



Mozambique: Financial Inclusion and Stability Project (P166107)

Eastern and Southern Africa | Mozambique | Finance, Competitiveness and Innovation Global Practice | IBRD/IDA | Investment Project Financing | FY 2019 | Seq No: 7 | ARCHIVED on 10-May-2022 | ISR51025 |

Implementing Agencies: Ministry of Economy and Finance, Ministry of Economy and Finance, Deposit Guarantee Fund, Bank of Mozambique, Instituto de Supervisao de Seguros de Mocambique, Fundo de Apoio à Reconstrução da Economia, Ministry of Justice and Constitutional and Religious Affairs, Centro de Desenvolvimento de Sistemas de Informação de Finanças (CEDSIF), Instituto Nacional de Accao Social (INAS), Ministry of Education and Human Development

Key Dates**Key Project Dates**

Bank Approval Date: 13-Dec-2018

Effectiveness Date: 29-Aug-2019

Planned Mid Term Review Date: 31-Aug-2021

Actual Mid-Term Review Date: 27-Sep-2021

Original Closing Date: 30-Jun-2024

Revised Closing Date: 30-Jun-2024

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The objective of the Project is to increase financial inclusion among underserved groups and MSMEs, while strengthening the overall financial safety net.

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

No

Components Table

Name

Increasing usage of transaction accounts and access to finance for MSMEs:(Cost \$20.00 M)

Financial safety net strengthening:(Cost \$17.00 M)

Project management, monitoring and evaluation:(Cost \$3.00 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Unsatisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Unsatisfactory
Overall Risk Rating	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

Implementation Status and Key Decisions

The Project's objective remains attainable and some original targets have been achieved, although constraints to greater financial inclusion continue to exist. One constraint is the process for opening bank accounts, which is accompanied by a customer due diligence that continues to impose an excessive burden on the most disadvantaged and limit take-up of basic financial services such as setting up transaction account. The World Bank team noted that the Government of Mozambique is considering new legislation that would address some of these constraints and help increase overall financial inclusion in the country.

The mission noted progress over the past six months, mainly: (i) new mass digital payments of social benefits to the mobile money wallets of beneficiaries processed through the new Automated Payments System (*Sistema de Pagamentos Automatizados – SPA*) developed with support



from the Project; (ii) the second capitalization of the Deposit Guarantee Fund (*Fundo de Garantia de Depósitos – FGD*) upon achievement of disbursement linked indicators, for a total of US\$4.1mn; and (iii) the official launch of the Movable Collateral Registry (*Central de Registo de Garantias Mobiliárias – CRGM*), as well as an increase in the number of registrations made by financial institutions of loans with guaranteed by movable assets. Four outcome indicators showed progress: the number of individuals receiving digital payments in urban and rural areas; the number of mobile money agents; the number of MSMEs and small entrepreneurs receiving loans guaranteed by movable assets; and the size of the deposit guarantee fund. However, some indicators continue without information and insufficient progress.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	Substantial	Substantial	Substantial
Macroeconomic	Substantial	Low	Substantial
Sector Strategies and Policies	Low	High	Moderate
Technical Design of Project or Program	High	Moderate	Moderate
Institutional Capacity for Implementation and Sustainability	Substantial	Substantial	Substantial
Fiduciary	Substantial	Moderate	Moderate
Environment and Social	Low	Moderate	Moderate
Stakeholders	Low	Low	Low
Other	--	Moderate	Moderate
Overall	Substantial	Substantial	Substantial

Results

PDO Indicators by Objectives / Outcomes

Increasing usage of transaction accounts and access to finance for MSMEs				
▶ Targeted recipients of government transfers that make or receive digital payments (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	25.00
Date	30-Sep-2018	21-Mar-2019	21-Mar-2019	31-Dec-2023
Comments:	The percentage of recipients of government transfers (disaggregated by target groups, such as urban/rural, gender, teachers, lifelong learning facilitators, or social benefits recipients) who report using mobile money, a debit or credit card, or a mobile phone to make a payment from an account, or report using the internet to pay bills or to buy something online, in the past 12 months. It also includes respondents who report paying bills, sending or receiving remittances, receiving payments for agricultural			



products, receiving government transfers, receiving wages, or receiving a public sector pension directly from or into a financial institution account or through a mobile money account in the past 12 month (% age 15+)				
<input type="checkbox"/> Life-long learning facilitators (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	2,500.00
<input type="checkbox"/> Beneficiaries of social transfers in urban areas (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	16,929.00	85,683.00	100,000.00
<input type="checkbox"/> Beneficiaries of social transfers in rural areas (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	17,530.00	20,000.00
► Adults making or receiving digital payments in the past year (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	34.00	32.00	32.00	42.00
Date	31-Dec-2017	31-Dec-2019	31-Dec-2019	31-Dec-2023
Comments:	The percentage of respondents who report using mobile money, a debit or credit card, or a mobile phone to make a payment from an account, or report using the internet to pay bills or to buy something online, in the past 12 months. It also includes respondents who report paying bills, sending or receiving remittances, receiving payments for agricultural products, receiving government transfers, receiving wages, or receiving a public sector pension directly from or into a financial institution account or through a mobile money account in the past 12 months.			
<input type="checkbox"/> Women (Percentage, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	27.00	27.00	27.00	40.00
Date	31-Dec-2017	21-Mar-2019	21-Mar-2019	31-Dec-2023
<input type="checkbox"/> Poorest 40% of the population (Percentage, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	20.00	20.00	20.00	28.00
► Active mobile money agents (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	25,000.00	83,022.00	98,548.00	100,000.00



Date	31-Dec-2016	30-Jun-2021	30-Jun-2021	31-Dec-2023
Comments:	Certified agents of electronic money institutions.			
<input type="checkbox"/> Districts covered by active mobile money agents (Percentage, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	77.00	98.70	98.70	99.00
<input checked="" type="checkbox"/> MSMEs that received loans secured by movable assets registered in the collateral registry (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	38.00	217.00	3,750.00
Date	30-Sep-2018	06-Oct-2021	06-Oct-2021	31-Dec-2023
Comments:	Number of individual entrepreneurs and legal entities classified as micro, small, or medium enterprise (as per the existing legislation) that have received a credit from a financial institution that has registered in the collateral registry a security interest of a movable asset given as collateral by the borrower (individual entrepreneur and legal entity). The latest data (October 2021) is preliminary and has not been validated by the authorities.			
<input type="checkbox"/> Women-led MSMEs and women entrepreneurs that received loans secured by movable assets registered in the collateral registry (Number, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	2,664.00	3,000.00
Date	31-Dec-2018	--	31-Mar-2022	30-Jun-2024

Strengthening financial safety nets				
<input checked="" type="checkbox"/> Size of the deposit insurance fund as a share of total deposits (without contributions from other development partners) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.05	0.09	0.10	0.25
Date	31-Aug-2018	30-Sep-2021	31-Dec-2021	31-Dec-2023
Comments:	The fund size is the market value in local currency of the DGF assets. The value of total deposits is the local currency value of the deposits in the banking system. The indicator excludes potential contributions by development partners other than the World Bank. The latest data (September 2021) is preliminary and has not been validated by the authorities.			

Overall Comments

The Project's Results Framework is expected to be restructured in line with the agreement reached in the mid-term review, to (a) simplify its structuring, by removing indicators that are less relevant to the Project's development objective, (b) adjust it based on the institutional capacity to collect data, (c) increase some targets that have already been achieved, and (d) add one breakdown outcome indicator to better monitor the



impact of the new collateral registry on access to credit by women-led SMEs and women entrepreneurs. The version of the Results Framework included in this ISR is aligned with the revised results framework.

Intermediate Results Indicators by Components

Increasing usage of transaction accounts and access to finance for MSMEs				
▶ IT solution that enables Treasury to interface with e-money payment systems installed and operational (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	30-Sep-2018	21-Mar-2019	21-Mar-2019	30-Jun-2021
Comments:	The Government's financial management system (eSistafe) is expected to be able to make payments directly into a mobile account. Currently, the system can only make payments to bank accounts.			
▶ Individuals benefitting from financial literacy awareness program (Number (Thousand), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.50	0.58	250.00
Date	30-Sep-2018	30-Sep-2021	31-Mar-2022	30-Jun-2024
Comments:	Number of individuals that attended a financial education session or event or received specific training on the use of a new payment technology or money management. These events should last at least 15 minutes.			
▶ Recipients of government transfers reporting satisfaction with the digitized payment method(s) (citizen engagement) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	66.40	66.00
Date	30-Sep-2018	21-Mar-2019	31-Dec-2021	31-Dec-2023
Comments:	The latest data reflects the results of a recent survey of INAS beneficiaries who responded they would be interested in continuing to receive digital payments.			
▶ A centralized, web-based collateral registry established and operational (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	30-Sep-2018	30-Jun-2021	31-Mar-2022	30-Jun-2021
Comments:	A registry for security interests in movable property that is accessible through web and is centrally managed by an authorized body of the Government.			



Strengthening financial safety nets				
► Strengthened bank recovery resolution framework (Yes/No, Custom, PBC)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	30-Sep-2018	01-May-2021	01-May-2021	30-Jun-2020
Comments:	Described in the DLI Verification Protocol			
► Improved DGF's ability to undertake deposit insurance functions (Yes/No, Custom, PBC)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	30-Sep-2018	21-Mar-2019	21-Mar-2019	31-Dec-2023
Comments:	Described in the DLI Verification Protocol			
► Expanded coverage of deposit insurance (Yes/No, Custom, PBC)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	30-Sep-2018	21-Mar-2019	21-Mar-2019	30-Jun-2021
Comments:	Described in the DLI Verification Protocol			

Performance-Based Conditions

► PBC 1 Strengthened bank recovery resolution framework (Yes/No, Output, 4,000,000.00, 100.00%)				
	Baseline	Actual (Previous)	Actual (Current)	Year 3
Value	No	Yes	Yes	--
Date	--	01-May-2021	01-May-2021	--

► PBC 2 Improved DGF's ability to undertake deposit insurance functions (Yes/No, Output, 4,000,000.00, 0.00%)				
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	Baseline	Actual (Previous)	Actual (Current)	Year 3
Value	No	No	No	--
Date	--	21-Mar-2019	30-Dec-2022	--

► PBC 3 Expanded coverage of deposit insurance (Yes/No, Intermediate Outcome, 4,000,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	Year 3
Value	No	No	No	--
Date	--	21-Mar-2019	31-Oct-2022	--

Data on Financial Performance

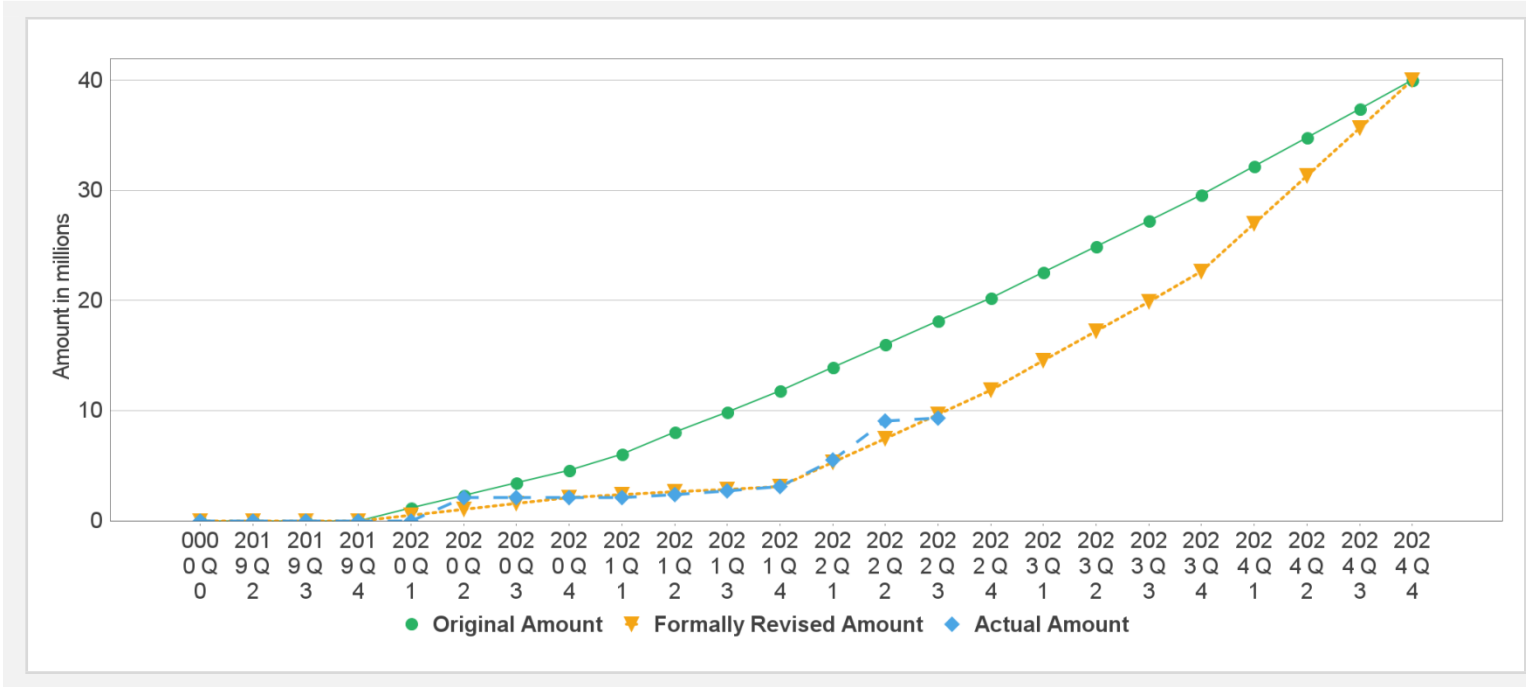
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P166107	IDA-D4050	Effective	USD	40.00	40.00	0.00	9.30	30.97	23%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P166107	IDA-D4050	Effective	13-Dec-2018	01-Feb-2019	29-Aug-2019	30-Jun-2024	30-Jun-2024

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.