



Economic Linkages for Diversification (P171664)

EASTERN AND SOUTHERN AFRICA | Mozambique | IBRD/IDA | Investment Project Financing (IPF) | FY 2021 | Seq No: 7 |
Archived on 03-Sep-2024 | ISR01054

Implementing Agencies: Ministry of Economy and Finance

1. OBJECTIVE

1.1 Development Objective

Original Development Objective (Approved as part of Approval package on 10-May-2021)

The project development objective is to strengthen the performance of Micro, Small and Medium Enterprises (MSMEs) in Mozambique through economic linkages.

Has the Development Objective been changed since Board Approval of the Project Objective?

No

2. COMPONENTS

Name

Developing economic linkages through skills, finance, and quality upgrading:(Cost 50,000,000.00)

Enabling elements to support economic linkages:(Cost 40,000,000.00)

Project Management:(Cost 10,000,000.00)

3. OVERALL RATINGS

Name	Previous	Current
Progress towards achievement of PDO	● Moderately Satisfactory	● Moderately Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory
Overall Risk Rating	● Substantial	● Substantial

4. KEY ISSUES & STATUS



4.1 Implementation Status and Key Decisions

- **The project substantially sped up implementation over the last six months**, as evidenced by the more than doubling in disbursements from 9% to 20%, with achievement towards reaching the PDO remaining Moderately Satisfactory.
-
- **Against this background, the mission assessed the PDO “to strengthen the performance of Micro, Small and Medium Enterprises (MSMEs) in Mozambique through economic linkages” to remain fully relevant**, given the strong presence of megaprojects in the country, the need for economic diversification, and the challenges faced by MSMEs in accessing sophisticated markets. The project’s emphasis on the North was deemed to remain as critical as ever, given enduring instability and challenging business environment in this region. Actions were recommended to strengthen focus on Cabo Delgado and expand project reach—where possible—to the Niassa province.

5. SYSTEMATIC OPERATIONS RISK-RATING TOOL

Risk Category	Rating at Approval Approval Package - 11 May 2021	Last Approved Rating ISR Seq. 06 - 28 Feb 2024	Proposed Rating
Political and Governance	● Substantial	● Substantial	● Substantial
Macroeconomic	● Moderate	● Moderate	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate	● Moderate
Technical Design of Project or Program	● Moderate	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate	● Moderate
Fiduciary	● Substantial	● Substantial	● Substantial
Environment and Social	● Substantial	● Substantial	● Substantial
Stakeholders	● Moderate	● Moderate	● Moderate
Overall	● Substantial	● Substantial	● Substantial



6. RESULTS

6.1 PDO Indicators by PDO Outcomes

Performance of MSMEs								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Value	Month/Year	Value	Date	Value	Date	Value	Month/Year
Change in sales growth of firms supported by the project (Percentage)	0.00	Mar/2021	0.00	04-Aug-2022			20.00	Mar/2027
	Comments on achieving targets		Simple average change in sales growth of firms supported with skills, quality upgrading, access finance, and access to markets' interventions					
Change in sales growth of women-owned/led firms supported by the project (Percentage)			0.00					
	Comments on achieving targets		Simple average change in sales growth of women-owned/led firms supported with skills, quality upgrading, access finance, and access to markets' interventions					
Change in sales growth of firms in Cabo Delgado province supported by the project (Percentage)			0.00					
	Comments on achieving targets		Simple average change in sales growth of firms in Cabo Delgado province supported with skills, quality upgrading, access finance, and access to markets' interventions					
Number of new, better paying, or better quality jobs (as defined in methodology) by the firms supported by the project (Number)	0.00	Mar/2021	0.00	04-Aug-2022			5,000.00	Mar/2027
	Comments on achieving targets		New jobs - new employment in firms supported by the project; Better paying jobs - improved employment conditions (higher wages) for those working in the firms supported by the project; Better quality jobs - improved health and safety, improved skills measured through proper testing post skills programs in the firms supported by the project.					
Number of new, better paying, or better quality jobs by the women-owned/led			0.00					
	Comments on achieving targets		New jobs - new employment in women-owned/led firms supported by the project; Better paying jobs - improved employment conditions (higher wages) for those working in the women-owned/led firms supported by the project; Better quality jobs - improved health and					



firms supported by the project (Number)			safety, improved skills measured through proper testing post skills programs in the women-owned/led firms supported by the project.					
Number of new, better paying, or better quality jobs by the firms in Cabo Delgado province supported by the project (Number)			0.00					
	Comments on achieving targets		New jobs - new employment in firms in Cabo Delgado Province supported by the project; better paying jobs - improved employment conditions (higher wages) for those working in the firms supported by the project in Cabo Delgado Province; better quality jobs - improved health and safety, improved skills measured through proper testing post skills programs in the firms in Cabo Delgado Province supported by the project.					
Implemented reforms supporting private sector development (Number)	0.00	Mar/2021	1.00	09-Jun-2023			2.00	Mar/2027
	Comments on achieving targets		The first reform supported by this Project was implemented with the adoption of the new Private Investment Law on May 4, 2023, and its publication in the Official Gazette on June 9, 2023 (see Lei ordm; 8/2023 de 9 de Junho in the attached)					
Value of private sector investment leveraged by direct activities of the project (Amount(USD))	0.00	Mar/2020	0.00	04-Aug-2022	0.00	04-Aug-2022	20,000,000.00	Mar/2027
	Comments on achieving targets		Resources mobilized from the private sector in activities of the project that concur in reaching the project's objectives.					

6.2 Intermediate Results Indicators by Components

Developing economic linkages through skills, finance, and quality upgrading								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Value	Month/Year	Value	Date	Value	Date	Value	Month/Year
Firms benefiting from private sector initiatives (Number)	0.00	Mar/2021	0.00	04-Aug-2022	0.00	04-Aug-2022	10,100.00	Mar/2027
Number of women-owned/led firms benefiting from the			0.00					
	Comments on achieving targets		Number of women-owned/led firms benefiting from the project interventions					



project interventions (Number)								
Number of firms in Cabo Delgado province benefiting from project interventions (Number)			0.00					
	Comments on achieving targets		Number of firms in conflict-affected areas benefiting from project interventions					
Number of firms benefiting from skills interventions for upstream linkages (Number)			0.00					
	Comments on achieving targets		Number of firms benefiting from stage 1, stage 2 and stage 3 under upstream linkages					
Number of firms benefiting from quality standards upgrading for upstream linkages (Number)			0.00					
	Comments on achieving targets		Unique number of firms benefiting from interventions on upgrading quality standards, including on diagnostics of gaps in quality standards, support from consultants in improving quality systems, and support to certifications.					
Number of firms benefiting from matching grants or competitive grants (Number)			0.00					
	Comments on achieving targets		(Matching) grants received by firms					
Number of firms supported by the project for consumption linkages (Number)			0.00					
	Comments on achieving targets		Number of firms benefiting from skills and/or access to finance under consumption linkages interventions					
Grievances addressed within the stipulated service standards (Percentage)	0.00	Mar/2021	100.00	04-Aug-2022			100.00	Mar/2027
	Comments on achieving targets		Measures the share of target beneficiaries grievances in Component 1 are addressed using the GRM Manual. The project shall adopt incident reporting and response protocol.					



Number of beneficiary firms having increase in sales (generated through the economic linkages programs in the project) (Number)	0.00	Mar/2021	0.00	04-Aug-2022			2,500.00	Mar/2027
	Comments on achieving targets		Number of beneficiary MSMEs that report increase in sales since project support					
Number of firms with increased number of clients (generated through the economic linkages programs in the project) (Number)	0.00	Mar/2021	0.00	04-Aug-2022			2,000.00	Mar/2027
	Comments on achieving targets		Number of firms reporting increased number of contracts with large companies, or number of other corporate clients, or number of individual clients.					
Enabling elements to support economic linkages								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Value	Month/Year	Value	Date	Value	Date	Value	Month/Year
Number of digital platforms supported by the project (Number)	0.00	Mar/2021	0.00	04-Aug-2022			5.00	Mar/2027
	Comments on achieving targets		Number of digital platforms supported by the project					
Number of unique users in digital platforms supported by the project (Number)	0.00	Mar/2021	0.00	04-Aug-2022			500.00	Mar/2027
	Comments on achieving targets		Number of unique users in the past 12 months of the combination of different digital platforms (SME database, Economic Linkages Platforms, Financial Services Platforms) supported by the project.					
Number of productive infrastructure investments supported by the project that apply harmonized climate resilience standards (Number)	0.00	Mar/2021	0.00	04-Aug-2022			3.00	Mar/2027
	Comments on achieving targets		Number of productive infrastructure investments supported by the project that apply harmonized climate resilience standards					
Number of institutions capacitated with support from the project (Number)	0.00	Mar/2021	4.00	04-Aug-2022			4.00	Mar/2027
	Comments on achieving targets		Number of institutions capacitated with support from the project					

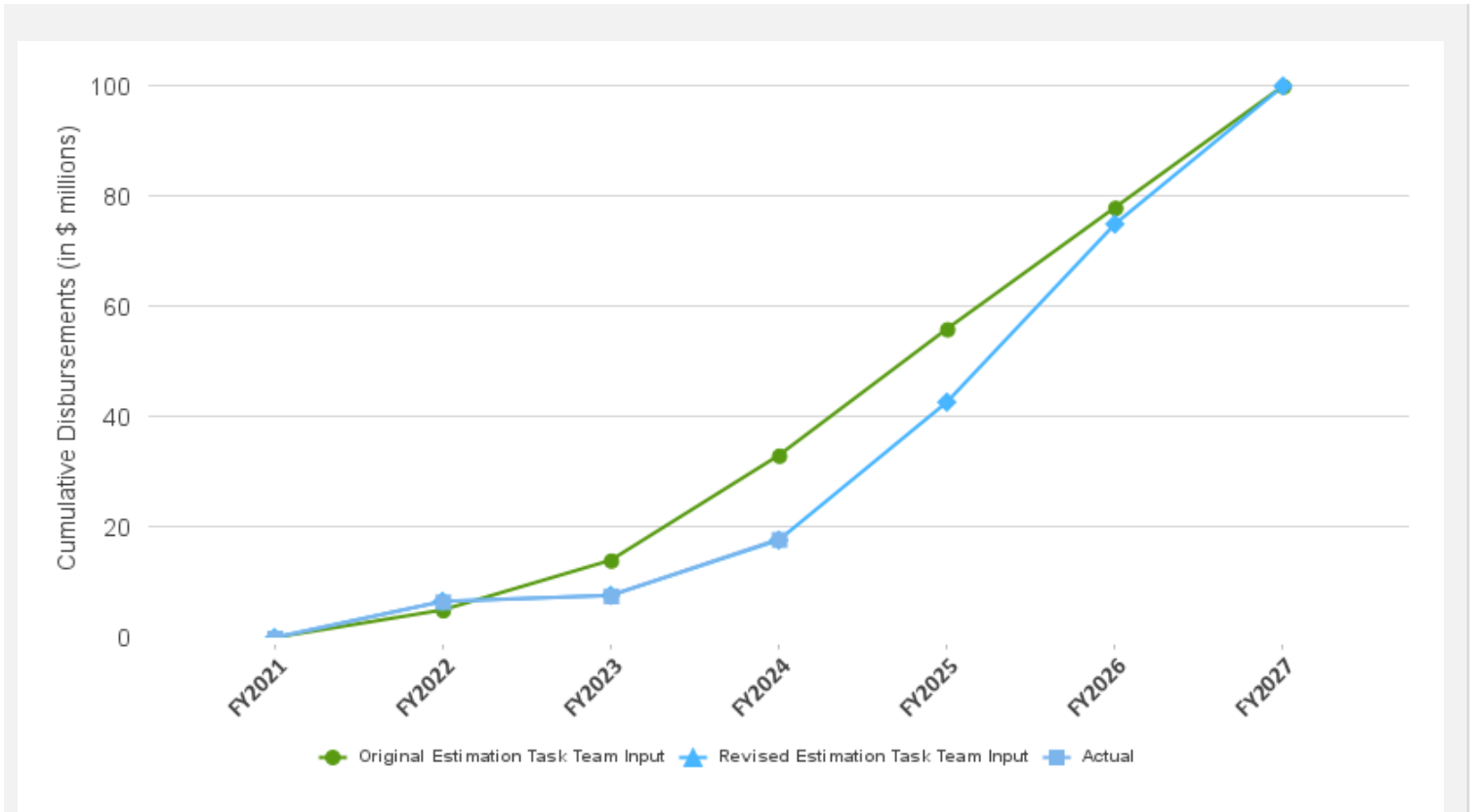


Number of coordination platforms on economic linkages supported by the project (Number)	0.00	Mar/2021	0.00	04-Aug-2022			1.00	Mar/2027
	Comments on achieving targets		Number of coordination mechanisms supported by the project that seek to drive economic linkages					
Grievances addressed within the stipulated service standards (Percentage)	0.00	Mar/2021	100.00	04-Aug-2022	100.00	04-Aug-2022	100.00	Mar/2027
	Comments on achieving targets		Measures the share of target beneficiaries grievances in Component 2 are addressed using the GRM Manual. The project shall adopt incident reporting and response protocol.					



7. DATA ON FINANCIAL PERFORMANCE

7.1 Cumulative Disbursements



7.2 Disbursements (by loan)

Loan/Credit/TF	Status	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
IDA-D8100	Effective	100.00	100.00	0.00	18.46	76.66	18.46%

7.3 Key Dates (by loan)

Loan/Credit/TF	Status	Approval	Signing	Effectiveness	Orig. Closing	Rev. Closing
IDA-D8100	Effective	11-May-2021	25-May-2021	22-Jul-2021	30-Sep-2027	30-Sep-2027

8. KEY DATES



Key Events	Planned	Actual
Approval	11-May-2021	11-May-2021
Effectiveness	21-Dec-2020	22-Jul-2021
Mid-Term Review No. 01	30-Sep-2024	28-Jun-2024
Operation Closing/Cancellation	30-Sep-2027	

9. RESTRUCTURING HISTORY

10. ASSOCIATED OPERATION(S)

There are no associated operations