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FIRST COUNTRY COOPERATION FRAMEWORK FOR MOZAMBIQUE (1998-2001)

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## INTRODUCTION

1. The first country cooperation framework (CCF) for Mozambique covers the period 1998 to 2001, which harmonizes with the programming cycles of the Joint Consultative Group on Policy. It presents the priorities and strategies for UNDP cooperation in support of national goals that will guide the Government and its partners into the next millennium towards the promotion of sustainable human development (SHD).

2. The CCF was prepared, drawing extensively from the national Economic and Social Rehabilitation Programme and its annual policy framework papers; the Social and Economic Plan; the Tri-Annual Plan for Public Investments; and the Government's five-year plan. It takes into account the recommendations of the country strategy note (1995) and the United Nations common country assessment (1997). Wide-ranging consultations were conducted with other development cooperation partners active in Mozambique, with special outreach to community-based organizations (CBOs) and non-governmental organizations (NGOs), which helped to identify appropriate development cooperation strategies for the use of UNDP resources to support the attainment of SHD in Mozambique. The CCF defines the role of UNDP in development cooperation in Mozambique for the next four years and identifies the areas of concentration for the channelling of that cooperation. Reflecting the consensus reached between the Government and UNDP in the advisory note, the agreed areas of concentration will be:

(a) eradication of absolute poverty; (b) sustainable management of natural resources; (c) promotion of sustainable economic growth; and (d) strengthening of good governance. The implementation of the CCF, which also reflects the priorities of the United Nations System-wide Special Initiative on Africa, will be coordinated within the United Nations Development Assistance Framework.

### I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

3. The signing of the General Peace Agreement in Rome in 1992 led to democratic parliamentary and presidential elections, which marked the beginning of a new era for Mozambique - one of hope through peace and the opportunity to address the issue of poverty eradication. The next five years saw Mozambique engaging in the establishment of democratic institutions; the resettlement of nearly 5 million displaced persons, including an estimated 1.7 million refugees; while making the transition from complex emergency and humanitarian assistance interventions towards the accelerated creation of an enabling environment for the attainment of SHD. In 1997, the population of Mozambique was estimated at 18.5 million, with an annual growth rate of 2.8 per cent. More than 60 per cent of the population lives in the rural areas in precarious conditions that are much like those of the majority of people living in cities. Currently, Mozambique's poverty level is characterized by the fact that nearly 60 per cent of the population has an average monthly income of \$100; a life expectancy of 46 years; infant and maternal mortality rates of 120/1,000 and 1,062/100,000, respectively, and an adult literacy rate of 39.5 per cent. In the 1997 Human Development Report, Mozambique is characterized as one of the world's 10 poorest

countries, with a human development index of 0.281, falling well below the 0.380 index for sub-Saharan Africa and 0.336 for developing countries.

4. According to the national Poverty Reduction Strategy (1995), 60 per cent of the population live below the food poverty line (defined as a daily ration of less than 80 per cent of 2,200 Kcal). The majority, considered to be absolutely poor, live in rural areas, where agriculture is the main source of food and income. With the war ended, one of the principal causes of absolute poverty was eliminated. However, as a result of the war, rural areas now suffer from insufficient economic and social infrastructure, vulnerability arising from adverse climatic conditions, as well as low productivity levels, which together explain the continuing prevalence of high indicators of absolute poverty. The rapid growth of the urban population during the war was accompanied by the degradation of existing infrastructures and the lack of resources to expand capacity. In urban centres, the decline of purchasing power due to current economic reform, limited employment opportunities, and the lack of social safety nets aggravated the poverty situation.

5. Mozambique is endowed with a strong natural resource base that offers significant opportunities for development. Almost 70 per cent of the land area, estimated at 800,000 square kilometres, is covered by savanna and secondary forests, and 45 per cent of the total land mass is arable. Its coastline, approximately 2,700 kilometres long, offers a wealth of marine resources for economic exploitation. Mineral resources, natural gas, and coal represent investment opportunities. Recent strong economic performance has also seen a positive shift in the perception of potential investors towards the country. As a consequence of measures taken by the Government for macro-economic stabilization and structural reform, favourable climatic conditions, and the cessation of war, the economy has grown vigorously since 1993, except for a decline in 1995. The average growth rate across this period was 8.4 per cent, and the economy is projected to grow by 5 per cent in 1997. Inflation shows signs of slowing from systematic levels of over 40 per cent through 1995 with a drop to 16.6 per cent in 1996 and a projection of 10 per cent or lower in 1997. At the same time, however, Mozambique's external debt is approximately \$5.6 billion. Relief from its debt burden through initiatives of the Bretton Woods institutions such as that for Highly Indebted Poor Countries (HIPC) is crucial to accelerate SHD in Mozambique. Positive economic growth has contributed to the recuperation of the agriculture sector, whose growth potential is important in the Government's programme for poverty eradication. Agriculture contributes approximately 30 per cent of gross national product (GNP) and employs an estimated 80 per cent of the work force. Nevertheless, the transformation of the sector will require substantial investment. Notable improvement in performance has also been recorded in the industrial sector after a long period of stagnation. Benefiting from structural reform measures introduced from 1987 onwards, and a strong privatization programme for state-run businesses and institutions, the industrial sector is beginning to see a turn-around. Strong improvement in the performance of the manufacturing, mining, energy and fisheries industries have been noted to such an extent that 1996 saw an 11.6 per cent rise in industrial output.

6. With the assistance of the international community, including UNDP, the Government is directing its efforts at promoting SHD within the context of a

structural transformation from a centralized to a market-based economy. Programmes of international cooperation should be formulated taking into account the prevalence in Mozambique of extremely low indicators of human development; high levels of absolute poverty, affecting mainly women and children in rural areas; weak institutional and technological capacity; high dependence on external assistance; the necessity of maintaining an environmental balance in development activities; and the need to consolidate democracy.

## II. RESULTS AND LESSONS OF PAST COOPERATION

7. The fourth country programme (1993-1997), which was formulated within the context of significant political and socio-economic change in Mozambique, and within the southern Africa region, helped to create necessary conditions for Mozambique's transition from focusing on humanitarian assistance to recovery and rehabilitation. The flexibility of the programme enabled the identification of, and support for, initiatives to consolidate the democratic processes set in motion with the holding of the presidential and multi-party elections. In the process, UNDP helped to mobilize a considerable amount of resources that were directed towards ensuring political transition and humanitarian assistance for the resettlement of disenfranchised populations. UNDP received considerable amounts of non-core resources from donors in the form of trust fund and cost-sharing contributions. These were utilized to carry out activities relating to mine clearance; the electoral process; the reintegration and training of demobilized soldiers; district development mapping; the health sector; labour-based feeder and tertiary roads; low-cost sanitation; the national environment programme; police training; and social action.

8. The country strategy note (CSN) was an important cooperation instrument of the programme, guiding external assistance towards national needs and priorities, and enhancing coordination of the United Nations system and donor partners. The mid-term review of June 1995 enabled an assessment of UNDP performance in the three thematic areas of poverty alleviation and post-war rehabilitation, economic and financial management; and environment and natural resource management. The review noted considerable progress in UNDP activities and in the achievement of programming objectives. It recommended that UNDP continue its activities in these designated areas of concentration and promote increased use of the national execution modality. The positive impact of UNDP-assisted activities demonstrated its comparative advantage in providing support for the preparation of strategic development programmes, resulting in the preparation of key sectoral framework strategies. The underlying strategy in all of these actions was support in creating national capacity for policy development, coordination and resource mobilization to finance identified programmes.

9. Activities aiming at poverty elimination, in support of Government strategies, also characterized the UNDP programme. Through such assistance, notable impact was achieved in increasing provincial and district-level technical capacity to provide agricultural support services; improved research methods, extension services, and training to stimulate agriculture production; the formulation of policies for rural credit and commerce; and the development of mechanisms that enabled donors to strengthen national decentralization

programmes through provincial-level training. UNDP interventions also included humanitarian assistance to reintegration and resettlement programmes; the establishment of participatory processes for local decision-making; the creation of income-generating activities and employment; and in the areas of human development, particularly in the sectors of health and education. UNDP also contributed to the implementation of economic and social programmes that helped to improve national capacity to formulate, plan and manage economic policy and provided support to the decentralization and reinforcement of local public sector management.

10. From lessons learned during the fourth country programme, and drawing on the mid-term review findings and the "listening sessions" organized by the country office in preparing the advisory note, there is consensus on the continuing applicability of the programme approach and national execution as the norms for programme design and implementation. Improvements in programme delivery could without doubt be achieved by a greater concentration of resources in fewer key priority areas. Coordination, resource mobilization and national capacity-building remained salient to UNDP programming. In addition, while UNDP should remain open and flexible to managing available funds from donors, it should continue to be proactive in obtaining co-financing and in taking the lead in proposing new areas for joint interventions. Other critical lessons for the CCF include establishing new partnerships, increasing the use of national expertise and non-traditional experts, such as United Nations Volunteers (UNV) specialists and Domestic Development Services (DDS) field workers, and greater involvement of women and NGOs as beneficiaries and implementers of UNDP-supported activities.

### III. PROPOSED STRATEGY AND THEMATIC AREAS

11. The mid-term review set the stage for the first CCF by reiterating the continuing relevance of the three thematic areas, in the process modifying the poverty intervention to poverty eradication, and adding a fourth area, good governance, as essential for the consolidation and guarantee of social and economic democratic processes.

12. The UNDP strategy to accommodate the needs identified in these four concentration areas will be based on development principles supported by the Government in pursuance of social and economic growth leading to SHD. UNDP resources during the CCF period will be used to promote national ownership through sustainable programmes that build indigenous capacity for management and help to create an enabling environment for expanded participation at the local level. It is a strategy that will help to build national capacity to determine, manage and participate in activities that promote SHD. The strategy fosters three programming modalities: (a) policy formulation and development in national priority areas; (b) policy implementation to reinforce national development and programme management capacity, and (c) community-based pilot projects that support household and community development, with particular emphasis on women, vulnerable groups, victims of war, and dislocated populations. Current development realities put pressure on existing national capacities, especially in the areas of management and operations. In the national reconstruction and consolidation of democratization processes, the

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Government would like to see UNDP support to cross-cutting capacity-building and technical knowledge transfer for national staff within all of its activities. Mozambican counterparts should be assured that they will be provided with the necessary technical training to ensure retention and maximize the internalization of inputs for long-term sustainability.

13. To attain sustainable impact, the CCF advocates wide participation of the Government, beneficiaries, implementers, the private sector, and donors through the formulation of "smart partnerships", which argue for a healthy mix of interests between beneficiaries and donors involved in the development, implementation and management of programme activities, and ultimately in the achievement of their goals. Since coordination at all levels will be critical for achieving sustainability, the strategy will also advocate for establishing "smart partnerships" among national stakeholders, donors, with the United Nations system, including the Bretton Woods institutions. Within each of the concentration areas, UNDP will support initiatives that lead to the creation of national capacities that can contribute to achieving SHD.

14. Within the four concentration areas of the CCF (poverty eradication; good governance; environment and natural resource management; and economic and financial management) six subprogrammes have been identified for UNDP cooperation. Described below under the relevant concentration area, these subprogrammes are: (a) improving sustainable livelihoods; (b) investment in human capital; (c) strengthening governing institutions, decentralization, and civil society organizations; (d) environment and water management; (e) sustainable food security; and (f) building capacity for economic management.

#### A. Poverty eradication

15. Improving sustainable livelihoods. Agriculture continues to be the sector that best responds to the need for productive economic activities, especially in rural areas. It holds the most promise of offering employment and income-generating activities for vulnerable populations, especially returning refugees and war-dislocated populations. One of the greatest obstacles to rural development has been the lack of access to markets. Reactivating rural commercial networks and the acceleration of rural road rehabilitation, especially tertiary roads, utilizing labour-intensive projects, are strategies which merit priority in the fight against poverty. UNDP will therefore continue its support to the National Feeder Road Programme, targeting some 2,263 kilometres of road rehabilitation and maintenance and management capacity for a tertiary road network of up to 13,870 kilometres. It will also support resource mobilization efforts and micro-credit schemes in selected rural communities, particularly in the province of Nampula and Tete. Agricultural development also provides opportunities for industrialization through upward and downward linkages. This process can receive impetus only from the existence of efficient and dynamic national entrepreneurial capacity. Since local entrepreneurship is still nascent and therefore had limited capabilities, the Government, UNDP and Mozambique's international partners will help to develop small and medium-scale enterprises, particularly in the central and northern provinces.

16. Investment in human capital. The Government has made investment in human capital, through improved education, health, and social services, which are essential elements of its poverty eradication strategy. The Government is striving to increase progressively the coverage of the education network while improving the quality of education delivery. This implies the rehabilitation of destroyed infrastructures while simultaneously training teachers and increasing revenues to accommodate current costs. These initiatives are included in the Education Strategic Plan, being prepared by the Government in direct response to the World Conference on Education for All, and whose formulation UNDP has been supporting together with the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Bank, the Swedish International Development Agency and other donors, to ensure basic education for all by the beginning of the next millennium. National goals for this programme aim at 86 per cent growth in the admission rate by the year 2002. In order to operationalize the education plan, the Government will depend on smart partnerships with the international community, including UNDP, which will continue its support to teacher training for primary school teachers nation-wide to help to increase the supply of teachers and improve the quality of teaching.

17. The Government has maintained its objective of ensuring access to health services and resources have been directed in the health sector to extend preventative health services, develop health infrastructures, and improve overall health care. The country is now attempting to rehabilitate its health network by providing capacity-building and increasing public health revenues to cover current costs. UNDP will assist in developing programmes to improve the delivery of local health services, especially in the northern region. In its attempt to address the serious problem of unemployment among the disenfranchised youth, the Ministry of Social Action has drawn up the National Plan of Action for Youth. UNDP, UNFPA and other partner agencies will work together to assist in formulating a social action programme to support vocational training, access to education, and employment creation for youth, as well as other vulnerable groups.

18. Cross-cutting themes. In Mozambique, women constitute 51.5 per cent of the population and 52 per cent of the adult labour force. The Government is a signatory to the Beijing Platform for Action and will produce a national strategy for gender. International assistance in the formulation of this strategy will translate into legislation in light of the Beijing recommendations. UNDP will support the Government to operationalize national gender initiatives and will work in partnership with the World Food Programme (WFP), the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA) and possibly other United Nations specialized agencies in a joint gender-integrated pilot project in Zambezia. HIV/AIDS poses a threat to poverty eradication in Mozambique. Although the numbers of infected populations are not as high as in other neighbouring countries, the Government feels the urgency to address the situation aggressively, especially in border regions and international transportation corridors. Through the National Aids Control Programme, the Government has prepared a six-year strategy that promotes information, education and communication as important tools in preventing the spread of this disease.

19. Finally, investment in human capital and improving sustainable livelihoods can progress only if freedom of movement is guaranteed. Owing to the extensive number of land mines in Mozambique, rural movement is often limited. In order to free rural populations from the threat of land mines and the accompanying reduction of land use, the Government and its partners must formulate national strategies and policies relating to land mines. UNDP will continue to support the Accelerated Demining Programme, an important and rapid response to this problem, in order to liberate those populations still encumbered by land mines.

#### B. Good governance

20. Strengthening governing institutions, decentralization, and civil society organizations. With the political stability attained after the signing of the Peace Agreement in 1992, a myriad of development possibilities have opened up for Mozambique. The newly created democratic institutions must be strengthened and assisted to function effectively. Today, the judicial system is characterized by a dearth of qualified personnel, a skewed distribution of the small number of judges, a lack of judiciary infrastructure, and a body of largely antiquated laws. Parliament, established in 1994, is still young, as are the concepts of organized civil society and the practice of freedom of the press. The public sector, although small, is still centralized and faces problems of inefficiency. Consolidation of democratic practices include decentralization of power, community participation, and transparency in the management of the public sector. Support to the judicial system, national police force, decentralization, public sector reform, capacity-building of local public agencies responsible for elections, mass media agencies, and civil society organizations is therefore essential. UNDP will continue its efforts in these areas by providing training in the judiciary branch, the National Police and the Parliament; supporting the local electoral process; assisting NGOs; and maintaining a free press.

#### C. Environment and natural resources management

21. Environment and water management. The vast movement of rural populations has resulted in the expanded use and misuse of natural resources, thereby creating a potential risk to the environment. The Government's National Environmental Management Programme, developed with the assistance of UNDP, is an important instrument for rationalizing the utilization of natural resources while preventing environmental imbalances. The Programme is complemented by the National Water Programme, and the Low-Cost Sanitation Programme, which is under way in all provinces. The success of these programmes depends on the institutional capacity to formulate environment policy, and local community management of the environment and natural resources. These activities need the support of the international community and the continued role of UNDP in policy formulation and development of implementation strategies.

22. Sustainable food security. The National Agriculture Development Plan, institutional reforms of the Ministry of Agriculture and Fisheries, and the role of local government together constitute the institutional support necessary to ensure sustainable food security through improved agriculture. UNDP, which



spearheaded the formulation of this programme in cooperation with the Food and Agriculture Organization of the United Nations (FAO), the World Bank and other bilateral donors, will work with FAO and WFP to continue its assistance to the Plan in order to ensure that its policies are developed and implemented.

#### D. Economic and financial management

23. Building capacity for economic management. Mozambique is in a multi-dimensional process of transition whose success depends entirely on the capability of the Government to manage the process. In 1987, with the introduction of the Economic Rehabilitation Programme, one of the most complex transition efforts was initiated to transform the economy from one that is centralized to one that is market-based. In 1992, with an end to the war, a single-party system was transformed to a pluralist democracy, the public sector management system was decentralized, and the country moved from its emergency modality to one of development. These changes have required that institutions become technically competent and compatible with the transition modalities. In 1996, with the objective of ensuring implementation of the vast and complex economic, financial, and public administration reforms, the Government, with the assistance of UNDP, began the National Economic Management Capacity-Building Programme. Areas of activities have concentrated on the formulation of economic policy, including monetary policy, public sector financial management, public administration reform, and the establishment of a national statistics system. UNDP will continue to work in these areas to support the Government's aim to strengthen the preparation and implementation of the National Programme and public administration reform, as well as to support national efforts to catalyse development of the private sector, with special emphasis on agro-industry.

### IV. MANAGEMENT ARRANGEMENTS

#### Execution and implementation

24. Since the overall goal of the CCF is to enhance national capacity for SHD, national execution should be maintained at the current level of 60 per cent throughout the programming period based on the principles of national ownership, sustainability and improved coordination. Lessons learned from the fourth country programme will be taken into consideration in the execution and implementation of the programme. In addition, UNV specialist, technical cooperation among developing countries, the United Nations International Short-Term Advisory Resources, national and international NGOs, and the private sector will be engaged to operationalize participatory approaches and to optimize resource utilization. Implementing agencies will provide technical guidance, resource mobilization, administrative services and other necessary inputs needed to ensure successful implementation.

#### Monitoring and evaluation

25. With rapid transformation occurring in Mozambique, there is a great need to guarantee and enhance regular monitoring and evaluation. For the period 1998-2001, annual seminars will be conducted to evaluate the UNDP-supported

programmes in one of the four concentration areas of the CCF. The first year-end seminar will evaluate poverty eradication; the second, to be held prior to the mid-term review, will evaluate economic management; the third, environment and natural resource management; and the fourth, good governance. In addition, annual reviews of progress in the implementation of each programme area will be presented in summary form. These annual seminars will not only assess the advances in each programme area and the overall impact of UNDP assistance but will also ensure that the priority areas set forth in each programming component remain relevant to national development. The country office will arrange the timely preparation of the following reports: programme area evaluation report following each annual seminar; annual summary report on each programme area; mid-term review of the CCF; and CCF terminal report. Sectoral information summaries will also be prepared by the Government and UNDP, in collaboration with other concerned development partners, with a view to measuring the UNDP contribution to national capacity-building and assessing its impact within the context of the CCF.

#### Allocation of UNDP resources and resource mobilization

26. UNDP will play a positive role in the mobilization of resources for the multisectoral programmes in the CCF, as well as in the coordination of resources for other interventions that may be requested by other development partners and funding agencies. UNDP will channel its own resources within the four areas of concentration; support the Government's efforts in the coordination and management of technical cooperation at both central and sectoral levels; increase the number of activities that may benefit from the trust fund and cost-sharing contributions; and provide encouragement and support to resource mobilization strategies concerning upstream development policy formulation. Owing to the growth of regional development initiatives and undertakings of the Southern Africa Development Community (SADC), UNDP will explore new opportunities in which Mozambique could benefit from regional programmes, planning and resources. For instance, there are negotiations for the country's participation in the SADC Water Round Table Conference, which is planned for October 1998.

27. Resource allocations respond to the CCF strategy and the Government priorities to promote SHD through the assistance of UNDP and its development partners. The resource mobilization target for the implementation of the first CCF amounts to \$25,200,000 of core resources (net of target for resource assignment from the core (TRAC) line 1.1.2, which is estimated at \$14 million) and \$94,963,000 of non-core resources including, inter alia, envisaged trust fund and cost-sharing contributions, as well as funds from the United Nations Capital Development Fund, for the major programmes. These non-core funds will be channelled to activities in the areas of agriculture, community development, environment, health, independent media, judiciary and parliamentary branches, local elections, mine clearance, police, and tertiary roads. Some of these initiatives began during the fourth country programme and will be consolidated into the four areas of concentration in order to attain greater impact. UNDP has already received a considerable amount of trust fund contributions for sustainable social development and peace.

Annex

## RESOURCE MOBILIZATION TARGET TABLE FOR MOZAMBIQUE (1998-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated carry-over	(3,375)	
TRAC 1.1.1	21,086	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
TRAC 1.1.3	5,693	
SPPD/STS	1,796	
Subtotal	25,200 <sup>a</sup>	
NON-CORE FUNDS		
Government cost-sharing	-	
Sustainable development funds - Capacity 21	200	
Third-party cost-sharing	60,363	
Funds, trust funds and other	34,400	
Trust funds	of which: 24,500	
UNCDF	9,900	
Subtotal	94,963	
GRAND TOTAL	120,163 <sup>a</sup>	

<sup>a</sup> Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core; UNCDF = United Nations Capital Development Fund.

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