



Press Release

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Conference on Challenges for Economic Growth and Job Creation

Maputo, February 9-11, 2011 -- Girassol Indy Village

The Government of Mozambique, in close coordination with the World Bank, the International Monetary Fund, the African Development Bank, and the U.K. Department for International Development, organized a high-level conference on the challenges for economic growth and job creation for Mozambique. The conference took place in Maputo from February 9-11, 2011, with over 100 participants from the government, central bank, civil society, private sector, academia, and development partners. The conclusions of the conference were discussed in a ministerial meeting on February 11, 2011, chaired by His Excellency the Prime Minister. The World Bank and IMF staffs were invited to join the policymakers' discussions.

The conference provided a unique opportunity for an exchange of views on Mozambique's economic performance to date, with special attention to the issues of job creation and poverty reduction. Over the last 15 years, Mozambique has reached macroeconomic stability and experienced impressive economic growth. Access to public services increased significantly and social indicators improved steadily, particularly in the areas of health and education. There were also important investments in infrastructure and institutional and legal reforms. However, the results of the latest survey on the living conditions of the Mozambican population suggest that poverty reduction has stagnated and job creation has remained below expectations.

In light of this, conference participants debated ways to step up job creation and achieve poverty reduction, by accelerating and sustaining economic growth in an inclusive manner. The discussions focused on the necessary structural transformation of the economy to foster a

competitive and diversified productive and export base, and on the need to boost production and productivity in labor-intensive sectors, with a special focus on agriculture.

Regarding the economic transformation of productive sectors and job creation, participants stressed the importance of preserving macroeconomic stability—one of Mozambique's key assets—and discussed the need for the state to provide an enabling playing field for the private sector. The discussion focused on issues pertaining to the creation of technical and vocational skills, the potential of public works schemes in creating jobs and developing skills, and the facilitation of productive activities through passive and active policies, improvements in the business environment, integrated spatial development planning (including development poles), public investment and infrastructure development, improvements in the management of mineral resources, and the importance of social protection systems.

One of the conference's key themes was the possible role of smallholder and commercial agriculture in poverty reduction. Given the large proportion of subsistence agriculture, the country needs to invest in policies that ensure a sustainable increase in agricultural productivity and rural income. Among other issues, participants discussed the importance of technology, strengthening agriculture's value chain, improvements in land use, and the promotion of rural development for more inclusive growth. A key message was that the increase in the production of commercial agriculture should be accompanied by policies to strengthen social protection systems and food security.

The conference included 24 presentations on a number of areas by specialists from Mozambique and other countries. Presenters discussed the successful experiences from different countries such as Botswana, Brazil, China, and Malaysia, and their potential of being replicated under Mozambique's special conditions. They illustrated Brazil and China's different models of rural development. The Brazilian experience on the implementation of conditional cash transfer, along with experiences of other African countries on public work schemes, was well received, and their feasibility should be considered with the support of development partners. Botswana was used as reference on how to appropriately capture and allocate mineral revenues in a transparent, efficient, and inclusive manner. In the concluding session, development partners reaffirmed their commitment to work with the Government to help it realize its vision of achieving inclusive growth.