



Canadian International
Development Agency

Agence canadienne de
développement international

MOZAMBIQUE

COUNTRY STRATEGY

(Effective as of 2009)

CIDA reviews all country strategies periodically and may revise them to reflect changing priorities or circumstances in countries.

Canadian International Development Agency
200 Promenade du Portage
Gatineau, Quebec
K1A 0G4

Tel: (819) 997-5006

Toll free: 1-800-230-6349

Fax: (819) 953-6088

(For the hearing and speech impaired only (TDD/TTY): (819) 953-5023

Toll free for the hearing and speech impaired only: 1-800-331-5018)

E-mail: info@acdi-cida.gc.ca

Canada 

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1. Country Development Context

- Mozambique is a former Portuguese colony on the southeast coast of Africa. 74 per cent of its 21 million citizens survive on less than \$1 per day. Its human development indicators are all low, with particularly alarming statistics for women's status and well-being (HDI ranking 175 of 179; GDI ranking 152 of 157). The country is still on track to meet MDG #1 on absolute poverty, but is lagging on maternal and child mortality and primary education completion rates.
- Peace came to Mozambique in 1992 following years of devastating civil war that left the country in ruin. Since then, Mozambique has developed a stable democracy and has maintained good macroeconomic conditions, achieving an average annual growth rate of 8 per cent for the past 10 years.
- Mozambique is a land-surplus country with good potential for agriculture growth, although yearly flooding and drought impact food security and rural livelihoods. It also has considerable potential in the industries of oil, gas, mining and hydro-electricity. The Government recently made food production a priority and developed an action plan to achieve that goal.
- Canadian trade with Mozambique is limited, with imports of \$2.4m led by tobacco, and exports to Mozambique of \$10.8m, led by wheat and used clothing. Canadian mining assets total \$1.9m.
- The global economic downturn is reducing demand for Mozambican exports (aluminium, electricity, natural gas). Reductions in foreign direct investment, remittances, and possibly in ODA due to donor budget reductions, may affect the ability to implement the Poverty Reduction Strategy Paper (PRSP). While vulnerability will increase, the reduced costs of imports such as food and fuel, and fairly stable banking, positions Mozambique to weather the crisis.
- Municipal elections held in November 2008 demonstrated a deepening of the democratic process. National elections, both parliamentary and presidential, will be held in October 2009. The elections themselves are expected to be peaceful.

Aid-effectiveness:

- The Government works with donors to ensure that the country's development priorities are supported in a harmonized, effective and efficient manner. Donors provide almost 50 per cent of the Government budget. Mozambique's second poverty reduction strategy comes to an end in 2009. The Government is developing a new strategy expected to build on the progress of the current one.
- Overall, Canada is ranked 9th in 2007 among bilateral donors, with the largest being the US, UK, and Sweden. CIDA is one of the largest donors in the education sector, with the UK, Netherlands, and Finland. In the health common fund with recent increases, CIDA has moved into the top 5 donors with the UK, Ireland, and Finland. Canada has consistently been one of the top three donors to ProAgri, with the European Commission, Finland, and Sweden.
- The Nordic+ group (including CIDA) is harmonizing the donor community's approach to engaging civil society by ensuring the recommendations from the Accra Agenda for Action are respected.
- Canada's aid-effectiveness assessment in Mozambique – a yearly evaluation of donors by the Government of Mozambique based on the principles of the Paris Declaration – increased from 61 per cent in 2007 to 79 per cent in 2008 – due to CIDA's increased use of government systems for financial management, procurement and reporting.

2. Priority needs & Canada's Value Added

- Mozambique's PRSP addresses key development pillars – Economic Development (including agriculture), Human Capital (education and health), and Governance (including efficient use of public resources). The Strategy was developed in a participatory manner and is endorsed by the donor community. CIDA provides general and sector budget support targeted at the three pillars, with complementary projects that enhance cross-cutting government efforts.
- As a result of donor contributions, including CIDA's, the Government of Mozambique has made progress: the Ministry of Education and Culture increased the number of teachers from 20,707 (2002) to 83,000 (2008); the Ministry of Health increased the number of patients on anti-retroviral treatment from 19,726 (2005) to 118,937 (2008); 354,070 producers were assisted by extension services (58 per cent men and 42 per cent women). This is an improvement on 2007, when only 38 per cent of those

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- reached were women. The government's central agencies increased their capacity for oversight, with the number of audits conducted in 2007 rising to 90, a 33 per cent increase over 2005.
- In addition to implementing the priority themes, Canada has taken the chair of the Procurement Working Group – building on our \$4.7m investment in procurement in education. Similarly, our expertise in environmental sustainability, our reputation in gender equality and long standing support for local civil society position us to provide leadership in these important areas for Mozambique's development.
 - CIDA's key intermediaries include the Government of Mozambique through the Ministry of Education and Culture, the Ministry of Health, the Ministry of Agriculture and central agencies including the Ministry of Planning and Development, the Ministry of Finance, the Anti-Corruption Office, the General Inspectorate of Finance and the Administrative Court; Canadian and local civil society organizations; and leading multilateral agencies.

3. Strategic Direction

- In 2008, CIDA committed to tightening its focus and increasing its impact by reducing to three major sectors – Education, Health, Agriculture – identified by both Mozambique and Canada as critical for poverty reduction in Mozambique. With the February 2009 approval of the \$300 million Common Fund Support Mechanism, CIDA succeeded in sharpening its focus.
- This 2009 Country Engagement Strategy continues to focus on the three sectors committed to in 2008; sectors which are encompassed by the Agency's three priority themes:
- ***Children and Youth***: Children and youth are central, targeting access to and quality of primary schooling, and improved access to quality health care and response to the HIV/AIDS crisis. CIDA will work with other donors on strengthening the capacity and knowledge of the Ministries of Education and Health so they can plan, implement, monitor and evaluate in a more effective way.
- Access to education will be addressed through rehabilitation and construction of new school classrooms and the hiring of new teachers; quality through teacher training, distribution of textbooks and teacher training materials, developing literacy programs, and piloting local language education.
- Health support focuses on training of health care workers, construction of health clinics, concerted vaccination and anti-malaria campaigns. HIV/AIDS work includes awareness, prevention, and clinical care, including an expanding anti-retroviral program. CIDA is also supporting the Ministry of Public Works to increase access to sanitation and potable water.
- By focusing on strengthening the health system, and specifically on increasing the quality of front-line health workers and ensuring equitable health services delivery in under-served regions of the country, the program focus will also contribute to the Africa Health Systems Initiative, a 10-year \$450 million commitment announced by Prime Minister Harper at the G8 summit in 2006.
- ***Food Security*** - Engagement with the Ministry of Agriculture has increased, and performance is improving. With increased funding to this Ministry, CIDA will work with other donors on assisting the Ministry to provide more support to improved agriculture production and food security. CIDA's support will accelerate the implementation of the Ministry's food production action plan.
- CIDA will work with the Ministry, Canadian and local partners to improve agriculture production through the dissemination of new technologies, improved market linkages, rehabilitation of irrigation schemes, strengthened farmers associations and improved land management.
- ***Economic Growth*** - CIDA supports the Government's own programs in Economic Growth through our support to General Budget Support. Some elements of our Agriculture programming are specifically aimed at economic development through market linkages.
- CIDA will remain a strong champion in promoting gender equality in basic education, agricultural development, and health. Entrenched gender inequality is one of the most significant obstacles to achieving poverty alleviation in Mozambique.
- The Program is implementing its response to a recent strategic environmental assessment, with particular focus on the environmental impacts within agriculture, linked to water and sanitation, and ensuring that project activities do not create negative environmental consequences.
- The Program's three programming areas underpin each other by providing Mozambique with the tools it needs to reduce the poverty in which the majority of Mozambicans live. CIDA provides support to the sectors of focus through four strategic initiatives – General Budget Support, support for public sector

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reform, strengthening the national statistics system, and support to local civil society – ensuring a strong platform from which its sectoral investments can prosper.

- *Other:* The Program also has a low level of other funding (1 per cent for 2009/10) which mainly covers technical support through the Program Support Unit (PSU).

4. CIDA's Programming Plan

- In order to ensure Mozambican leadership, to improve harmonization and to strengthen mutual accountability, the Program will deliver 75 per cent of its funding through program based approaches, including to Education, Health, HIV/AIDS, Agriculture, as well as to General Budget Support, in line with the Paris principles. The remaining 25 per cent will be delivered through local and Canadian civil society organizations and private sector firms.
- CIDA currently chairs the ProAgri Working Group and the Procurement Working Group. Canada has put its name forward to join the management troika for the General Budget Support group for 2010. This will allow Canada to play a lead role in policy influence and donor coordination.
- CIDA will build on its support to civil society by requesting approval for a new initiative – the Strategic Partners Program. This program will target local organizations that are essential partners for achieving the Mozambique Program's expected results. The organizations will work with the Government to strengthen accountability, to improve service delivery, and to promote the prudent use of public funds to reduce the impact of HIV/AIDS, to improve the quality of education, and to increase economic opportunities for farmers.
- Key multilateral and global organizations active in Mozambique include the World Bank, the African Development Bank (AfDB), the UN Development Programme (UNDP), UNICEF, and the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM). Direct CIDA initiatives include the Catalytic Initiative to Save a Million Lives and School Feeding through the World Food Program.
- Like CIDA, the AfDB, the World Bank, the UN agencies and the GFATM have aligned their support with Mozambique's poverty reduction strategy, within which the World Bank is focusing efforts on promoting sustainable growth; the AfDB is aligning its strategy with the country's main development priorities as well as with improvements in donor harmonization and institutional coherence. The bilateral team works closely with CIDA's multilateral investments to ensure commonality of purpose.
- CPB programming in Mozambique is aligned with CIDA's bilateral program as it also aims to provide the Mozambican government and civil society with the tools they need to reduce poverty, with a particular focus on education, health and food security. CPB programming funds important value-added initiatives in Mozambique with more than twenty-two partner organizations totalling \$2.8m (preliminary estimate) over 2008/09. The NGO-led projects currently funded by the bilateral program have all grown out of Partnership Branch funding and there continue to be linkages and cross-fertilization between CPB funded programs and bilateral programs.
- The currently available bilateral budget for 2009/10 is \$67 million, (although additional funds could be used effectively through existing programs).

5. Identification of Results and Risks

Results:

The final outcome of CIDA's program in Mozambique is to contribute to the reduction of absolute poverty for Mozambican women, men, boys and girls.

Children and Youth – Human Capital: Education Access and Equality; Quality and Relevance

EXPECTED Intermediate Outcomes:

- Improved system for delivery of education.
- Improved quality of education.
- Increased enrolment at all levels.

Some examples of expected Immediate Outcomes and Outputs:

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- Strengthened Ministry capacity for planning, implementing, monitoring and evaluating.
- 12-15 million teaching and learning materials procured and distributed.
- Teacher training and education coordination centres and schools rehabilitated or constructed.
- 600 new schools and 8-10,000 new teachers recruited per year

Children and Youth – Human Capital: Health Systems and HIV/AIDS

EXPECTED Intermediate Outcomes:

- Improved health system management by Ministry of Health.
- Increased use of maternal and child health services by women and youth,
- Increased use of antiretroviral treatment (ARVT), increasing the number of HIV patients on ARVT from 15 999 (2005) to 165 000 (2009).

Some examples of expected Immediate Outcomes and Outputs:

- Strengthened Ministry capacity for health system management including planning, monitoring & evaluating health programs.
- Reduction of maternal mortality from 408 (2003) to 310 (2012) per 100 000
- Reduction of infant mortality from 178 (2003) to 125(2012) per 1000.
- Mosquito nets distributed and indoor residual spraying conducted.
- Procurement and distribution of drugs to respond to HIV/AIDS.
- Provision of clean water to 200 000 people.

Food Security – Economic Growth: Sustainable Livelihoods / Subsistence

EXPECTED Intermediate Outcomes:

Agriculture growth rates of 7 per cent per year, resulting from:

- Increased use of new farming technologies.
- Increased use of agricultural markets by farmers.
- Increased use of irrigation.
- Increased participation in farmer's associations.
- Improved land management by Ministry of Agriculture.

Some examples of expected Immediate Outcomes and Outputs:

- Strengthened Ministry capacity for planning, implementing, monitoring and evaluating, agriculture programming.
- Extension services, technical assistance & training provided to 500,000 farmers. Improved knowledge on accessing agricultural markets by farmers.
- Irrigation schemes developed and promoted to farmers.
- Increased Ministry support to farmers' associations.
- Improved capacity in the Ministry of Agriculture for land management.

Economic Growth: Enabling Environment

EXPECTED Intermediate Outcomes:

- More efficient, effective, and accountable national and local government systems of planning, budgeting and monitoring.

Some examples of expected Immediate Outcomes and Outputs:

- Improved capacity for budgeting, delivery, control, and oversight of public finances.
- Poverty-focused policies, plans, and budgets developed that target gender, environment, and HIV/AIDS.
- Civil society providing constructive, experience-based input into development policies and plans.

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Risks:

The Mozambique program conducts an annual risk assessment exercise, based on the corporate risk profile. The 4 risks that have a combination of medium to high likelihood and impact are:

- Development goals under the PRSP and sector strategies may be affected by Mozambique's slowed economic growth. This risk is exacerbated by the recent global financial crisis, but can be mitigated in part by continued budget support activities to ensure that the development goals can be reached.
- Infectious diseases or environmental factors could affect the sustainability of CIDA's results. Through its involvement in the common funds' management structure, CIDA tracks and influences progress on the implementation of contingency plans, early warning systems, irrigation schemes, and disaster preparedness plans.
- CIDA continues to influence progress on strengthening the capacity of the Government in each of the Ministries with which we work.
- Progress in public financial management reforms and anti-corruption efforts are being supported. CIDA is also addressing this through its position as Chair of the Procurement Working Group.