waste in all institutional operations. Monitoring technologies need to be implemented to quickly detect and correct inefficiencies.
- Rationalization of Expenses:

Analyze and rationalize operational expenses, such as administrative and maintenance costs, to ensure that each expense contributes directly to achieving strategic objectives.

These actions not only free up additional financial resources, but also promote a culture of efficiency within the government, allowing the funds saved to be reinvested in areas that generate greater value for the NDS.

### 9.3.2. Resource Allocation Mechanisms

- 193. Resource allocation will be based on a combination of mechanisms, including:
  - **Public Budget:** Prioritizing investments aligned with the NDS objectives.
  - **Specific Development Funds:** Directing resources to priority areas.
  - Tax Incentives and Subsidies: Stimulating investments in strategic sectors.
  - i. Cost Estimate by Pillar and Implementation Phase

194. The following is a summary matrix detailing the indicative cost estimate for each of the five pillars of the NDS implementation:

Indicative estimates of 2025-2044 NDS funding

		Million MZN	Million USD
Pillars	Description	2025-2044	2025-2044
Pillar I	Structural Transformation of the Economy	11,283,431,714	176,579,526
Pillar II	Social and Demographic Transformation	1,528,824,769	23,925,270
Pillar III	Infrastructure, Organization and Territorial Planning	1,580,288,585	24,730,651
Pillar IV	Governance, Peace and Security	1,364,647,435	21,355,985
Pillar V	Environmental Sustainability, Climate Change and Circular Economy	1,092,255,225	17,061,897
	Grand Total	16,849,447,728	263,653,329

Source: MEF, QM, 2024

195. Development investment will respect financing by pillar. The indicative estimates for development funding over the 20 years could be 16.8 billion Meticais, corresponding to USD 263.7 billion.

### 9.4. Monitoring and Evaluation

- 196. The National Development Strategy provides for constant monitoring and evaluation to track the progress of implementation and to measure the impact of actions through indicators and result targets. This exercise will provide relevant information on the implementation of the NDS, identify obstacles and make the necessary adjustments to ensure the success of the strategy.
- 197. To ensure the effectiveness of monitoring and evaluation, the instruments of the SISTAFE Monitoring and Evaluation Subsystem will be used, as well as the reports of the National Statistics Institute. Monitoring and evaluation will be carried out at national, provincial, district, municipal and lower levels of public administration, using the matrix of national development indicators. Achievements will be monitored in terms of results and impact in the short, medium and long term:
- 198. Annually through the Balance of Execution and Implementation of the Economic and Social Plan and State Budget.
  - i. Annually through the Balance of Execution and Implementation of the Economic and Social Plan and State Budget.

- ii. Mid-term evaluation every five (5) years, with the aim of verifying the extent to which the main objectives and targets are being successfully achieved and making the necessary adjustments.
- iii. Evaluation at the end of the strategy's implementation period, to assess the success of the objectives and targets as set out in the NDS.
- 199. Monitoring and evaluation is carried out through the matrix of national development indicators that reflect the results for achieving the vision and objectives of ENDE, subdivided by pillar, in its national and international dimensions. These indicators are reported by the National Statistics Institute and by international institutions and agencies. However, other indicators (output) will be identified which are subject to specific targets set by the implementing bodies in line with the main indicators of the national development matrix, to monitor the analysis of the process and progress of national development.
- 200. It should be noted that the selection of indicators has prioritized the criterion of availability and monitorability of information. Given the limited availability of statistical data (particularly for sectors), some of the indicators used are insufficient to reflect the ambitions set out in the strategy. However, given that the NDS is a rolling document, the expectation is that new indicators will emerge over time and can be included in the strategy's update.

# Identification of risks and mitigation measures.

- 201. The strategy is based on the expectation of optimistic average growth of 9.2% by 2044. However, it is not without risks and depends on several factors including: the sustained improvement of security conditions in the north, the resumption of LNG projects, both of which have inherent risks.
- 202. In addition to the risks described, other risks have been selected based on their severity and likelihood of occurrence, accompanied by their respective mitigation measures, as detailed below:
  - i. Risk of weak consolidation of the fiscal balance may result from the dynamics of the national and international economy, which may culminate in the adjustment of the main assumptions and modification of the stance of fiscal policy in the long term. In terms of economic growth, the risk is based on the reduced performance of the economic sectors combined with uncertainties linked to the country's

vulnerability to increasingly frequent and intense climatic shocks, associated with violent extremism in the northern region and the volatility of the price of oil on the international market, negatively impacting on state revenues, which could result in an increase in the budget deficit and lead to an increase in public debt, an increase in the tax burden and, in the latter case, insolvency.

Mitigation measures include the implementation and continued adoption of responsible fiscal policies, which promote transparency in public accounts, seek long-term budget balance and implement structural reforms to ensure the sustainability of public finances; stimulating increased productivity in economic sectors and promoting public debate on the need for structural reforms (tax, social security and administrative); greater stimulus to investment in the country.

ii. The risk of poor diversification of the economy (industrialization, production, productivity, technology and innovation) can result from dependence on natural resources, poor agricultural performance as a source of raw materials for industry, which can lead to the import of raw materials, raising production costs and reducing the competitiveness and performance of national industry, structural and regulatory barriers, insufficient investment in research, technology, innovation and entrepreneurship, resistance to change, an unfavorable investment climate, low workforce qualifications and others.

As mitigation measures, we expect to see the implementation of targeted policies that promote improvements in agricultural development and its interconnection with industries and related strategic and emerging sectors, identifying opportunities for the development of local value chains, restructuring production processes, boosting new industries based on technological advances such as biotechnology and the bioeconomy; **implementing policies to promote foreign trade** facilitated by trade agreements that will strengthen the internationalization of local products and companies; promoting workforce training focused on diversification and the development of basic and support infrastructures.

iii. Risk of imbalance between economic, social and environmental progress may result from adverse shocks (Covid 19, cyclical climate

events, violent extremism in the northern region, market price volatility, geopolitical issues), jeopardizing sustainability, amplifying existing social tensions, marginalization of vulnerable groups, increasing discrimination, injustice and human rights violations, economic crises, financial instability and brain drain.

Implementing policies and practices that promote equity, sustainability and inclusion to effectively address these challenges can be a measure to mitigate this risk, such as: Increasing the quality and scope of health and education systems, reducing the existing deficit in access to these services in local communities; improving public welfare, assistance and social security systems to broaden their impact on reducing social inequalities and improving the tax system, making it less bureaucratic, and competitively neutral within sectors; the proper management of water resources and implementing environmental policies that promote the adoption of gas emissions certification measures and green taxes capable of generating economic and social benefits.

iv. Risks of increased migratory flows may result from the continuous record of disasters and the effects of climate change, violent extremism in the north of the country, regional wars and economic crises in neighboring countries. The entry of millions of immigrants and displaced people into the country without the state being properly prepared to receive them can put pressure on national public accounts and the population's quality of life.

The implementation of a migration policy in the country could be a mitigation measure, promoting inclusive development, social cohesion and sustainable prosperity as migrants contribute to economic growth by filling gaps in the labor market, bringing skills, specific knowledge, and boosting key sectors of the economy, as well as optimizing the process of internalization of migrants, avoiding the penalization of border countries and strengthening international cooperation.

203. It should be noted that the risks selected are not specific to each sector and tend to affect all axes and challenges. The treatment of more specific risks should be addressed in sectoral and territorial plans and other short-term planning instruments.

### X. SUMMARY METHODOLOGY FOR THE NDS REVIEW

NATIONAL ACCOUNTING MACRO SCENARIOS VISION 2025 INTERNATIONAL To be a middleincome country where equity, security and the well-being of the population are guaranteed, and WHERE sustainability is a WE ARE RISKS UNCERT AIN SISTAFE LAW: Law ORIENTATION & CHALLEN SUCCESSES ACHIEVED 14/2020 of December 23rd FINANCING

Figure 2: Methodology for drawing up the National Development Strategy

Source: MEF 2024

# XI. MATRIX OF NATIONAL DEVELOPMENT INDICATORS (2025-2044)

### 10.1 MATRIX OF PILLAR I STRUCTURAL TRANSFORMATION OF THE ECONOMY

#### PILLAR I: STRUCTURAL TRANSFORMATION OF THE ECONOMY

AND TO A MOD	Baseline -	Five-year targets					
INDICATOR		2024-2028	2029-2033	2034-2038	2039-2043		
Average real GDP growth rate (%), including LNG	5.0	9.0	9.3	9.3	9.2		
Average real GDP growth rate (%), excluding LNG	5.0	5.7	8.1	9.2	10.5		
Average annual growth in GDP per capita, including LNG (in USD)	605.9	1,053.9	1,676.1	2,270.7	3,309.3		
Average annual growth in GDP per capita, excluding LNG (in USD)	605.9	948.6	1324.8	1,870.0	2,925.0		
Unemployment rate (%)	18.4	14.7	11.8	9.4	7.5		
Average annual inflation rate (%)	7.1	9.2	6.4	4.5	3.1		
State revenue (in % of GDP)	24.9	26.1	27.5	28.8	30.3		
State expenditure (in % of GDP)	33.0	38.0	40.8	42.8	45.0		
Public Debt Stock (in % of GDP)	73.8	77.5	81.4	57.0	39.9		
Primary Balance (in % of GDP)	0.3	0.8	1.2	3.7	5.0		
Foreign Direct Investment (FDI) (in % of GDP)	10.7	20.3	38.6	42.1	45.9		
Total Exports (in % of GDP)	33.6	38.6	44.4	51.1	58.7		
Exports excluding LNG (in % of GDP)	8.2	10.7	17.1	27.4	37.0		
Total Imports (in % of GDP)	60.1	72.1	86.5	74.4	55.8		
Imports excluding LNG (in % of GDP)	31.1	40.4	48.5	43.7	34.9		
Trade balance (in % of GDP)	(26.5)	(33.5)	(42.1)	(23.3)	2.9		
Trade balance excluding LNG (in % of GDP)	(22.9)	(29.7)	(31.4)	(16.2)	2.1		
Sectoral contribution to GDP growth rate							
· Primary	2.3	6.7	6.3	3.9	4.5		
· Secondary	0.2	0.4	0.7	1.3	2.0		
· Tertiary	1.9	1.9	2.2	2.4	2.6		
Sectoral weight in the economy as a % of GDP							
· Primary	36.8	44.5	50.8	52.5	53.5		
· Secondary	12.4	10.6	9.5	9.9	10.9		
· Tertiary	50.8	44.8	39.7	37.6	35.5		
Average labor productivity by economic sector (USD)	3,126.3	3,545.6	4,830.9	6,732.3	8,189.3		
· Primary	803.7	1,044.8	1,358.2	1,765.7	2,295.4		

· Secondary	4,586.5	4,632.4	5,095.6	8,000.1	12,560.2
· Tertiary	3,275.9	3,701.8	4,183.0	4,726.8	5,341.3
Global Competitiveness Index (points 0 to 100)	38.1	40.0	42.0	46.2	53.1
Spending on innovation, research and development (in % of GDP)	0.3	0.4	0.6	1.7	1.8

### 10.2 PILLAR II SOCIAL AND DEMOGRAPHIC TRANSFORMATION

INDICATOR		Five-year targets					
	Baseline	2024-2028	2029-2033	2034-2035	2039-2043		
Human Development Index % (HDI)	0.446	0.480	0.554	0.640	0.738		
Population growth rate	2.5	2.3	2.1	1.9	1.8		
Inequality Index (GINI)	0.5	0.5	0.4	0.4	0.3		
Proportion of the population living below the national poverty line (%)	68.2	62.2	51.3	37.8	27.9		
Incidence of Multidimensional Poverty %	53.0	43.6	35.8	29.5	24.2		
Life expectancy at birth (years)	55.7	58.5	61.4	64.5	67.7		
Percentage of children under 5 with chronic malnutrition (%)	37.0	35.5	29.8	20.3	18.7		
Percentage of children under 5 with acute malnutrition (%)	4.0	3.6	3.0	2.4	2.0		
Infant mortality rate (per thousand live births)	39.0	34.9	27.6	21.8	17.2		
HIV prevalence aged 15 to 49 (%)	12.6	11.3	10.1	9.0	8.0		
Malaria prevalence in children aged 6-59 months (%)	32.0	28.8	24.4	20.7	17.5		
Percentage use of modern methods among women aged 15-49	25.4	31.5	39.0	48.3	59.8		
Illiteracy rate of 15 years and over	38.3	33.9	28.1	23.3	19.3		
Percentage of population aged 5 and over with level of education attended	23.9	27.1	34.4	43.6	55.3		
Average years of schooling	3.6	3.9	4.4	4.8	5.4		
Parity between the province with the highest and lowest performance in pupil-teacher ratio, public primary education	0.6	0.8	1.2	1.9	2.8		
Percentage of households covered by basic social protection programs	15.3	19.0	25.8	33.5	43.6		
Government spending on social protection programs	61.6	64.7	67.9	71.3	74.9		
Percentage of child victims of early unions	41.1	36.2	31.8	26.7	21.4		
Percentage of victims of violence who have accessed integrated care services	21.0	25.2	30.2	39.3	51.1		

INDICATOR		Five-year targets				
	Baseline	2024-2028	2029-2033	2034-2035	2039-2043	
Employability rate of vocational education graduates (%)	47.0	49.4	51.8	54.4	57.1	
Participation rate in youth education and training programs	35.3	38.8	42.7	47.0	51.7	
Gender Development Index (GDI)	0.922	0.931	0.941	0.950	0.959	
Gender Inequality Index	0.523	0.554	0.588	0.623	0.660	
Life expectancy at birth						
Men	52.90	57.1	61.7	66.6	72.0	
Women	58.22	63.5	68.5	74.0	79.9	
Average Years of Schooling						
Men	4.50	5.0	5.4	5.7	6.0	
Women	2.60	2.81	3.26	3.91	4.85	
Participation rate in the labor force (PEA)						
Men	87.1	88.8	90.6	92.4	94.3	
Women	83.1	85.6	88.2	90.8	93.5	
Percentage of seats held by women in parliament	42.20	43.04	46.49	50.21	54.22	

### 10.3 PILLAR III INFRASTRUCTURE AND TERRITORIAL DEVELOPMENT

		Five-year targets					
INDICATOR	Baseline	2024-2028	2029-2033	2034-2038	2039-2043		
Water storage capacity (Billion m3)	10,047,610	11,052,371	12,157,608	13,373,369	14,710,706		
Goods traffic in tons per km	15,716	18,859	22,631	31,683	44,357		
Port handling in tons per km	48,227	57,872	69,447	83,336	100,004		
Installed capacity (GWh) for energy generation	19,286	27,000	37,801	52,921	73,000		
Percentage of population using health services	67.1	69.8	72.6	75.5	78.5		
Percentage of the population satisfied with the health care provided	59.6	63.2	70.8	79.2	88.8		
Net primary school enrollment rate	112.8	115.5	119.7	124.0	128.4		
Net secondary school enrollment rate	43.4	44.7	47.4	51.6	57.8		
Gross enrollment rate in technical vocational education	1.5	1.9	2.8	4.2	6.3		
Gross enrollment rate in higher education	6.0	7.5	11.3	16.9	25.3		
Primary school pupil-teacher ratio	58.4	54.9	50.0	44.0	38.7		
Pupil-teacher ratio in secondary education	62.4	58.7	53.4	48.6	44.2		
Passenger transport in Km/p	54,402	59,842	65,826	72,409	79,650		
Percentage of the population consuming water from a safe source	53.6	57.4	61.4	65.7	70.3		
Percentage of population using safe sanitation	31.7	37.1	43.4	50.8	59.4		
Percentage of population with access to mains energy	39.0	50.7	63.4	79.2	100		
Percentage of the population living in houses built with cement blocks	37.3	44.4	52.8	62.9	74.8		
Percentage of the population living in concrete slab dwellings	1.6	3.7	8.5	26.0	46.7		
Percentage of the population living in houses covered with zinc sheets	44.2	46.3	48.5	50.8	53.2		
Percentage of the population using firewood as a source of energy or fuel for cooking	71.9	70.2	63.7	49.0	42.2		
Birth registration coverage rate	41.8	46.0	52.9	60.8	69.9		
Judge ratio per 100,000 inhabitants	1.7	1.9	1.9	2.2	2.2		

# 10.4 PILLAR IV MATRIX GOVERNANCE, PEACE AND SECURITY

INDICATOR	Decestion of	Five-year targets				
INDICATOR	Baseline	2024-2028	2029-2033	2034-2038	2039-2043	
Political stability and absence of violence/terrorism, (points 0 to 100)	11.3	24.2	33.3	46.0	63.4	
Voice and accountability, (points 0 to 100)	31.4	41.2	47.6	55.0	63.5	
Government effectiveness, (points 0 to 100)	22.6	31.2	40.1	47.8	56.9	
Rule of law, (points 0 to 100)	15.9	21.6	29.4	40.0	54.5	
Quality of regulation, (points 0 to 100)	24.5	32.5	39.5	48.1	58.6	
Control of corruption	15.9	19.9	24.8	32.3	42.0	
Overall Ease of Doing Business Index	55.0	57.8	60.6	63.7	66.9	
Rate of resolution of legal cases	60.4	69.5	79.9	91.9	100.0	
Average litigation resolution time (months)	8	7	5	4	3	
Percentage of corruption cases charged per total number of cases filed	78.0	79.6	81.2	82.8	84.4	
population covered by media services (%)	22.0	26.4	30.4	34.9	40.2	
Degree of user satisfaction with the quality of services provided by the Public Administration (scale 0 to 10)	2.9	3.2	3.7	4.4	5.3	

# 10.5 PILLAR V ENVIRONMENTAL SUSTAINABILITY, CLIMATE CHANGE AND CIRCULAR ECONOMY

INDICATOR	Baseline	Five-year targets					
		2024-2028	2029-2033	2034-2038	2039-2043		
Urban Structure Plans drawn up	2.0	3.0	6.0	9.0	11.0		
Hectares (ha) of recovered land	181213	190,273.7	199,787.3	209,776.7	220,265.5		
Km2 of area with updated topographic maps	30,000.0	33,000.0	37,950.0	43,642.5	50,188.9		
Environmental Performance Index, (points from 0 to 100)	31.7	36.1	46.5	53.6	59.9		
Ecosystem Vitality	44.5	50.2	56.6	60.2	64.1		
Climate Change	19.3	29.5	45.2	57.2	67.3		
Environmental Health	28.3	28.7	37.6	43.3	48.4		
Ow. Waste Management	9.8	24.2	33.1	45.3	62.0		
Level of adulteration of liquid fuels (%)	40.0	36.0	32.4	29.2	20.4		
Infrastructure resilient to climate change	7.0				14.0		
Capacity to forecast and respond to extreme events, floods and droughts (number of days)	5.0	5.0	4.0	3.0	2.0		
Participation of companies and institutions in circular economy and sustainability programs, (%)	0				35.0		

#### **GLOSSARY**

**Self-employment** - This is the form of work or livelihood that an individual finds without having any kind of formal link to an organization, i.e. they are self-employed.

**GINI coefficient**- This is an indicator of inequality in the distribution of income which aims to summarize the asymmetry of this distribution in a single value. Values range from 0 (when all individuals have equal income) to 100 (when all income is concentrated in a single individual).

**Chronic malnutrition** - This is a physical manifestation of long-term malnutrition that slows growth and development.

**Demographic Dividend** - Is the economic benefit resulting from a significant increase in the ratio of working-age adults to young dependents that is possible thanks to the rapid decline in fertility and mortality, if this change is accompanied by sustained investment in the areas of education, skills development, health and job creation.

**Entrepreneurship** - Is the ability to identify opportunities and turn them into a viable and profitable business, through the creation, organization and management of a company or enterprise.

**Employment** - This is an activity carried out with the aim of meeting financial needs, i.e. producing something in exchange for remuneration.

**Life expectancy** - The number of years a newborn child would live if the mortality patterns prevailing at the time of its birth remained the same throughout its life.

Gender Development Index (GDI) - This is an index designed to measure gender equality.

Human Development Index (HDI) - This is an index developed by the United Nations Development Program (UNDP) and integrates a simple average of three indicators: longevity, measured by life expectancy at birth; educational attainment, measured by combining adult literacy (weighted two-thirds) with the combined primary, secondary and tertiary education rate (weighted one-third); and standard of living, measured by real Gross Domestic Product per capita. The index is calculated by dividing the sum of the three indicators by three.

**Economically Active Population (EAP)** - This is the group of people aged 15 and over who make up the workforce available to produce goods and services. It includes people in work and those actively looking for a job.

**Multidimensional Poverty**-Refers to a set of deprivations suffered by individuals or families, such as not having access to drinking water, decent housing, education, healthcare, adequate sanitation and durable goods.

**Population Policy** - This is the set of measures and actions carried out by the government to influence (directly or indirectly) demographic variables, namely fertility, mortality and migration, as well as other aspects of population dynamics, such as: growth, distribution, composition, size and structure of the population. Population policies are generally adopted and implemented as part of countries' development strategies.

**Gross Domestic Product** - The total of goods and services for final consumption in an economy, produced by residents and non-residents, regardless of their allocation to domestic or foreign

productive factors. It does not include deductions for depreciation of physical capital or depletion and degradation of natural resources.

**Population growth rate** - This is the rate at which the population increases or decreases each year, because of the surplus or deficit of births in relation to deaths

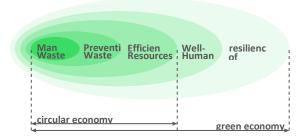
**Infant mortality rate** - The annual number of deaths of children under the age of one per 1,000 live births. In other words, the probability of dying between birth and exactly one year of age, times 1000.

Agrarian sector: This sector includes agriculture, livestock, forestry and fisheries.

**Human capital**: Human Capital refers to the factors that directly influence man's ability to lead a quality life, to be healthy, to be educated and to participate actively in the life of the community. Human capital refers to the fundamental elements for human development, which are education, health and other basic living conditions.

**Competitive:** is the country's ability to participate successfully in international markets and at the same time increase the standard of living of its citizens, i.e. to be able to withstand the competition imposed by other countries' offerings on the international market, sell its products and services profitably and attract foreign investment to the country, resulting in greater economic growth with potential benefits for citizens, above all through increased employment opportunities and income generation.

**Circular Economy** - The Circular Economy is a model that mainly revolves around the production process and the individual. Through technological development and innovation, it makes efficient use of available resources and promotes the reuse of end products through recycling. In this way, the aim is to reduce waste.



**Green Economy** - looks at development in a sustainable way, including in its logic the environment, social well-being and the ecosystem's ability to be resilient to the stress caused by human intervention.

**Government Effectiveness** - The degree to which users are satisfied with the services provided by the public administration.

**Inclusive**: means that the country will continue to develop measures to integrate excluded, vulnerable and marginalized people and regions into society, guaranteeing their rights and offering equal opportunities.

**Human Capital Index**: the HCI proposes an estimate of future productivity if current conditions persist. the HCI ranges from 0 to 1.

**Prosperous**: means improving the standard of living and quality of life through economic gains, progress in human and social development and sustainable use of the wealth generated by the economic exploitation of natural resources.

Safe: means that episodes of violence, armed conflicts and political crises in the country must be resolved and overcome so that it is possible to live in tranquility throughout the country, but it is also fundamental for the economy because only a safe country attracts tourists and investors.

**Sustainable:** means using the natural capital that the country has available in a rational and conscious way, without compromising its availability for future generations, i.e. protecting and preserving the environment in such a way as to: (i) use natural resources responsibly, and (ii) guarantee the natural regeneration of the natural systems that provide the main services for maintaining life.

**Medium-Term Fiscal Scenario** - identifies the projections for economic growth, tax revenue, the level of taxation, public expenditure, fiscal risks and mitigation measures for the materialization of the Five-Year Program.

**Demographic Structure** - is the classification of the population into certain groups and according to certain criteria, such as ethnicity, age and gender and professional occupation.

**Sustainable Development Goals** - are a global call to action to end poverty, protect the environment and climate and ensure that people everywhere can enjoy peace and prosperity.

**Fiscal policy** - is the government's use of its spending and revenues to influence domestic demand and therefore economic growth. An economy's aggregate demand is made up of household consumption, investment, net exports (exports minus imports) and government spending.

**Labor productivity** - refers to the productivity of the worker themselves and can be defined as the volume of tasks that a worker can perform in a given time (in an hour or a day, for example).

**Human Development Index** - compares country indicators in terms of wealth, literacy, education, life expectancy, birth rate and others to assess the well-being of a population, especially children.

**Environmental performance index** - is the method for quantifying and numerically classifying the environmental performance of a country's policies.

**Demographic transition** - A process characterized by a change in the growth patterns of a population and influenced especially by birth and mortality rates.

**Commodities** - are products of agricultural, livestock or mineral extraction origin, in their raw state or with a small degree of industrialization, produced on a large scale and destined for foreign

Their prices are determined by international supply and demand.

**Resilient infrastructures** - are those capable of resisting, absorbing, accommodating or recovering from impacts such as natural disasters quickly and efficiently, including by preserving and restoring their basic essential structures and functions.

**Public-Private Partnerships** - These are contracts that establish a link between the public authorities and the private sector. Their aim is to implement, in whole or in part, services, works and activities of interest to the population.