

Mozambique



Table of Contents

1. Summary	3
2. Political, Economic and Poverty Development.....	5
3. Swedish Development Cooperation – Overall Assessment of the Country Programme	9
4. Specific Country Programme Overview of the Swedish Development Cooperation.....	12
4.1 Democratisation and Democratic Development.....	12
4.2 Sustainable Economic Growth.....	18
4.3 Social and Human Development	22
4.4 Niassa Poverty Reduction Programme	24
4.5 Regional Programmes Supported from the Embassy.....	28
5 Office and Administrative Issues.....	29
Annex 1 Current Planning Overview	30
Annex 2 Fact Sheet.....	31

Published by Sida 2008

Department for Africa

Author: Embassy of Sweden, Maputo

Printed by Edita Communication, 2008

Art. no.: SIDA45604en

This publication can be downloaded/ordered from www.Sida.se/publications

1. Summary

The political scene was dominated by the preparation of provincial elections initially planned to take place at the beginning of 2008. The voter registration process supervised by the Election Commission was delayed and heavily criticized by the opposition party. Finally the two major parties agreed to postpone the election date. The handing over of the former Portuguese owned large hydroelectric dam, Cahora Bassa, to Mozambique as a majority share holder was referred to by President Guebuza as the second independence of Mozambique.

Overall, the economy continued to grow well in excess of 7% registering growth in a number of sectors. Many of those are fuelled by large increases in Direct Foreign Investments, which multiplied in 2007. Average inflation landed on 8.2% and was mainly driven by external increases in global prices on food and fuel. This has a large impact on the cost of living, especially for poor people in urban areas.

Mozambique suffered from floods and cyclones as well as droughts in some areas. More than 140 000 people were affected by floods alone, which also hampered food production, infrastructure and economic growth.

At the Joint Review in April 2007, progress in implementing the Poverty Reduction Strategy of Mozambique (PARPA II) for 2006–2009 was considered on track, and budget and programme support totalling about USD 627 million was committed for 2008. Government performance in relation to goals and performance targets for 2006 was evaluated and overall considered satisfactory, albeit with significant variation across sectors. Out of 49 performance targets, 22 were achieved, 4 were not achieved and 22 were not achieved but progress was made. The main weaknesses noted in performance were within the areas of governance and agriculture. Public Financial management shows good progress but many other governance reforms are lagging behind. The lack of progress on judicial reform came to the fore again; its continued priority in dialogue belied by the lack of engagement and resources from both government and donors.

The anti-corruption programme seems to show sparse results. During the year, cases of corruption were identified and many of them resulted in dismissals from public sector or administrative charges. However, cases of grand corruption tried in court are still absent.

Awaiting a Swedish decision on a new cooperation strategy, for 2008–2012, the present country strategy, initially 2002–2006, was extended

until end of June 2008. The Embassy put substantial resources into the revision of the new cooperation strategy, including the development of a results matrix with a clearer focus on outcome and impact and further concentration to fewer sectors and contributions. The revised proposal was submitted to the Swedish Government in the beginning of 2008.

The approved Country Plan for Mozambique 2007 had an indicative budget of SEK 700 million with actual disbursement ending at SEK 670 million. The lower than planned disbursements were mainly due to delayed implementation of some of the large infrastructure programmes. Approximately 44% of the portfolio was provided as general budget support. In addition, another 32 MSEK outside the country allocation have been used to support research programmes at the University Eduardo Mondlane and 12 MSEK were allocated through Swedish non-governmental organisations.

In April 2007, Sweden left the vice-chair position in the troika of the G19 but continued to chair the agriculture working group throughout 2007. Sweden was instrumental in strengthening the donor coordination in the sector, develop a dialogue strategy and increase the focus on strategic issues. Sweden has also assumed the lead role in the work with aid effectiveness (the CS 19 group).

Examples of notable results in the Swedish programme 2006 are: an 80% increase in districts being subject to external audits, a nation wide population census being carried out, a civil servant register created as a basis for salary reform, And the Introduction of direct budget execution which increases efficiency and reduces cash transactions in the public sector. Civil society organisations are demanding more space to influence public policy, shown in concrete law proposals to parliament, for example the law on domestic violence and the Child Right's Act. 351 students received support to attain a bachelor's degree at university level and 1.2 million youth, both in and out of school, were reached with preventive messages for behavioural change and on sexual and reproductive health. With Swedish assistance, two districts in Tete and Zambezi Province were connected to the national electricity grid.

In the province of Niassa, approximately 14.900 farmers received assistance to sell surplus crops, giving each family an average extra income of 133 USD. Through forestry investments in Niassa, 3.200 new jobs have been created. A 150 km road-stretch between the capital Lichinga and Cuamba, the second largest town in Niassa, was upgraded by low-cost surfacing to facilitate road transport throughout the year.

2. Political, Economic and Poverty Development

2007 was President Guebuza's Government's third year in office. The political scene was dominated by the preparation of elections to the ten Provincial Assemblies that were created in a move to decentralize power and increase participation at grass-roots level. These assemblies will have a supervisory function with powers to reject budgets and plans for provincial governors appointed by the president. The provincial elections were initially planned to take place at the beginning of 2008 but the voter registration process supervised by the Election Commission was delayed and heavily criticized by the opposition party, RENAMO (Resistência Nacional Moçambicana). However, to the surprise of many, the government party, FRELIMO, and the opposition, RENAMO agreed and formed the necessary majority for a decision to postpone the election date to be obtained by the National Assembly. Provincial elections will now have to take place before the beginning of 2009. Local elections will take place during 2008 and Parliament and Presidential elections will take place during 2009 in accordance with the Constitution.

President Guebuza continues to strengthen his control over the central Government. There were reports that the party cells of FRELIMO have been re-activated within the Ministries and that the career paths have been further limited for persons without membership in the ruling party. Even non-governmental organisations have reported that members of the ruling party have started to visit their offices in order to investigate the political views among their staff.

The opposition party RENAMO has not managed to strengthen its role as the major opposition party, mainly due to internal divisions. The Parliament, dominated by FRELIMO, continued to play a marginal role.

Mozambique suffered also during 2007 from floods and cyclones, as well as droughts in some areas. More than 140 000 people were affected by floods alone, which also hampered food production, infrastructure and economic growth. Nevertheless, the economy continued to grow well in excess of 7% in real terms. The main drivers of growth were the electricity and water sectors. In spite of floods, the agricultural sector grew by more than 10%. Average inflation landed on 8.2% and was mainly driven by external increases in global prices on food and fuel. This has a large impact on the cost of living, especially for the poor in urban areas.

Government revenue registered a 0.5 per cent unit increase, thus reaching 14.9% of GDP. There was a revision of the GDP figures which

have been consistently undervalued. The current account deficit is still large, amounting to approximately 13.9% of GDP, largely financed by foreign aid inflows.

Preparations for taking over the Cahora Bassa Hydro Power Station from Portugal continued during 2007 and culminated in early 2008 when Cahora Bassa was officially handed over to the Government of Mozambique. This handing over was referred to by President Guebuza as the second independence of Mozambique.

Foreign Direct Investments, FDI, increased considerably during 2007 and expanded to also include other areas than the extractive industries (mining), notably tourism, agriculture and manufacturing. According to the Investment Promotion Centre (CPI), FDI reached US\$ 427 million in 2007, multiplying the amount in previous years. The large aluminium smelter Mozal, located outside Maputo, has demonstrated that Mozambique with all its challenges can provide attractive returns to investors. Two major investments in mining started in 2007; Moatize coal mining project in the Tete province by a Brazilian company and Moma titanium project in Nampula province by an Irish company. During 2007, there were indications of oil reserves in the Rovuma basin, which could make Mozambique an oil producer. There was growing interest from international investors in bio fuels production mainly based on sugar cane. Large land concessions have already been granted for this purpose.

In view of the increasing FDI, local investors, often with very close relations to the political establishment, are anxious to form partnership with foreign investors. The risk of conflicting interests when government representatives negotiate with foreign investors both in their official and private capacities has been highlighted in local media. Some of the local investors are closely linked to the FRELIMO party.

Corruption in Mozambique continues to be a major problem and the country is placed number 111 out of 179 countries at Transparency International perception index. In 2007, a National Anti-corruption Action Plan was published, based on anti-corruption activities in five sectors (Justice, Finance, Interior, Education and Culture, and Health). These plans prioritise efforts in areas of activity that are most vulnerable to corruption, especially those which negatively affect the poor. It is recognised that it is necessary to monitor both the implementation of the plans and their impact – for example through perceptions and other surveys as described in the National Anti-corruption Strategy of 2006. The National Anti-Corruption Forum established to monitor the implementation of the Strategy – comprising government and non-governmental representation – met on several occasions during 2007. However, in anticipation of a constitutional challenge, the Forum was disbanded. Since then, civil society and the private sector have taken steps towards establishing a new monitoring forum independent of government.

In the Swedish human rights report for Mozambique 2007, it is noted that the general trend when it comes to increased pluralism and respect and protection of human rights is not all positive, although there are some areas that show some improvements. In the area of social and economical rights there is a positive trend but when it comes to civil and political rights the picture is a bit different. There are signs of shrinking democratic space, an increased importance of party affiliation to get public posts and reduced respect for human rights. The fight against corruption is also showing few positive signs.

Some concerns about the deteriorating situation in Zimbabwe were raised during 2007. The number of Zimbabwean immigrants in Mozambique increased during the year and tensions have been reported as the competition on the labour market has increased particularly in the tourism sector, where many English speaking Zimbabweans are legally or illegally employed.

At the end of 2007 the SADC Customs Union entered into effect with lowered or abolished trade tariffs on a number of goods. The discussion on the impact on Mozambique was limited although media voiced a concern, among others from the opposition, that this would benefit South African producers at the expense of internal producers, apart from having an impact on the collection of state revenues.

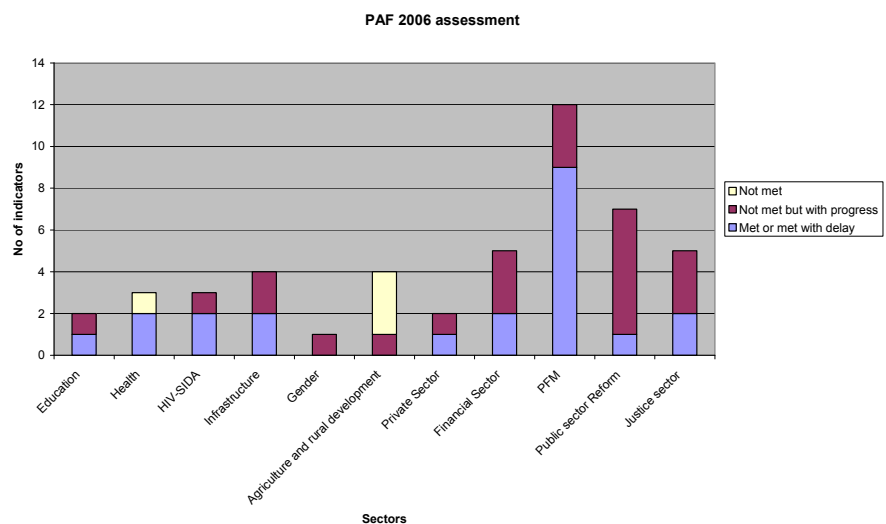
In December 2007, an interim European Partnership Agreement, EPA, was signed between the EU and Mozambique. The EU and Mozambique continue negotiations aiming at the conclusion of a full EPA at the end of 2008. The negotiations will focus on services and investment.

Poverty Development and PARPA Implementation 2007

There is no recent data on the overall trend of poverty levels in the country. Using a re-analysis of the most recent household surveys, a Norwegian statistical team produced a reliable estimate that absolute poverty on the national measure *has fallen further* in aggregate, to 50% by end-2005 in relation to the 2003 survey measure of 54,1%.

At the Joint Review in April 2007, progress in implementing the poverty reduction programme (PARPA II) was considered on track, and budget and programme support totalling about USD 627 million were committed for 2008.

Overall, government performance in 2006 was considered satisfactory, albeit with significant variation across the range of Performance Assessment Framework (PAF) targets used to monitor achievements on a yearly basis. Out of 49 PAF targets, 22 were achieved, 4 were not achieved and 22 were not achieved but progress was made.



The main weaknesses noted in performance were within the governance pillar. Public Financial management shows good progress but many other governance reforms are lagging behind. The lack of progress on judicial reform came to the fore again; its continued priority in dialogue belied by the lack of engagement and resources from both government and donors.

One important criticism was that the anti-corruption programme seemed to be showing sparse results. During the year, more cases of corruption were identified and many of them resulted in dismissals from public sector or administrative charges. However, cases of grand corruption tried in court are still absent. The Banco Austral case progressed a little with the conclusion of a forensic audit, which is now in the hands of the State Prosecutor, but no charges have yet been laid.

In the pillar of Human Capital, health and education continued to show good progress and many of the targets were exceeded. The education sector continued to show improvements and exceeded its goals. This has for example meant an increased net enrolment of children, especially girls in primary and secondary education, and increased coverage of the extended vaccination programme reaching 100%. HIV /AIDS continue to be an area of concern, where data released in 2007 does not show increased prevalence rates, currently at 16.2%, but neither any significant decrease. This means that the anti-retroviral treatment programme continues to be expanded but covers only a minor share (7.5%) of the affected population. The target for water and sanitation was also achieved, resulting in 42% of the population having access to safe drinking water. Still, the challenges are great especially in relation quality and access of services. Government continued to allocate at least 65% of expenditure to these priority sectors but efficiency of public spending and lack of capacity in all areas are large constraints.

In spite of high overall economic growth rates and positive development in a number of productive sectors, progress in agriculture was lagging behind. In fact, none of the PAF targets were met for agriculture. Positive results, however, show that 16 500 additional farmers gained access to publicly financed extension services in 2006. In infrastructure, the goals related to road rehabilitation and maintenance were mainly achieved, resulting in more people having access to more roads and better maintained roads. The extension of the road network has increased by 13% and roads in good and fair condition increased from 50% in 2000 to 59% in 2006.

3. Swedish Development Cooperation – Overall Assessment of the Country Programme

In October 2007 the Government of Sweden decided that the proposed Cooperation Strategy for Mozambique should be revised according to the supplement to the Guidelines for Cooperation Strategies in Swedish development cooperation. The Embassy put substantial resources into the revision of the Strategy, previously submitted to the Swedish Government in October 2006. The revision, for the period 2008–2012, included the development of a results matrix with a clearer focus on outcome and impact, further concentration to fewer sectors and contributions, integration of the three thematic priorities decided by the Swedish Government, increased priority to work with and influencing the UN-system, the EU/EC, the Bretton Woods institutions and the African Development Bank. The revised proposal was submitted to the Swedish Government in the beginning of 2008.

Awaiting the decision on a new cooperation strategy, the present country strategy, initially 2002–2006, was extended until end of June 2008.

During the year, the G19¹ budget support donors provided in total some 1.3 billion USD to Mozambique (Sweden 91 mUSD), of which approximately 1.1 billion directly to government (Sweden 78.6 mUSD). Of the latter, 403 mUSD or 30% was disbursed as direct budget support (Sweden 43 mUSD) and another USD 283 million as contributions to common or pooled funds (Sweden 11.2 mUSD). Within G19, Sweden was the fourth largest donor and the second largest bilateral donor after DFID. Sweden was also the fourth largest donor to non-governmental actors (CSOs²). It may be noted that Mozambique also has a number of other donors, some of them large (UN, US and Japan). External aid is an important contribution to Mozambique's development and represents not only a high proportion of GDP (about 18%) but also more than half of the entire state budget (app. 54%). Mozambique is very aid dependent and continued high levels of aid are important for the country to be able to continue the efforts to reduce poverty and improve livelihood for vulnerable people.

The approved Country Plan for Mozambique 2007 had an indicative budget of 700 mSEK. Actual disbursement was app. 670 million SEK. The lower than planned disbursements was mainly due to delayed

¹ The number of countries providing general budget support was increase from 18 to 19 countries during 2007 (Austria).

² Civil Society Organisations.

implementation of some of the large infrastructure programmes. In addition app, 32 mSEK were disbursed to research programmes and app. 12 mSEK through Swedish non-governmental organisations. It is expected that the allocation to Mozambique will be kept constant at 700 mSEK during the coming cooperation strategy period. The Embassy has to adjust to this lower scenario as it has a considerable over planning due to earlier indications that the allocation to Mozambique would increase gradually.

In April 2007, Sweden left the vice-chair position in the troika of the Budget Support coordination mechanism G19. G19 continued to be the major grouping in development cooperation in Mozambique. Dialogue has mainly centred on governance and anti-corruption issues, the justice sector, the business climate and the need for a sharper HIV/AIDS response. The dialogue around electoral reform has been carried out by the EU HoMs grouping. Donors consider that the dialogue has been taken seriously but the implementation of reforms is still slow and more concrete actions against corruption etc. are urgently needed.

Sweden chaired the agriculture working group during 2007. The sector is struggling with improving its performance and capacity, developing new policies and address challenges in relation to the green revolution, bio-fuel and land issues in relation to the land law. During 2007, the minister of agriculture was replaced twice. Sweden was instrumental in strengthening the donor coordination, develop a dialogue strategy and increase the focus on strategic issues.

Sweden has assumed the lead role in the work with aid effectiveness (the CS 19 group). A task force, consisting of DFID, Germany, Denmark and Sweden, and lately supplemented by UN, was formed when 19 different cooperation strategies were assessed by donors and Mozambique during 2006. The CS 19 has continued the dialogue with representatives of the Ministries of Planning (MPD), Finance (MoF), Foreign Affairs and Cooperation (MINEC) and the Central Bank on aid effectiveness, division of labour and aid architecture. One important input to the work of the group has been the mapping of the 19 budget support donors, the UN organisations, Japan and USA and their strategies, participation in the 24 different working groups and their presence in different sectors. This mapping exercise was based on the EU Code of Conduct and will be fed into the preparation for the follow up of the Paris Declaration on Aid Effectiveness in Accra in October 2008.

During 2007, Mozambique continued the development of an Aid Policy. This has been an internal process and it is envisaged that the Policy will be approved by the Council of Ministers during 2008. The work will not result in a joint assistance strategy but a document where roles and responsibilities are better defined. The result of the mapping of the donors is one important input into the development of the Policy and seminars will be held between donors and the government on the aid architecture including division of labour and working groups.

In the annual review of the 19 Programme Aid Partners' (PAP) performance in 2007, based largely on the categories of the Paris Declaration, Sweden was adjudged to have shown medium performance, coming in at a 9th place with a score of 75%. This is lower than 2006 when Sweden was ranked 5th. Eight donors, DFID, Netherlands, Switzerland, Belgium, Norway, Finland, Spain and Ireland, were judged to have done significantly better (100%–86%). Sweden's lack of long-term predictability in its aid allocations and agreements (especially budget support), stood to its disadvantage in the scoring.

Among the Programme Aid Partners, the World Bank remained by far the largest donor to Mozambique (300 mUSD in 2007). The EU was the second largest, with a contribution of 166 mUSD, USAID providing 157 mUSD was the third, followed by DfID with 114 mUSD. Sweden is the fifth largest donor with approximately 91 mUSD in 2007. During 2007, the Millennium Challenge Cooperation, MCC, signed a five year agreement with Mozambique on 507 mUSD. MCC will set up a project organisation to manage the funds and will focus on the northern provinces, primarily on infrastructure and water and sanitation. USAID has increased its activities in Mozambique, which has made the US one of the largest donor in the country.

In December, a Swedish high level delegation from the Ministry for Foreign Affairs visited Mozambique for meetings with the Government, civil society, like-minded donors, UN, WB and EU. The aim of the visit was to get a better background to the forthcoming decision on the new cooperation strategy 2008–2012.

4. Specific Country Programme Overview of the Swedish Development Cooperation

The current Swedish Country Strategy 2002–2007, extended to 30 June 2008, is divided in three main programme areas; i) Democratisation and democratic development, ii) Sustainable economic growth and iii) Social and Human development. Within those areas, eleven (11) programme goals have been defined. Reports on results are increasingly using government systems for follow-up where common targets and indicators are followed up at sector level through a Performance Assessment Framework (PAF). The following are main results and outcomes reported in the areas covered by the Swedish Country Strategy.

4.1 Democratisation and Democratic Development

Programme Goal 1.1: To enhance the capacity of the government administration, increase transparency and accelerate the process of decentralisation

Public Sector Reform

In 2007, a new Ministry for Civil Service (Ministério de Função Publico, MFP) was created from the previous Civil Service Authority (ANFP). The ownership of the Public Sector Reform, PSR, has been stronger and better coordinated even if the management relation between MFP and the implementing agency for the reform, UTRESP, still lacks clarity and is an ongoing issue in the dialogue with the Government. Sweden supports PSR Phase II through a Common Fund arrangement coordinating support from the World Bank, Norway, Italy and Holland. The need for a salary reform was highlighted in the Aide Memoire for 2006, as being an essential mean to retain qualified staff. During 2007, an important step towards achieving that goal was taken when the complete civil service census was successfully carried out nationwide. Around 30,000 irregularities emerged from the census process and a number of validation steps were designed to ensure an accurate and up to date cadastre. The first level of validation – with sector ministries – was completed but the validation by the National Audit Office (Tribunal Administrativo, TA) and by the Ministry of Finance is still pending. The cadastre is already a valuable source of data but it does not yet provide a definitive register of authenticated public servants. The cadastre is a basis for the implementation of the salary reform. In September 2007, the PAF targets were adjusted to slip the delivery of an “approved salary policy” from 2007 into 2008 when the final reform proposal is expected.

The government's strong emphasis on the crucial role of the districts has major implications that range from physical material capacity (offices and residences) to human resources. The challenges are exemplified by a directive from 2007 that all primary teachers should be recruited at district level, yet without any changes to the complex and lengthy admission process that still requires intervention by the provincial authorities and the National Audit Office.

Decentralisation

Decentralisation and deconcentration are key components of the second phase of the Public Sector Reform, 2006–2011. Even though some progress can be detected, there is a continued tendency towards an administrative deconcentration rather than a democratic decentralisation.

The 2007 Joint Review highlighted decentralisation as top priority and a major challenge in order to increase Government of Mozambique's effectiveness and transparency in service delivery: approval of a decentralisation policy and clarification of the longer term decentralisation process, division of responsibilities between local governments and municipalities, better inter-sectoral coordination at local level, and devolution of sector competencies. It was concluded that the Government needs to give priority to decentralized implementation of reform. The sectors, the provincial, district and local governments ("autarquias" or municipalities) should put more emphasis on the participatory processes to ensure internal ownership.

In 2007 the government continued to allocate resources to provincial, district and municipality levels as foreseen. There is also progress in the function of the local consultative councils which are to be found in each district. It should however be noted that in the majority of councils there is a lack of broad representation and a clear and transparent process of decisions. The intention to increase the number of municipalities was not materialised in 2007.

In October, the Council of Ministers approved a proposal for decentralisation of funding of the following sectors: water and sanitation, roads, agriculture and health and education infra-structure. As a result of the restructuring of several ministries, some positive signs could be seen regarding the service delivery in the provinces; the waiting period of the criminal register was reduced from 30 to 4 days and the waiting period for the trade register was reduced from 20 to 1 day.

Even though there is progress according to indicators, there is a general policy concern that insufficient or delayed attention to capacity development at local level may jeopardize the development outcomes of the current deconcentration process. The transfer of planning responsibilities and financial resources to districts may bring suboptimal or disappointing results if these are not complemented by systematic capacity development. The decentralisation programme is not a goal in itself, but a key instrument to build the necessary capacity at district level required to plan and manage the increasing resources that are transferred to district level and to turn the consultative councils at local level into meaningful participation in the planning process. The development partner group's perception is that lack of ownership on the side of the Government is the main reason for the slow progress and that the decentralisation programme runs the risk of being donor driven.

Internal and External Audit

At the end of 2007, the National Audit Office, Tribunal Administrativo (TA), has continued increasing its institutional capacity both in quality and quantity. This has resulted in meeting and even overcoming the PAF indicators, namely from 270 financial audit reports planned to 281 reports accomplished, an increase of about 115% compared to 2006. Not least important, the continued increase of technical staff working in the third section on ex ante and post audits has at large contributed to the widening of the district geographic audit coverage (from 55 districts audited in 2006 to 101 in 2007).

In 2007, there has also been substantial improvement of the quality and timelines of the annual analysis of the State Budget Account and respective report to the Parliament.

Following the formulation by TA and approval of the Corporate Plan (strategic imperatives and operational ambitions) for the period 2007–2011, and subsequent project proposal, four donors (Sweden, Germany, The Netherlands, and Finland) have harmonized and coordinated their support to TA, which resulted in a multi-donor financing in the form of a Common Fund to support the TA through a Memorandum of Understanding (MoU). To this end, a new agreement was negotiated with TA and signed by Sweden and the government of Mozambique for 2007–2008.

Inspectorate General of Finance/Internal Audit and Control

In 2007, IGF strengthened its critical overview of the performance audits carried out in the previous years, increased the follow up of the implementation of the recommendations made in their audit reports, and substantially improved the overall oversight capacity of the state by means of establishing internal control organs/structures (OCIs) at central and provincial level. Still, only 30% of the institutions, have a functioning internal control function in place.

Following the accomplishment of the subsystem for internal control strategic plan, IGF has recruited and trained 49 new technicians assigned to line ministries inspectorates. During 2007, IGF has concluded 130 audits (an increase of about 25% compared to 2006), and identified 300 major recommendations to be followed up in the first semester of 2008.

IGF took the lead in carrying out a performance audit, stipulated under the budget support MoU implementation, of the justice and legal sector. The audit was initiated with great delays in 2007 resulting in a similar delay of the outcomes of this review.

National Institute of Statistics, INE

In 2007, a nationwide population and housing census was carried out successfully during the month of August. The census data will enable the National Institute of Statistics, INE to combine and further integrate analysis of data from different surveys. In addition, a labour force survey was carried out which provided national data on employment, unemployment and labour conditions for the labour force in formal and informal sectors and specifically on conditions for working children between the age of 7 and 17

In the course of 2007, INE produced a new statistical plan for the period 2008–2012 and a proposed programme in the form of a Common Fund arrangement, as the Scandinavian project came to an end in December 2007.

According to the final external evaluation report, delivered in June 2007, the Scandinavian assistance programme has done a lot in building INE infrastructure and strengthening of capacity³. Most of the activities included in the 2003–2007 strategic plan have been accomplished. However, there is high demand for statistics, mainly to support national planning processes including monitoring of the implementation of PARPA II. Recommendations for the future stress the importance of further assistance being well coordinated to ensure greater impact and to achieve synergies. Future support should also include benchmarks on the performance of government in meeting its obligations in the implementation of the programme.

SISTAFE

The second phase of the financial management reform programme (SISTAFE) continued with good progress in 2007. The PEFA evaluation carried out in 2007 registered a lot of progress and many of those related to the SISTAFE implementation.⁴ The computer based system, e-SISTAFE, was rolled-out by end 2007 so that all ministries (i.e. 25 in total) and 7 state organs at central and provincial level were covered. In financial terms these institutions manage a major share of the total state budget. Direct budget execution, i.e. bank to bank transfers as a payment modality to limit the use of cash transactions and advancement of funds was introduced in 2007 and reached by the end of the year 81.5% of all payments of goods, services and investments (excluding salaries and external investments). The functionality of the core system of e-SISTAFE, i.e. budget preparation, execution and treasury function, are well functioning and have led to among other benefits, more comprehensive budget information, faster closing and consolidation of accounts and improved cash management and control through the Single Treasury Account. The multi-currency Single Treasury Account that was introduced in 2007 should facilitate for more donor funds to be channelled through the regular payment system of the government. As a baseline and prerequisite for the salary payroll to be included in eSISTAFE, a national survey of civil servants was carried out successfully in 2007, which created a register for all civil servants. Salary payments through e-Sistafe will however only be operational in 2009.

Economic Analysis

Sweden collaborates with the Policy and Research Unit (DNEAP) at the Ministry of Planning with support to policy formulation and planning, research, training and dissemination. In 2007, DNEAP supported many of the important key processes in government through research and policy analysis prior to decisions, such as the budget elaboration and reports, the MTFP preparation as well as other important policy decisions (SADC Customs Union, the Extractive Industries Transparency Initiative, the Poverty Observatories and others). The unit has an ambitious research agenda focused on improved governance, poverty reduction and economic growth. In 2007, approximately 25 research papers were published within these areas. 17 presentations were held at the Ministry of Planning to contribute to a broader debate on development policy issues. The Unit was also involved in training activities, mostly for

³ Evaluation Report, The Scandinavian Assistance To Strengthening Institutional Capacity of the National Statistical Institute (INE) 2003-2007 B. Kiregyera and D Megill, June 2007

⁴ Assessment of Public Finance Management in Mozambique, Lawson et al February 2008

civil servants but also for university students. Many of the training activities are carried out in collaboration with the University Eduardo Mondlane.

Programme Goal 1.2: Democratisation and conflict prevention through support for civil society, the media and culture

Culture and Media

With Swedish financing, UNESCO is carrying out a programme aimed to make Mozambique's history and culture known to the public, and to promote cultural activities through a programme called "Development of the Cultural Institutions of Mozambique".

The National Archive of Cultural Heritage was provided with IT and research equipment to strengthen the functioning of the institutions, and the National Film and Video Institute received equipment for enhancing the storage conditions of the national film archive. Training of museums officials management administration on fund raising and public outreach was carried out. The programme will, according to plans, end in April 2009 when support to Culture will be phased out.

An agreement was signed in December 2006 with UNESCO for a three year Media Sector support, nevertheless the whole 2007 passed by without any programme activities. UNESCO had problems in getting the agreement with the government signed. That only happened in the end of 2007. Moreover, the internal bureaucracy of UNESCO further complicated a speedy start of the programme. In the beginning of 2008 the programme is expected to start and Sida will monitor this closely. The long delay for programme start will be a factor when Sida considers continued support to media and which channels are suitable.

Democracy and human rights

Direct support to democracy and human rights in Mozambique has apart from support to public sector reforms, including the National Audit institutions and INE, mainly been directed towards civil society with the aim to strengthen institutional capacity of partner organisations to work for a pluralistic and democratic society in which there is respect and protection of human rights. In 2007, the process of concentration of the number of partner organisations continued. The process of reviewing support to democracy and human rights through civil society will continue during 2008 with an aim to have a coherent strategic vision on how support to democratic governance and human rights can be supported through bilateral and civil society channels.

During the year, Swedish support has contributed to the strengthening of the capacity of partner organisations and networks in the area of gender equity. Strong advocacy and lobbying efforts of organisations such as Forum Mulher has been crucial for the domestic violence law to be on the Agenda for debate in the Parliament in the beginning of 2008. Gender equity organisations are considered to be among the best organised lobbyists and with help from the Gender Co-ordination Working Group, of which Sweden is a member, Forum Mulher received support that lead to a more prepared and structured input into the Joint Review of the PARPA.

Sweden is lead donor to the most important human rights organisation in Mozambique, Liga Mocambicana dos Direitos Humanos (LDH). The role as a watchdog of the government in the area cannot be underestimated. Their statistics and information are important reference points

for media and donors and for example the State Department's and the Swedish HR-reports use them as an important source. LDH has been asked by Parliament to comment on specific laws, for example on the establishment of a Human Rights Commission, but they have also been pro-active in proposing laws in the area of HIV and Aids protection for example. They have also participated in the Joint Review and their participation and lobbying for the prison population has clearly contributed to the successful efforts to reduce the number of people in prison awaiting trial and in preventive custody.

Through Diakonia, Swedish Cooperative Centre (SCC) and AWEPA⁵, Sida has also supported promotion of democracy and human rights during 2007. The two first mentioned organisations have had new programs approved by Sida in 2007. The work of the partners has, among other things contributed to strengthen the focus on gender and HIV and Aids in Parliament through the by Awepa proposed and supported Cabinet of Gender affairs and Cabinet on Hiv and Aids. These Cabinets have proven to be important entry points for civil society organisations into Parliament and they have also been the driving forces behind important legislation, such as the proposed HIV and Aids Protection Act. Through AWEPA's work with political parties an increased openness to female participation in politics can be discerned.

Anti-corruption has been supported in many ways, for example through the above mentioned support to TA and IGF as well as by supporting the strengthening of the PFM system in the country. Support to the Centre of Public Integrity, CIP was initiated in 2007. The Centre of Public Integrity, a national civil society organisation, does investigation and research and based on that effective advocacy work through media and other sources. Work done in 2007 focused on the Anti-Corruption Legislation, Mandate of the Anti Corruption Court (GCCC), Forestry Exploitation, Elaboration of the National Report on Governance and Integrity, and a study on the Mozambique extractive industry in relation to the Extractive Industry Transparency Initiative. These five studies are yet to be published in 2008.

Even if the work against corruption at the technical level shows progress it is hard to see tangible results when it comes to reduced corruption in Mozambique. In the Joint review report for the year 2007, the lack of credible monitoring and evaluation systems, as well as the organisational and structural set up of the state's anti-corruption work are mentioned as hindering the implementation of anti-corruption efforts.

Diakonia's partners have been important actors in the setting up and consolidation of the national NGO Forum G20 as well as the Electoral Observatory from which civil society has a platform for increased participation into the follow-up of the PARPA as well as the discussions around the new electoral law and the setting up of electoral commissions at provincial level. Increased synergies between partners have been promoted with joint trainings and experience sharing, not the least on how to monitor the PARPA and evaluate government programs.

In 2007, a large UNICEF Child rights programme with civil society organisations was initiated and this programme in combination with the already existing Save the Children programme emphasises the importance Sweden puts into child rights. During the year, UNICEF, Save the Children and their Civil Society partner organisations have lobbied for the adoption of child rights related legislation such as the Children's Act,

⁵ The Association of European Parliamentarians for Africa

The Juvenile Justice Act and the Human Trafficking Act. This pressure has contributed to put these acts on the Agenda of debate in Parliament for the March/April session in 2008. Specific targeting of Parliamentarians with trainings and debates and budget briefs on budget allocations to highlight the impact on children and access to services, has contributed to raise the awareness among them of the situation of children and regional inequalities. A strong focus on child participation in decisions that affect them have been included in the above programs by setting up a Child Parliament, holding Child Forums, educating child journalists etc. Co-operation with the National Roads Institute on road safety are among other important activities that have been carried out.

In general terms it can be noted that although weak and with capacity constraints, many partner organisations are developing when it comes to planning, management and results based management. It can also be noted that organisations and networks are starting to demand more space to influence in public policy, something which is shown in their lobbying for a number of new laws and the strengthening of networks such as G20, Electoral Observatory and Forum Mulher. Much remains to be done but considering the worrying tendency of growing power concentration and symbiosis between the state and the ruling party, it is without doubt important to continue to support positive forces outside the state.

4.2 Sustainable Economic Growth

Programme Goal 2.1: Macroeconomic stability, transfer of resources and increased investment in poverty reduction

In accordance with the Country Plan Sweden increased the amount of general budget support aimed at implementing the country's National Poverty Reduction Plan. (PARPA II) Sweden provided SEK 300 million jointly coordinated with 19 other development partners. Out of this SEK 50 million were funds previously allocated for the education sector.

The Joint Review 2007 concluded that GoM performance in 2006 was satisfactory, albeit with large variations across sectors (see Chapter 2). The education sector was one of the best performing with services being expanded especially in primary education. Priority sectors continued to receive a fair share of resources of the executed budget, much of which is government own resources and general budget support. 98% of the overall committed budget support (USD 386 million) was delivered in a predictable fashion which helped maintain macroeconomic stability and to smooth expenditure over the year.

Programme Goal 2.2: Rural Development through growth in the natural resources management sector and sustainable infrastructure

Sida supports agricultural development through the Ministry of Agriculture (MINAG). The areas of work include such activities as agriculture research, extension, irrigation, livestock, land tenure, forestry and wildlife. A new MoU for budget support to the agriculture sector between GoM and eight partners including Sweden was signed in February 2007. Through the new MoU, the support has become aligned with GoM procedures for budgeting, planning and follow-up. Sweden acted as Lead Donor for the sector in 2007 with the role to coordinate and represent the partners in the dialogue with the Government. The total Sida

contribution to ProAgri in 2007 was SEK 27 million. The performance of the sector was evaluated in the Joint Review in April and the Mid Year Review in September. During 2007, a number of external factors had a large impact on MINAG's performance and working environment, among them the change of Ministers of Agriculture in March 2007 and again in December 2007 and a fire that partially destroyed the Ministry's office in May 2007. The overall performance of the sector was mixed. During 2007 the growth of the sector was 8,6%, of which agriculture was 6,7%, livestock 33,5% and forestry 2,5%.

The number of farmers assisted by public extension services increased with 49% (128% achievement and 285 361 farmers assisted in 2007). Areas benefiting from newly constructed and/or rehabilitated irrigation systems were 3520 ha (88% achievement of the target and an increase with 38% compared to 2006). The percentage of the processes for requiring a land title completed within 90 days were 52%. There was however progress in the implementation of a new law stating that 20% of the concession fees for forestry and wild life exploration shall be allocated to the local communities in the area. 39% more communities benefited from this legislation, but still only 308 of the 1062 communities that has the right to such funds are actually getting them. To respond to emergencies due to natural disasters, MINAG provided agricultural inputs benefiting 97.000 families, affected by droughts, floods or cyclones.

In relation to management of natural resources, substantial work was done. As a response to the very high demand on land for bio-fuel production during last year MINAG had to concentrate its efforts to find a way to balance the demands on land for this purpose while avoiding a negative impact on food production. Work was started to develop land use plans and to identify areas suitable for bio-fuel production. The sector remains vulnerable to droughts and floods and even though about 70% of the households has agriculture as their main source of income only a bit more than a quarter of the households manages to produce and store food reserves for the whole year. MINAG, together with other Ministries, developed a plan for climate change adaptation and did an inventory of existing forestry resources. The control of the use of pesticides also improved.

During 2007 Sida initiated support to a pilot phase of a programme called SAKSS, Strategic Analysis & Knowledge Support System in the Agriculture Sector, focusing on capacity development for policy analysis and strategic planning, as well as on enabling policy dialogue. During the pilot phase of SAKSS in 2007, the support has contributed to the work of developing a new agriculture strategy as well as to studies on the role of agriculture subsidies, on public investment options to accelerate growth and to achieve the MDG on hunger and started a Public Expenditure Review of the agriculture sector. SAKSS has also arranged seminars and debates on emerging policy topics. The Embassy is currently preparing a new phase of the support to SAKSS and MINAG for capacity development in the above mentioned areas.

Community Land Rights

Sweden has a long history of supporting land tenure in Mozambique. Sida supports a pilot phase of a project called the Community Land Fund with a total 4,5 million SEK for the period 2006–2008, through an agreement with DFID and with KPMG acting as fund manager. The goal of the programme is to enhance rights of rural people over land and other natural resources, increased investment and more sustainable and

equitable use of these resources for poverty reduction and economic growth. The project is implemented in the three provinces of Gaza, Cabo Delgado and Manica. The start-up of this programme has been slow and during 2007 the main activities focused on setting-up provincial offices and creating awareness about the programme. Several projects for implementation by the Civil Society at local level were approved in 2007 by the National Oversight Committee that is steering the programme and implementation of those projects will start in 2008.

Roads

The Swedish support to the road sector consists of both programme and project support and is an integral part of the Sector Wide Approach (Programa Integrado do Sector de Estradas – PRISE) where all sector planning, finance, implementation, monitoring and evaluation are fully integrated. The project support component is described under the programme goal 4.2, below.

The Roads Programme support is directed towards the National Roads Administration (ANE), aiming at building the capacity of the sector for a decentralised management of the regional roads, while at the same time supporting the rehabilitation of these roads. During 2007, the programme achievements were low due to the implementation of the road sector reforms that completed the first phase at the end of the year with the appointment of the new director general of ANE including the executive directors at central level and ANE provincial delegates. The late appointment of ANE staff delayed the implementation of the capacity building component of the Sida funded programme, due to the need to identify technical knowledge and experience gaps that would be supplemented by technical assistance to be selected on an individual basis.

Funding for regional roads rehabilitation, were earmarked to pilot projects aimed at implementing localized repairs of critical section of the regional road network. Proposals received from six provinces for sections identified to benefit from the necessary improvement are being evaluated for the design of necessary interventions, including low cost surfacing to be applied by local contractors.

Overall, PRISE has met the target for the percentage of the roads in good and fair condition with 69%. This achievement means that 20 245 km of roads is regularly maintained compared with the total length of 29 341km. Compared with the physical progress in 2006, there was a considerable increase in the periodic maintenance, 2 147 km against a planned length of 725 km (992 km in 2006), and a slight decrease in the maintenance targets with a total of 11 868 km of roads maintained against the planned length of 15 575 km (12 907 km in 2006).

Rural electrification and energy

Overall results in the energy sector reported on during the Joint Review 2007 were the 95 000 new connections during 2007 made by the national energy utility Electricidade de Moçambique (EDM) which was above the targeted 70 000 new connections. Another positive sign was the appointment of commissioners to the energy regulator CNELEC which is now planned to be up and running during 2008 with the main task to monitor EDM's performance. During 2007, EDM also signed the Performance Contract with the Government. An issue of major concern that was highlighted by the donors is the trend of lack of transparency when it comes to the development and appointment of concessions to some of the larger generation projects. During the year, Sweden has, as part of the

Energy Sector Donor Working Group, pushed hard for increased donor coordination, resulting in a much more focused and coordinated Joint Review.

Regarding the bilateral support to the energy sector, the technical assistance to EDM under a cost-sharing agreement (Sweden 83%, EDM 17%) ended in December 2007 after having been extended in time. The programme has improved the skills and capacity at EDM within the areas of business development, power economy, network system planning and legal services. EDM has gained understanding of electricity trading and is now one of the major players in the Southern African Power Pool with increased trading revenues as a result. Lessons learned from the project will be fed into the future planned Swedish financed Capacity Development Programme at EDM. During 2007, Sweden provided assistance to EDM in its preparation of the programme, including an LFA-workshop.

The Swedish advisory support on strategic issues to the Minister of Energy ended in June 2007. The support has been instrumental in advising the Ministry on, among others the new Strategic Plan for the sector and has assisted the Ministry in developing part of its Institutional Master Plan. The rural electrification project in the Sofala, Manica and Tete provinces is in progress but with estimated delays for final completion of approximately four months. During 2007, two districts have been connected to the grid, Changara and Caia. In September, the project was extended through an amendment to also include the rural electrification of Chibabava and Búzi districts with an additional Swedish contribution of 30, 1 MSEK and 33,5 MDKK by Denmark. Sweden has agreed to administer the Danish funds and, by that, acting as lead donor for both Denmark and Norway. Procurement of a contractor for these additional works was finalized in December. The project amounts to 204, 1 MSEK, 50 MNOK and 33,5 MDKK.

In July, it was decided to proceed with a full assessment of a future rural electrification programme in cooperation with Norway in the provinces of Zambezia, Cabo Delgado and Niassa.

Sida is assessing a request to finance the rehabilitation of two hydro-power stations in central Mozambique, Mavuzi and Chicamba, with a 30 MUSD credit, if so being the first Swedish credit to the energy sector in Mozambique. As part of the assessment two studies have been undertaken during 2007, one analyzing and assessing the selection procedure of SON Power as a partner, and another study reviewing the legislative framework governing public-private partnerships in Mozambique. The conclusions of the studies are that the selection process of SN Power has been in line with international standards and with the Mozambican legislation framework. As a result, a decision was taken in October to continue the in-depth assessment of the project. EDM and SN Power are now in the process of negotiating on a RTO (Rehabilitate, Transfer and Operate) agreement which will be incorporated in the project proposal.

Programme Goal 2.3: Growth in other private sector area and the promotion of an environment conducive to development

Sida supports the Confederation of Business Associations (CTA) to promote growth within the private sector and thereby reduce poverty and create employment in the country.

Project achievement during 2007 comprised the establishment and fully operation of the Ombudsman entity, with the aim to provide advise and business information to the private sector members.

Support was also provided to CTA consultative mechanisms which had a relevant impact on the improvement of the business climate in Mozambique as reflected in the WB Doing Business scoring where Mozambique registered an improvement of 6 positions, from 140 to 134, considered as the third most reforming country in the sub-Saharan region. Swedish project financing to CTA ended in December 2007 and is to be completed and closed during 2008.

Programme Goal 2.4: Enhance growth and strengthen the building of a nation by linking the north part of the country with the south with a connection over the Zambezi bridge

The north-south link comprises the construction of a permanent bridge (2 340m long) on the N1 across the Zambezi River at Caia. The Zambezi Bridge project is cofinanced by Sweden with 200 million SEK (equivalent to 18 million EUR), the European Union 25 million EUR, and Italy with 20 million EUR. The “design and build” contract for the bridge started on 13 March, 2006, with a contractual completion date of 12 March 2009.

Implementation of project activities has followed the work programme with minor delays during 2007. Progress achieved includes the construction of the fourth deck of the approach bridge and the first segment at the top of one of the piers on the main bridge. All pile foundations were completed for both the approach and the main bridge.

Swedish financed ferries for the temporary crossing of the Zambezi river were reported to provide continued good services even during the flooding period. Operation and maintenance of the ferries is being carried out by the Navy and ANE technicians based in Caia.

4.3 Social and Human Development

Programme Goal 3.1: More and better quality education, including higher education and research

The implementation of the Strategic Plan of the education sector continues to show progress and preliminary findings of the sector review in 2007 show continued improvement and almost full attainment of the set targets.

Net enrolment rate at 6 years of age in the first grade reached 70%, i. e. above the 67% target. Equally, secondary education completion rate of girls surpassed the target and reached 28.8%. Although the Ministry of Education hired an additional 11 000 teachers during 2007, the student/teacher ratio continues to be a concern, and the average target of 71 pupils to teacher ratio was not met. Administrative issues and slow human resource handling caused a delay in the employment and substitution of staff.

Even though improvements in enrolment and completion rates are apparent and gender disparities almost nil, challenges remain. Quality of education, sustainable secondary education level expansion and management capacity at decentralised level are issues that the sector will have to put emphasis on.

Cooperation with Eduardo Mondlane University, UEM

Support is directed to research of importance for the country development, strengthening of the research environment and to the capacity for research management. In terms of research, Sida's support encompasses natural sciences and technology, social science and humanities, natural resources and environmental protection, as well as health care. Assistance for the establishment of masters programs at UEM as well as to improvement of research infrastructure is given through Masters Funds and Facility Funds. Library support includes training of library staff as well as support to annual subscriptions of electronic scientific journals. Improved monitoring, reporting and evaluation is an important part of support to research management.

The research and training activities run according to plans and have resulted in two PhD theses, one on chemical engineering and one on water engineering. Furthermore, seven MSc students have completed their studies at universities in Sweden and South Africa. Five researchers actively participated in international conferences.

During 2007, UEM has completed preparation of curricula and all documentation requested to start the local masters degree programme in biology. Work with establishment of additional four MSc programs has been started. Eight UEM students were accepted and started their training at internet-based MSc course in energy.

Although the *administrative management* of the SAREC-program works much better compared to the previous agreement period, there are some issues to be improved. Delays in some of the programmes and low absorption of the funds were explained by the perceived cumbersome new procurement regulation. UEM has taken measures on how to speed up procurements. A group at the Financial Directorate, which used to work with procurement matter within the WB program, will take the responsibility.

UEM's new library, in collaboration with the International Network for the Availability of Scientific Publications, INASP, trained its staff on use of digitalised scientific information.

During 2007, the university Research Policy document was completed, discussed and approved by the Scientific Council. Furthermore, UEM has started preparation of a donor coordination strategy.

A new agreement with the Ministry of Science and Technology on the national research system for the period 2007–2009 was prepared and signed. At the first Planning Meeting in November 2007, Sida approved the Activity Plan for the period October– December 2007 and MCT started to work with the implementation of the plans.

The *provincial scholarship programme* is co-funded by the World Bank and the Netherlands and covers 7 provinces of which 3 (Niassa, Zambezia and Sofala) are covered by Swedish funds. The whole programme is assisting 617 students of which Sweden covers for 351. During 2007, 94 students graduated with a bachelor's degree, of which 10 were funded by Sweden. The 10 Sweden funded students have returned to their provinces of origin and been employed by the education sector.

Programme Goal 3.2: HIV/AIDS prevention and care

Sweden's direct support to HIV/AIDS prevention has continued to focus mainly on strengthening the government's response to the pandemic, as well as that of a few key strategic civil society organisations. The National AIDS Council (CNCS), which is supported through a Common Fund,

has emerged from a particularly challenging year, during which it was criticised for its slow progress in disbursing funds to civil society as well as its inability to effectively coordinate the national response. During 2007, however, the CNCS managed to finalise the engagement of a Grant Management Agency (GMA) to manage the disbursements of funds to civil society, which is seen as crucial to the broader response to the pandemic. The GMA's operational plan was submitted and approved in late 2007 and it is expected that the process will be up and running by mid 2008. This should result in the CNCS freeing up both capacity and time to focus on coordinating the response and the development of a new national strategy, which is expected to be commenced during 2008. In terms of M&E, a National AIDS Spending Assessment was completed during 2007 and three major surveys⁶ are planned for 2008 - BSS+ (Behavioural Surveillance Survey), I-RARE (International Rapid Assessment Response) and INSida (Population Based Zero-Behavioural Survey).

The support to the Geração Biz programme through the UNFPA increased its coverage from 8 to all 11 provinces, currently covering 60% of the districts and reaching over 1.2 million youth, both in and out of school. The programme was evaluated during 2007 and the results suggest significant improvements in its outreach with regards to its target group of youth and adolescents as well as its primary messages on behavioural change and sexual and reproductive health⁶. The programme has also been elevated to a best practice model and has since attained significant levels of ownership and national interest. The key challenges for the years ahead are its sustainability and its inclusion into the state budget.

The support to civil society has focused mainly on MONASO (National HIV/AIDS network), Save the Children Alliance and specific support to HIV/AIDS activities in the Niassa province (see programme Goal 4.4).

2007 witnessed the consolidation of MONASO as the key HIV/AIDS network organisation in Mozambique and through a common fund with DFID, Sweden and Ireland Aid, it has now established a presence in all provinces across the country. A mid-term evaluation of MONASO's five year strategic plan will take place during 2008.

The support to the Save the Children Alliance (SCA) continues with the rising challenges around the increasing vulnerability of children and particularly orphans in Mozambique. SCA continue to be part of the working group on orphans and Vulnerable Children (OVC) as well as forming part of a reference group along with UNICEF and others. Amongst the key achievements for 2007 were the publishing of a report on inheritance rights for women and children, significant contributions to the tabling and enactment of the Children's Rights Act and a 16 day campaign around the protection of youth and children from violence, sexual abuse and trafficking, which remain significant concerns in Mozambique.

4.4 Niassa Poverty Reduction Programme

Programme Goal 4.1: Growth in the agricultural/private sector in Niassa

⁶ J.Benavente & J Matine (2007) 'ASRH/HIV/AIDS, Geracão Biz Program, Mozambique, Progress and Challenges' UNFPA/NORAD, Maputo

Support to Private Sector Development (MALONDA)

Sida supports the private sector in the Niassa province through the Malonda Foundation. In 2007 Sida disbursed SEK 13.6 million to the programme. The overall objective of the Malonda Programme is to reduce poverty through private sector development and pro-poor partnerships and concentrates on developing business in the areas of forestry, agriculture and tourism. It tries to explore new means of enabling private investments that will contribute to growth and create job opportunities in Niassa. the programme supports both commercial investments and non-profit activities. Malonda works together with a number of organisations and offers services such as business information, legal and technical advice and an ombudsman service to the private sector. In 2007 the Malonda Foundation signed two joint ventures agreements with partners from Norway and the United Kingdom respectively. The objective of those ventures was to explore 65.000 ha of the land, as a first phase, which has been allocated to Malonda Foundation by the Government of Mozambique for forest plantations. Malonda's contributions to the ventures were the land, the environmental study, community consultations and the demarcation of the areas.

Malonda also helped two new international companies from Finland and Zimbabwe/Austria respectively, with the legal and administrative processes required initiating forestry plantation in Niassa. Malonda itself started its first test plantations of 300 ha which will serve as a model for out-growers' scheme. At community level, parallel to other forest activities, management committees were created and six of them started community forestation projects at the rate of 1ha/community. Through the forestry investments in Niassa, 3.200 new jobs, including seasonal work, has been created. The Environmental impact study for 170,000 hectares intended for forestry plantations was completed including environmental and social issues that will guide Malonda in its exploration of the area.

The efforts done in agriculture were mainly concentrated at the end of the value chain, i.e. to facilitate the access to markets for those small holders who had a surplus of mainly maize and beans to sell as cash crops. Approximately 14.900 small holders were serviced by this facility giving each family an average extra income of 133 USD. Through an agent, the financial institution Amoder, a number of consortia with traders were established with the purpose to cover and reach also remote areas for the procurement of surplus crops. About 9.960 ton were procured, cleaned, stored, packed and transported to distant buyers, mainly in Nampula province, but also abroad. Six of these so called contractual joint ventures were active during the year in the field of agriculture.

Conservation farming was introduced and a seminar was arranged and financed by Malonda that exposed both commercial farmers and small holders to minimum tillage techniques. 32 extension workers were trained. A bamboo pilot planting program was introduced at community level to satisfy the communities' need for construction material as well as an extra income. The first 4.000 seedlings were distributed. A fire awareness campaign through theatre was launched in seven selected critical villages at risk. More than 3.000 people attended these performances. Twelve HIV/AIDS activists were trained to specifically work in the forestry plantation areas. Five workshops were conducted on prevention and mitigation in field project areas.

For the 110.000 ha area of bush landscape, 28 wildlife scouts/guards were trained in anti-poaching activities and were housed at the Mount

Mosale base camp that was finished during the year. Dormitories and basic amenities were completed for the bush camp staff and the first tourists were received. An animal count was prepared in order to be carried out in 2008 in collaboration with the large “Reserva de Niassa”. The count will guide Malonda for future investments in multiplication of the animals that are of most crucial interest for hunting and eco tourism.

Malonda (in collaboration with the NGO Amoder) provided micro-credit to 502 beneficiaries in 2007. Malonda was also the promoter of a project aiming at offering rural population to transfer and save their surplus money in a safe way not involving cumbersome practices of long distance travel. The set-up involves use of modern technology of mobile phones,

Together with the largest mobile operator in the country, with the Postal office and a financial institution (GAPI) as intermediaries.

Twelve community bulletins were produced informing about activities in the districts. The response from the readers shows that this is an appreciated form of communication and information for Malonda’s stakeholders.

The new and permanent members of the Malonda Board of Directors were appointed in September for a period of three years, as well as two of the three members of the Fiscal Council. An Executive Director and a Financial Director were appointed in December.

Programme Goal 4.2: Sustainable infrastructure for economic development in Niassa

The Niassa roads infrastructure projects comprises the upgrade of the N14 stretch between Marrupa and Ruaça and the low-cost surfacing of the N13 stretch between Lichinga and Cuamba through Mandimba.

The specific agreement for the upgrade of the 68 km of the N14 section between Marrupa and Ruaça was signed in July 2007 and the procurement process that started two months later pre-selected consultancy firms for design and supervision. Based on the client procurement plan, activities are expected to start in the middle of 2009 for a period of 30 months.

Achievements of the implementation of the project support for low-cost surfacing of 150 km of the N13 stretch between Lichinga and Cuamba through Mandimba comprised the reshaping and re-graveling of the planned length (150 km) as a preparation to apply a low cost surfacing in selected critical sections.

New estimated project cost for the rural electrification project in the districts of Mecanhelas, Maúa and Marrupa were presented in March showing a duplication of the total cost. The main reasons being larger estimated number of consumers as well as sharp price increases of material over the last four years. After a second opinion had been provided by a consultant on the estimated costs, additional funds have been secured, 5 MSEK from Sweden and 41 MNOK from Norway through an agreement on delegated cooperation, the total project amounting to 52 MSEK plus 41 MNOK. Procurement of the contractor through competitive bidding, Swedish Eltel, as well as contract negotiations were finalized in 2007.

Programme Goal 4.3: Increased administrative capacity in Niassa

Public sector development

Swedish Support to strengthen the Public Administration at the Provincial Government in Niassa developed positively during the year, mainly

due to an increased capacity at the Provincial Planning and Finance Directorate, DPPF. The process of elaborating the annual provincial Economic and Social Plan (PES 2008) was better organised than previous years, even if the process still lacks transparency towards the citizens of Niassa. The donors have been more involved. Another indication of a better functioning DPPF is that the budget execution of the Provincial government is much higher than previous years. The Swedish support to the Province has also contributed to an increased capacity of the districts; more resources have been allocated for the districts. Many challenges are still to be solved, especially regarding increased transparency and accountability of public funds, but during 2007 the capacity of districts has been much more in focus.

A Strategic Plan for the province of Niassa covering the period 2007–2017 has been elaborated and was launched at the end of February 2008. A general concern of the support to the Provincial Government is the still weak capacity to plan, monitor results and follow-up. The presented provincial strategic plan represents an important planning instrument with effort to reduce poverty and stimulate development in the province. The Provincial Strategic Plan frequently refers to large-scale activities as the main engine for development. The pillar “Institutional Development” (corresponding to the Governance pillar in the PARPA), concentrate mainly on measures related to improved service in all public sectors and gender equality and less on democratic development, respect for human rights and combat of corruption.

In general, the work that different audit and internal control institutions (IGF and TA) have been carrying out in the province is considered to be positive. It has improved quite substantially the management of state funds, as well as those of cooperating partners, in particular with regard to bookkeeping, procurement, and the management of stocks and wages. Training and staff performance have been conducted in the areas of financial management for personnel working in the accounting and district administrations. The Provincial Government has continued to follow up the recommendations of the IGF audit 2005 and according to the current IGF matrix, most of these recommendations have been implemented. The IGF control unit has also continued to monitor the implementation of these recommendations. The Action Plan (the recommendations) has been followed regularly and is a standing issue at the Quarterly meetings with the Provincial Government.

The provincial government has expressed a need for the donor financing to be more aligned to government budget and reporting systems. The Single Treasury Account (CUT) is now operational and the Provincial Government and Sweden have agreed for funds to be put ON-CUT. The change will start as of fiscal year 2008.

The role of the Proani Coordination office has been modified and a new institution, Office for Strategic Studies and Development (GED), has been established. The institution, still under formation, will form part of the Provincial Government plan and budget and primarily deal with strategic planning (follow up on the Strategic Plan), monitoring and evaluation and coordinate different development contributions to the province. In the document Niassa Strategic Plan, GED is given the responsibility to steer the implementation, monitoring and follow up the Strategic Plan in a participatory form. Sida has also made organisational changes during 2007, and appointed a Swedish representative in Niassa. Since the post of a Proani Adviser was instituted in 2004, several changes and developments have taken place in the programme. The Sida repre-

sentative serves as the link to the Swedish Embassy in Maputo, represents Sida in the province and works closely with the responsible officers, managers and staff in the respective components and areas of activity supported by Sweden.

Programme Goal 4.4: Democratisation, promotion of human rights and conflict prevention in Niassa

Based on the recommendations of the previous evaluation, the new SCC programme in Niassa has become more strategic and focused mainly on supporting farmers' organisations, rights claiming organisations and coalitions using a rights-based approach. In the first phase of the new programme, most attention has been paid to internal capacity building of programme staff as well as introducing new routines and procedures in order to increase the quality of the work. SCC is currently in the process of adapting working methods, strengthening internal systems and conveying their new ways of working to old and new partner organisations.

The specific support to HIV/AIDS prevention and care, through two civil society organisations in Niassa, was evaluated during 2007. The results were generally positive, particularly with regards to the programmes provincial coverage and its leadership and behavioural change work within local communities. The Embassy intends to support a final phase with the two organisations. The challenge ahead will focus primarily on the sustainability of the programme.

4.5 Regional Programmes Supported from the Embassy

The Swedish Initiative for support to Sustainable Management of Water Resources in Southern Africa (*the Water Initiative*), is managed partly by the Swedish Embassy in Maputo. Results of the programme are reported in Sida's Regional Africa report.

The *International Training Programmes* carried out in collaboration with Swedish institutions had 47 participants from Mozambique, an increase by almost 30% as of previous year, attending 22 different training programmes in Sweden. Only 12 participants were women. A Phase II Follow-up Seminar, usually held in one of the participating countries, was organised in Mozambique for the first time. The Embassy, together with the ITP Division at Sida/HQ, organised the first ITP Alumni Reunion at the Residence attracting 65 former participants from five years back.

5 Office and Administrative Issues

a) Personnel Resources

The Embassy currently has 31 persons employed (13 assigned from Sweden), whereof 15 work directly with development co-operation. The Ambassador, the Counsellor for Development Co-operation and the Counsellor for Political and Commercial Affairs were replaced during the year 2007. A new regional advisor for water resources management took office in August 2007, and a new Officer for Democratic Governance and Human Rights started in November.

One NPO was reassigned tasks to work full-time with the Niassa programme, as from June temporarily stationed in Lichinga. After five years at the Swedish Embassy, the national programme Officer for HIV/AIDS left for a new assignment with the Global Fund in Geneva. A new NPO replaced her in early September and a new programme assistant/receptionist started working in August 2007.

To support the Embassy as chair of the ProAgri working group, a consultant was hired to assist in the coordination of activities and in policy dialogue for the duration of the chairmanship.

b) Competence Development

Activities for competence development for the staff included:

- Participation in Sida events on agriculture and natural resources, results based management, democracy and human rights.
- Continuous language training for sent-out staff (Portuguese).
- One NPO participated in a one week PFM training organised by the European Commission in Brussels
- Field visits, regional meetings and NPO-courses in Sweden.
- Two locally employed administrative assistants have been supported in relevant training courses at University level.
- One administrative assistant received a training course in English

c) IT-platform

The Embassy received the new IT-platform from RK (The Government council in Stockholm) in January. The introduction and the experience with the new system so far have been very positive.

d) Other

New systems and routines were introduced for handling of visas and passports including a photo-station for the handling of passports. The Embassy received new furniture and art in August/September.

Annex 1

Current Planning Overview

L109 Country report - Mozambique

Outcome and forecast in TSEK

Delimitation:

Status: I, P, A and C

Region/Country: Mozambique

Other: (agr end > 200700 or Outcome <>

			Data				
Allocation Frame	Allocation Account	Main Sector	Outcome 2007	FC 2008	FC 2009		
Inside country allocation	155017 Mozambique	01 Health	38 590	25 396	36 300		
		02 Education	5 204	10 000	10 000		
		04 HR & Democratic governance	144 168	177 366	146 050		
		07 Infrastructure	103 727	146 181	189 982		
		08 Trade, business & fin. syst	1 500	0	0		
		09 Natural resources&environm.	56 601	74 800	79 000		
		10 Budget support poverty red.	300 000	350 000	330 000		
		11 Other	20 106	6 244	8 200		
		155017 Mozambique Total			669 896	789 987	799 532
		Inside country allocation Total			669 896	789 987	799 532
Outside country allocation	155029 Reg prog.Africa (excl West Africa)	07 Infrastructure	0	0	0		
		09 Natural resources&environm.	56	23 058	16 963		
		11 Other	708	0	0		
		155029 Reg prog.Africa (excl West Africa) Total			764	23 058	16 963
	15541 Concessionary credits	07 Infrastructure	0	10 000	90 000		
		08 Trade, business & fin. syst	0	0	0		
	15541 Concessionary credits Total			0	10 000	90 000	
	15551 Research	03 Research	32 144	77 200	63 469		
	15551 Research Total			32 144	77 200	63 469	
	15561 Non-governmental organisations	01 Health	1 976	7	0		
02 Education		1 056	0	0			
04 HR & Democratic governance		4 957	183	0			
05 Conflict, peace & security		116	0	0			
07 Infrastructure		74	69	0			
08 Trade, business & fin. syst		186	30	0			
09 Natural resources&environm.		2 128	259	0			
11 Other		1 405	0	0			
15561 Non-governmental organisations Total			11 899	547	0		
15571 Humanitarian assistance	05 Conflict, peace & security	528	48	0			
	06 Humanitarian assistance	682	2 895	0			
15571 Humanitarian assistance Total			1 210	2 943	0		
Outside country allocation Total			46 017	113 748	170 432		
Grand Total			715 913	903 735	969 964		

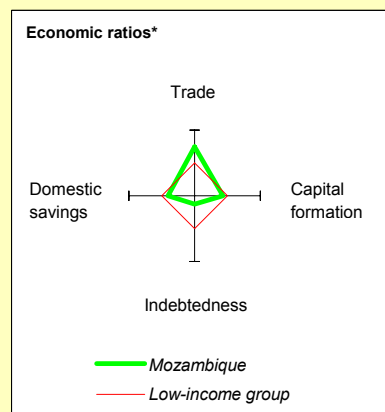
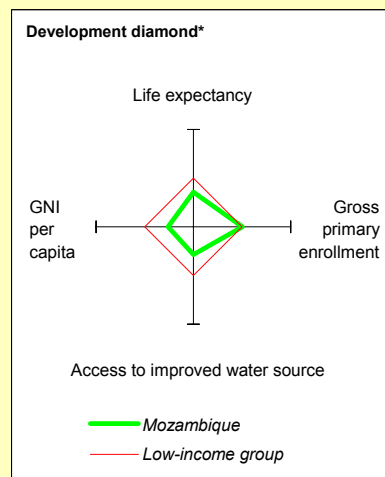
Annex 2

Fact Sheet

Mozambique at a glance

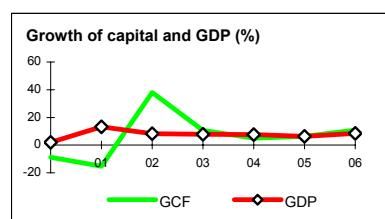
9/28/07

POVERTY and SOCIAL	Mozambique	Sub-Saharan Africa	Low-income		
2006					
Population, mid-year (millions)	20.1	770	2,403		
GNI per capita (Atlas method, US\$)	340	842	650		
GNI (Atlas method, US\$ billions)	6.8	648	1,562		
Average annual growth, 2000-06					
Population (%)	2.0	2.4	1.9		
Labor force (%)	1.6	2.6	2.3		
Most recent estimate (latest year available, 2000-06)					
Poverty (% of population below national poverty line)		
Urban population (% of total population)	35	36	30		
Life expectancy at birth (years)	42	47	59		
Infant mortality (per 1,000 live births)	100	96	75		
Child malnutrition (% of children under 5)	24	30	..		
Access to an improved water source (% of population)	43	56	75		
Literacy (% of population age 15+)	..	59	61		
Gross primary enrollment (% of school-age population)	103	92	102		
Male	111	98	108		
Female	94	86	96		
KEY ECONOMIC RATIOS and LONG-TERM TRENDS					
	1986	1996	2005	2006	
GDP (US\$ billions)	5.2	2.8	6.8	7.6	
Gross capital formation/GDP	7.0	21.8	21.7	24.9	
Exports of goods and services/GDP	2.5	16.5	31.7	37.3	
Gross domestic savings/GDP	-2.5	5.4	11.9	20.2	
Gross national savings/GDP	-2.8	4.1	5.9	11.3	
Current account balance/GDP	-11.9	-22.8	-15.8	-13.9	
Interest payments/GDP	0.7	1.6	0.4	..	
Total debt/GDP	66.6	266.3	75.1	..	
Total debt service/exports	52.9	26.0	4.2	..	
Present value of debt/GDP	9.8	..	
Present value of debt/exports	30.2	..	
	1986-96	1996-06	2005	2006	2006-10
(average annual growth)					
GDP	3.7	8.2	6.2	8.5	7.0
GDP per capita	1.4	5.9	4.3	6.6	5.5
Exports of goods and services	10.5	18.5	5.0	5.0	18.5



STRUCTURE of the ECONOMY

	1986	1996	2005	2006
(% of GDP)				
Agriculture	41.1	37.3	21.7	21.7
Industry	15.0	17.3	28.6	29.0
Manufacturing	..	9.4	14.0	13.4
Services	43.9	45.4	49.7	49.3
Household final consumption expenditure	89.2	86.6	78.1	69.8
General gov't final consumption expenditure	13.2	8.0	10.0	10.0
Imports of goods and services	12.0	33.0	41.5	42.0
	1986-96	1996-06	2005	2006
(average annual growth)				
Agriculture	2.7	5.2	1.7	9.0
Industry	0.4	13.7	7.7	9.7
Manufacturing	0.1	15.7	8.5	3.5
Services	4.2	7.2	8.9	7.8
Household final consumption expenditure	1.5	1.8	11.7	7.6
General gov't final consumption expenditure	2.7	11.7	6.0	8.4
Gross capital formation	5.7	12.4	6.4	10.8
Imports of goods and services	2.0	7.4	12.5	6.3



Note: 2006 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



Sida

SWEDISH INTERNATIONAL
DEVELOPMENT COOPERATION AGENCY

SE-105 25 Stockholm Sweden
Phone: +46 (0)8 698 50 00
Fax: +46 (0)8 20 88 64
sida@sida.se, www.sida.se