

**USAID/Mozambique**  
**FY 2000 Results Review and Resource Request**

**Results Review**

**March 2, 1998**

**Note:**

Non-text files (e.g., spreadsheets, charts, maps, etc.)  
have been appended at the end of the document

**USAID/Mozambique  
FY 2000 Results Review and Resource Request**

**Results Review  
Table of Contents**

Part I. Overview and Factors Affecting Performance	1
A. Relationship of the Strategy to the Mission Performance Plan	1
B. Progress at the CSP Mid-Point	2
C. National Performance in 1997	3
D. Program Challenges 1998-2001	4
Part II. Progress toward Objectives	7
Summary Table	8
A. SO1 Increased rural household income in focus area	9
1. Strategic Importance	9
2. Performance Analysis	10
3. Expected Progress through FY 2000 and Management Actions	14
4. Performance Data Tables	16
B. SO2 Government and civil society are effective partners in democratic governance at local and national levels	45
1. Strategic Importance	45
2. Performance Analysis	45
3. Expected Progress through FY 2000 and Management Actions	49
4. Performance Data Tables	51
C. SO3 Increased use of essential maternal and child health and family planning services in focus area	76
1. Strategic Importance	76
2. Performance Analysis	76
3. Expected Progress through FY 2000 and Management Actions	80
4. Performance Data Tables	83
D. Proposed SO4 Increased capacity for sustainable natural resource management	109
E. Proposed Special Objective Improved enabling environment for economic growth and development	113
F. Policy Reform Progress	115
Policy Reform Matrix	117
G. Environmental Compliance	125
Part III. Status of the Management Contract	129
Part IV. Resource Request (separate document)	
Annex I Economic Update	
Annex II Political Update	

## **Part I. Overview and Factors Affecting Performance**

### **A. Relationship of the Strategy to the Mission Performance Plan**

The USAID program is an integral part of growing U.S. national interests in Mozambique and in the southern Africa region. In a region emerging from years of political conflict, crisis and war, the *promotion of peace and political reform, avoidance of civil instability, and mitigation of humanitarian disasters*, is the overarching, first order U.S. Mission goal. In complement to other USG programs and as detailed in the Mission Performance Plan (MPP), USAID contributes directly to this goal through fast-track poverty reduction, increased food security, and the building of democratic participation. Pervasive poverty, a major contributor to instability and conflict in Africa and the world, is addressed by USAID's direct household-level income and food production program under USAID's first strategic objective (SO1) and community-level basic health interventions in the third strategic objective (SO3). USAID's second strategic objective (SO2), which promotes increased citizen participation in governance, contributes directly to promotion of peace, political reform and crisis prevention. Fully half of SO2 is devoted to increasing citizen participation in national and local election processes and voter education.

A second U.S. Mission goal is the *institutionalization of democracy*. Additional USAID programs under SO2 support the long-term development of Mozambique's basic democratic institutions, consolidation of the rule of law, more transparent and decentralized legislative and executive institutions and stronger political institutions. USAID's prominent role includes strengthening of the national assembly, civil society, and the judiciary, and may include political parties.

An equally important USG priority in Mozambique, and the centerpiece of the MPP, is the *integration of Mozambique into the global economy through sustainable development*. A stable and democratic Mozambique contributes to regional security and economic growth in southern Africa, an important market for U.S. goods and services. All USG agencies, and particularly USAID, contribute to this goal which encompasses economic restructuring, financial market development and increased investment; increased rural household incomes and food security through private sector-led investments in agriculture and enterprise; and human capacity building through better education and improved health status. USAID, through its proposed Special Objective to improve the enabling environment for economic development and growth, contributes to trade and investment policy reform, transportation sector privatization, and structural reorientation of the telecommunications sector through the Leland Initiative. USAID's long-term investments in agriculture and its policy reform agenda in that sector promote sustainable agricultural and rural enterprise growth under SO1. In the health sector, USAID activities under SO3 promote long-term human capacity development through systemic improvements in public access to health services.

Finally, the USAID program supports another MPP goal of *advancing the U.S. global agenda*, through its critical investments in basic health, population services and child survival; support

for AIDS prevention; programs to reduce environmental degradation; and efforts to improve women's socioeconomic participation in Mozambique.

## **B. Progress at the CSP Mid-Point**

When USAID approved the current Country Strategic Plan in 1995, the Mission believed that the achievement of the strategy's three strategic objectives would depend on three important factors: Mozambique's *political will*, its *capacity to reform*, and its ability to create immediate and *visible opportunities* for its people. Although only half-way through the strategy period, Mozambique has already set out an impressive record against these prerequisites for sustainable development:

- \* National reconciliation has continued since the 1992 Peace Accords, enabling increased political participation, and the democratic election in 1994 of a reform-minded government and increasingly effective parliament.
- \* Responsibility for economic management has shifted from a focus on humanitarian relief by the donor community to the implementation of one of Africa's most impressive economic restructurings under the leadership of the Mozambican government.
- \* An uninterrupted five-year period of political stability with largely uninterrupted private sector growth has resulted in over 6% average annual real GDP growth over the last six years and an expected \$8 billion in direct foreign investment.
- \* Peace and improved security, which allowed rural Mozambicans to relocate and re-establish themselves, contributed to sharp increases in agricultural production, made the country nearly self-reliant in maize and other important food commodities, and fostered the beginning of a transition from subsistence to wide-spread, small-scale commercial agriculture.
- \* The government has made hard choices while effectively managing modest budget resources, increasing the proportion of expenditures in the education and health sectors important for sustaining growth levels achieved.
- \* A major effort under the government's economic restructuring package is aimed at increasing revenues for sustainable growth and a reduction in aid dependency. This is already paying off with a 21% real increase in revenues in 1997 and a greater share of the recurrent and investment budget financed from internal revenues.

Despite achievements, USAID income and health surveys in 1997 confirmed Mozambique's status as among the poorest, least healthy, and most undereducated countries in the world. Even with sustained high levels of growth, most of its people will continue to live in poverty for many years. However, the country has tremendous economic potential, and with the

policy directions the country has taken over the past decade, the prospects for broad-based, equitable growth over the long-term are quite high.

This record of achievement has set the stage for substantial progress under all of USAID's strategic objectives:

\* *Increased rural incomes* are being stimulated and realized within the context of a sound macroeconomic framework, improved infrastructure, removal of many unnecessary licensing and regulation requirements, liberalized export markets, financial sector privatization, and equitable access to foreign exchange supported by direct household and community level income generating activities;

\* *Effective government and civil society partnerships in governance* are a result of increased political and economic freedom, private interests developing their own political agenda, steps towards devolution of central authority, increased transparency and freedom of information, and stronger institutions of democracy; and

\* *Increased access to and use of maternal/child health services* is being fostered by policies for decentralization and preventative care, better health care delivery, and expansion of health infrastructure.

### **C. National Performance in 1997**

Positive national trends and stellar economic management continued in 1997. Despite Mozambique's poverty, there is reason for confidence that the country will remain on the developmental fast-track. Real GDP per capita grew by almost 8% in 1997, and the Mozambican currency remained stable. Inflation, which was 70% in 1994 and 17% in 1996, was cut to 5.8%. Food security -- a USAID sub-goal -- improved, with production of coarse grain meeting domestic requirements (Mozambique still imports all of its wheat, and most of its rice). The GRM continued work on its divestiture program, with privatizations surpassing 780 -- 63% of the total number of government-owned enterprises. In addition, a new land law was passed, which promises to expedite long-term access for commercial activities, including rural communities. Ninety percent of all eligible voters were registered in preparation for Mozambique's first municipal elections. As well, the first national census in 17 years and a demographic health survey provided first-time social, demographic and health statistics at the national and local levels, while a first-ever public opinion poll provided valuable feedback on citizen's perceptions about their country, their democracy, and their well-being.

Effective Mozambican leadership deserves credit for the country's success. The Government of the Republic of Mozambique (GRM) has a stated policy to move away from dependency upon international donors to mature economic relationships. It places a high priority on policies that it views benefit the poor majority, and through careful management and a 21% increase in revenues, has increased real funding to the education and health

sectors. It has been successful in liberalizing the trade regime and reducing tariffs, and its privatization program has assisted in the recovery of industrial output after years of decline. The private sector believes the government has no intention of reasserting controls or intervening in areas which it has turned over to market-led, private sector mechanisms.

Mozambique also demonstrated leadership, including at the civil society level, in bringing pressure to bear on elements of the donor community, including reinforcing the need for donors to improve local partnerships. A growing independent political movement underscores the confidence of many average Mozambicans that their freedoms are here to stay.

Prospects for growth have been historically impeded by Mozambique's debt, which is almost four times its GDP, and unsustainable debt service payments. However, under an increasingly likely Highly Indebted Poor Countries initiative, Mozambique stands to benefit from over 80% debt forgiveness. In order to achieve a sustainable level of debt service, the Paris Club is offering a package of special assistance which will improve prospects for public sector financial sustainability and enhance Mozambique's profile for international investors.

The foundations upon which the 1995 CSP were based have been built, and national performance in 1997 built upon the solid record of achievement. Mozambique, with international assistance, has established a democratic, market-oriented economy. The security situation has improved dramatically, Mozambicans have been able to resume productive lives, and the door is open for international investment. Importantly, a committed Mozambican leadership has emerged, the parliament is carrying out its role in a more independent and efficient manner, the spirit of reform is poised to be taken to the broader public sector, and decentralization is about to take an important step in May 1998 with Mozambique's first local elections.

#### **D. Program Challenges 1998-2001**

In a February 1998 USAID retreat with its U.S. development partners and leading Mozambicans, many of whom were consulted when the CSP was prepared, USAID reviewed the strategy, the assumptions upon which the CSP was based, and 1997 performance against its targets. Three prominent Mozambicans -- the current and former Ministers of Finance, and a leading businessman -- presented their views on the relative roles of the public and private sectors, and how USAID can best support economic and social development. USAID staff and partners were also canvassed for suggested modifications to the strategy that would strengthen the program over its remaining three years, both to achieve objectives and ensure sustainability.

The overwhelming conclusion was that the overall strategy is still valid, and that the predicted complementarity between the Mission's three strategic objectives is being realized. However, it was agreed that the fast pace of development has exposed a number of weaknesses in the Mozambican policy and institutional framework, as well as in the Mission's approach, that could threaten the sustainability of growth. As well, there were some specific suggestions for

strengthening the USAID program to better achieve results:

\* *Human capacity development:* The country's human capacity deficit is becoming more problematic as the economy grows. This was a prominent theme at the partners retreat, and there was general consensus that if USAID activities were to be increasingly managed by Mozambican counterparts -- a key element of sustainability -- new innovative programs of on-the-job training and mentoring will be needed. The PVOs and other partners have had some success with this approach. But there was a general consensus that USAID needs to look more closely at building this theme into all of its programs.

\* *Public sector reform:* The current USAID program includes minimal support for the weak public sector though, ironically, there is the recognition that in order for our activities to succeed, government must manage public sector responsibilities more effectively. At the same time, USAID staff and partners agree that a closer dialogue is required with government leaders, including in line ministries, to foster Mozambican leadership. Public sector reform is at the top of the government's agenda for 1998. Exactly what steps USAID and its partners might take to strengthen government offices, programs or systems that complement USAID strategic focus will require examination over the next several months. One mechanism for more comprehensively addressing needs, including at the policy, ministerial, local government and community levels, is through sectoral investment programs (SIPs). There are currently rudimentary SIPs under design in three sectors, agriculture, health and education, and the road transport sub-sector. USAID, along with Norway, is chairing a special donor working group that will analyze and make recommendations to improve the SIP model in-country.

\* *Trade and investment:* Mozambique has an impressive natural resource base, and provides access to the sea for four landlocked countries and the industrial heartland of South Africa. These features, combined with the government's outward-oriented private sector development policies, have created favorable conditions for foreign investment. That said, the overall climate is not yet as good as it must be to attract foreign and domestic capital on a sustained basis. It was concluded that this policy area is something USAID should examine more closely.

\* *USAID's resource base:* The CSP was prefaced on budget and staffing levels for USAID much higher than have been realized. Title II resources have partially off-set the short-fall in DA. In striving to implement its program, as proposed and on schedule, the management burden on staff remaining after downsizing (from 17 to 13 USDH) has increased significantly. Another major conclusion of the conference was that USAID needs to increase its development focus and concentrate resources while effectively searching for new ways of managing programs.

\* *Basic education:* Given resource projections, the Mission determined in 1995 that it

would be able to operate effectively in only one of two critical social sectors, health or education. After prolonged discussions, USAID chose to focus on maternal and child health, a decision that was sound, particularly with the relative availability of health and family planning budgetary resources. However, partners and Mozambican staff urged the Mission to re-examine this issue. Mozambique's education problems are endemic and may present a major obstacle to sustained growth. The provision of basic primary education is currently beyond the reach of the Ministry of Education. While there is a donor effort underway to construct schools, there is little focus on quality improvements to the system, which lacks the capacity to train teachers, develop curricula, and make a meaningful impact on the estimated 65% of Mozambicans who are illiterate. Given staff and resource constraints, the Mission could do no more than promise to keep an eye on developments in this sector.

\* *Geographic focus:* The Mission focuses most of its resources on the rural center-north of the country, which was most affected by the war, and has a high proportion of resettled Mozambicans, about half the country's population, poor health conditions, and tremendous agricultural potential. Program performance baselines confirm that this is an area of severe need (income is \$50 per capita), and GRM officials, including the Prime Minister, have recently expressed concern that the rural population not be left behind as the country moves ahead. USAID target areas, bordering Malawi and along transportation corridors, also coincide with areas of high HIV/AIDS prevalence, which reinforces the importance of interventions in these zones. That said, Government and some development partners have questioned the donors' approach of dividing up the country and speculated that this, too, could ultimately contribute to development unevenness. This issue is likely to become a major point of dialogue over the next year.

\* *Agricultural focus:* USAID and its partners have been astounded by the rapid transformation of the rural economy, including how agricultural production has met subsistence needs, fed domestic markets and even resulted in export earnings within three years of the CSP. In 1995, USAID did not anticipate commercialization of agriculture as it has begun to happen, but it is clear that the transition from subsistence to commercial agriculture needs to be a clearer focus over the 1998-2001 period. SO1 is planning an increased emphasis on private sector-led agricultural marketing, rural financial services, and improved agricultural technology.

\* *Environmental needs:* Mozambique's rapid economic expansion is based largely on natural resource-based agriculture, forestry, fishing and, increasingly, industry and tourism. This has raised a number of environmental concerns, and it is clear the country lacks the awareness and capacity to ensure that these activities are environmentally sustainable. USAID is playing an important role in promoting sustainable agriculture practices and secure land tenure, while other donors are contributing to the country's capacity for environmental management. However, there are a broader set of human capacity challenges in this area that must be addressed to

ensure that the country's economic development is not interrupted. USAID will take a more programmatic environmental approach starting in FY 1999 through a proposed strategic objective "increased capacity for sustainable natural resource management."

## **Part II. Progress toward Objectives**

Bureau approval of the CSP in 1995 paved the way for establishment of USAID/Mozambique's first results framework. Many of the performance indicators were in place in 1996, but because Mozambique then lacked basic demographic and other statistical data, the 1996-97 period was devoted to complex survey work that formed the basis for a more thorough USAID baseline. Based on this work, the Mission established indicator baselines and future-year performance targets, and measured progress towards its results and objectives. Over the past few months, many different players, including Mission management, SO teams, PVOs, other partners, and USAID regional staff, dedicated a substantial level of effort into the monitoring process. As well, USAID financed two innovative local monitoring contracts, Mozambique's first public opinion survey, the country's first demographic health survey, and Bureau of Census technical assistance in analyzing the first national census results in 17 years.

Although Mozambique has made commendable progress, the baselines verify the widely-held view that the majority of Mozambicans live in poverty, suffer from extremely low health standards, and that the country sorely lacks the infrastructure, institutions and human capacity required for sustainable development. However, this confirms USAID's program directions, and means that achievement of identified intermediate results will likely lead to accomplishment of all standing strategic objectives. This in itself is a success story, and the fact that the CSP vision in 1995 remains whole means that Mozambique can continue to rely on planned USAID contributions as part of its overall comprehensive national development program.

### Performance Summary Table

Objective Name	Rating	Evaluation findings
SO 1: Increased Rural Household Income in Focus Area	Met Targets	<p>Michigan State University microenterprise report provided focus area baseline data including households with MSEs (35%) and MSEs with loans in the past year (14%), and verified problems with financial/regulatory systems.</p> <p>Michigan State University rural incomes data provided baseline data; verified extremely low-income in USAID's focus area (per capita incomes of \$49/year; \$42 in woman-headed households; 90% of incomes from ag production for consumption or sale; low quartile incomes were \$11/year).</p> <p>CLUSA Rural Group Enterprise evaluation, verified results of "market-first" approach with quick expansion of members' incomes between 1995-97, and recommended USAID assist with financial/regulatory framework governing enterprises.</p> <p>Austral Consultants report on Rural Access Project provided baseline data on rural roads, transport costs and socioeconomic indicators where roads are being rehabilitated.</p>
SO 2: Government and Civil Society are Effective Partners in Democratic Governance at the National and Local Levels	Met Targets	<p>University of Eduardo Mondlane Center for Population Studies carried out a public opinion survey which provided baseline data; it polled citizen opinions and attitudes on role and performance of government (various institutions had approval ratings of 38-73%), civil society (low scores indicate this is still a new phenomena) and citizen role in governance (only 16% believe government works for the people, though 38% favor participatory approach to public issues).</p> <p>National Democratic Institute focus group third annual report analyzed citizen knowledge and attitudes regarding democracy, governance and citizen participation, and showed steady progress in understanding of basic principles, except in one isolated survey area in Niassa.</p>

SO 3: Increased Use of Essential Maternal/Child Health and Family Planning Services in Focus Area	Met Targets	<p>Demographic and Health Survey provided baseline data and confirmed Mozambique health status, including TFR of 5.6, maternal mortality of 544/100,000 and infant mortality of 134/1000 , and lower standards in USAID's focus area.</p> <p>Population Services International KAP report analyzed knowledge, attitudes and practices related to AIDS/HIV transmission; identified impressive impacts in PSI target areas including increases from 17-68% in knowledge of HIV transmission modes, and 35% condom use w/ last regular partner compared with 17% in other areas.</p> <p>11 KPC Studies by various USAID partners, 1997 (analyzed mothers' knowledge, practices and access to health services in partner target areas)</p> <p>End-of-grant (PVO I Project) evaluations were performed for World Vision and Save the Children, and a mid-term evaluation was performed under a World Relief grant, all which provided important data on health impacts of improved delivery and increased demand for services.</p>
Percent funding through NGOs and PVOs: FY98 50%; FY99 46%; FY00 30%		

## A. Strategic Objective One: Increased rural household income in focus area

### 1. Strategic Importance

USAID's overall strategy builds on Mozambique's successful transition from relief to development. This strategic objective contributes directly to enhanced national food security and economic growth, and to U.S. national interests, by promoting sustainable development through: poverty alleviation; open markets for goods, services, and capital; development of financial markets; micro and small enterprise growth; and increased sustainable agricultural production. Field activities operate in Nampula and Zambezia Provinces, northern Sofala and Manica, and one district in Tete; this focus area was selected because of overall potential and level of need. DA financial resources for SO1 are complemented by P.L. 480 Title II development and Title III non-project assistance resources.

In 1997, the Mission canvassed its customers in field visits and surveys conducted by SO1 public and private sector partners. Field-based activities are implemented by partner PVOs teamed with local NGOs or GRM agencies, and by the GRM and contractors for road rehabilitation. Mission program activities are enriched by participation in two sector investment programs, in roads/coastal shipping and in agriculture, and in sectoral working groups on micro-finance, agriculture productivity, and cashew, all of which include donors, government officials, and PVO/NGO partners.

## 2. Performance Analysis

The rural economy continued to make progress in FY 97, with the pace of recovery for agricultural production and marketing, and growth of the private commercial sector, exceeding expectations. In the past two years, the country has increased coarse grain production from 72% to nearly 100% of requirements. The production of other important food crops such as cassava, beans, and peanuts grew for a third year in a row. Production of cashew, the principal smallholder cash crop, increased from 22,000 tons in 1995 to 43,000 in 1997.

During the past year, USAID and its partners carried out substantial analyses leading to the setting of program performance indicator baselines and targets. Critical to this effort was the Michigan State University (MSU) analysis of Ministry of Agriculture household survey data which led to detailed income estimates. PVOs carried out other surveys, and their analysis was useful in substantiating trends. MSU's analysis revealed the abject poverty in which USAID's target population lives (see box), where average incomes are just \$49. Incomes are lower over the entire focus area than what was reported in last year's R4, which only captured incomes in cotton growing areas in one province.

The Mission's overall assessment is that *SOI met its performance targets* over the past year.

### IR 1.1 -- Improved market access.

In 1997, USAID data indicates that improved market access enabled increased sales and helped to realize greater household income, as follows:

*a. Improved marketing chain:* Data in USAID's focus area points to an encouraging trend. Exports of maize rose from almost nothing in 1995 to 40,000 tons in 1996, to 50,000 tons in 1997 (1.1#5); price margins between producer and consumer show a firm four-year downward trend (1.1.1#2), and the volume of coastal shipping cargo more than doubled (1.1.3#3). The rising number of vehicles registered and increased traffic volume in the focus area (1.1.3#1, 1.1.3#2) are proxies for improved market access and greater marketing activity.

#### *Income Analysis Reveals Depths of Poverty*

USAID analysis of focus area income confirms the extent and depth of poverty. Per capita incomes average just \$49/year, and the poorest quartile's income only slightly exceeds the market cost of maize to meet minimum caloric requirements. The depth of poverty is underscored by the fact that USAID clients in 1997 are "better off" than in 1994-95. USAID programs seek to increase income through emphases on agricultural productivity, market development and rural enterprise growth.

Income per capita	<u>US\$</u>
all households in focus area	49
in women-headed households	42
top quartile households	125
lower quartile households	11
Cost of maize for per capita annual caloric requirement	10
Distribution of income sources	<u>%</u>
food grown for consumption	72
agricultural sales	17
microenterprise activities	7
wage labor	3

*b. Increased sales.* Between 1995 and 1997, income per household from sales of agricultural produce rose by 51% in those districts with USAID field activities, from \$34.92 to \$52.17 (compared with \$22 in the focus area as a whole (1.1#2). While data is not disaggregated enough to distinguish clearly the impacts of individual components -- improved policy, roads, productivity and market information (1.1.4#1, 1.1.4#2) -- it is clear that the mix is an effective and powerful one.

*c. Market liberalization.* The overall success of the USAID program depends on continued Mozambican commitment to market liberalization. After sending mixed signals in 1996, the government did not intervene in the maize market in 1997, choosing only to establish a "reference" price which it wisely refrained from publicizing, enforcing or tracking. In 1998, the GRM is providing price information only. Cashew (1.1#3, 1.1.1#2) also had a reference price in 1997, resulting in some upward movement in prices early in the season but becoming irrelevant later in the year. The GRM announced a minimum price for cotton, partially justified by the granting of geographic monopsony concessions to cotton companies. These two crops made up over 50% of the sales of focus area households in 1996, and will gain importance as incomes rise. The government is divided on price liberalization, with some in the Ministries of Agriculture and Commerce wanting price supports. USAID will, over the next year, continue to provide analytic support for increased liberalization.

*d. Road rehabilitation.* USAID completed 200 kilometers of roads in 1997, a 33% increase over 1996 (1.1.2#1). Rural associations also constructed with their own resources 331 kilometers of feeder roads and 75 storage warehouses in the focus area. The government has adopted a Road Maintenance Initiative (RMI) to sustainably maintain the 26,000 kilometer national road network. RMI assesses adequate user fees, based on fuel taxes and annual licenses, for an autonomous road fund and maintenance through private independent contractors. Fund restructuring and financing provisions are implementation issues to be addressed in 1998 under the Roads and Coastal Shipping SIP. USAID is also pursuing alternatives which involve local communities in feeder road maintenance.

**IR 1.2 -- Expanded rural enterprises.** Non-farm increases in economic activity noted in last year's R4 continued in 1997, remaining largely co-dependent with agriculture (synergism with IR1.3), notably for marketing and processing. USAID's support for marketing association formation has been exceptionally successful, and USAID's partners have been responsible for speeding the introduction of agricultural equipment to process the increased production. With many new enterprise starts (1.2#1), and with most enterprises run by a single operator (1.2#2), finance issues for enterprise expansion have come to the fore. In the absence of a formal rural banking system, various lending systems are being tested. These have substantiated a huge unmet demand.

*a. Improved environment for microenterprise development:* USAID assisted farmer marketing associations to gain legal status, although registration requirements remain onerous. USAID is seeking changes in business registration and licensing requirements so that individual and group enterprises can more easily gain legal status, enter into contracts, and qualify for

***PVO Partner Reports: What a Difference a Road Makes!***

"The road from Gurue to Milange--once a bandit-infested goat path--was recently finished, linking us to Malawi and giving us a new market for our produce. Our crossroads market, once almost non-existent, now flourishes with Malawian consumer products. The result is increased competition for our marketed crops, better prices for farmers, and cheaper sources of goods.

Last year the maize market got off to a slow start. The first Mozambican trader arrived in July paying a measly four U.S. cents for a kilo of maize. He'll have to start earlier this year-- we expect higher maize prices early, and a flatter more stable market.

When Malawians entered the market in September it was chaotic, with maize prices increasing daily. Often when we helped a farmers group with a deal, another trader would offer a higher price. In our discussions with local administrators and ADMARC marketers of Malawi, ADMARC agreed to station their own maize purchaser in Morrumbala. This would be a great help to get the market going earlier in the season.

***The border, formerly our horizon, now represents new markets and opportunities!"***

banking services. In 1997, the government and commercial banks publicly recognized the inadequacy of current legal and regulatory frameworks for financial services, particularly in rural areas. USAID and other donors will continue to support an improved legal and regulatory framework for microfinance, emphasizing appropriate regulation and supervision of microfinance institutions, savings collection, sustainability, and commercial viability of microfinance institutions.

*b. Strengthened access to financial services.* USAID is working with government and other donors to develop a rural enterprise financing strategy. For the first time, six marketing associations opened bank accounts and accessed \$60,000 in commercial credit with repayment rates averaging 98%. Only 14% of rural microenterprises received loans last year (1.2.2#1), although overall growth

in number of in-kind loans was 136% (1.2.2#2). There were no loans greater than \$300 (1.2.3#3), an important proxy measure of microenterprise growth. Where there are no banking facilities, in-kind loans and lease/buy arrangements are facilitating the introduction of post-harvest agricultural machinery. At least 292 oil presses were let out on an in-kind basis; repayment rates are near 100%.

*c. Farmer marketing associations.* The network of rural-based marketing associations in three provinces expanded dramatically, from 65 to 255, and from 2,740 to 18,657 member participants. Twenty-seven associations have exclusively women members and managers. Associations carried out 371 separate economic ventures in 1997, over 50% more than planned (1.2.3#1). Gross sales of four products by 96 of these associations exceeded \$300,000 -- almost three times last year's sales. For maize, groups received 20-70% price premiums over non-participating farmers, and for groundnut, 25-50%. Annual average value of gross returns per member amounted to \$73, up from \$54 in 1996, and well over the target of \$60 (1.2.#4). Groups have been able to compete effectively with large traders to get their products on the trading floor for processing and/or export. Six associations in the central region marketed 50 tons of maize to a U.S.-owned mill for \$8,096, doubling in one transaction their 1996 returns. For the first time, associations marketed 150 tons of cashew

directly to large companies, receiving higher prices than those paid by small traders.

*d. Adoption of new technologies.* Improved post-harvest technologies were introduced (1.2.4#1). The consignment is underway of oilseed presses to regionally based wholesalers, which, in turn, on-lend them to newly established district retail stores. Total credit in 1997 for presses consigned to retailers exceeded \$20,000; repayment to wholesalers is on time. A nationwide edible oils consortium made up of NGOs, large commercial refineries, press manufacturers, an oil seeds research project, and producer representatives -- meets to share information and make recommendations on seed varieties and press design.

**IR 1.3 -- Increased sustainable agricultural output.** In FY 97, several partners initiated new multiyear programs, financed with Title II and DA resources, designed to increase agricultural output for household consumption and sales through the adoption of more productive technologies, diversification into cash crops, increased livestock holdings, and reduction of post-harvest losses. Agricultural production activities address environmental sustainability through soil conservation, agroforestry, and enhanced land tenure security. Performance in 1997 was aided by continued social stability, improved security, market-based sectoral policies and favorable growing conditions. There was notable progress:

*a. Increased agricultural production.* Over 210,000 farm households in FY 97 were directly involved in USAID-financed field activities. According to data in one area, agricultural production volume increased over an 1991-95 average by approximately 47 percent in 1997 (1.3#1). Gross value of farm production (1.3#2) has consistently increased, from \$186 per household in the 1991-95 period to \$279 in 1997. A contributing factor is average land area per household increasing 30 percent (from 1.46 to 1.90 hectares), a clear result of social and political stability. As well, considerable yield increases reflect real progress in the dissemination of productive technologies and favorable climatic conditions. Over 19,000 beneficiary farm households grew sunflower and sesame seeds to feed the highly profitable “cottage” and commercial oil processing industries (IR 1.2).

*b. Improved farming practices.* USAID is using participatory approaches to increase sustainable agricultural output, with farmers serving as the nexus for activities. Over 23,000 farmers participated in 950 field days, some 2,700 “contact” farmers received frequent on-the-job training from partner extensionists, and 10,500 farmers undertook controlled production trials. Over 68,000 smallholders benefitted in 1997 from USAID-supported distribution networks for farmer-selected crop varieties (1.3#3), which resulted in higher yields under traditional farming practices. The adoption of improved maize varieties, in particular, resulted in yield increases in the past two years of 12 and 15 percent (1.3#5). Maize is the key food crop and also an important cash crop, grown on approximately 50 percent of the cultivated focus area. Ten percent of households in the USAID focus area owned goats in 1997, up from 5.6 percent in 1996, reflecting a more stable environment for asset accumulation (1.3#3).

*c. Sustainable production.* USAID established baselines and targets (1.3.#4) for two key sustainability measures, soil conservation and agroforestry. Partners have incorporated soil

conservation techniques into farmer training programs. Of farmers in selected areas with long-standing field activities, 62% practice some form of soil conservation to sustain fertility and productivity, 82 percent report controlled burning of crop fields, while 9 percent reported no burning. In the same areas, 28 percent practiced agroforestry, including cashew. Over 8,000 households in the USAID focus area engaged in cashew improvement activities.

*d. Land tenure security.* In July, the Mozambican parliament approved a new national land law, which strengthens the tenure security of smallholders and larger commercial and agricultural interests. Under the old law, millions of hectares of concessions had been granted which forced many smallholder communities onto more marginal land. The USAID-funded Land Tenure Center and its local partner organization played an important role in supporting the new legislation, and in maintaining a dialogue between the government, civil society, and rural communities.

### **3. Expected Progress through FY 2000 and Management Actions**

The rapid recovery of the rural economy and the movement from subsistence to commercial agriculture has implications for activities programmed under SO1 for the remainder of the CSP period. SO1 will place more emphasis on creating private sector capacity to: 1) develop more sophisticated markets and market mechanisms for agricultural products, 2) establish rural financial services and institutions, and 3) deliver improved technologies to increase agricultural productivity and post-harvest processing. Accelerated activities in these areas, coupled with expected progress in policy dialogue, road rehabilitation and maintenance, micro- and group enterprise development, and adoption of sustainable agricultural production technologies, should permit *SO1 to meet or exceed targets established through 2001*. The modifications described below will require shifts in emphasis among lower-level IRs while maintaining the overall coherence of the existing IRs and the SO.

*Market development:* SO1 will build upon recent successes in promoting intra-regional and off-shore trade in food crops to expand market size. The Ministry of Agriculture Market Information System supported by MSU is being expanded to include more markets within the SO1 focus area and price information for international markets. Associations of local businesses and farmers will supplement this information with business contacts, global market information links via the Leland Initiative, and international cereals traders to further expand the market of agricultural products. Eventually, we expect that private traders will develop an ad hoc regional clearinghouse for the marketing of crops, to lead to the development of a nascent commodity exchange where marketable quantities of agricultural products are aggregated and stored, international grades and standards are applied, and available quantities of commodities can be purchased by regional and international buyers within a reasonable response time. In addition, SO1 will build upon successful rural group enterprise development activities to examine the feasibility of using inventory credit to ensure that rural households benefit from agricultural sales when prices are highest regionally and internationally.

*Rural financial services:* Access to financial resources by traders and associations is becoming a significant constraint to increasing market access and incomes from agricultural sales. Therefore, greater attention will be given to rural financial services through formal banking and micro-finance institutions.

The Central Bank, under the tutelage of the Ministry of Plan and Finance, is reviewing current legislation and considering new regulations to legalize microfinance facilities, set parameters for savings associations, establish standards for central bank regulation and supervision of microfinance, and ease the "red tape" required for business and local association registration and activity.

The development of rural financial services, particularly microfinance savings and lending institutions, also will permit the Mission program to move from providing in-kind credit for targeted agricultural inputs and post-harvest processing equipment to promoting sustainable private sector sales and service delivery.

*Agricultural productivity:* The continued production of marketable surpluses, increases in yields and volumes will require the use of modern production technologies, including seeds and particularly fertilizer, to accompany soil, water and fertility management. The fertilizer market remains non-competitive, with subsidized fertilizer channeled through a monopoly distributor to a few large cotton companies. Average household expenditures for agricultural inputs now total about two dollars a year. To increase agricultural productivity, USAID will help the government to establish a policy framework that makes inputs accessible to more households and monitor the development of the input trading sector.

As USAID's PVO partners begin to step back from direct on-farm provision of inputs, more sustainable commercial systems to deliver agricultural production technologies will develop. This will result gradually, primarily through the private sector, utilizing traders and progressive farmers. Concurrently, SO1 will build improved and innovative links between adaptive research programs of INIA (the Ministry of Agriculture research institute, assisted by other partners) and regional and international research institutions, to build capacity for sustainable technology adaptation. Participatory approaches to skills and technology transfer will sustain production increases, until commercial input services prove viable on the basis of producer-led demand.

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> SO1 Increased rural household income in focus area			
<b>INDICATOR:</b> 1#1 Net per capita average real income per year			
<b>UNIT OF MEASURE:</b> U.S. dollars  <b>SOURCE:</b> Ministry of Agriculture/MSU National Agriculture Survey and MSU Micro- and Small Enterprise Survey, 1996-1998-2000  <b>INDICATOR DESCRIPTION:</b> Income includes 4 components: agricultural production retained for household consumption; ag production sold; MSE profits; and wages from labor. Figures are net of ag production input purchases. Per capita income is reported rather than household income because household size was found to vary substantially across provinces within the focus area. Figures are disaggregated to show (a) all households and (b) female-headed households.  <b>COMMENTS:</b> About 13% of households across the focus area are female headed, ranging from about 8% of households in Nampula and Zambezia provinces to 30% of households in Manica province.  Household size across the focus area averaged 4.6 persons. Female-headed households are generally smaller.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996B		(a) 49 (b) 42
	1997		
	1998	(a) 55 (b) 47	
	1999		
	2000	(a) 62 (b) 53	
	2001		

Rural household income in the focus area is very low, even lower than last year's provisional estimates, which were based on a limited sample in the cotton belt and southern Nampula within the focus area.

The significantly lower per-capita income in female-headed households is of concern to the SO team. Some explanations for the differences are clear (e.g. fewer adult members in the household constrains labor availability, and land access for agriculture is more limited), and female-headed households do not seem to be well-positioned to achieve the same income growth as complete households. The SO team and implementing partners will explore ways to adjust activities to help narrow the income gap between female-headed households and complete households.

Rural household income varies greatly among provinces within the focus area, as do the income shares from ag production for consumption, ag production for sales, and microenterprise activities. We will target field-based programs to achieve results depending on the needs of different areas.

We are fairly confident setting annual targets of 6% growth in the focus area, resulting in increases from \$49 per capita in 1996 to \$66 in 2001. For the focus-area population of 7 million persons, the value of those increases is \$117 million over the life of our CSP.

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> SO1 Increased rural household income in focus areas			
<b>INDICATOR:</b> 1#2 Income shares from agricultural production for household consumption and for sale, from microenterprises, and from wage labor			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> Ministry of Agriculture/MSU National Agriculture Survey and MSU Micro- and Small Enterprise Survey, 1996-1998-2000  <b>INDICATOR DESCRIPTION:</b> Shares of per capita income from (a) ag production for consumption, (b) ag production for sale, (c) microenterprise activities, and (d) wage labor. (A negligible share of household income in the focus area comes from remittances.)  <b>COMMENTS:</b>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996B		(a) 73% (b) 17% (c) 7% (d) 3%
	1997		
	1998	(a) 71% (b) 19% (c) 7% (d) 3%	
	1999		
	2000	(a) 66% (b) 23% (c) 8% (d) 3%	
	2001		

We project that income shares from agricultural production for consumption will decline (from an annual growth rate of 6% to 2%) over the CSP period, while income shares from agricultural production for sale and from microenterprise activities will rise (from a growth rate of 17% to 23% and from 7% to 8%, respectively).

Not surprisingly, female-headed households consume a higher percentage of their ag production than the average. They are constrained by lower numbers of adult workers and less land. The shift toward ag sales and MSE income may be more difficult for female-headed households. The SO team and PVO partners will monitor this concern and attempt to identify ways to help increase income for land-poor and labor-poor households (female-headed and lowest quartile households).

We must relieve the recurring transportation bottleneck through the center of the country in order to increase ag sales in the Zambezi River valley and southern Zambezia province. We must also continue our efforts to improve feeder roads and explore the CLUSA-identified phenomenon in target areas of seasonal road improvements initiated by rural group enterprises.

Increased private investment in agribusiness may begin by FY2001 to provide more employment opportunities in the focus area, eventually contributing to increased income shares from wage labor.

Twice as much income from micro- and small enterprise activities is earned by male-headed as by female-headed households. We will explore the optimal mix of support to individual and group enterprises to better reach disadvantaged groups (lower income quartiles and female-headed households) and a greater number of beneficiaries.

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> SO1 Increased rural household income in focus area			
<b>INDICATOR:</b> 1#3 Net per capita average real income per year			
<b>UNIT OF MEASURE:</b> U.S. dollars  <b>SOURCE:</b> MSU correlation studies for assessing income using proxies, and PVO/MSU proxy data, 1997-1999-2001  <b>INDICATOR DESCRIPTION:</b> Income calculated from proxies involves a simplified data collection process that relies on physical evidence rather than on recall of ag production levels, sales, MSE earnings, and wages. Because of variability across the focus area, data are disaggregated by (a) Zambezi River Valley; (b) central Zambezia province; (c) northern Zambezia and southern Nampula; (d) the Nampula Cotton Belt; and (e) Manica and Sofala provinces.  <b>COMMENTS:</b>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1997B		(a) 45 (b) 40 (c) 57 (d) 51 (e) 50
	1998		
	1999	(a) 55 (b) 48 (c) 69 (d) 62 (e) 61	
	2000		
	2001	(a) 66 (b) 58 (c) 84 (d) 75 (e) 74	

There is significant variation across the focus area in this data. We will examine the implications for the mix of our field-based activities in different regions of the focus area.

In order to achieve a 6% overall annual growth rate for the focus area, we project a 10% growth rate in those target areas (districts) where we have field-based activities such as road rehabilitation, assistance to rural group enterprises in marketing, or technology support to microenterprises and farmers.

In these target districts SO1 assistance will reach directly or indirectly an estimated 3.4 million persons, and increase household income by \$102 million over the life of the CSP.

The high correlation between household income estimated from proxies and household income measured by sample surveys permits our PVO partners to use the simplified proxy data collection and report on household income in target districts in between the years when data from the formal surveys will be available.

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.1 Increased access to markets in focus area			
<b>INDICATOR:</b> 1.1#1 Mean volume of maize marketed by households			
<b>UNIT OF MEASURE:</b> Kilograms  <b>SOURCE:</b> National Agriculture Survey, Ministry of Agriculture/MSU, 1996 - 1998 - 2000; World Vision  <b>INDICATOR DESCRIPTION:</b>  <b>COMMENTS:</b> Data are available for 13 commodities. Only maize, principal staple and important cash crop to households in focus area, is reported here, but other crop information is tracked.  Targets assume an increase in marketed volumes of 10% per annum, higher than the target rate of overall income growth for the focus area.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996B		45.4
	1997	50	
	1998	55	
	1999	60	
	2000	66	
	2001	72	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.1 Increased access to markets in focus area			
<b>INDICATOR:</b> 1.1#2 Mean value of selected commodities marketed by households			
<b>UNIT OF MEASURE:</b> U.S. dollars  <b>SOURCE:</b> National Agriculture Survey, Ministry of Agriculture/MSU, 1996 - 1998 - 2000  <b>INDICATOR DESCRIPTION:</b> Sum of the mean value sold by households, 13 commodities.  <b>COMMENTS:</b> This is a very good indicator of market participation in the focus area.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996B		22.22
	1997	24	
	1998	26	
	1999	28	
	2000	31	
	2001	34	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.1 Increased access to markets in focus area			
<b>INDICATOR:</b> 1.1#3 Cashew marketed in focus area			
<b>UNIT OF MEASURE:</b> Metric tons	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Cashew Working Group	1993		16,000
<b>INDICATOR DESCRIPTION:</b> Tons of raw cashew purchased, 1996 = 9/95 to 9/96. For 1993 to 1995, we assumed that two-thirds of total commercialized production was from the focus area.	1994		20,000
<b>COMMENTS:</b> Cashew production varies greatly from year to year, with a natural two-year cycle exacerbated by sensitivity to weather and disease. It is therefore difficult to predict annual harvests and marketing. There is a general upward trend that we expect to continue. We estimate a 10 percent annual increase in the focus area, from the 1995/1996/1997 average of 33,000 tons. Focus area estimates for 1993 to 1995 are extrapolated from national production figures, 1996 and 1997 are from provincial data.	1995B		22,000
	1996		45,240
	1997		31,854
	1998	36,300	
	1999	39,800	
	2000	44,700	
	2001	49,000	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.1 Increased access to markets in focus area			
<b>INDICATOR:</b> 1.1#4 Value of key exports produced by focus-area households			
<b>UNIT OF MEASURE:</b> US\$, millions  <b>SOURCE:</b> State Secretariat for Cashew; Ministry of Industry, Trade and Tourism  <b>INDICATOR DESCRIPTION:</b> National figures for (a) cashew and (b) cotton  <b>COMMENTS:</b> Cashew and cotton together make up more than half the cash income that households in the focus area earn by marketing their ag production.  See note on previous indicator.  Approximately two-thirds of Mozambique's cashew production is in our focus area.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1993		(a) 15.7 (b) 11.1
	1994		(a) 20.2 (b) 18.9
	1995B		(a) 15.3 (b) 19.8
	1996		(a) 48.3 (b) 26.8
	1997		(a) 29.3 (b) 22.2
	1998	(a) 33 (b) 28	
	1999	(a) 37 (b) 33	
	2000	(a) 41 (b) 38	
	2001	(a) 45 (b) 40	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.1 Increased access to markets in focus area			
<b>INDICATOR:</b> 1.1#5 Volume of maize exports from focus area			
<b>UNIT OF MEASURE:</b> Metric tons  <b>SOURCE:</b> Cereals Institute of Mozambique (ICM)  <b>INDICATOR DESCRIPTION:</b> Calendar year report  <b>COMMENTS:</b> The number reported in the last R4 for 1996, 21,500, excluded 'informal' but large contracts with Malawi, estimated at 10,000 tons, and some late shipments in calendar 1996.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995B		0
	1996		40,000
	1997		50,000
	1998	55,000	
	1999	60,000	
	2000	70,000	
	2001	80,000	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.1 Increased access to markets in focus area			
<b>INDICATOR:</b> 1.1#6 Average road transport charges			
<b>UNIT OF MEASURE:</b> U.S. dollars per ton/kilometer to producer  <b>SOURCE:</b> Austral/World Vision  <b>INDICATOR DESCRIPTION:</b> Costs charged by transporters to producers and itinerant traders on major arteries/low traffic roads.  <b>COMMENTS:</b> World Vision measures costs in areas of very low traffic volumes while Austral's figures include major arteries (e.g. the Beira Corridor). In addition to the big difference in charges, WV found that charges varied enormously, from \$0.10 to \$1.50 per ton/km. Increased traffic and competition should reduce both the average and the variability. The \$0.24 for more heavily trafficked roads will be prevented by high transaction costs from falling much further. On the other hand, consolidation should bring the producer cost down towards the current average charge to full loads of \$0.06/km.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1997B		\$0.24/\$0.50
	1998	\$0.23/\$0.45	
	1999	\$0.22/\$0.40	
	2000	\$0.21/\$0.35	
	2001	\$0.20/\$0.30	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR1.1.1 Improved enabling environment for market activities			
<b>INDICATOR:</b> 1.1.1#1 Domestic price of cashew as a percent of world market price in the SO1 focus area			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> World Vision (WV)  <b>INDICATOR DESCRIPTION:</b> Producer price as a percentage of FOB East Africa price.  <b>COMMENTS:</b> MSU asked a different question; whether Beira retail prices in 1995 (an import year) were in line with what would be expected in a free market.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1997B		38%
	1998	44%	
	1999	50%	
	2000	55%	
	2001	60%	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR1.1.1 Improved enabling environment for market activities			
<b>INDICATOR:</b> 1.1.1#2 Spatial retail price margins for maize			
<p><b>UNIT OF MEASURE:</b> Percent</p> <p><b>SOURCE:</b> Ministry of Agriculture/MSU Market Information System (SIMA)</p> <p><b>INDICATOR DESCRIPTION:</b> Price difference (destination market minus origin market), divided by price in destination market; origin-destination combinations are: Chimoio-Maputo (C-M); Chimoio-Beira (C-B); Ribau-Nampula (R-N).</p> <p><b>COMMENTS:</b> This indicator only works in years of uni-directional trade; i.e., in years where the producing area is in surplus. This was true of 1994 and 1996, but not of 1995.</p> <p>The sharp reduction in margins between 1993 and 1997 reflects the increased size and efficiency of the informal market and the increases in volume made possible by the emergency reconstruction of roads in 1993-95.</p>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1993		C-M 160% C-B 40% R-N 43%
	1994B		C-M 150% C-B 40% R-N 50%
	1995		see comment
	1996		C-M 107% C-B 18% R-N 45%
	1997		C-M 75% C-B 19% R-N 39%
	1998	C-M 70% C-B 17% R-N 35%	
	1999	C-M 60% C-B 15% R-N 32%	
	2000	C-M 65% C-B 19% R-N 28%	
	2001	C-M 65% C-B 19% R-N 25%	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR1.1.2 Roads necessary for agricultural marketing are rehabilitated and are thereafter adequately maintained			
<b>INDICATOR:</b> 1.1.2#1 Roads in the focus area that are constructed/rehabilitated			
<b>UNIT OF MEASURE:</b> Total kilometers (USAID-funded kilometers)	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995B		600 (320)
	1996		800 (150)
	1997		900 (200)
	1998	800 (450)	
	1999	750 (500)	
	2000	600 (340)	
	2001		
<b>SOURCE:</b> GRM Roads and Bridges Directorate (DNEP) records, annually.			
<b>INDICATOR DESCRIPTION:</b> Total kilometers of roads (USAID contribution in parentheses) rehabilitated/constructed in USAID focus area, collected from DNEP records annually			
<b>COMMENTS:</b> The current national road construction program is to rehabilitate the entire network (classified roads) of 26,000 kilometers by early next century.			

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR1.1.2. Roads necessary for agricultural marketing are rehabilitated and are thereafter adequately maintained			
<b>INDICATOR:</b> 1.1.2#2 Resources applied to routine road maintenance in focus area			
<b>UNIT OF MEASURE:</b> U.S. dollars/kilometer	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996B		450
	1997		510
	1998	680	
	1999	650	
	2000	630	
	2001	600	
	<b>SOURCE:</b> DNEP		
<b>INDICATOR DESCRIPTION:</b>			
<b>COMMENTS:</b> This quantitative indicator needs to be qualified with an assessment of the effectiveness of the maintenance program. Mozambique's current costs for routine maintenance, \$800/km nationwide, are the highest in the region, but should come down as more maintenance is contracted out. SO1's policy reform agenda includes road maintenance objectives.			

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR1.1.3 Expanded private sector capacity to market goods and provide transport services			
<b>INDICATOR:</b> 1.1.3#1 Number of vehicles registered in focus area			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> Ministry of Transport.  <b>INDICATOR DESCRIPTION:</b> Trucks over three tons registered in Nampula and Zambezia provinces  <b>COMMENTS:</b> Data are available for all provinces. However, including data for Manica and Sofala provinces in this table would misrepresent the real changes in the focus area because: (a) the majority of trucks registered in these provinces serve only the international traffic along the Beira Corridor, and (b) the statistics are only available on a provincial basis while the focus area covers only a portion of these two provinces. This table therefore reports only on the Nampula and Zambezia fleets.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995B		997
	1996		1486
	1997	1750	
	1998	1950	
	1999	2100	
	2000	2250	
	2001	2400	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> 1.1.3 Expanded private sector capacity to market goods and provide transport services			
<b>INDICATOR:</b> 1.1.3#2 Traffic volume in target areas			
<b>UNIT OF MEASURE:</b> Index  <b>SOURCE:</b> World Vision In 1996  <b>INDICATOR DESCRIPTION:</b> Index for traffic increases on rural roads being reconstructed by World Vision with USAID funding. The index adjusts annually for changes in number of roads and kilometers built.  <b>COMMENTS:</b> In subsequent years this index will incorporate data from all roads reconstructed by USAID-funded partners.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996B		100
	1997	115	
	1998	132	
	1999	151	
	2000	173	
	2001	200	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> 1.1.3 Expanded private sector capacity to market goods and provide transport services			
<b>INDICATOR:</b> 1.1.3#3 Volume of cargo carried by coastal shipping companies			
<b>UNIT OF MEASURE:</b> Metric tons  <b>SOURCE:</b> Ministry of Transport  <b>INDICATOR DESCRIPTION:</b>  <b>COMMENTS:</b> Preliminary 1997 figures (through June, port tons) indicate that tonnage will rise by a factor of 2.5 to 3 between 1996 and 1997.  Coastal shipping was liberalized in mid-1996, when there was one parastatal company holding a monopoly of scheduled service. By early 1997, there were three privately owned companies and the parastatal had been turned over to a private operator, leading to a surge in traffic beginning in late 1996.  We have projected continued robust growth of coastal shipping, but other positive changes, such as increased exports and better roads, could dampen this growth.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995B		30,000
	1996		32,192
	1997	80,000	See comment
	1998	100,000	
	1999	120,000	
	2000	140,000	
	2001	170,000	
<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.1.4 Market information system operational			
<b>INDICATOR:</b> 1.1.4#1 Districts in focus area regularly receiving price information			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> Ministry of Agriculture/MSU SiMA, and PVO partners WV and FHI  <b>INDICATOR DESCRIPTION:</b> Districts (out of total of 59 in the focus area) whose residents receive price information systematically by either radio or marketplace bulletin boards  <b>COMMENTS:</b> By 1997, all of Nampula province and the northern three districts of Zambezia province were reached by Radio Nampula broadcasts.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995B		12
	1996		n/a
	1997		34
	1998	38	
	1999	39	
	2000	39	
	2001	39	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR1.1.4 Market information system operational			
<b>INDICATOR:</b> 1.1.4#2 Districts in focus area where price information is collected systematically			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> Ministry of Agriculture/MSU SIMA  <b>INDICATOR DESCRIPTION:</b> Districts linked to the SIMA system, sometimes through PVO data collection efforts  <b>COMMENTS:</b> SIMA price information is collected at producer, wholesale, and retail levels	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995B		12
	1996		n/a
	1997		32
	1998	34	
	1999	34	
	2000	34	
	2001	34	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.2 Rural enterprises expanded			
<b>INDICATOR:</b> 1.2#1 Rural households in focus area involved in or operating at least one micro- or small enterprise (MSE)			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> MSU Micro- and Small Enterprise Survey, in conjunction with Ministry of Agriculture/MSU National Agricultural Survey, 1996-1998-2000  <b>INDICATOR DESCRIPTION:</b>  <b>COMMENTS:</b> The average number of MSEs among households is 1.2, but there is considerable variation across the focus area.	1996B		35%
	1997		
	1998	40%	
	1999		
	2000	50%	
	2001		

Greatest number of MSEs in rural areas located in Zambezia province. Nampula province, where the third and fourth largest cities of the country are located, has the highest share of urban MSEs. The distribution of MSEs reflects greater articulation of the marketing infrastructure in Nampula, where war damage was less, and where the formation of associations is not impeded by still-festered war wounds. The widespread dispersion of MSEs in Zambezia province indicates a still fractured infrastructure network that discourages expanded agricultural marketing and leads many households to undertake MSEs as a temporary income source.

Based on data from parts of the focus area, employment in MSEs grew rapidly in the immediate post-war period, increasing by about 65% over the period 1994-95. A 1995 MSU survey in Nampula province showed that 25% of rural households were then involved in microenterprise activities. Since then, the level of household participation in MSEs continues to rise, but at a more moderate pace. To date very few MSEs have expanded by taking on additional workers, which means that virtually all the MSE employment growth comes from new starts.

A 1997 World Vision (WV) survey in areas where they work estimates that 56% of households are engaged in off-farm activities that provide income. Primary sources of off-farm income include petty commerce and trading, traditional medical practices, carpentry, artisanal production, and selling forest products. WV's off-farm income data also included wage labor, which provides on average about 3% of household income in the focus area. The SO team is working to make sure that WV's data will be comparable to MSU's in future years. The WV surveys in 1999 and 2001, in between the MSU survey years, will help us understand trends in MSE growth within target areas, as compared to the broader focus area.

Although we have set targets for increased MSE participation by rural households as opportunities expand, it is possible that MSE participation will actually decrease instead. In the high-potential focus area, as agriculture production sales and profits increase, households may shift out of MSEs and devote more attention to marketing agricultural commodities. Over time, however, with increased production, there also will be more opportunities for household MSEs involved with processing of agricultural produce.

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.2 Rural enterprises expanded			
<b>INDICATOR:</b> 1.2#2 Rural households owning/operating MSEs of different sizes			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> MSU Micro- and Small Enterprise Survey, in conjunction with Ministry of Agriculture/MSU National Agricultural Survey, 1996-1998-2000  <b>INDICATOR DESCRIPTION:</b> Of the total number of rural households involved in MSEs, the percent that are involved in MSEs of various sizes: (a) 1 paid employee (owner); (b) 2-10 employees; (c) more than 10 paid employees.  <b>COMMENTS:</b> Over time, MSEs should increase in size (gross receipts) and net returns. Data show that average returns per worker are higher in larger MSEs, so the shift from one-person MSEs to larger ones will indicate that successful, sustainable enterprises are being created.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996B		(a) 59% (b) 40.5% (c) 0.5%
	1997		
	1998	(a) 54% (b) 45% (c) 1%	
	1999		
	2000	(a) 50% (b) 48.5% (c) 1.5%	
	2001		

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.2 Rural enterprises expanded			
<b>INDICATOR:</b> 1.2#3 MSEs in target areas having an environmental focus			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> PVO partner reports  <b>INDICATOR DESCRIPTION:</b> An "environmental enterprise" is one which prevents or reduces degradation, cleans up previous damage, or conserves or improves natural resources.  <b>COMMENTS:</b> New activities starting in FY 98 will promote and monitor enterprises that meet this definition, and then targets will be set	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996B		0
	1997		0
	1998		
	1999		
	2000		
	2001		

PVO partner Africare believes that hand-operated oil presses are "environmentally friendly" enterprises because they effectively use the entire seed, and nothing goes to waste. In addition to the oil, the residual oilcake is an excellent livestock feed and thus an extra source of income for the press owner. The presses themselves are mobile and no construction is required for their use. Four PVO partners are involved in oil presses in targeted areas within the focus area. By the end of 1997, including enterprises established since 1995, there were 282 manually operated edible oil presses in the focus area -- all of them a direct result of USAID-funded activities.

Africare's interpretation of what comprises an environmental enterprise is probably too broad to fit the more focused definition that USAID prefers to use. As other more specialized PVOs begin to implement activities that specifically address environmental enterprises (e.g. Technoserve), this data table will become more significant. In the meanwhile, the SO team will better inform itself about environmental degradation in the focus area, and in particular look for linkages between growth of MSEs and reduced sales of traditionally produced charcoal and firewood.

A 1997 World Vision survey in their target areas shows that 4% of households sell firewood or charcoal to generate off-farm income -- a slight increase over 1995 and 1996 surveys. Nearly all households in rural communities harvest firewood for home consumption. 41% percent of households in the WV survey harvested cashew or coconut from their trees. The SO team believes that enterprises which focus on profitable and sustainable off-take of tree crops will become more important in the local economy in coming years.

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.2 Rural enterprises expanded			
<b>INDICATOR:</b> 1.2#4 Average annual value per household of transactions (gross sales) of MSEs and Rural Group Enterprises (RGEs)			
<b>UNIT OF MEASURE:</b> U.S. dollars  <b>SOURCE:</b> (a) MSU Micro- and Small Enterprise Survey, in conjunction with Ministry of Agriculture/MSU National Agricultural Survey, 1996-1998-2000; (b) PVO partners, CLUSA and others, annually  <b>INDICATOR DESCRIPTION:</b> (a) MSEs in focus area, and (b) RGEs in PVO partners' target areas  <b>COMMENTS:</b> In order to track growth in the enterprises themselves, in addition to increased income flowing from them to households, the gross dollar amount of transactions is also monitored and will be reported in future years	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995B		(b) \$17.22
	1996B	(b) \$50	(a) \$48.55 (b) \$54.70
	1997	(b) \$60	(b) \$73.18
	1998	(a) \$55 (b) \$75	
	1999	(b) \$85	
	2000	(a) \$60 (b) \$92	
	2001	(b) \$100	

In 1997, WV tracked information on 45 groups with 523 members (24% of whom are women); collective sale of agriculture products resulted in average net returns of \$61 per member. Market prices obtained by the groups were substantially greater than prices offered to non-group producers in the same areas: for maize, RGEs received a premium of between 20% and 70%; for groundnuts, between 25% and 50%. CLUSA tracked associations which obtained similar higher farmgate prices: 18% higher for maize; 20% higher for groundnuts; 4.3% higher for cotton, and calculated that these premiums resulted in about \$23,000 of additional household income for association members.

CLUSA and other PVOs working with associations that marketing agricultural commodities as one of their major activities are beginning to investigate the potential limits to continued income growth for these activities, given the multitude of factors that influence sales and prices (road conditions, transport costs, access to regional and international markets, competing opportunities to earn income, etc.), so as to best allocate budget and personnel resources over the coming years.

<b>OBJECTIVE:</b> Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR1.2.2 Strengthened access to financial services			
<b>INDICATOR:</b> 1.2.2#1 Household MSEs that report receiving loans in preceding year			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> MSU Micro- and Small Enterprise Survey, in conjunction with Ministry of Agriculture/MSU National Agricultural Survey, 1996-1998-2000  <b>INDICATOR DESCRIPTION:</b> Disaggregated by rural (R) and urban (U) MSEs  <b>COMMENTS:</b>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996B		R - 13.8% U - 16.1%
	1997		
	1998	R - 18% U - 20%	
	1999		
	2000	R - 20% U - 22%	
	2001		

Since the majority of MSEs are headed by men (75.7%) and located in rural areas (82.1%), most loans went to male-headed (73.3%) and rural (78.8%) MSEs.

There is no evidence to date that women -- rural or urban -- are disproportionately disadvantaged compared to men in their ability to acquire loans, but the SO team will continue to disaggregate data to monitor this (including potential gender differences in access to formal vs. informal micro-credit as formal sources expand in coming years).

Loans from relatives made up 81.6% of those received in both rural and urban areas; next in importance were money lenders (5%). Only 2% of MSEs which have received loans have been reached with credit from formal institutions. Among those, all were male owned, and about two-thirds operate in rural areas. Credit from ROSCAS (Rotating Savings and Credit Associations) is surprisingly low (0.2%) and only common among female-owned enterprises in urban areas.

The relatively non-functioning formal credit systems, especially in rural areas of Mozambique, and the lack of ROSCAS tradition in central and northern areas of the country, make access to sources of significant amounts of credit -- that considered sufficient to start a business -- a potential impediment to the SO approach of expanding small-scale processing of agricultural products. The SO may require special attention to various forms of microfinance administration, with implications for PVO partners' management and SO oversight.

<b>OBJECTIVE:</b> Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.2.2 Strengthened access to financial services			
<b>INDICATOR:</b> 1.2.2#2 Loans of up to \$300 to MSEs in target areas			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> PVO/NGO partner reports  <b>INDICATOR DESCRIPTION:</b> Disaggregated on (a) in-kind and (b) cash basis.  <b>COMMENTS:</b> Credit provided to date through PVO partner activities has been in kind. As the enabling environment for micro-credit improves, cash loans will be reported.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996B		120
	1997	310	284
	1998	517	
	1999	620	
	2000	650	
	2001	700	

In the current environment, the withdrawal of PVOs from the process of marketing oil presses (or other technologies) and providing credit (in-kind or cash loans) will not be easy. In the case of CARE, the process is being gradually handed over to a commercial wholesaler, who will eventually assume the credit risk. An alternative currently under consideration, with implications for the SO's participation and influence in the sector, would be the creation of a new (or utilization of an existing) finance institution to expand access to micro-credit.

WV has an in-kind credit program which makes available agricultural processing equipment in districts where they work. WV's 1997 target was not met due to prolonged procurement and delayed delivery of oil presses. Other processing equipment (e. rice dehullers, cashew decorticators, and hammer mills for maize) have a unit value in excess of \$300, and are tracked separately. WV currently makes direct in-kind loans, but has started discussions with provincial-level banking institutions with an eye towards eventually devolving credit responsibilities to a formal structure.

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT:</b> IR1.2.2 Strengthened access to financial services			
<b>INDICATOR:</b> 1.2.2#3 Loans greater than \$300 to MSEs and RGEs			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> <del>Fion de Vietter 1996 and 1997, with possible annual repeats, and PVO annual reports.</del>  <b>INDICATOR DESCRIPTION:</b> Loans will be, at least initially, in-kind (lease/buy), accorded by PVO partners; as local financial institutions are able to handle cash loans of this size, participating PVOs will transfer loan management to the formal banking sector  <b>COMMENTS:</b> <del>Loans will initially comprise primarily agricultural commodity processing equipment: rice dehullers, cashew decorticators and hammer mills</del>	1996B		0
	1997	0	0
	1998	10	
	1999	15	
	2000	15	
	2001	15	

<b>OBJECTIVE:</b> Increased Rural Household Income in focus area			
<b>APPROVED:</b> 01/Oct/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.2.3 Viable rural groups operating as microenterprises			
<b>INDICATOR:</b> 1.2.3#1 Rural Group Enterprises (RGEs) in target areas			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PVO partners, particularly CLUSA, CARE, WV, and Food for the Hungry (FHI); annual reporting	1996B		51
<b>INDICATOR DESCRIPTION:</b> Programs of all PVO partner include women as members of associations, but most associations are clearly dominated by men. Women make up generally 10%-20 of membership. Only CLUSA also has associations which are completely female in membership and leadership -- 27 of 144 new associations in FY 97, plus 14 from previous years (41 total to date).	1997	240	371
Numbers are not cumulative	1998	445	
<b>COMMENTS:</b> WV observed a "ratchet" effect on producer prices from group formation and activities. As soon as the groups negotiated a price for their produce, non-member producers in the area started to demand similar prices from traders attracted by the opportunity of buying large volumes of commodities. This phenomenon was particularly evident in Gile district (Zambezia) and Nacaroa (Nampula), where there were few buyers and prices were initially very low. In Gile, before the creation of the 5 groups, producer price for maize in the district center was \$0.03/kg. Within a month of the groups organizing and beginning negotiation, the price had doubled and two additional buyers were active.	1999	523	
	2000	588	
	2001	653	

<b>OBJECTIVE:</b> Increased Rural Household Income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.2.3 Viable rural groups operating as microenterprises			
<b>INDICATOR:</b> 1.2.3#2 Membership in Rural Group Enterprises (RGEs) in target areas			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> PVO partners, particularly WV, FHI, and CARE; annual reporting  <b>INDICATOR DESCRIPTION:</b> Number of households (cumulative)  <b>COMMENTS:</b>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995B		0
	1996	2,500	2,740
	1997	15,000	18,657
	1998	25,000	
	1999	40,000	
	2000	55,000	
	2001	70,000	

<b>OBJECTIVE:</b> Increased Rural Household Income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.2.3 Viable rural groups operating as microenterprises			
<b>INDICATOR:</b> 1.2.3#3 Number of different economic activities (businesses) operated by Rural Group Enterprises (RGEs) in target areas			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CLUSA	1995B		0
<b>INDICATOR DESCRIPTION:</b> Numbers are cumulative, and report only on CLUSA RGEs, present and planned	1996	50	59
<b>COMMENTS:</b> In 1996, of the 59 economic activities (EAs) (seasonal and year round) which were tracked by CLUSA, by far the greatest number (31) were involved with marketing agricultural commodities, followed by input supply for cotton production (18), sale of consumer goods through small stores (6), agricultural tool supply (2), and agricultural production/processing (2). In 1997, the EAs have evolved as follows: marketing agricultural commodities (87), input supply for cotton production (1), processing (12), other consumer goods retail sales (20), consumer stores (3), production from artisanal activities and group fields(7)	1997	93	130
	1998	150	
	1999	200	
	2000	250	
	2001	300	

Based on experience elsewhere, CLUSA estimates it will take a minimum of three cycles, more likely four, and sometimes five, before most associations (but not all) get to the point where they can carry on marketing activities without technical assistance. This has important implications for future programming of association strengthening.

<b>OBJECTIVE:</b> Increased Rural Household Income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR 1.2.3 Viable rural groups operating as microenterprises			
<b>INDICATOR:</b> 1.2.3#4 Average return per household participating in Rural Group Enterprises (RGEs) in target areas			
<b>UNIT OF MEASURE:</b> U.S. dollars	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PVO partners, principally CLUSA, WV, and FHI; annually	1996B		N 23.33
<b>INDICATOR DESCRIPTION:</b> Net receipts per member household, disaggregated on basis of existing (E) or new (N) RGEs. Assumes 12% increases in net returns for existing association members; smaller increases for new initiates.  <b>COMMENTS:</b> The 1996 baseline figure represents the first year in which rural farm-based associations began to exercise market activity as a group. Reported net returns are all from CLUSA, in 5 districts of Nampula province.  Results for existing RGEs in 97 were surprising, but if the growth trend is sustained then targets may be revised	1997	N 25 E 50	N 25.25 E 73.18
	1998	N 25 E 56	
	1999	N 27 E 63	
	2000	N 30 E 70	
	2001	N 33 E 79	

CLUSA reports 384 association members have reached a literacy level equivalent to second year of primary school. While this is a significant achievement, the limited education of members may become a constraint to future growth of the associations' activities, with implications for future programming.

<b>OBJECTIVE:</b> Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR1.2.4 Increased adoption of improved technologies by MSEs			
<b>INDICATOR:</b> 1.2.4#1 MSEs in target areas using specific technologies			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Ministry of Agriculture/MSU surveys (96-98-00), and PVO monitoring and reports	1995B		0
<b>INDICATOR DESCRIPTION:</b> Technologies tracked include: cashew processing plant, cashew decorticator, oil press, hammer mill, rice dehuller, maize sheller, sugar cane press, coconut decorticator, groundnut sheller  In 1996, 120 MSEs using oil presses were established with assistance from CARE (110) and FHI (10)  Figures are not cumulative  <b>COMMENTS:</b> The WV 1997 baseline shows that 9% of households in the WV target area process and sell agricultural products using existing technologies. Most prevalent (30% of households) is maize and cassava processing using traditional drying and pounding methods. Of those who process, only 13 surveyed (0.01%) are using any improved technology, and these are pressing oil.	1996	120	120
	1997	100	87
	1998	226	
	1999	411	
	2000	420	
	2001	416	

A consortium of four PVOs (CARE, WV, Africare, and FHI) active in promoting the edible oil subsector has taken on three aspects of sustainability: (a) local manufacturing of the press by two Mozambique-based firms has begun; (b) seed variety testing and selection is being done in conjunction with a non-USAID agricultural research project; and (c) a privatization strategy for sales and service of the presses is being gradually implemented.

In 1997, WV placed orders for over \$1 million of income-producing agricultural processing equipment through Mozambican-owned and -based agricultural input supply firms. Initially WV will manage distribution through hire/purchase agreements. The selection of prospective clients is determined by strict procedures: preparation of business plans, budgets and cash flows, business management training, realistic collateral provisions, and close monitoring for regular payment of loans.

Cashew processing plants, capable of handling between 500-1500 kgs of raw nut per day, will be available for hire/purchase. Assuming a range of use of these plants of 4 households (the current rate of household participation in MSE-size industry) to 30 households (the average rate of Rural Group Enterprise participation), WV figures the potential average annual contribution to annual income will be between \$116 and \$871 per participating household by 2001, with an average increase in household income of \$27 over the target area population.

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.3 Increased sustainable agricultural output in focus area			
<b>INDICATOR:</b> 1.3#1 Average volume of household agricultural production (selected crops)			
<p><b>UNIT OF MEASURE:</b> Metric tons</p> <p><b>SOURCE:</b> (a) National Agricultural Household Survey, Ministry of Agriculture/MSU (96-98-00); and (b) World Vision Relief and Development (WV) on-farm surveys, 1991-1995 baseline, with annual measurements from WV farm surveys and extrapolated data in annual reports</p> <hr/> <p><b>INDICATOR DESCRIPTION:</b> Volume of production data aggregate the following crops: maize; cowpea; common beans; pigeon pea; groundnut; cassava; rice; sorghum; cotton; cashew; sunflower; sesame; plus tomato, onion, sweet potato, kale, and garlic in the WV data</p> <hr/> <p><b>COMMENTS:</b> The National Household Survey data cover the SOT focus area (all of Nampula and Zambezia provinces, and the northern portions of Sofala and Manica provinces). WV target areas are districts in those provinces plus the province of Tete where WV implements activities. In other words, WV baseline and annual measurements are taken from a sub-set of the National Household Survey focus-area population.</p> <p>Since baseline (a) averages entire provinces, which include areas and farmers that produce no or low volumes of the monitored crops, it is considerably lower than baseline (b).</p> <p>Targets for (a) represent 6% increases above previous year. Targets for (b) project increases by 2001 of 30% for maize, 10% for rice, 10% for cowpea, 5% for common bean, 50% for sesame, 15% for sunflower, 15% for groundnuts, 10% for pigeon pea, 10% for cassava, 40% for cashew, 30% for tomato, 20% for onion, 75% for sweet potato, 30% for kale, and 1% for garlic</p>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	(a) 1996B		(a) 0.932
	(b) 1991-95B		(b) 2.846
	1997	(b) 3.591	(b) 4.212
	1998	(a) 1.028	
	1999	(b) 4.643	
	2000	(a) 1.133	
	2001	(b) 5.119	

The considerable volume increase in 1997 over the WV baseline is due to both cultivated area and yield increases. WV estimates that average area increased from 1.46 hectares to 1.90 hectares (30%), while average maize yield per hectare increased from 1.34 MTs to 1.59 MTs (18%). Approximately 50% of land under cultivation in WV target districts is devoted to maize production.

WV represents approximately 60% of P.L. 480 Title II resources and a significant portion of PVO Support (DA) resources devoted to agricultural production. WV's target population of 211, 025 households in their target districts provide a representative monitoring sample for annual performance tracking. Other PVO partner accomplishments related to this indicator also are tracked annually.

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.3 Increased sustainable agricultural output in focus area			
<b>INDICATOR:</b> 1.3#2 Average Gross Value of Household Agricultural Production			
<p><b>UNIT OF MEASURE:</b> U.S. Dollars</p> <p><b>SOURCE:</b> (a) National Agricultural Household Survey, Ministry of Agriculture/MSU (96-98-00); and (b) World Vision Relief and Development (WV) on-farm surveys, 1991-1995 baseline, with annual measurements from WV farm surveys and extrapolated data in annual reports</p> <p><b>INDICATOR DESCRIPTION:</b> Value of production data aggregate the following crops: maize; cowpea; common beans; pigeon pea; groundnut; cassava; rice; sorghum; cotton; cashew; sunflower; sesame; plus tomato, onion, sweet potato, kale, and garlic in the WV data</p> <p><b>COMMENTS:</b> The National Household Survey covers the SO1 focus area (all of Nampula and Zambezia provinces, and northern portions of Sofala and Manica). WV target area comprises districts in those provinces plus Tete province where WV implements activities. In other words, WV baseline and annual measurements are taken from a sub-set of the National Household Survey population.</p> <p>Since baseline (a) averages entire provinces, which include areas and farmers that produce no or low volumes of the monitored crops, it is considerably lower than baseline (b).</p> <p>Targets for (a) represent 6% increases above previous year. Targets for (b) project increases by 2001 of 30% for maize, 10% for rice, 10% for cowpea, 5% for common bean, 50% for sesame, 15% for sunflower, 15% for groundnuts, 10% for pigeon pea, 10% for cassava, 40% for cashew, 30% for tomato, 20% for onion, 75% for sweet potato, 30% for kale, and 1% for garlic</p>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	(a) 1996B		(a) \$99.62
	(b) 1995B		(b) \$186.34
	1997	(b) \$269	\$279.
	1998	(a) \$110	
	1999	(b) \$326	
	2000	(a) \$121	
	2001	(b) \$398	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR1.3 Increased sustainable agricultural output in focus area			
<b>INDICATOR:</b> 1.3#3 Households Adopting Specific Production or Diversified Production Technologies			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> <del>(a) National Agricultural Household Survey, Ministry of Agriculture/MSU (96-98-00); and (b) World Vision Relief and Development (WV) annual reports</del>  <b>INDICATOR DESCRIPTION:</b> 1) Percent of Households Owning Goats; 2) Percent of Households Purchasing Improved or Other Seed; 3) Percent of Households Using Organic or Commercial Fertilizers; 4) Percent of Farmers Adopting Improved Storage Technologies i) Use of smoke or other IPM technique against insect infestation; ii) Use of rodent guards or other IPM technique against rodent damage.  <b>COMMENTS:</b> <del>The National Household Survey covers the SO1 focus area (all of Nampula and Zambezia provinces, and northern portions of Sofala and Manica). WV target area comprises districts in those provinces plus Tete province where WV implements activities. In other words, WV baseline and annual measurements are taken from a sub-set of the National Household Survey population.</del>  Targets represent 5% increases above previous year, beginning with a 5% increase over 1997 actual	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	(a) 1996B		1)(a) 12.4 (b) 10.0
	(b) 1997B		2)(a) 40.2 (b) 58  3)(a) 4.4 (b) 33.0  4)(b)(i) 23.0 (ii) 8.0
	1998	1)(a) 13 2)(a) 42 3)(a) 5	
	1999	1)(b) 11 2)(b) 64 3)(b) 36 4)(b)(i) 25 (ii) 9	
	2000	1)(a) 14 2)(a) 46 3)(a) 6	
	2001	1)(b) 12 2)(b) 70 3)(b) 40 4)(b)(i) 28 (ii) 10	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.3 Increased Sustainable Agricultural Output in focus area			
<b>INDICATOR:</b> 1.3#4 Households Making Improved Resource Management Investments			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> WV Agriculture and Natural Resource baseline survey, 1997, and WV annual reports  <b>INDICATOR DESCRIPTION:</b> Percent of households in target areas which have adopted the following practices:  1) Soil conservation (e.g. erosion control, contour planting, maintenance of soil fertility through incorporation of organic matter, among others);  2) Tree Planting and Agroforestry (combination of perennial and annual crops for sustainable yields)  <b>COMMENTS:</b>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1997B		1) 62% 2) 28%
	1998	1) 65 2) 30	
	1999	1) 68 2) 32	
	2000	1) 71 2) 34	
	2001	1) 75 2) 35	

<b>OBJECTIVE:</b> SO1 Increased rural household income in focus area			
<b>APPROVED:</b> 01/OCT/1995 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR1.3 Increased sustainable agricultural output in focus area			
<b>INDICATOR:</b> 1.3#5 Average Corn Yield			
<b>UNIT OF MEASURE:</b> Metric tons  <b>SOURCE:</b> Ministry of Agriculture/FAO Early Warning System  <b>INDICATOR DESCRIPTION:</b> Average corn yields across the provinces of Zambezia, Nampula, Manica, and Sofala, which roughly corresponds to USAID's focus area. Agricultural cycle is May-April, hence 1995B represents 1994-95.  <b>COMMENTS:</b> Targets are based on 6% annual increases in average yields	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995B		0.778
	1996		1.04
	1997		1.037
	1998	1.099	
	1999	1.165	
	2000	1.234	
	2001	1.308	

## **B. Strategic Objective Two: Government and civil society are effective partners in democratic governance at local and national levels**

### **1. Strategic Importance**

SO2 contributes to achievement of U.S. national interests in two ways. Political reform forms part of the U.S. Mission's primary policy goal in Mozambique. The MPP further identifies the institutionalization of democracy as the second important long-term U.S. national interest in Mozambique. The importance of Mozambican democratization derives from the country's geo-political significance within southern Africa and beyond. During 1997 the country's leaders, wielding Mozambique's growing democratic credentials, intervened to help resolve political unrest in neighboring countries and disputes in central Africa's Great Lakes region.

Periodic customer feedback is critical to achieving lasting developmental results -- particularly in the D/G sector where objective measures of progress are less common, and perceptions and attitudes can tell a lot. Upon this premise USAID concluded in mid-FY 96 that impact would best be assessed through customer feedback in the form of periodic surveys of public opinion. These semi-annual polls are supported by other forms of feedback, gained from focus groups, rapid appraisals, and key informant surveys -- the latter two feedback techniques will begin in FY 98 by both the performance monitoring contractor and partners working within the targeted geographic area for field activities. Information gained from focus groups conducted by the National Democratic Institute for International Affairs (NDI) fed directly into the design of voter education materials financed by USAID prior to the early-FY 98 voter registration campaign. This information and the results from a specific series of questions on local elections contained in the public opinion survey will inform the development of additional materials prior to the municipal elections in May 1998. In another example of customer consultations informing activity implementation, an FY 97 assessment mission conducted by the non-profit National Center for State Courts for design of an activity with the Maputo court system documented that while customers certainly favored court improvements, alternative means of commercial dispute resolution would also be valuable to them. In response, a parallel commercial arbitration activity was begun at the end of the fiscal year, with important synergistic impact across the Mission's program.

The SO2 team has built a number of partnerships with civil society groups, ranging from a rural development association, *Zaone-Murrumbala*, which is dedicated to promoting enhanced local democratic governance, to Mozambique's main university, which conducted the public opinion survey. New local governance activities beginning in FY 98 will be based on partnerships between USAID, local governments, and more local civil society organizations like *Zaone*. The Mission has also established very productive partnerships with other donors in the D/G sector, and chairs the multi-donor "Working Group on Parliamentary Assistance."

### **2. Performance Analysis**

*Trends and Challenges:* By the conclusion of FY 97, only 5 years had passed since the

shooting stopped in Mozambique, and less than 3 since the country's first democratically elected government assumed power. The progress achieved since 1994 has been truly remarkable. With USAID support, the National Assembly is well along in its transformation from a one-party rubber-stamp institution to a viable multi-party legislature providing balance to the historic dominance of the executive branch. Indeed, in some ways the legislature is unique in the southern Africa region for the strength of its opposition (48% of the seats) and its multi-party nature. Viable opposition parties and civil society representing multiple points of view wield considerable power in Mozambique, truly impacting national legislative actions. Mozambique's is not a democratically elected "one-party" legislature in the making.

Areas of the executive branch, especially in the realm of economic policy making and management, are governing well. Corruption is recognized by government and civil society as a problem requiring greater attention, but has not reached the debilitating levels found in many African countries. Freedom of the press has never been greater, and compares very favorably with the rest of the continent. Human rights performance, quite good by African standards, continued to improve during FY 97, as documented by the State Department's Human Rights Report. Civil society is growing and becoming increasingly influential. *Mozambican democracy and governance (D/G) performance in FY 97 indicates that substantial progress is being made towards achievement of USAID's strategic objective.*

In spite of these positive trends, challenges remain. Many "failed institutions" inhibit the effective provision of public services; for example, a recent outbreak of cholera is blamed on weak institutions failing to address poor sanitation as well as disease prevention and treatment. The "rule of law" exists only in the abstract. With the exception of the Supreme Court, the judicial branch is widely considered dysfunctional. Businesses, for example, go to great lengths to avoid using the legal system to resolve disputes. To the average citizen, much less the disadvantaged, redress to the courts is rarely an option. Civil society, still growing, is largely viewed positively by government, but there are suspicions arising with regard to an expanding NGO community largely dependent on external donors. Too often civil society organizations still must fight to be heard. Electoral processes, while generally effective, also still require donor support, although the level of support has declined substantially. "Local" governments are still largely managed from Maputo, with little local capacity or accountability. In many rural parts of the country, "democracy" has significance largely in terms of expectations for improved services and infrastructure.

USAID cannot tackle all of these challenges and have a meaningful impact. The Mission has targeted activities in specific areas where these exist: (1) strong likelihood of achieving results with a direct link to the strategic objective; (2) strong partnerships with host country institutions, either inside or outside the government; (3) no other significant donor involvement, or strong donor coordination; and (4) strong indications of sustainability, through support by the government or non-governmental partner(s).

*Establishment of Performance Baselines:* During FY 97, in addition to tracking progress, USAID established performance monitoring baselines for the strategic objective and for most

intermediate results indicators. A number of the baselines, including those at SO level, come from a nationwide public opinion survey -- Mozambique's first -- developed in collaboration with Eduardo Mondlane University (UEM), conducted by UEM's Center for Population Studies, and financed by USAID. Other baselines were established by a local firm under contract to USAID for performance monitoring, which collected performance data from implementing partners; by partners themselves; or by the Mission.

***First National Public Opinion Survey  
Reveals Mozambicans' Views***

Citizens' views on democratic changes in Mozambique will be key indicators of D/G progress. These will be monitored through national public opinion surveys; Mozambique's first-ever national survey was conducted in 1997 by UEM. Baselines established by the survey validate the selection of development activities to improve the civil society-government partnership. Key baselines include:

***Perceptions of influence by citizens on public decisions:*** Nationally, 37% of respondents agreed that public officials are concerned with what "common citizens" think; within USAID's focus area the average dropped to 33%, and to 29% in areas targeted by USAID field-based activities (in target localities the figure was as low as 17% and as high as 42%).

***Perceptions whether local questions are better resolved through collaboration between government, citizens, and private sector:*** Nationally 43% agreed that questions are better resolved through collaboration. In the focus area this grew to 45%, but fell to 30% in targeted localities.

Mozambique's political landscape has changed dramatically since 1995--even the realization of the public opinion survey itself indicates increased political freedom. That said, these figures do suggest that there is substantial change yet to take place if average Mozambicans are to realize effective dialogue and collaboration with their government. USAID's challenge is clear.

***Results in FY 97:***

***Performance under SO2 during FY 97 met expectations.*** This assessment is supported by performance data on established IR indicators, overall notable trends in Mozambique's D/G sector, and anecdotal evidence. The most significant results are described below and all results are presented in the data tables that follow.

Key results in FY 97 were achieved through USAID's activity with the National Assembly, which contributes to achievement of IR2.2.2, "Capacity of the National Assembly is strengthened." This activity, which began in FY 95, is both USAID's largest in terms of D/G resources and longest-lived. There are three measures of performance under IR2.2.2, two deal with the legislative process, the third with the institution's relationship with its constituency. The FY 97 performance target was significantly exceeded in one of the three measures and exceeded in another; the trend since FY 95 suggests strong overall performance under this IR. Furthermore, USAID assistance to the National Assembly has enabled the passage of, for example, a vastly improved Land Law and a new Pharmaceuticals Law, demonstrating important synergy with the Mission's other SOs.

The number of legislative initiatives *drafted* within the Assembly and enacted (2.2.2#1) indicates improved legislative effectiveness. Although the FY 97 target was one out of 13

total bills, the actual figure was two out of 22. The most important Assembly-drafted initiative was the Drug Law creating the legal basis, which had not previously existed in Mozambique, for fighting drug trafficking. In FY 95 the National Assembly would not have been capable of drafting, or even meaningfully debating, this complex legislation. The Assembly's ability to substantively *amend* legislation introduced by the Executive (2.2.2#2) dramatically exceeded the FY 97 target, with 85% of the 20 Executive-origin bills being so amended. In FY 96, when only seven bills were introduced by the Executive, the proportion substantively amended was 50%. The legislature's responsiveness (2.2.2.#3) to citizen petitions -- requests for some type of assistance -- was less than expected: 17.8% actual response vs. 25% target, reflecting the degree of the institution-building task still ahead. This result has already elicited supportive action from USAID and its implementing partner to further strengthen capabilities and human resources in this area.

#### *How Civil Society Affects Laws*

Developmental cause-and-effect in the world of politics is hard to demonstrate, but in FY 97 SO2 documented a good example, an instance where civil society was responsible for substantively amending proposed legislation in the National Assembly.

Although with USAID support the Assembly held its first ever public hearing at the end of FY 96 while preparing to consider the proposed **Land Law** (see last year's R4), it was not until July 1997 that this law was debated in the legislature. Leading up to the floor debate, a range of civil society representatives testified on several occasions: farmer associations, religious groups, rural development NGOs, academia, and political parties. (Two of the NGOs testifying received USAID assistance under the first donor-supported civil society strengthening program in FYs 95-97.)

As the law was debated on the floor of the Assembly, these same groups peacefully marched through the streets of Maputo demanding that the use rights and tenure security of smallholder farmers be strengthened under the law. Their collective voice was heard: given the final provisions in the Land Law, there is no doubt that civil society substantively influenced the bill's positive amendment by the Assembly.

Subsequently two of the most prominent NGOs involved were invited to join government representatives as voting members on the Interministerial Land Commission, charged with developing implementing regulations for the new law--*a prime example of effective partnership between government and civil society.*

With USAID assistance the National Assembly is clearly making real progress towards realizing a strong legislative role. What is more, civil society is increasingly presenting its views to the Assembly, and seeing those perspectives incorporated into the laws of the land. At a time when certain NGOs in the region are being criticized as foreign-influenced "special interest groups," this emerging democratic partnership in Mozambique is all the more notable.

Results under IRs 2.1 and 2.2.1 document civil society achievements in FY 97. Non-governmental "political actors" testified before parliamentary committees 14 times in FY 97, well above the target of four; *future year targets have been raised as a result of sustained progress in this area* (2.1#3).

To date, all such actors testifying have been civil society representatives.

Another important measure of a strengthened civil society is the number of times such organizations are responsible for initiating the investigation of alleged government misconduct

(2.2.1#3). Results for FY 97 were 12 such instances, exceeding the target of eight.

Results under IR2.2.3, "Improved access to and functioning of selected judicial mechanisms," are mixed. There was a further increase in the availability of non-governmental legal services to traditionally disadvantaged groups (2.2.3#1), with the actual number of service outlets nearly double the target. New multi-year initiatives in the ROL sector showed little progress in FY 97, given the early status of the activities (2.2.3#2 and 2.2.3#3).

### 3. Expected Progress through FY 2000 and Management Actions

*Prospects are excellent for achieving key performance targets through FY 00.* At this time the underlying fundamentals are strongly positive, but 1999 is a general election year which will influence activities in this sector. We expect the substance of the political debate will change dramatically in that year, but the Mission will keep its focus on the continued pace and progress of the political reform process, the primary U.S. goal in Mozambique. One important factor that is arguably within USAID's manageable interest to influence is the freeness and fairness of the May 1998 local elections. USAID has programmed resources toward the training of electoral monitors, and stands ready to offer further assistance if the need arises.

*Management Actions:* As a result of significantly lower than planned D/G funding levels in FYs 98-99, USAID reviewed its results framework and concluded that some IRs should be dropped if the others were to be achieved. The team rejected the approach of "trimming back" all around, since there was no analytical basis for assuming that reduced results across the board would ultimately achieve the SO.

The three results affected were a former "first tier" IR, "Key macro-political reforms promoting shared government implemented;" and two lower-level IRs, "More sustainable electoral processes at the national level" and "Executive branch/bureaucracy are more effective and accountable." The rationale for elimination or recategorization of these results follows:

Macro-political reforms -- The difficulty of measuring USAID's cause-and-effect impact on reforms and their implementation was a major consideration. The retained IRs 2.1 and 2.2 capture *improvements in the public policy dialogue process* (e.g. better policy analysis, increased influence of civil society organizations) which is a more reasonable result and approach than USAID assuming responsibility for achieving and sustaining particular macro-political improvements.

Executive branch -- This branch of government is already stronger than the legislature and judiciary; there are a number of other donors, including the World Bank, supporting the executive branch; and USAID supports targeted institutional programs of the executive branch through activities under other IRs (e.g. the State Electoral Administration through voter education support, and the Ministry of Justice as part of legal reform) and SOs. Finally, the Mission is involved in policy level discussions on broader public sector reforms in the context

of a new "special objective" (discussed in Section E).

Electoral processes -- USAID's original plan was to make the electoral process more sustainable through computerizing the voter registry, but this work was undertaken by other donors. Support of elections themselves is a popular area for donor assistance, and elections will therefore be held with or without USAID support. Nonetheless, given the importance of elections to achievement of the SO, the IR will be retained and results will be tracked.

A new lower-level IR 2.2.4, "Elected local governments are effective and accountable," has been established. The huge need for assistance and the importance of viable local governments to achieve decentralization and political stability in Mozambique warrant support. Furthermore, USAID has a comparative advantage in providing municipal development assistance, given the structure of the USAID program and the coincidence of new municipalities in target areas. That said, efforts within this IR will be highly targeted.

The Mission proposes adding an IR 2.2.5, "Political parties are effective and accountable," to the SO2 results framework. There is no doubt that this IR is necessary for full achievement of the SO. Effective and accountable political parties are an important means of citizen participation in democratic governance. A multi-party democracy has been in place since the 1994 elections, and there appears to be little interest in adopting a partyless political system *à la* Uganda. Although many parties exist, and at least one constitutes a significant opposition, none (save possibly the ruling Frelimo party) is able to effectively articulate real public policy choices to the electorate. In addition, given the disparity in financial and human resources currently available to the ruling and opposition parties, they are not "equal rivals" in the political arena. A key tenet of the USG's political reform policy goal is to keep the democratization process moving forward. One way of doing that is to consider the development of political parties as a longer-term institution building project of the national as well as international community. While the Mission may be able to initiate activities with some savings, a final decision will await funding decisions as described below.

Other management actions taken in response to lower funding levels have included: **(1)** Undertaking activities more cost-effectively. A local IQC-type mechanism will be one means to both develop local capacity and reduce dependence on high-cost contracts with U.S. institutions. **(2)** Increased use of funds from regional and G-Bureau programs, where they could be used in concordance with both the SO2 results framework and that of the other USAID operating unit. The RCSA's Southern African Regional Development Fund (SARDF) will be investigated in particular. Appropriate USAID/W programs, such as the G-Bureau's grant with Transparency International, will be sought as well. **(3)** Increased counterpart contributions from partners. Under the new LEGA program, a cash contribution of \$30,000 and an in-kind contribution of six extra person-months of the Project Director (to seek other donor funding for continuation of activities at the conclusion of the program) were negotiated. **(4)** A concerted effort will be made during the first half of FY 98 to decommit funds from terminated procurements, and make them available for on-going or new activities. This process will also address the pipeline. The team estimates that over \$540,000 could be made

available. **(5)** A pending deobligation of other funds will be targeted for political party training if it becomes available for Mission reprogramming.

<b>OBJECTIVE:</b> SO2 Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> SO2 Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>INDICATOR:</b> 2#1 Perceptions of influence by citizens on public decisions			
<b>UNIT OF MEASURE:</b> Percent of public surveyed that agree that citizens influence public decisions  <b>SOURCE:</b> USAID-commissioned nationwide public opinion survey, conducted every two (2) years (1997, 1999, 2001). Survey in 1999 will only be conducted within Focus and Target Areas.  <b>INDICATOR DESCRIPTION:</b> Measures are at three levels: national (N), Mission focus area (F), and SO2 target area (T). The actual survey question was: "Some people say that political officials don't worry very much (about) what common citizens think. Do you agree, or not agree with this statement?" Figures cited indicated those polled NOT agreeing with the statement.  <b>COMMENTS:</b> Margin of error 2% at national level, rising to 8%-10% within target area. The 1997 public opinion survey was the first ever conducted on a national basis within Mozambique.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1997B		N: 37 F: 33.5 T: 27
	1998		
	1999	F: 35 T: 35	
	2000		
	2001	N: 45 F: 40 T: 50	

SO2 clusters its scarce resources to enhance impact. While the overall SO is national in scope, certain activities, such as civic education, have been targeted within the Mission's focus area of Nampula, Zambezia, and portions of Manica and Sofala provinces. Activities in support of local governance beginning in the first half of FY 98 will be further targeted to specific districts and municipalities constituting SO2's target area (TA). The selection of these districts was based on a number of factors, including possible synergies with SO1 and SO3 activities.

Lowest perceptions of influence nationally are among women (33%), rural residents (36%), and youth (35%).

Provisional baseline figures submitted in last year's R4 were very low (less than 10% at the national level). Mission was surprised by the actual perceptions uncovered by the opinion poll.

SO2 was not surprised, however, by the breakdown between measures within the three geographic areas. The focus area is historically remote (in policy making as well as distance terms) from the capital of Maputo and the decision making that takes place there. Among the focus area provinces, Sofala (an opposition stronghold) had the lowest perception of influence (26%). Among rural residents the figure was only 23%. Residents of target area localities are even more removed from both local and national level decision making. Perceptions of influence in 2 of the 3 target localities (rural districts) is less than half of the national figure. One target locality figure is only 17.4%; this, in the district of Morrumbala, indicates both challenges and opportunities in improving perceptions of influence among a marginalized population. The highest perception of influence (42.4%) is in another target locality, and may be due to the "good governance" practiced by the appointed President of the Municipal Council.

<p><b>OBJECTIVE:</b> SO2 Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels</p> <p><b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique</p>			
<p><b>RESULT NAME:</b> SO2 Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels</p>			
<p><b>INDICATOR:</b> 2#2 Perceptions on whether local questions of interest are better resolved through collaboration between local government, citizens, and the private sector.</p>			
<p><b>UNIT OF MEASURE:</b> Percent of public surveyed (that agree local questions are better resolved through collaboration).</p> <p><b>SOURCE:</b> <del>USAID-commissioned nationwide public opinion</del> survey, conducted every two (2) years (1997, 1999, 2001). Survey in 1999 will only be conducted within Focus and Target Areas.</p> <p><b>INDICATOR DESCRIPTION:</b> Measures are at three levels: National (N), Mission focus area (F), and SO2 target area (T).</p> <p><b>COMMENTS:</b> <del>High level of "don't understand/no response" --</del> 50% at the national level, and over 70% in one target area locality (Morrumbala). Nationally, only 7% did NOT believe in utility of collaboration.</p> <p>Mission believes that these high "don't understand" rates indicate a problem with many respondents understanding the concept of "collaboration." In this sense, perhaps the most important result to work for and track is a reduction in the "don't understand" percentage, since nearly all respondents who understand the question agree with the usefulness of collaboration.</p> <p>In one target area locality, Morrumbala, the same percentage (14.3%) think collaboration is useful, as do not.</p> <p>Nationally, there was less agreement overall on utility of collaboration among women and older respondents.</p>	<p><b>YEAR</b></p>	<p><b>PLANNED</b></p>	<p><b>ACTUAL</b></p>
	1997B		N: 43 F: 45 T: 30.5
	1998		
	1999	F: 50 T: 45	
	2000		
	2001	N: 50 F: 60 T: 66	

<b>OBJECTIVE:</b> SO2 Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.1 Increased Citizen Participation in Governance at the National and Local Levels			
<b>INDICATOR:</b> 2.1#1 Citizens perceive that public issues are addressed in a participatory manner involving local governments, civil society and "traditional authorities."			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<p><b>SOURCE:</b> USAID-commissioned nationwide public opinion survey, conducted every two (2) years (1997, 1999, 2001). Survey in 1999 will only be conducted within focus and target areas</p> <p><b>INDICATOR DESCRIPTION:</b> Percent of citizens surveyed. Measures are at three levels: National (N), Mission focus area (F), and SO2 target area (T)</p> <p><b>COMMENTS:</b> Percentages cited include "always" and "sometimes" involved with decision making responses.</p> <p>Nationally, percentage cited includes "always" involved with decision making (10.6%), and "sometimes" involved (26.9%)</p> <p>"Don't know/no response" at similar figure (36.2%) as total "involved."</p>	1997B		N: 37.5 F: 36.3 T: 17.3
	1998		
	1999	F: 42 T: 28	
	2000		
	2001	N: 45 F: 50 T: 33	

National level disaggregated results on participation with "administrative authorities" was 37%; with traditional authorities 34.3%; and with NGOs 21.4%. These results are surprising, encouraging from the perspective of the first group, and disappointing from the perspective of NGOs. In fact, 40.5% of respondents in rural areas stated that they "never" participate with NGOs decision making. The low NGO figures may represent the fact that, in many rural areas in particular, NGOs are relatively new institutions.

Although the figure for the focus area is close to the National percentage, the figure for Zambezia province is only 18.2%. On the other hand, Manica province's figure is 48.2%.

Local governments ("administrative authorities") are appointed by the central government.

<b>OBJECTIVE:</b> SO2 Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.1 Increased Citizen Participation in Governance at the National and Local Levels			
<b>INDICATOR:</b> 2.1#2 Local issues discussed in a participatory manner			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> MER contractor and LEGA implementor.	1998B		
<b>INDICATOR DESCRIPTION:</b> Based on a scale (none, some, most), percent of target localities where participatory approaches are used to resolve most local issues (disaggregated by degree of participation and location, different political actor perspective)	1999		
	2000		
	2001		
<b>COMMENTS:</b> Baseline upon which targets will be based will be available in FY 98			

<b>OBJECTIVE:</b> SO2 Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.1 Increased Citizen Participation in Governance at the National and Local Levels			
<b>INDICATOR:</b> 2.1#3 Non-governmental political actors testify before various Parliamentary committees.			
<p><b>UNIT OF MEASURE:</b> Number of times testimony occurs (disaggregated by committee, type of political actor, and issue)</p> <p><b>SOURCE:</b> Partner (State Univ. of New York) monitoring; ongoing collection with annual report/analysis</p> <p><b>INDICATOR DESCRIPTION:</b> "Political actors" include representatives from civil society groups, individual citizens, invited non-governmental "experts."</p> <p><b>COMMENTS:</b> Actual figures to date substantially higher than targets. Post-FY97 targets have been raised (original figures indicated in parentheses).</p> <p>See data table 2.3.1#1, and narrative discussion of how testimony leads to civil society influencing of legislation.</p> <p>The target for FY00 is somewhat lowered given that a new Parliament will be sitting following the October 1999 general elections.</p>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995B		0
	1996	2	10
	1997	4	14
	1998	18 (8)	
	1999	23 (12)	
	2000	22 (16)	
	2001	25 (20)	

<b>STRATEGIC OBJECTIVE:</b> Government and civil society are effective partners in democratic governance at national and local levels			
<b>APPROVED:</b> 01/MAR/1996		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR2.1.1 Broadened and improved public discussion of key governance issues at local and national levels			
<b>INDICATOR:</b> 2.1.1#1 Participation of citizens presenting concerns to political actors			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> USAID-commissioned nationwide public opinion survey, conducted every 2 years (97, 99, 01). Survey in 1999 will only be conducted within focus and target areas.	1997B		N: 5.4 F: 7.9 T: 9
<b>INDICATOR DESCRIPTION:</b> Percent of public surveyed who, since the first national elections in 1994, have at least once presented concerns to "political actors," disaggregated by type of actor (9), and means (6). Figure cited is the total percentage of those polled having demonstrated concerns, divided by the number of political actors and means.	1998		
<b>COMMENTS:</b> Low "don't know/no response" response rate.	1999	F: 15 T: 20	
Illustrative responses at National Level: Participating in a official rally - 18.9% "Grupos Dinamizadores" - 12.6% Traditional authorities - 9.9% Local Administration - 4.6% Political Parties - 3.8% Contacting a "talk radio" station - 2.7% Members of Parliament - 2.2% Contacting the Central Gov. - 1.4%	2000		
	2001	N: 10 F: 25 T: 33	

Very low number of those polled have presented concerns to political actors. While it is possible that everybody is happy and doesn't have any concerns, it is more likely that there are other explanations, e.g., the difficulty of communicating concerns, passiveness, intimidation, etc.

Compare this result with indicator 2.2#1, which shows 37% of respondents believe (local) administrative authorities involve them in addressing public issues, whereas only 4.6% of respondents to this question have presented concerns to local administrations. It appears that while local authorities may be somewhat involving the population in addressing public issues, these issues may not be linked as well as they could with the concerns of the public.

The new Local Empowerment in Governance (LEGA) program starting in FY 98 will foster the communication of local concerns and perceived needs to local political actors through the establishment of mechanisms such as local development councils. The next public opinion survey in 1999 will verify if LEGA increases the interaction of residents with local officials within the target area.

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.1.1 Broadened and Improved Public Discussion of Key Governance Issues at Local and National Levels			
<b>INDICATOR:</b> 2.1.1#2 Existence of and participation in public fora			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> MER contractor and LEGA implementor.	1998B		
<b>INDICATOR DESCRIPTION:</b> Number of fora; frequency of use; number of participants. Public fora will be tracked in a total of 14 municipalities and towns within the focus area. 5 of these localities will be sites under the LEGA program.	1999		
	2000		
	2001		
<b>COMMENTS:</b> Baseline upon which targets will be based will be available in FY 98			

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.1.1 Broadened and improved public discussion of key governance issues at local and national levels			
<b>INDICATOR:</b> 2.1.1#3 Quality of analysis of key policies and issues by actors other than the executive at national and local levels			
<b>UNIT OF MEASURE:</b> Index (1-10)	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Assembly documents; civil society position papers, the press etc; MER contractor using scoring system developed by USAID.  <b>INDICATOR DESCRIPTION:</b> Average score on quality of analysis index (1-10)  <b>COMMENTS:</b> Baseline upon which targets will be based will be available in FY 98.	1998B		
	1999		
	2000		
	2001		

Methodology: The MER Contractor will retain the services of 1 or 2 individuals each year (ideally the same individual(s) will be retained each year) to review a minimum of 4 and a maximum of 6 discrete policy/issue areas. Given that the quality of analysis of policies, and of issues, requires somewhat different measures (see below for policies), an attempt should be made to review roughly equal numbers of policies and issues. The composite score for each year will be the average of all files reviewed, disaggregated by policy or issue, and category of actor.

Each "key policy" file shall be scored by the reviewer as follows:

- Does the analysis consider alternate choices or courses of action, possibly including the *status quo*?
- Does the analysis include any type of "stakeholder analysis," under which "winners and losers" of the proposed or actual policy are identified and discussed?
- Does the analysis consider the implementation requirements of the policy, including implementation responsibilities and costs?
- Does the analysis cover other important considerations, such as potential social, economic and/or environmental consequences of the proposed or actual policy?
- Do the attributes of the analysis include an articulate and comprehensible presentation, and factual accuracy?

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.2.2 More sustainable Electoral Processed at the National Level			
<b>INDICATOR:</b> 2.2.2#1 Election administrative costs financed by the Government			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> Annual records provided by electoral authorities (STAE and CNE); for national elections every 5 years, and local elections in 33 localities in 1998.  <b>INDICATOR DESCRIPTION:</b> Percentage of total electoral administration costs financed by the government increases, exclusive of civil society voter education and electoral monitoring programs.  <b>COMMENTS:</b> Cost of 1994 national elections was \$90 million.  *Estimated cost of 1998 local elections is \$19.0 million. These total amounts also covered nationwide voter registration.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1994B		8.4
	1995		
	1996		
	1997		
	1998	12	16*
	1999	16.8	
	2000		
	2001		

The Government has pledged an overall contribution of \$3.0 million towards the 1998 local elections. USAID was part of the donor group led by the UNDP which negotiated this figure. This figure was based on an original estimated cost of \$17.8 million. The percentage of total costs would have been nearly 17%. The revised estimate is \$19 million, higher due to the 5-month delay in the voting and an additional week of voter registration to ensure the highest possible participation (18-year old high school students were taking exams during the original registration period). The current estimate does not cover costs that would be incurred if run-off elections were required in some election sites. Although costs have escalated, the government maintains that its proportional contribution cannot be raised in tandem at this point due to spending constraints imposed under the IMF program. Although the provisional figure for FY 98 local elections is already 16%, the FY 99 national election target figure is not being revised upwards due to the fact that a doubling of the percentage of total costs of (much more expensive) national elections between 1994 and 1999 is still a valid target.

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.1.2 More sustainable Electoral Processed at the National Level			
<b>INDICATOR:</b> 2.1.2#2 Voter registry updated on an annual basis.			
<b>UNIT OF MEASURE:</b> Yes/No  <b>SOURCE:</b> Annual records provided by government electoral authorities (STAE and CNE)  <b>INDICATOR DESCRIPTION:</b>  <b>COMMENTS:</b> *Planned FY97 voter registry updating only took place in November 1997; it was delayed due to potential conflict with national population census conducted in August 1997, and delay in receiving donor financing.  Over 96 per cent of eligible voters are now registered.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1994B		Yes
	1995	No	No
	1996	No	No
	1997	Yes	Yes*
	1998	Yes	
	1999	Yes	
	2000	Yes	
	2001	Yes	

While legislation passed in FY97 requires updating of the voter registry every calendar year, there may not be a justification for updating in CY 98, given the cost and the fact that an early CY 99 updating will be required to precede the October 1999 general elections. Annual updating, while an indicator of electoral process sustainability, may only make sense in poor countries like Mozambique when it can be undertaken simply and cost effectively. Once the computerization of the registry is completed (with the assistance of other bilateral donors), an important step in this direction will have been taken.

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.2 Key Democratic Institutions are More Effective and Accountable			
<b>INDICATOR:</b> 2.2#1 Citizens believe key democratic institutions are performing their functions well.			
<p><b>UNIT OF MEASURE:</b> Percent</p> <p><b>SOURCE:</b> <del>USAID-commissioned nationwide public opinion survey, conducted every 2 years (97, 99, 01). Survey in 1999 will only be conducted within focus and target areas.</del></p> <p><b>INDICATOR DESCRIPTION:</b> Percent of public surveyed. Measure is average for six (6) institutions surveyed. "Key" democratic institutions include: courts, police, parliament, civil society organizations, selected executive branch institutions (education, health). Survey responses of "good" or "sufficient" constituent "well."</p> <p><b>COMMENTS:</b> Specific well performing ratings in 1997 include: courts 37.6%; police 58%; parliament 29.2%; executive branch health 62.4%, education 72.7%, police &amp; prosecutors 55.7%; and civil society organizations 25.3% (<i>but 74.5% of those polled answered "don't know/no response" with respect to civil society</i>).</p> <p>At the National level, overall government performance since 1994 rated as good by 64.9% of those polled (a commendable and admittedly somewhat unexpected figure), although 45% felt government was doing a "bad" job of keeping down cost of living. Although inflation has dropped into single figures, this last result may reflect lingering reaction to the elimination of many subsidies under the country's structural adjustment program.</p> <p>Provincial figures within the focus area range from 48.8% in Manica (above the national figure) to 35.4% in Zambezia (Sofala was at 37%). Within the target area, figures ranged from 40% to 26.6%.</p>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1997B		N: 47.5 F: 41.4 T: 35.3
	1998		
	1999	F: 50 T: 45	
	2000		
	2001	N: 66 F: 60 T: 50	

High ratings for institutions of the criminal justice system come as a surprise, as do those for health and education institutions. These high ratings may reflect low expectations, particularly among rural residents, or just general familiarity with conditions. On the other hand, low ratings for institutions such as the Parliament and NGOs could reflect unfamiliarity with their functions (a situation confirmed by NDI focus group research).

Poor results for civil society organizations is of concern. The high percentage of "don't know/no response" suggests that something about the question may have been confusing, although CSOs fared badly in indicator 2.1#1 as well. As noted under that indicator, poor CSO figures may reflect the fact that, in rural areas in particular, Mozambican NGOs are relatively new institutions. Given the importance of civil society groups to SO2's work (and that of SO1 and SO3), the Mission will investigate these results and respond accordingly.

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR2.2 Key Democratic Institutions are More Effective and Accountable			
<b>INDICATOR:</b> 2.2#2 Perception that government works for citizens			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> <del>USAID-commissioned nationwide public opinion survey, conducted every 2 years (97, 99, 01). Survey in 1999 will only be conducted within focus and target areas.</del>  <b>INDICATOR DESCRIPTION:</b> Percent of public surveyed. Question was put as follows in the survey: Which of the following opinions most matches your own? (1) The Government is like a Father, and the people are like a child that should be looked after by him; (2) The Government is like a worker, and the people are the employer that controls him. Figures in the tables are agreement with the second point of view.  <b>COMMENTS:</b> The perception that government works for citizens is, nationally, lowest among women (12.5%), rural residents (13.8%) and youth (13.9%). "Don't know/don't understand" response was highest among women (25%; compared to an overall figure nationally of 18.7%).  Focus area results ranged from a high of 31.2% in Manica, to a low of 8.8% in Zambezia. In target areas the figures ranged from 8.3% to 22.2%.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1997B		N: 15 F: 16.6 T: 14.3
	1998		
	1999	F: 25 T: 25	
	2000		
	2001	N: 33 F: 40 T: 50	

The results were expected. The common perception among civil society (and donors) is that especially among rural populations people view the (central) government as their benefactor. Unfortunately, this perspective also appears to extend to foreign donors and PVOs. Like elsewhere in Africa, this dynamic has its roots in the colonial period. In the years after independence in 1975, the FRELIMO government continued to rule in a paternalistic manner which involved little consensual participation on the part of common citizens. Focus group research conducted by NDI in FY97 confirms these attitudes. Although this particular perception was not one of NDI's research themes, responses to other questions were revealing. For example, in an isolated rural village participants perceived that "things had changed" since the 1994 elections, and that there is now a democratic regime. This change, however, had no significance for them: "But for us nothing changed! They don't give us anything, neither clothes nor blankets. We still haven't received anything." The social scientist researcher concluded that respondents still see themselves as part of a paternalistic regime.

This perspective may account for the attitude that "the government knows what is best for the people," and thus inhibit the expression of concerns and aspirations (see IR 2.1.1). It may also reduce demands for public accountability, and undermine self-help initiatives based on a sense of empowerment. "Government as a Father" is certainly not an appropriate foundation for a modern democratic state. As such, this is a very important indicator which will be closely watched in subsequent public opinion surveys. SO2 activities will work to change these attitudes to the government, for example through CSO advocacy programs, the Local Empowerment in Governance Activity (LEGA), and constituent outreach initiatives within the National Assembly.

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.2 Key Democratic Institutions are More Effective and Accountable			
<b>INDICATOR:</b> 2.2#3 Civil society initiated investigations of alleged government misconduct at local and national levels.			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Annual assessment based on media reports. At least 2 media reports must be cited, of which at least 1 indicates an investigation has been launched by an appropriate government institution.  <b>INDICATOR DESCRIPTION:</b> Number of investigations, disaggregated by type of organization initiating investigation and type of misconduct. For this indicator, "civil society" includes human rights and "watchdog" groups, and the media.  <b>COMMENTS:</b> Investigations in FY97 include: 8 involving human rights abuses, 3 concerning the misuse of funds, and 1 involving the abuse of power.	1996B		9
	1997	8	12
	1998	15	
	1999	18	
	2000	22	
	2001	25	

Initiated investigations involving human rights violations predominate, led by a respected Mozambican NGO, the League of Human Rights. In many cases, the press supported these efforts. Many such actions are cited in the latest State Department Human Rights Report for Mozambique.

Independent media have taken the lead in initiating investigations into financial improprieties, although weakness in the Attorney General's Office and the courts has limited sanctions. However, the abuse of power investigation initiated in FY 97 by a local newspaper in Manica province (supported by USAID through AAI's recent NGO strengthening program) resulted in charges being filed against the province's chief judge, who is accused of murdering a domestic servant. The results of FY 96 investigations include a murder conviction against a police officer who tortured a suspect, and sanctions imposed against a prosecutor and a defense attorney involved with the release from jail of a suspected drug trafficker.

The Mission has helped highlight the problem of corruption, through policy dialogue and by supporting the participation of a Mozambican delegation to the 8th Annual Conference on Corruption held in Lima, Peru; and during FY 98 plans to support Transparency International to begin activities in Mozambique.

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.2.1 Capacity of Civil Society Organizations is Strengthened			
<b>INDICATOR:</b> 2.2.1#1 Civil society institutions precipitate the introduction of legislation or other parliamentary actions (Government Q&A sessions, censure motions, etc.), or influence the substantive amendment of such actions in the National Assembly			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> Annual assessment by partners working within the Parliament, and (beginning in FY98) with civil society advocacy organizations.  <b>INDICATOR DESCRIPTION:</b> Number of times per year, disaggregated by means of influence and institution  <b>COMMENTS:</b> Civil society has not to date been responsible for the introduction of legislation.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995B		0
	1996	2	2
	1997	4	1
	1998	5	
	1999	6	
	2000	8	
	2001	10	

The only example of influence during FY97 involved the legislative debate of the new land law. The legislative report prepared by the Commission responsible for analyzing the law submitted by the Executive contains many references to points raised by civil society groups, including rural development NGOs, farmer associations, agricultural cooperatives, academic institutions, religious organizations, and smaller political parties. In FY96, many of these same groups participated in a public hearing (the National Assembly's first) which preceded the bill drafting. (See "Performance Analysis")

Civil society significantly influenced a number of parliamentary actions early in FY98, including the debate on the government's cashew nut export tax policy, new labor and defense laws, and the Assembly's censure of the Attorney General for failing to annually appear before it as required under the Constitution (the AG was subsequently sacked by the President). These interventions will be documented in next year's R4.

USAID's new "Civil Society Proposing Policy Alternatives" activity, beginning in FY 98, is intended to increase the capacity of CSOs to contribute to public policy debate, and thus will directly contribute to this result.

This indicator may be replaced if it can be shown that the Assembly is substantively amending nearly all non-routine legislation, based on the premise that many such amendments reflect civil society interests, i.e., of the electorate. Beginning in FY98, a related indicator measuring the broadness of civil society influence (e.g., different types of civil society organizations) will be put in place.

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.2.1 Capacity of Civil Society Organizations is Strengthened			
<b>INDICATOR:</b> 2.2.1#2 Increased democratic governance within CSOs			
<b>UNIT OF MEASURE:</b> Score (1-10)	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Monitoring by MER contractor.	1998B		
<b>INDICATOR DESCRIPTION:</b> Average score on score card (1-10)	1999		
<b>COMMENTS:</b> Baseline upon which targets will be established available in FY 98.	2000		
6 CSOs will be assessed per year	2001		

Criteria upon which increased democratic governance will be based include:

- Leadership of CSO elected by secret ballot
- General Assembly meetings are adequately announced and held at least twice a year
- Annual budget presented for membership approval
- Elected leaders separate from paid employees
- Board meetings open to ordinary members

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.2.1 Capacity of Civil Society Organizations is Strengthened			
<b>INDICATOR:</b> 2.2.1#3 Increased effectiveness of CSO management			
<b>UNIT OF MEASURE:</b> Score (1-12)	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Monitoring by MER contractor.	1998B		
<b>INDICATOR DESCRIPTION:</b> Average score on score card (1-12)	1999		
<b>COMMENTS:</b> Baseline upon which targets will be established available in FY 98.	2000		
6 CSOs (same as under the previous indicator) will be assessed per year.	2001		

Criteria upon which increased effectiveness of CSO management will be based include:

- Organizational chart exists
- Annual plan of activities for current year produced and disseminated to members and other interested parties
- Annual financial reports for previous year produced
- Financial reports for previous year externally audited
- Percent of staff in main office with written job descriptions
- Updated (within last 12 months) inventory of CSO's assets
- Legal registration process completed, or renewed
- Percent of members who paid dues during the previous year

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR2.2.2 Capacity of National Assembly (AR) is Strengthened			
<b>INDICATOR:</b> 2.2.2#1 Legislative initiatives drafted within AR and enacted			
<b>UNIT OF MEASURE:</b> Ratio  <b>SOURCE:</b> Annual partner (State Univ. of New York) assessment  <b>INDICATOR DESCRIPTION:</b> Proportion of AR-drafted and enacted to total bills enacted. "Legislative initiatives" include bills (laws) and international treaties and conventions.  <b>COMMENTS:</b> In a fully mature European-style parliamentary system such as Mozambique's, a threshold proportion of 1:10 is considered normal.  The target for FY00 is lowered given that a new parliament will be sitting following the October 1999 general elections.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995B		3:5
	1996	1:15	1:9
	1997	1:13	2:22
	1998	1:12	
	1999	1:10	
	2000	1:12	
	2001	1:10	

- Baseline in FY95 is an anomaly. All three bills drafted by the AR concerned the institution's own functioning, as was the law passed in FY96 dealing with institutional procedures for responding to petitions.

- The two AR introductions in FY97 were the Drug Law (see "Performance Analysis" for further information), and a law concerning procedures for amendment of the constitution.

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.2.2 Capacity of National Assembly is Strengthened			
<b>INDICATOR:</b> 2.2.2#2 National Assembly provides substantive input into legislation proposed by the Executive Branch			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Annual partner (State Univ. of New York) assessment	1995B		0%
<b>INDICATOR DESCRIPTION:</b> Percentage of Executive-introduced bills substantively amended by the AR. "Substantively" defined as modifying the intent of the draft law, or contributing to greater transparency and/or clarity.	1996	25%	50%
	1997	33%	85%
<b>COMMENTS:</b> FY 98 and out-year targets have been raised due to the strong performance to date (original targets are indicated in parentheses).  In two cases during FY 97, amendments demanded by the Assembly were so extensive that the Executive completely withdrew the bills for redrafting.  The target for FY 00 is lowered given that a new parliament will be sitting following the October 1999 general elections.	1998	80% (45)	
	1999	90% (50)	
	2000	75% (33)	
	2001	90% (45)	

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR2.2.2 Capacity of National Assembly is Strengthened			
<b>INDICATOR:</b> 2.2.2#3 Petitions responded to by the National Assembly			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Annual partner (State Univ. of New York) assessment  <b>INDICATOR DESCRIPTION:</b> Percent of petitions responded to, of the total accepted by AR.* "Responded" to indicates direct AR response or forwarding to appropriate agency for response.  <b>COMMENTS:</b> Most FY 98 and beyond targets have been revised downward, in response to performance to date.  *Over the 3-year period, only 8 petitions were returned to the sender because they were inappropriate.	1995B		19%
	1996	20%	13.5%
	1997	25%	18%
	1998	25% (33)	
	1999	33% (40)	
	2000	50%	
	2001	50% (66)	

Actual number of petitions responded to in FY 97 was eight 8, compared with 20 in FY 96 and 7 in FY 95. Lower percentage in FY96 due to large increase in appropriate petitions received (148) compared to previous year (37). Figure for appropriate petitions received in FY97 was 45.

Under a new program begun in FY 97, SUNY is targeting greater assistance on the AR's petition response procedures.

The current practice in the Assembly is for all petitions to go to the institution's President, who has created an ad-hoc "Triage Group" for their initial review. This group assesses them and then sends the petitions to the appropriate working commission for action. In FYs 95-96, SUNY assisted in the appraisal and response process, but no petitions have been sent to SUNY since April 1996. (See Performance Analysis for further discussion.) At the beginning of FY 98, in response to a USAID suggestion, SUNY drafted for the Assembly's "Petitions Working Group" an international comparative study on how parliaments deal with petitions, and offered to help establish a unit to track and respond to petitions. The issue remains a priority for attention during FY 98, although as of March 1998 the offer has not been responded to.

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.2.3 Improved Access to and Functioning of Selected Judicial Mechanisms			
<b>INDICATOR:</b> 2.2.3#1 Increased availability of non-governmental legal services to traditionally disadvantaged groups			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Annual assessment by MER contractor	1995B		2
<b>INDICATOR DESCRIPTION:</b> Number of legal services outlets, disaggregated by location and target group	1996	3	2
Traditionally disadvantaged groups include rural smallholders, the urban poor, and women. "Location" is defined as different cities within the country.	1997	5	9
	1998	10 (8)	
	1999	12 (10)	
	2000	15 (12)	
	2001	18 (15)	
<b>COMMENTS:</b> There are 4 separate providers of legal services at the current 9 outlets.  FY 98 and out-year targets have been raised in response to strong performance to date (original targets are indicated in parentheses).			

The dramatic increase in legal service outlets in FY97 was primarily due to expansion to new sites (cities) within Mozambique by existing providers.

Of the 4 providers in FY97, three target their services primarily at disadvantaged women.

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.2.3 Improved Access to and Functioning of Selected Judicial Mechanisms			
<b>INDICATOR:</b> 2.2.3#2 Existence and use of Alternative Dispute Resolution mechanisms to resolve private sector commercial cases			
<b>UNIT OF MEASURE:</b> Yes/No; number  <b>SOURCE:</b> Annual assessment by MER contractor  <b>INDICATOR DESCRIPTION:</b> Yes/no indicates existence, number of cases considered indicates use  <b>COMMENTS:</b> Target for FY98 assumes ADR enabling legislation (being developed with USAID assistance) will be considered and enacted during an extraordinary session of the National Assembly (June-July 1998).	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996B		No
	1997	No	No
	1998	Yes; 0	
	1999	Yes; 5	
	2000	Yes; 10	
	2001	Yes; 20	

In FY 96 USAID began assisting a civil society organization to develop ADR mechanisms in Mozambique, and during the final quarter of FY97 USAID's Democracy and Governance Advisor (an attorney) began working with a small group of interested Mozambicans to raise awareness about ADR as a prelude to drafting and introducing ADR legislation into the Assembly during FY 98. The group consists of two MPs -- one the Vice-President of the Assembly and the other a jurist and small businessman (who is a member of the major opposition party) -- a respected business leader (past President of the CSO noted above), and an attorney. During the first months of FY 98, the working group conducted a series of seminars throughout the country involving businessmen and other interested parties, both to explain the principles of ADR, and in particular arbitration, and to gain feedback which would be reflected in the subsequent legislative drafting. Subsequent meetings were held in Maputo with attorneys (represented by the Bar Association) and officials from the Ministry of Justice, the Supreme Court, and Maputo City court system. The working group's tasks for the remainder of FY 98 include the actual drafting of ADR enabling legislation, establishing the institutional framework for a non-governmental "arbitration center," and developing a training program for commercial arbitrators.

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR2.2.3 Improved Access to and Functioning of Selected Judicial Mechanisms			
<b>INDICATOR:</b> 2.2.3#3 Improved procedural efficiency			
<b>UNIT OF MEASURE:</b> Months	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Annual survey of court records	1997B		24
<b>INDICATOR DESCRIPTION:</b> Average case processing times (in months) for the civil section of the Maputo City Court. Processing time based on an analysis of a representative sample of cases completed each fiscal year.  <b>COMMENTS:</b> Survey of court records will be made possible through a case tracking system to be developed with USAID assistance.  FY 97 baseline was established as a best possible estimate based on discussions with officials from the Maputo City Court and private attorneys using the civil section of the Court.	1998	22	
	1999	20	
	2000	16	
	2001	12	

Needs assessment and design missions for an activity with the Maputo City Court system took place in FY97, providing the foundation for a multi-year assistance program to be launched FY 98. The program will rely heavily on local expertise, including several judges within the court system, while tapping U.S. and international expertise as needed.

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.2.4 Elected Municipal Governments are Effective and Accountable			
<b>INDICATOR:</b> 2.2.4#1 Increased percentage of municipal budgets allocated to identified citizen priority areas			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> Annual Municipal records  <b>INDICATOR DESCRIPTION:</b> In target area municipalities tracked, mean percentage of annual budgets allocated to 3 highest priority services (e.g. water provision, waste collection, street maintenance, etc.)  Identified priorities will be tracked in up to 10 municipalities located within the SO2 target area. Priorities will be identified locally through collaborative processes undertaken through LEGA and other program(s) implemented beginning FY 98.  <b>COMMENTS:</b> Baselines will be established (in most if not all target area municipalities) in FY 98, based on FY 97 budget allocations for services identified as highest 3 priorities. Out-year targets will be established once baselines are known.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1997B		See comment
	1998		
	1999		
	2000		
	2001		

<b>STRATEGIC OBJECTIVE:</b> Government and Civil Society are Effective Partners in Democratic Governance at National and Local Levels			
<b>APPROVED:</b> 01/MAR/1996 <b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique			
<b>RESULT NAME:</b> IR2.2.4 Elected Municipal Governments are Effective & Accountable			
<b>INDICATOR:</b> 2.2.4#2 Municipal budget takes effect by January 1st of the year following its preparation			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> Annual municipal records tracked by LEGA and other partner(s)  <b>INDICATOR DESCRIPTION:</b> Municipal governments in target area which produce annual budget, submit it, and get central government approval of it, in time for budget to take effect on schedule by January 1 of the year it covers.  <b>COMMENTS:</b> This is a new process to be implemented following Mozambique's first municipal elections in mid-98. Budget year 1999 will be the first for these municipalities.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1999B		
	2000		
	2001		

## **C. Strategic Objective Three: Increased use of essential maternal and child health and family planning services in focus area**

### **1. Strategic Importance**

This objective contributes directly to U.S. national interests at two levels. It responds directly to household welfare improvements associated with the U.S. Mission's first program goal and implements the focal component of the third goal, sustainable development. USAID's programs help to slow population growth and improve human health, particularly for women and children. These reduce barriers to increased economic productivity and growth. USAID supports Agency objectives through integrated approaches to reducing unintended pregnancies, decreasing maternal and child mortality, and reducing infectious diseases and the spread of HIV/AIDS, which also support these national interest priorities.

Fifteen USAID partner organizations work in 70 districts of a six-province focus area with an estimated population of 9.5 million. Approximately 1.9 million women aged 15-49 and 665,000 children aged 0-4 years are benefiting from USAID assistance. USAID financial resources are complemented by P.L. 480 Title II development resources for nutrition programs and Title III non-project assistance resources which support health sector policy reforms.

Joint planning and coordination is essential in Mozambique. The Ministry of Health (MOH) participates at its various levels in all USAID health activities to ensure their integration and complementarity with MOH programs. Provincial Directorates of Health hold monthly meetings to coordinate PVO and donor activities in their provinces, a welcome sign of greater decentralization.

USAID's activities are characterized by a high level of beneficiary participation in all phases of development and implementation, and are helping build indigenous institutional capacity as they focus on the systems and human resources for effective health delivery. USAID facilitates this transition through its Partner Forums, which educate and promote dialogue about health and population objectives. USAID also assisted the formation of a reproductive health task force to exchange technical information and coordinate activities. Four fora have been held over the past two years.

### **2. Performance Analysis**

Mozambique is working hard with very limited resources to reestablish a primary health care delivery system, and has almost doubled the number of primary health facilities since the end of the war in 1992, including 80 new ones built and 57 rehabilitated in 1997 alone. But the MOH remains dependent on bilateral donors to help train personnel to staff these facilities for improved service delivery.

Mozambique's population and health data base expanded tremendously in FY 97 (see data

table 3.3.1#1). A complete national population and housing Census was conducted with support from the U.S. Bureau of the Census, and the first-ever national Demographic and Health Survey was completed. Mozambique now has up-to-date, reliable health sector data on which to plan programs, set targets, and measure trends. In addition, Population Services International (PSI) conducted a nationwide survey to obtain data for the national HIV/AIDS program. Baseline data is now available for all USAID-funded child survival programs, through 11 surveys carried out in targeted areas. This wealth of information has enabled USAID to set performance targets for future years, in consultation with provincial and district health officials.

DHS national data confirm Mozambique's very high infant and child mortality rates (134/1000 and 200/1000, respectively). A total fertility rate of 5.6 combined with high maternal mortality (544/100,000) and low contraceptive use (5%) confirm that women are having too many children, too close together, under very poor sanitary conditions.

***Overall progress in FY 97 met expectations***, and progress in some IRs exceeded expectations. In particular, the performance of HIV/AIDS activities far surpassed targets, and the transition of PVO health programs from emergency care to sustained service delivery exceeded expectations and began to show results. This is especially encouraging since many PVOs only just began implementing activities.

In the policy area USAID participates in a GRM-donor collaborative effort to address health care financing issues, including the development and testing of user fee guidelines. We also support improved pharmaceutical management, decentralization, and the establishment of public/private sector partnerships to increase access to community-based services.

USAID activities have registered significant changes in child survival and maternal health indicators in target areas, although 1997 data do not measure progress across the overall focus area. Program activities in Zambezia increased DPT3 coverage (SO3#1) from 20% to 62%, ORT use (SO3#4) from 54% to 82%, and exclusive breast-feeding (SO3#3) from 67% to 82%. In Gaza, DPT3 coverage increased from 37% to 80%, ORT use from 47% to 64%, and

#### ***Mozambique's Census Success***

More than 30,000 enumerators canvassed the country and conducted over 4 million household interviews between August 1 and 15, 1997 to complete Mozambique's first national Census since independence. The National Statistics Institute directed the effort, and preliminary results released in November (already corrected for omissions in enumeration) show a national population of 16.6 million. Final results will be released in late 1998 after data processing is completed. USAID provided critical U.S. Bureau of the Census expertise during Census planning and implementation stages, and will continue to support the data processing phase.

Conducting an operation of this magnitude in Mozambique was an exceptional challenge. In light of massive population displacements due to war and drought, even the first step--establishing a cartographic system--was a triumph, given land mines and long-unused or sabotaged access routes. Poor transportation and communications and recruiting and training difficulties added to the complexity. Despite the logistical challenges, the Census was a success, and will provide detailed information for future programming of Mozambican and donor development resources.

exclusive breast-feeding from 16% to 30% over two years. And, in Manica, DPT3 coverage increased to 86% in 1997, while tetanus toxoid coverage (SO3#2) increased from 50% to 80% between 1993 and 1997, and births assisted by trained personnel (SO3#6) increased from 41% to 60% (compared with national estimates of less than 40%).

USAID activities address the quality, utilization and sustainability of maternal-child health services in specific target areas, a subset of the focus area. They also strengthen Mozambican NGO capacity to deliver and manage health information and services. A U.S. PVO, Health Alliance International, for example, helped establish and register an activist-artist group which actively promotes health and civic education programs in Manica. Another PVO trained and supervised *KULIMA* staff who provide basic health education to communities in Sofala. Pathfinder helped *AMODEFA* (the local IPPF affiliate) develop its first 5-year strategic plan emphasizing adolescent reproductive health services and development of trainers and *SALAMA* conduct the first facility-based assessment of family planning service availability in Nampula.

Because of P.L. 480 Title II programs in the same target areas, there is evidence that nutritional status is improving. For example, 87% of the 143,000 children in selected Zambezia target areas gained weight in FY 97, compared to 83% in 1996 and the program target of 75%, a direct result of growth monitoring activities and interventions.

### **IR3.1/3.2: Improved access to and demand for community-based services**

Under this IR, activities help increase access to and demand for services through the use of mobile teams operating from fixed facilities and community-based health workers/volunteers linked to fixed facilities (3.1#1). Mobile teams increase access to immunization, prenatal care, and health education in remote locations; and community health workers/volunteers (3.1.2#1) teach safe health practices, refer women for health services, and in FY 99 will begin distributing health and contraceptive commodities in pilot districts of Gaza and Nampula. USAID and its partners use evaluation results, focus group research, and survey data to respond to dynamic conditions by adjusting activities. For example, one partner modified its ORT approach after learning that women were not mixing the solution correctly, and is now teaching preparation of a more appropriate cereal-based mixture in rural communities.

USAID supports the GRM's National AIDS Control and Prevention Program through a PSI activity designed to reduce HIV and other sexually transmitted diseases. PSI uses an innovative targeted behavior-change communications campaign combined with a private sector-based condom promotion and sales system. Following a successful two-year, four-province pilot activity, the program was expanded to all ten provinces in 1997, targeting 70 districts with half of the country's population. PSI's phenomenally successful strategy employs a mix of mass media and interpersonal communication to target groups with high risk behavior. Over ten million condoms were sold (3.2#1) in 1997 (compared to two million in 1995) through almost 2,000 private commercial sales outlets (3.1#1) and non-traditional and community-based outlets. A network of community agents responsible for condom promotion, sales and education activities facilitated 10,000 "cross-fire" interpersonal

communication activities reaching over 260,000 people. Theater is also used to motivate behavior change: ten groups have presented 1,800 productions of four plays in 12 local languages to 190,000 people.

Improved knowledge and attitudes regarding HIV and condom use is illustrated by an increase in only 18 months from 17% to 68% of the population in the four pilot provinces who could state 3 ways to prevent HIV transmission (3.2.1#3). Building on this success, PSI is now focusing on behavior change, using community agents to emphasize risk assessment and self-efficacy for correct condom use, and negotiation of condom use. Data show that couples in pilot areas have begun to embrace safer sex practices: 28% of respondents nationally reported using a condom with the last non-regular partner (3#8). The rate was 34.5% in the pilot provinces and only 17% in the non-pilot areas.

### **IR3: Strengthened Policy and Management of Decentralized Essential Services**

As the government's policy focus has turned from crisis management to long-term development, senior MOH officials have taken more interest in the financial sustainability of the nation's health system. In late 1997 the Minister of Health called for the development of a national health financing strategy (3.3#2), and the Vice-Minister will lead the process. All major donors are behind the initiative.

USAID is also helping improve efficiency and management of health services by supporting the development and testing of user fee guidelines; improved management of decentralized health services; and training in rational pharmaceutical management. The success of decentralization has been mixed. Some provinces have made impressive progress in decentralized planning and management, using USAID-funded provincial-level advisory services to effectively support integrated planning, revision and rationalization of job descriptions, and development and utilization of MOH supervision guidelines. However, the weak human resource base continues to hamper decentralization to the district level in provinces such as Niassa, where the scarcity of trained personnel is acute. This highlights the need for long-term commitment to Mozambique's greatest development barrier -- human

#### ***Community-Based Approach Improves Access to Health Services***

In rural Mozambique, where formal health services are still extremely limited, community-based approaches have an important impact on the health of women and children. World Relief's Vurhonga Project works in two districts on the Limpopo River in Gaza province, where 81,000 people live in 39 villages served by only 24 health delivery sites, most of which rely on *soccoristas* (community health workers) trained by the project and the Ministry of Health. The project established a community-based network of "care groups" using an existing structure of the Mozambican Women's Organization. The network includes 141 groups with over 1500 volunteers, each of which works directly with 10 families. Volunteers use simple health education materials to teach prevention and treatment of diarrheal diseases, respiratory infections, and malaria; and the importance of family planning, sanitation, hygiene, breastfeeding, nutrition, and immunizations. In only two years this approach has expanded health coverage in the two districts:

Prenatal Consultation	<i>From</i> 30%	<i>To</i> 83%
Tetanus Toxoid (2) Coverage	<i>From</i> 37%	<i>To</i> 65%
Contraceptive Prevalence	<i>From</i> 3%	<i>To</i> 11%
ORT Use	<i>From</i> 37%	<i>To</i> 80%

capacity.

New pharmaceutical legislation passed in early FY 98 liberalizes imports, increases flexibility in distribution, and provides for quality control and standards. A new organizational structure, combined with improved logistics and use, is expected to improve availability of medicines to primary health care facilities. The technical and management capacity of MOH clinicians has been strengthened through USAID-supported training at central and provincial levels. Global Bureau's Rational Pharmaceutical Management (RPM) project helped train 165 clinicians and pharmacists in improved pharmaceutical management and rational drug use (3.3#1) and develop a National Drug Formulary and information system. Starting in FY 98, USAID will support decentralization of the MOH pharmaceutical management information system, and provide assistance to help the MOH implement other pharmaceutical reforms.

The FY 97 completion and initial dissemination of the Global Bureau-supported RAPID model for Mozambique has helped raise awareness of the effect of rapid population growth on socio-economic development. The model was used in presentations throughout the country as a basis for discussion of a draft Population Policy, which will be revised based on feedback and presented to the National Assembly and Council of Ministers in FY 98.

### **3. Expected Progress through FY 2000 and Management Actions**

Continuing GRM efforts -- to improve and expand health care delivery systems, decentralize management, and address health financing issues -- provide the necessary enabling environment for sector development. Field activities support information, training, and service delivery. USAID believes that *the fundamentals are in place to achieve our ambitious targets*.

Data clearly show that overall health status, use of MCH services, and quality of care are very poor. Most children do not receive adequate vaccination services, and only 45% of children 12-23 months of age are fully immunized. Activities in focus areas will increase DPT3 coverage from 45% to 60% by the year 2001, improve the effectiveness of National Immunization Days, and strengthen EPI systems. This will be accomplished in collaboration with other donors and with a long-term EPI advisor provided by BASICS and AFR/SD.

Survey data confirm that malaria is the number one cause of death in children. USAID will work with the National Health Institute, WHO and UNICEF over the next three years to assess the efficacy of antimalarials, improve case management, and enhance MOH institutional capacity for routine drug resistance studies. USAID will also contribute to the design of a multidonor initiative to improve the integrated management of childhood illness (IMCI), with a focus on improved treatment/case management of malaria, including training of health workers and community agents.

Diarrheal disease is the second most common cause of death in children under five. High incidence of diarrhea (the DHS found that 1 out of 5 children had diarrhea in the previous

two weeks) correlates with low levels of ORT knowledge and use (36%). Management of diarrhea through exclusive breastfeeding (from 35% to 42% by 2001) and ORT (from 36% to 50%) will continue to be a major focus of PVO outreach activities.

Vitamin A deficiency and anemia prevalence data are very limited in Mozambique. Helen Keller International is raising awareness of the importance of Vitamin A interventions and helping the MOH obtain reliable data upon which to plan for combating micronutrient deficiencies.

A maternal mortality rate of 631/100,000 in our focus area reconfirms the need for improved maternal care and safe pregnancy practices. USAID will work to increase from 62% to 70% by 2001 the number of women who have at least one visit with a health provider for prenatal services (SO3#5). Since such visits often take place only during the second or third trimester, we will focus on improved quality of prenatal care so that pregnant women perceive it as important and useful. USAID will also work to expand tetanus toxoid coverage from 19% to 40% by 2001, and develop a plan to provide essential safe pregnancy services at health facilities and expand prenatal outreach visits. In FY 98 the BHR/PVO Mothercare project will help revise the training curriculum and conduct emergency obstetric skills training for traditional birth attendants. The target is to increase the number of births assisted by trained personnel from 41% to 50% by 2001.

Contraceptive use (SO3#7) of less than 2% in rural areas and only 5% nationwide suggests a problem of access and availability, especially since over 16% of women say they would prefer to have no more children, and an additional 43% indicate that they are undecided when or if to have another child. A facilities assessment in Nampula confirms that family planning services are virtually nonexistent. In response, SEATS assistance is promising to integrate family planning services into child survival programs. SEATS has conducted reproductive health needs assessments, signed MOUs with four PVO partners, and started training service providers and developing IEC activities. USAID is also supporting development of a family planning curriculum, training of MOH nurses, and a logistics activity to ensure an adequate uninterrupted supply of contraceptives. The objective is to ensure that health posts in target areas are staffed and equipped to deliver family planning services, with a target of increasing contraceptive prevalence to 13% in focus areas by 2001.

In collaboration with UNFPA, USAID will increase efforts to reduce policy and medical barriers to family planning, through pilot projects demonstrating the feasibility of community-based approaches to service delivery and resupply of oral contraceptives by community health workers. Global Bureau's Policy Project will support the development of advocacy skills in reproductive health, and further disseminate RAPID. USAID will also help the MOH to conduct provincial meetings involving stakeholders and private sector partners, and arrange for study tours by key leaders to observe successful community-based distribution programs.

There is a strategic opportunity in Mozambique to keep the HIV epidemic from reaching the devastating proportions of neighboring countries. All sectors of society -- government,

private, civil, religious -- are increasingly aware of the urgency and are joining forces to mitigate the epidemic. USAID will help maximize opportunities to prevent HIV transmission by integrating STD/HIV information, education, and counseling services into ongoing child survival activities. PSI's community-based social marketing activities, targeted toward high risk behavior groups, are expected to reach 500,000 people in 1998. With adequate financial resources our target is to increase condom sales to 33 million in 2000.

At the policy level, USAID is taking the lead among donors in the formulation of a national health sector financing strategy. USAID will advocate the development of a comprehensive strategy. Cost recovery guidelines will be finalized and national implementation begun in three focus-area hospitals in the next 18 months (3.3.3#1) and a total of ten by 2001.

## USAID/Mozambique SO3 Indicators by Result Level and Subject Area

Levels of SO3 Results	HIV/AIDS	Family Planning/Child Spacing	Child Survival	Maternal
SO3 - Increased use of essential maternal and child health and family planning services in focus areas	** Condom use (PSI)	** a) CPR - women 15-49 years of age who are using a modern method of contraception (DHS) b) CPR - percent of mothers with children <2 years of age who are not pregnant and who desire no more children in the next two years, or are not sure, and who are using a modern contraceptive method (PVOs)	** a) DPT3 coverage - children 12-23 months who have been vaccinated with DPT3 (DHS) b) DPT3 coverage - children 12-23 months who have been vaccinated with DPT3 (based on data from mothers with children <2 years of age) (PVOs) ** a) Exclusive breastfeeding - infants less than 4 months... (DHS) b) Exclusive breastfeeding - infants less than 4 months... (PVOs) ** a) ORT use rate (DHS) b) ORT use rate (PVOs)	** a) TT2 coverage - women 15-49 who received at least two doses of tetanus toxoid during or before their most recent pregnancy (DHS) b) TT2 coverage - mothers with children under 2 years of age who received at least 2 doses of tetanus toxoid during or before their most recent pregnancy (PVOs) ** Assisted delivery - percent of mothers with a child <24 months of age attended at birth of last child by a health worker (PVOs) ** Antenatal care - women who were attended at least once during their most recent pregnancy by any health care provider for reasons related to pregnancy (PVOs)
IR3.1 - Increased access to community-based services  IR3.1.2 - Improved human resource and skill development among health care providers	** Condom sales outlets (PSI)	** Service delivery points with reproductive health services (PVOs)	** Number of communities receiving outreach services from fixed facilities and community-based promoters (PVOs)	** TBAs trained in preceding 12 months (PVOs)
IR3.2 - Increased demand for community-based services  IR3.2.1 Improved knowledge and attitudes of mothers	** Number of condoms sold (PSI)  ** Percent of people who know at least 3 ways to prevent transmission of HIV/AIDS (PSI)	** a) <b>Women</b> who know <b>2 or more</b> modern methods of fp/child spacing (DHS) b) <b>Mothers</b> with children <2 who know <b>at least one</b> modern method of fp/child spacing (PVOs)	** a) Percent of mothers of children <2 who know at least 2 rules of home diarrhea case management (DHS) b) Percent of mothers of children <2 who know at least 2 rules of home diarrhea case management (PVOs)	
IR3.3 - Strengthened policy and management of decentralized essential services  IR3.3.1 - Improved planning, availability, and use of data  IR3.3.2 - Improved personnel and supervisory systems  IR3.3.3 - Improved financial systems	** Number trained in management			** Health care financing strategy developed
		** Managers at district and provincial levels have a written work plan		
	** District and provincial level managers have a written job description		** Fixed sites receiving at least one supervisory visit in preceding 6 months (PVOs)	
	** National health sector financing strategy			** Cost recovery implemented in hospitals

### Note on SO3 Performance Data

The methodology for tracking SO3 indicators can be broken into four categories:

(1) Centrally (BHR) and Mission-funded PVO partners are conducting **KPC surveys** (Knowledge, Practice, and Coverage) at baseline, midterm, and endline in the life of Child Survival grants. These surveys follow guidelines developed by Johns Hopkins and prescribed from USAID/W, using 30 cluster samples of mothers with children less than 24 months of age. Eleven KPC baseline surveys were conducted by PVOs in FY 97. KPCs document changes within the target districts where SO3 partners are implementing field activities.

(2) **PVO partners'** quarterly reports and **MOH** (Ministry of Health) data sources were used sparsely in FY 97, but will become more significant beginning in FY 98. In this R4, data from PVO quarterly reports are sometimes used to provide indication of early trends and successes in achieving results in limited areas.

(3) Mozambique's first **DHS** (Demographic and Health Survey) was conducted in FY 97, providing an array of data of great use to USAID and its partners in Mozambique. The sampling frame for the DHS is representative of a much broader population than are the KPC surveys. Unless otherwise noted, the DHS results cited are for rural populations in SO3's 6 focus provinces ("focus area"). Often, data from the DHS include populations of which sub-groups make up the KPC survey samples. This is true for indicators at both SO and IR levels. In order to provide the SO3 team with the best possible management tools, both DHS and PVO data were analyzed and are presented in this year's data tables. PVO data will be available again in 1999 and 2001, and a second national DHS will be conducted in 2000. Thus targets have been set for each of these three years, using the relevant data source (PVO or DHS) as the baseline.

(4) **PSI** (Population Services International), implementing SO3's principal HIV/AIDS activity, conducted a pilot survey two years ago and a nationwide survey in 1997, in urban and peri-urban areas. This year they included questions based on the standard PI (Prevention Indicator) methodology developed by WHO. Both surveys used the same types of denominators, although the represented populations differ. They provide very useful Knowledge, Attitudes, Behavior and Practices (KABP) data about the knowledge and use of condoms in Mozambique.

Because general health and socioeconomic conditions differ greatly between the target areas of different PVO partners, the PVO baseline data vary widely and are expected to continue to do so over the life of the CSP. SO3 has chosen to report median scores across the PVOs plus the minimum and maximum scores to give a sense of the range on these key performance indicators, but the team tracks the full set of PVOs' scores and these are shared with all partners. SO3 partners participated in reviewing and analyzing the performance.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>INDICATOR:</b> 3#1 DPT3 Coverage			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> DHS PVO (Median)	1997B		45
	1997B		39
<b>INDICATOR DESCRIPTION:</b> Percent of children 12 to 23 months who received DPT3	1998		
<b>COMMENTS:</b> The PVO median is 39%; the range is 13% - 83%. Results from Health Alliance International (HAI) in Manica province are not included because of their unique sampling frame: only people within the immediate vicinity of the health post/clinic (a lower cost survey approach).	1999 (PVO)	50	
	2000 (DHS)	55	
	2001 (PVO)	60	

PVO baselines range widely. Almost half were above the DHS score, reflecting both past work in some target areas (for example, in four districts of Manica province where HAI has been working immunization coverage is 86%; and in target areas of Gaza province current DPT3 coverage is 83.2%) and the existence of better services at the district level in these areas than in other focus-area provinces. *The conclusion is that where we already have had more intensive partner involvement, impact is beginning to show.* On the other hand, the relatively low scores, half below 39%, reflect the poor immunization coverage within some of the new target areas; these include areas where there has been little, if any, MCH service delivery. PVO partners have worked with district and provincial health officials in areas where they are working to establish *targets for vaccination coverage based on sustainable approaches to health development* and not on unsustainably intensive PVO efforts in limited target areas. Given that immunization is a major concern of our Mozambique partners, and the attention and support provided by UNICEF and other donors, in FY 98 SO3 will co-lead (with MOH) an expansion of EPI activities, including increased DPT coverage.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>INDICATOR:</b> 3#2 Maternal Care: Tetanus Toxoid Coverage			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b>  DHS PVO (Median)	1997B		19
	1997B		21
<b>INDICATOR DESCRIPTION:</b> Percent of women 15-49 (DHS) OR mothers of children <2 (PVO) who received two doses of tetanus vaccine (as documented on health card) before the birth of their youngest child less than 24 months of age  <b>COMMENTS:</b> The denominator in the DHS is women 15-49 years old, while for the PVOs' KPC surveys (per BHR instructions) it is mothers with children less than 2 years old.  The PVO median is 21%, relatively close to the DHS mean, and the range was 4% - 89%.  Many women only receive one TT dose, and are lost to follow up after the first immunization. Other women interviewed had lost their health card and thus could not be counted.	1998		
	1999 (PVO)	30	
	2000 (DHS)	35	
	2001 (PVO)	40	

Less than 1/5 of women (DHS overall mean) received 2 doses of TT. This illustrates why IR3.1 (Increased access to community-based services) is so important. Outreach teams will target women in isolated rural communities

In Manica province, where trend data are available from HAI, mothers receiving at least two doses of TT increased from 50% to 80% over three years; from these districts only 6 cases of neonatal tetanus have been reported since 1993, out of an estimated 280,000 births. Similar rapid increases in immunization rates were observed in Gaza province, where Save the Children (SCF) and World Relief (WR) have been working: from 35% to 88.6% in three districts from 35% to 65% in two others. Clearly, the potential is great for improving maternal and child health through this intervention within the SO3 focus area.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>INDICATOR:</b> 3#3 Exclusive Breastfeeding			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b>  DHS PVO (Median)	1997B		31
	1997B		35
<b>INDICATOR DESCRIPTION:</b> Percent of infants less than four months who receive only breastmilk with no other liquids or solids, with the exception of drops or syrups consisting of vitamins, mineral supplements, or medicines  <b>COMMENTS:</b> The PVO median is 35%, near the DHS mean, and the range 4% - 82%.  These relatively high rates may not accurately reflect exclusive breastfeeding, and may include introduction of water. In CARE's KPC a higher rate of exclusive breastfeeding was found, indicating that women do not perceive teas or water given traditionally in infancy as "feeding." CARE will promote exclusive breastfeeding and the use of colostrum as methods of preventing disease and therefore an acceptable alternative to traditional teas.	1998		
	1999 (PVO)	38	
	2000 (DHS)	40	
	2001 (PVO)	42	

Exclusive breastfeeding will reduce the incidence of diarrhea in young children, and there are few USAID interventions that have more potential for low-cost sustainability than breast feeding. Our PVO partners use focused information and education activities, which emphasize the importance of breast feeding, as well as nutrition education and appropriate weaning practices. PVO partners will work with district and provincial MOH counterparts to ensure these messages reach the mothers of young infants. However, given the difficulty of changing cultural practices, which in the focus area include the early introduction of water or teas, targets for this indicator are modest.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>INDICATOR:</b> 3#4 ORT Use			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b>  DHS PVO (Median)	1997B		36
	1997B		37
<b>INDICATOR DESCRIPTION:</b> Percent of cases of diarrhea in children under age 2 treated with oral rehydration salts or recommended home fluid	1998		
	1999 (PVO)	43	
	2000 (DHS)	47	
	2001 (PVO)	50	
<b>COMMENTS:</b> The PVO median is 37%, close to the DHS mean, and the range is 5% - 82%. ORT use is only 5-10% in newly targeted areas of Zambezia and Nampula. As PVO partners expand into new areas, they work with provincial and district level health officials to establish targets for ORT use, which is an essential element in all partners' programs.			

This intervention has a successful track record in Mozambique. An evaluation of World Vision (WV) activities in their initial two districts reported that ORT use increased from 54% to 82%. Nonetheless, there is still progress to be made; even when "correct" treatment is given, increased *quantities* of fluids may not be given, and often home fluids/formulas consist only of water. For example, in three districts of Nampula province, although 40% of children were given ORT, 30% also were given less breastfeeding and 44% given less food during diarrheal episodes. PVOs are adjusting interventions, particularly health education messages, based on survey findings: CARE is focusing its community education program for diarrhea on *all* aspects of home management due to extremely low recognition of danger signs; while WV's community health workers now teach mothers to prepare cereal-based mixtures after learning that oral rehydration solutions were being improperly prepared.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>INDICATOR:</b> 3#5 Antenatal Care			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b>  DHS PVO (Median)	1997B		65
	1997B		62
<b>INDICATOR DESCRIPTION:</b> Percent of women who were attended at least once during their most recent pregnancy by any health care provider for reasons related to pregnancy  <b>COMMENTS:</b> The PVO median is 62% and the range 4% - 98%.  WR's mid-term evaluation in 3 districts of Gaza showed increase in this indicator from 30% to 55% over two years.  However, these numbers tell us little about the <i>quality</i> of service provided.	1998		
	1999 (PVO)	65	
	2000 (DHS)	68	
	2001 (PVO)	70	

WV baseline in Nampula/Zambezia shows 40% of women received at least one antenatal consultation during pregnancy, but many of these visits did not take place until the second or third trimester. The fact that in some SO3 target areas as few as 4% receive such attention indicates not only a deplorable situation but a real opportunity for improving maternal health. In every district where PVO partners operate, they work with MOH partners to increase access to and improve the quality of antenatal care, both at the health facilities and through outreach, to increase at least minimal health assessments for pregnant women.

In Gaza (a relatively better-served province), focus groups revealed a high overall knowledge -- even among men -- of the usefulness and content of prenatal consultations. At the same time, however, men often control women's access to such consultations, in that they must provide money for transport and care for children while the mother is away for 1-2 days for this purpose. This finding suggests the need and usefulness of including men in strategies to encourage women to more fully utilize health services.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>INDICATOR:</b> 3#6 Assisted Delivery			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> DHS PVO (Median)	1997B		---
	1997B		41
<b>INDICATOR DESCRIPTION:</b> Percent of mothers with a child <24 months of age attended at birth of last child by a health worker (includes traditional birth attendants, TBAs)  <b>COMMENTS:</b> The PVO median is 41% and the range 3% - 81%.  DHS questions on this topic did not yield useful results; survey implementers believe the questions were misconstrued by respondents.	1998		
	1999 (PVO)	45	
	2000 (DHS)	47	
	2001 (PVO)	50	

In Manica province where HAI has helped train MOH nurses and TBAs, assisted births increased from 41% to 60% in three years. However, in new target areas use of maternal health care services is very low. Nampula and Zambezia baseline data show only 3% and 12% (respectively) of mothers interviewed received assistance from a health provider during their last delivery. With support from BHR/PVO, the Mothercare project will assist MOH and PVO partners with a revised curriculum for TBA training and with training in emergency obstetric skills for TBA trainers. Significant changes in this indicator are expected in the FYs 00 and 01, when the impact of training TBAs, nurse midwives, and other health workers begins to show up in increased assisted deliveries.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>INDICATOR:</b> 3#7 Contraceptive Prevalence			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> DHS PVO (Median)	1997B		1.3
	1997B		6
<b>INDICATOR DESCRIPTION:</b> Percent of women 15-49 years old (DHS) OR mothers with children <2 years of age (PVO) who are using a modern method of contraception at a particular point in time  <b>COMMENTS:</b> DHS denominator is women 15-49 years old, while for PVOs it is mothers with children less than 24 month of age who do not want another child now. Thus, a higher rate using the PVO question.  The PVO median is 6.5% and the range 1% - 33%.	1998		
	1999 (PVO)	9	
	2000 (DHS)	6	
	2001 (PVO)	13	

Low use suggests problems of access and availability, since 59% of the women (DHS) indicated a potential need for contraception: 16% said they did not want any more children and an additional 43% said they were indecisive about when or if they would like to have another child.

The SO3 team works with district MOH, PVO, and local NGO partners to expand information and services in target areas. We have entered into a regional partnership with the REDSO regional logistics initiative (RLI). In FY 98 a pilot activity in one district in Nampula will demonstrate on-the-ground feasibility and sustainability of an adequate constant supply of family planning commodities. Nampula will then become both a training and demonstration site for other areas of Mozambique and for a wider array of partners participating in the RLI.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>INDICATOR:</b> 3#8 Condom Use			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PSI (National)	1997B		28
<b>INDICATOR DESCRIPTION:</b> Percent of respondents (male and female) aged 15-49 reporting the use of a condom during the most recent act of sexual intercourse with a non-regular partner	1998		
<b>COMMENTS:</b> National KAP or PI (Prevalence Indicator) survey completed in FY 97 includes urban and peri-urban districts as well as areas along the transport corridors in 70 districts across all 10 provinces, covering approximately half of the national population. "Pilot areas" are in 4 provinces where PSI activities began in FY 95; "expansion areas" are in the 6 provinces added in FY 97.  Targets are national.	1999	40	
	2000		
	2001	60	

The difference between the baseline of 34% s in the pilot areas where PSI has been working over the past 18 months and that of 16.5% in the expansion areas where PSI activities began in FY 97 shows that behavior has begun to change as a result of PSI and related efforts.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.1 Increased access to community-based services			
<b>INDICATOR:</b> 3.1#1 Communities Receiving Services			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PVO partners			
Fixed Health Facility (FHF)	1997B		448
Community-Based Volunteers	1997B		187
<b>INDICATOR DESCRIPTION:</b> Number of communities receiving outreach services from a fixed facility OR from community-based volunteers/promoters.			
<b>COMMENTS:</b> Beginning next year, once PVO partners establish their denominators (total number of communities in the target areas), we will be able to report this indicator as a percent.			
Mobile teams are a particular form of outreach to remote locations (usually further than 15 kilometers from nearest health post). These teams increase access to immunization, prenatal care, health education and growth monitoring. In one of the Mission's earlier efforts, mobile teams reached 56% of the villages in one district of Zambezia.			
In all 26 villages in two districts of Gaza province, SCF established health committees and provided health education and information to the target population through 2,500 community volunteers working at the grassroots level.			
	1998	FHF: 493 CBV: 205	
	1999	FHF: 538 CBV: 224	
	2000	FHF: 538 CBV: 243	
	2001	FHF: 627 CBV: 262	

Community Health Workers/Volunteers are an important mechanism in the MOH outreach effort and impact in all areas: child health, maternal health, HIV/AIDS, and (as the "community-based distribution" effort gains momentum) family planning. A continuing expansion of this human resource base is a basic element of all PVO initiatives, and their targets are ambitious; for example, by FY 01 SCF plans to have outreach workers active in 75% of the communities in three districts of Gaza province where it works (although the new third district has a highly dispersed population which will be harder to reach than the first two districts, where almost all communities are covered).

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.1 Increased access to community-based services			
<b>INDICATOR:</b> 3.1#2 Health Posts providing FP Services			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b>  PVO	1997B		0
<b>INDICATOR DESCRIPTION:</b> Number of health posts (not health centers or hospitals) equipped and staffed to provide family planning services	1998	3	
<b>COMMENTS:</b> This new indicator reflects SO3's emphasis on expanding reproductive health services in our focus areas, starting in Nampula province. Baseline and targets are based on a needs assessment of existing FP services carried out by Pathfinder in Ribaué District of Nampula province.  Targets are just for Nampula province and are preliminary. Family planning services will be expanded to 75% of the health posts in Nampula by 1999.  Expansion of family planning services into other focus provinces will begin in 1999 based on Nampula experience, although targets have not yet been developed.	1999	15	
	2000	30	
	2001		

The Nampula facility-based assessment showed that:

- \* Not one of the Elementary Nurses possesses any basic knowledge about FP, but they do have attitudes and beliefs which are not conducive to the promotion of child spacing;
- \* MCH nurses (stationed at health centers) have misconceptions, faulty information, and beliefs which are not conducive to the promotion of child spacing;
- \* Health posts lack sufficient space to conduct FP counselling; and
- \* all levels of the system lack FP commodities.

Based on this information Pathfinder is developing a pilot training program for MCH and Elementary Nurses, who will then serve as the referral point for the new cadre of outreach worker. Training of FP outreach workers will also begin in FY 98.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.1 Increased access to community-based services			
<b>INDICATOR:</b> 3.1#3 Availability of condom outlets			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PVO	1995B		0
<b>INDICATOR DESCRIPTION:</b> Number of condom outlets established (private sector)  <b>COMMENTS:</b> All are private commercial sales outlets; these include both traditional (shops, pharmacies) and non-traditional (itinerant traders, market stalls) outlets in all 10 provinces.	1996	1,000	1,298
	1997	2,000	1,915
	1998	3,000	
	1999	4,000	
	2000	5,000	
	2001	6,000	

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.1.2 Improved human resource and skill development among health care providers			
<b>INDICATOR:</b> 3.1.2#1 Trained Community Health Volunteers/Promoters			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PVO	1995B		1,647
	1996		3,333
<b>INDICATOR DESCRIPTION:</b> Number of Community Health Volunteers/Promoters trained (cumulative)	1997	5,500	5,809
<b>COMMENTS:</b>	1998	8,500	
	1999	11,000	
	2000	14,500	
	2001	18,000	

The initiation of PVO partner activities in new geographical areas during the CSP's first two years is reflected by these data, with a substantial increase of trained volunteers in FY 97.

While the MOH has made considerable progress in improving access to health services by expanding physical infrastructure, the government depends on SO3's PVO partners to assist with outreach and training in the focus area. In 1997 alone, the Government (with support from other donors) built 80 new primary level health structures and rehabilitated 57, representing a 16% increase over 1996 and a 30% increase over 1995 levels; the number of primary health care facilities has almost doubled since the war ended in 1992.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.1.2 Improved human resource and skill development among health care providers			
<b>INDICATOR:</b> 3.1.2#2 Trained Traditional Birth Attendants (TBAs)			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PVO	1995B		72
	1996		251
<b>INDICATOR DESCRIPTION:</b> Number of Traditional Birth Attendants (TBAs) trained (cumulative)	1997		368
<b>COMMENTS:</b>	1998	600	
	1999	950	
	2000	1,500	
	2001	2,200	

One of the main elements of SO3's maternal health strategy is to increase deliveries with trained personnel. Since most women deliver at home or with assistance of a TBA, training TBAs is critical. Manica province provides a recent example of success in training TBAs: in a three-year period, largely through PVO partner efforts, assisted births went from 1250 to 4200; approximately 20% of births in this area were assisted by TBAs in FY 97.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.2 Increased demand for community-based services			
<b>INDICATOR:</b> 3.2#1 Condoms sold			
<b>UNIT OF MEASURE:</b> Number (million)	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PSI	1995B		2
<b>INDICATOR DESCRIPTION:</b> Number of condoms sold (private sector)	1996		4
	1997	9	10
	1998	17	
	1999	25	
	2000	33	
	2001	40	
	<b>COMMENTS:</b>		

In FY 97 the sale of condoms surpassed 10 million, exceeding our expectations and accounting for about 70% of all condoms distributed in Mozambique during the year. This is an amazing increase from only 2 million in FY 95 (the first year of the project). **Targets have been adjusted upward** as PSI projects tremendous further growth of sales over the next 3 years; which, if achieved, will be higher than any other social marketing program ever. Progress to date and PSI's effective communication strategy leads SO3 to believe that these ambitious targets are achievable, **but continued adequate supply of condoms is essential**. Currently USAID is the only donor procuring condoms.

Most important in terms of reduced transmission of HIV and other STDs is the fact that these sales are largely to those with high-risk behaviors. A 1996 consumer intercept survey by PSI showed that 83% of *JeitO* users have non-regular partners. Comparing this finding with the 1997 KAP survey, which showed that only 25% of all sexually active adults report non-regular partners, clearly shows that *JeitO* is being bought for use in high-risk encounters. About 20% of FY 97 sales were through Community Agents who also conduct interpersonal communications activities related to condom use and HIV/AIDS prevention; in this way the Community agents link motivation and sales and are able to target high risk customers.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.2 Increased demand for community-based services			
<b>INDICATOR:</b> 3.2#2 MCH Care Seeking (first visit)			
<b>UNIT OF MEASURE:</b> Number (1,000)	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> MOH	1994B		344
<b>INDICATOR DESCRIPTION:</b> Number of first-time Maternal and Child Health visits to MOH facilities in the preceding 12 months  <b>COMMENTS:</b> The data for the 6-province focus area.  Data for 1997 are not yet available.	1995		382
	1996		432
	1997	450	See comment
	1998	465	
	1999	490	
	2000	520	
	2001	550	

Through joint team efforts in health education about when and where to seek care, the use of MCH facilities is increasing. Fixed facility visits is the flip side of outreach, and increasing use of these facilities is an essential behavior element in improved health of women and children. Between 1995 and 1996 there was a 16% increase in first time maternal/child health visits to MOH facilities.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.2.1 Improved knowledge and attitudes of mothers			
<b>INDICATOR:</b> 3.2.1#1 Mothers' knowledge of Diarrhea Case Management			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> _____ DHS PVO (Median)	1997B		34
	1997B		29
<b>INDICATOR DESCRIPTION:</b> Percent of mothers of children <2 years of age who know at least 2 rules of home Diarrhea Case Management	1998		
	1999 (PVO)	45	
	2000 (DHS)	52	
	2001 (PVO)	60	
<b>COMMENTS:</b> PVO median is 29%, and the range is 8% - 85%.			

Both the overall focus area (DHS) and the PVO target area baselines show a very low level of knowledge of appropriate treatment by mothers. This is clearly an essential area where low-cost and sustainable initiatives can improve children's health.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus areas			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.2.1 Improved knowledge and attitudes of mothers			
<b>INDICATOR:</b> 3.2.1#2 Mothers' Knowledge of Child Spacing Methods			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> _____ DHS PVO (Median)	1997B		42
	1997B		49
<b>INDICATOR DESCRIPTION:</b> Percent of women 15-49 years old (DHS) OR mothers of children < 2 years of age (PVO) who know <i>at least one</i> modern method of family planning/child spacing	1998		
<b>COMMENTS:</b> The PVO median is 49% and the range is 11% - 65%. Since the PVO (BHR) indicator has a very select sample (by definition not-wanting-another-child-now), this indicator will be higher than the DHS sample (all women 15-49). The low end of the range (as low as 11% in some target areas) indicates that, while overall knowledge in Mozambique is moderate, there are parts of SO3's focus area where basic knowledge of family planning is very low.	1999 (PVO)	65	
	2000 (DHS)	70	
	2001 (PVO)	75	

It is clear that both knowledge and accessibility are constraints to contraceptive use. Data show that the largely uneducated, illiterate women of rural Mozambique still desire large families: the DHS found that women desire on average 5.9 children. In addition, there is family and male opposition to contraceptive use as well as provider bias. Pathfinder International and SEATS are providing technical guidance to help PVO partners provide basic FP information and services. They are also training MOH workers to provide correct information and counseling to clients, and to ensure a constant supply of family planning commodities.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.2.1 Improved knowledge and attitudes of mothers			
<b>INDICATOR:</b> 3.2.1#3 People's Knowledge of HIV/AIDS Transmission			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PSI (national)	1997B		61
<b>INDICATOR DESCRIPTION:</b> Percent of respondents (men and women aged 15-49) who know <i>at least three</i> ways to prevent the transmission of HIV/AIDS  Targets are national  <b>COMMENTS:</b> PSI conducted a KAP survey in pilot areas (urban and peri-urban areas of 4 provinces) in early 1995 and a nationwide KAP (urban and peri-urban areas, including transport corridors) in late 1997.	1998		
	1999	85	
	2000		
	2001	85	

Knowledge of ways to prevent HIV transmission has grown quickly, and is now much higher in areas where PSI has been working than in other parts of Mozambique. In the March 1995 baseline survey of 4 pilot provinces, only 17% of respondents could state *three* ways to prevent HIV transmission; but after only 18 months of PSI activities, 68% of the population was able to do so. In the PSI "expansion" areas (6 provinces where activities began in FY 97), the 1997 baseline was 47%.

Women have significantly lower knowledge than men (53% versus 68%, nationwide, in 1997).

The 1997 national KAP survey showed that 61% of respondents could state *three* ways to prevent HIV transmission and 85% could state *two* ways. Given the high levels of knowledge already obtained, PSI has begun pushing beyond awareness and knowledge to focus more on risk assessment and self-efficacy for correct condom use and negotiation, using their proven strategy of interpersonal communication combined with other enabling social factors (including access and promotion). This is expected to lead to measurable behavior change of high-risk groups, i.e., safe sex and a reduction in partners.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.3 Strengthened Policy and Management of Decentralized, Essential Services			
<b>INDICATOR:</b> 3.3#1 Training in Pharmaceutical Management and Rational Drug Use			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PHCS/MOH	1994B		0
<b>INDICATOR DESCRIPTION:</b> Number of provincial and district level MOH staff in priority provinces and districts trained in Rational Drug Use (cumulative) <b>COMMENTS:</b> Data reflect training of trainers at the national level and regional and provincial level courses in pharmaceutical management.	1996		100
	1997		165
	1998	265	
	1999	340	
	2000		
	2001		

Pharmaceutical management and logistics systems training and technical assistance have resulted in improved stock management at provincial and district levels. 165 physicians, pharmacy and medical personnel have incorporated new training in logistics management and rational drug use into their daily routine. Evidence of these improvements includes improved stock management and inventory control at warehouses and rural clinics plus regular reporting on consumption.

During FY 99 an assessment of training conducted to date will be carried out to determine the best approach to further decentralize and improve pharmaceutical management.

These results were achieved following policy dialogue breakthroughs in FY 96, the first year of the CSP; because it was a breakthrough area, targets were not set until policy progress warranted.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.3 Strengthened Policy and Management of Decentralized, Essential Services			
<b>INDICATOR:</b> 3.3#2 Management Training			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PHCS/MOH	1994B		68
<b>INDICATOR DESCRIPTION:</b> Number of provincial and district level MOH staff in priority provinces and districts trained in Management (cumulative) <b>COMMENTS:</b> Data include management training in 3 provinces.	1995		494
	1996		1,269
	1997		1,561
	1998	1,676	
	1999		
	2000		
	2001		

Training has modestly increased the number of managers at provincial and district level who have the tools and skills necessary for decentralized health care systems management. The numbers trained would have been higher but for the continuing grave shortage of qualified health personnel at the district level. The unpredictability of staff availability for training made setting of numerical targets in CSP's early years impossible.

SO3's Primary Health Care Support (PHCS) project upgraded all on-board provincial and district staff who needed management training (which explains why fewer people were trained in 1997 than in 1996.) The project is now training newly recruited staff, as well as conducting refresher training. Complementing formal training programs, on-the-job technical assistance provided by PVO partners also has helped to increase health management capacity.

This year USAID and the MOH will review progress to date in the area of decentralization, assess sustainability of results (continued training in particular), and make decisions about the need for continued assistance in management.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.3 Strengthened Policy and Management of Decentralized, Essential Services			
<b>INDICATOR:</b> 3.3#3 Financing Strategy			
<b>UNIT OF MEASURE:</b> Yes or No	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> SO Team	1997B		No
<b>INDICATOR DESCRIPTION:</b> Existence of a national health sector financing strategy.	1998	No	
	1999	Draft	
	2000	Presented to Council of Ministers	
	2001	Yes	
<b>COMMENTS:</b>			

In FY 97 the GRM requested USAID assistance in the development of a health care financing strategy. This is a very exciting development for SO3 after several years of dialogue and modest support in this area. Initially SO3 responded by arranging (with REDSO partners) for MOH staff to participate in regional workshops and to receive requested technical assistance. The MOH is now leading, with full donor participation, the first steps toward establishing a national strategy in health care financing -- a crucial element in developing a sustainable health care network that can meet Mozambique's needs.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.3.1 Improved planning, availability and use of data			
<b>INDICATOR:</b> 3.3.1#1 Data collection			
<b>UNIT OF MEASURE:</b> Number	<b>EAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b>			
SO3	1997B		14
<b>INDICATOR DESCRIPTION:</b> Number of data collection activities realized (includes Census, DHS, PSI, and PVOs' KPC surveys).	1998	1	
<b>COMMENTS:</b> Targets are:	1999	12	
1997B: 11 KPC, 1 Census, 1 DHS, 1 PSI	2000	2	
1998: 1 KPC	2001	12	
1999: 11 KPC, 1 PSI			
2000: 1 DHS, 1 PSI			
2001: 11 KPC, 1 PSI			

***Prior to 1997 there were no accurate population-based data on the health status of women and children in Mozambique.***

This year the country's first national DHS was carried out. Mozambique now has up-to-date reliable baseline data for the health sector, which allows SO3 to set targets and measure trends. In addition, a nationwide KAP was conducted by PSI to obtain data for Mozambique's national HIV/AIDS program as well as baseline data for USAID. Baseline data is also available for the first time for the target areas of all SO3 and BHR funded PVO child survival programs, through 11 KPC surveys carried out in FY 97.

<b>OBJECTIVE:</b> SO3 Increased use of essential MCH and FP services in focus area			
<b>APPROVED:</b> 01/OCT/1995		<b>COUNTRY/ORGANIZATION:</b> USAID/Mozambique	
<b>RESULT NAME:</b> IR3.3.3 Improved financial systems			
<b>INDICATOR:</b> 3.3.3#1 Cost recovery			
<b>UNIT OF MEASURE:</b> Number	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b>  MOH	1997B		0
<b>INDICATOR DESCRIPTION:</b> Number of Hospitals using the new guidelines for user fee collection, accounting, management, and reporting (cumulative)	1998	1	
	1999	3	
	2000	5	
	2001	10	
<b>COMMENTS:</b> This indicator represents a new IR that focuses on cost recovery at the secondary and tertiary levels. A pilot study is underway at a major Maputo hospital to test cost sharing guidelines that will result in implementation in other major provincial hospitals.			

#### **D. Proposed Strategic Objective Four: Increased capacity for sustainable natural resource management**

The Mission proposes a new strategic objective for FY 1999 to increase Mozambique's capacity and leadership for environmental protection and sustainable natural resource management. This SO would expand the Mission's environmental program into the areas of human resource development, increased awareness, and enterprise development. It would complement the current strategy by improving prospects for sustainable economic growth with increased participation of civil society in natural resource stewardship. Natural resource management activities under the Mission's IR for "sustained agricultural production" would continue to expand.

#### Environmental Challenges

The end of the civil war has brought rapid economic expansion, including in rural areas. Resettlement of Mozambicans in areas affected by the war has accelerated slash and burn farming, deforestation and over-fishing, leading to declining resource productivity and destruction of protected and ecologically sensitive habitats. The cumulative effects of soil fertility loss, erosion, siltation, and degradation of downstream coastal resources could negatively impact on the current bright prospects for sustained economic growth.

USAID's focus area of Zambezia, Nampula, and northern Sofala and Manica provinces have important natural resources, though are quite vulnerable to degradation resulting from economic growth. Although USAID's focus area was selected for its agricultural potential as well as tremendous human need, the risk of erosion due to rainfall patterns and soil types is classified as medium-high to very high. Most of Mozambique's heavy metal deposits, significant gold deposits, all of its granite-based metals, and large coal deposits are in this area. Exploitation is expected to result in pollution along transport routes, waterway pollution, and sedimentation from mine tailings and dredging.

At the same time, extensive commercial timber extraction, plantation forestry and agriculture, mining and other industrial development, threatens natural resources that might be used in a more sustainable fashion by local communities. With much of Mozambique's population living in the focus area, competition for fuelwood is high, and in 1990 was already in a deficit situation in much of Zambezia Province. Granting of concessions -- which in Zambezia already amounts to 19% of the province -- and approval of major proposals often proceed haphazardly, without effective participation and consent of the affected populations, or consideration for long-term sustainability of the activities themselves. About 13% of Mozambique consists of protected areas, but without necessary environmental awareness and technical capacity to manage them, wildlife and forests are openly exploited.

The Zambezi River basin -- which cuts through USAID's focus area -- is the main hydrological feature of Mozambique, and is the largest watershed in southern Africa. The construction of the Cahora Bassa dam and required capacity for year-around generation of electricity has altered the river's seasonal outflow. This has reduced movement of sediments which impairs navigability and requires dredging of downstream ports. Some of Africa's most important and biodiverse wetlands have disappeared and the freshwater-saltwater balance required for shrimp nurseries has been modified. A direct relationship has been found between the volume of Zambezi outflows and size of shrimp capture -- one of Mozambique's largest exports.

Though information is sparse, Mozambique's coastal zone, characterized by important estuaries, mangroves, lagoons and coral reefs, are all biologically important and vulnerable to human activity. This is a major concern, given that three-quarters of the population live within 40 kilometers of the coast. Cutting of mangrove is another factor affecting Mozambique's fishery, and as its area is reduced, the shrimp nursery is reduced proportionally. Coastal ecosystems are negatively affected by mining, discharge of sewage and pollutants, and nutrient load of rivers and streams.

With increasing interest and investment in USAID's focus area from domestic investors, commercial farmers and foreigners, the environment is likely to come under increasing stress. However, there is a low level of environmental awareness in the area, and little capacity for environmental analysis and advocacy.

### A Strategic Environmental Approach

The majority of Mozambique's target population lacks environmental awareness and the knowledge or capacity to manage resources sustainably. As well, they lack the opportunity to participate in decisions regarding the use of communally-owned lands. Environmental impact assessment is not carried out in the context of area-wide strategic development. Environmental advocacy by civil society groups, to protect unique ecosystems and to promote participatory stewardship of natural resources, does not exist.

Over the CSP period, USAID/Mozambique has increasingly incorporated within its SOI portfolio activities that address natural resource management largely in the context of sustainable agricultural production. The Mission is promoting adoption of sustainable agricultural practices, environmental impact assessment and planning capacity within its rural roads access project, and increased natural resource management skills in NGOs. Through its technical assistance leading to a reformed land law, the Mission is supporting increased land tenure security and resource control for local communities. This legislation and new regulations will enable long-term land tenure for communities and other entities that have

sustainable land use plans for their proposed enterprises.

These SO1 activities, designed primarily to increase rural incomes, have lacked coherence from an E/NRM perspective, including for monitoring within the Mission's Results Framework. The Mission began examining options for a more strategic approach with greater environmental impact, beginning in April 1997 when World Resources Institute prepared *An Assessment of Unmet Needs and Program Options for an Environment Strategy*. The Mission also considered management alternatives, including repackaging existing E/NRM activities as an SO1 results package, creating a specific E/NRM IR within SO1, or establishing a new E/NRM SO. The decision to propose a new SO focusing on human capacity improvement in this area (as opposed to income increases or agricultural production) was viewed as appropriate given existing trends towards increasing environmental degradation which may negatively impact on economic expansion. An SO also better enables the Mission to design and implement a program that dovetails with other donor/GRM programs and regional initiatives (e.g. the Beira Corridor and Zambezi Watershed Management Plan). As well, it will allow USAID to more systematically address policy, institutional and community-level human resource constraints as required.

The Mission proposes an SO entitled "*Increased capacity for sustainable natural resource management.*" To achieve this SO, increased environmental education, leading to a greater awareness among Mozambicans for the importance of sustainable resource management, is a prerequisite. Building on a foundation of awareness and increased participation, USAID would foster an increased leadership, advocacy and technical role among civil society groups, a greater environmental analysis and planning capacity among private sector firms, an overall greater level of dialogue -- and a reduction in the potential for disputes -- between communities and those wishing to exploit their natural resources.

Two IRs are proposed:

IR1: *Strengthened capacity for environmental analysis and advocacy*

- environmental analysis: expanding the capacity of local firms to carry out and review environmental impact analysis, participate in strategic environmental planning, and to do integrated land use planning;

- advocacy: strengthening the advocacy and public education role of civil society groups for protection and sustainable management of economically-important ecosystems and natural resources.

IR2: *Increased adoption of sustainable environmental technologies and practices*

- land use planning: strengthening local capacity for sustainable land use planning to assist communities in gaining legal, long-term access to land for environmentally-sound enterprises;
- environmental enterprises: development of local capacity to manage environmentally and economically-sound enterprises such as sustainable forestry (including green certification), non-timber woodland enterprises, and ecotourism.

Next Steps

Initial consultations with partners and the GRM have taken place, both by World Resources Institute and Mission staff. USAID participates in a donor working group on the environment, and initial discussions indicate that a more comprehensive approach to addressing natural resource management constraints by USAID would be welcomed. USAID will extend its outreach to customers and other partners in the USAID focus area and elsewhere in the next few months, and to coordinate with the environmental work of larger donor programs, RCSA and regional environmental plans. This SO assumes, based on discussions, that the Ministry of the Environment has adequate support from the Netherlands, the largest environmental donor, though further analysis of GRM capabilities by the World Bank and IUCN is underway. USAID will participate in that analysis.

The Mission would carry out further technical analysis during FY 98, including to determine specific results that USAID would focus on in SO4 activities. From a geographic perspective, it is preferable to identify and select areas of high biological endemism and species richness, so that improved capacity for natural resource management also positively affects biodiversity. From an institutional perspective, the Mission would strengthen existing NGOs that have the potential and desire for environmental action, and determine the policy constraints to SO implementation. The Mission also needs to study successful models for community management of extractive reserves, such as in Brazil and Niger, and economically-sound examples of environmental enterprises that could be replicated in the USAID focus area.

### **E. Proposed Special Objective: Improved enabling environment for economic growth and development**

This Special Objective (SpO) will unite ongoing and planned activities which support improvements to the overall socio-economic enabling environment and are therefore critical to all SOs, though with a particular urgency for the sustainability of income gains under SO1 and governance performance under SO2. In addition, the SpO will track progress in other areas important to the overall environment for growth and stability (e.g. public sector reform, development of a new commercial code, rewriting customs and fiscal legislation) where USAID financial support may not be warranted. Finally, it will serve as the central point for tracking the Mission's macroeconomic policy agenda (see section F) with the government. Under the SpO, the Mission will work with central government, business groups, local governments, civil society groups, and others involved in national policy formulation, to complement and sustain the field activities undertaken under the SOs.

#### Rationale

The long-term sustainability of the results achieved under the CSP depends fundamentally on Mozambique's success in establishing a stable environment which promotes private sector-led growth throughout the economy. Over the last decade, but accelerating since the 1994 elections, the GRM has achieved macroeconomic stability and attracted significant foreign investment. Yet the economy remains saddled with a socialist-Portuguese legal and regulatory framework, the civil service is underpaid and demoralized, tariffs are high, and the tax regime archaic and dysfunctional. Over the next three to five years, the GRM will address all of these issues; how effectively it does so will have a profound impact on Mozambique's prospects for achieving broad-based, sustainable economic growth in the longer term, as well as on the larger USG interests in trade and development in Mozambique. ***The proposed SpO is the vehicle by which USAID will engage in this broad range of issues that do not fit within any single SO*** -- through modest interventions in most areas, but with the possibility of significant assistance under the Africa Trade and Investment Program (ATRIP).

USAID has proposed under ATRIP an approach to ensure that the benefits of Mozambique's evolving market economy reach down to the 80% of the population that is rural and overwhelmingly poor. The Mission will engage in policy dialogue with government and private sector leaders and other partners to support Mozambique's efforts to expand the basic building blocks for an open market economy already in place. Specific activities proposed under ATRIP include assistance to disseminate and implement reforms, to increase CTA's effectiveness, and to continue to reduce "red tape" constraints to business. Areas that will be addressed include labor law, introduction of a Value-Added Tax, trade and investment treaties and protocols, and tariff reduction.

## Results Framework

The main impact of the SpO policy reforms and related activities will be to improve the overall environment to sustain the income gains and improved markets achieved under SO1. But because SpO activities will be implemented in ways which broaden the public-private sector policy debate and strengthen pro-market advocacy, they also reinforce and contribute to SO2 results. Results for both Leland and the regional programs are reported by other operating units (RCSA, AFR/SD; although the Mission tracks connectivity improvements under Leland). If we are able to broaden our involvement in national fiscal policy under ATRIP, we will develop a complementary, but limited, results framework related to openness to trade and investment for that program.

## Activities

The Special Objective comprises three types of activity:

*Limited-scope activities with broad impact* -- These include the Leland Initiative, which has had an enormous impact on communications in the 5 months since the first private Internet service providers began operations. In very short time, all three SOs have benefited substantially from Leland applications in their areas. This rubric also includes support to the *Comissão de Trabalho das Associações* (CTA), a group of business associations mandated by the private sector, at the request of the government, to represent business on major policy issues affecting the climate for investment, commerce and industry. In 1997, CTA, with very modest support from USAID, had an appreciable impact on eliminating red tape. (The Mission has requested funds under ATRIP to expand this activity.)

*Cross-sectoral activities* -- These are crucial to the success and sustainability of the SOs, that are being addressed by them at the sectoral level, but that also require *an overall Mission approach -- including policy dialogue and targeted policy-oriented research -- that is national and cross-sectoral*. These include public sector reform, identified as a high priority by the GRM and the donor community at the 1997 Consultative Group (CG) meeting. Although the government will shortly unveil a proposal for decompression of salaries, a wider review of the role of government in different sectors is required. Activities under this heading also include the development of the transport corridors (Maputo, Nacala, Beira Corridor development), with profound implications for both the privatization of basic infrastructure and trade relations with neighboring countries -- both critical to extending a market economy to people in our geographic focus area.

*Regional activities* -- These are regional programs for which the Mission has

responsibility: the Regional Rail Systems Support project (RRSS) and the SADC Transport Efficiency Project (STEP). Both require significant management attention, but both also offer opportunities to work at the national level on key policy issues, providing an enabling environment complement to transport and trade activities under SO1. Under RRSS, we are now assisting the national rail and ports authority (CFM) with staff redundancy as it prepares to privatize operations. Under this program, USAID remains engaged in questions that influence national policy towards the role of the state in the management of basic infrastructure. STEP promotes both infrastructure privatization and policy change in support of free trade in the region; these are important to SO1 and to our proposed ATRIP objective of increasing Mozambique's openness to trade and investment.

### Next Steps

Following USAID/W's response to the Mission's ATRIP proposal, the SpO strategy will be developed through consultation with GRM, CTA, and other non-governmental partners, leading to a Special Objective Agreement by the end of FY 98.

The SpO will be managed by an Enabling Environment team formed from staff who are currently managing the ongoing activities described above and monitoring the Mission's policy reform agenda, plus selected members of SO1 and SO2. An FSN economist/policy analyst, to be added to Mission staff if ATRIP is approved, also will be assigned to the Enabling Environment team.

## **F. Policy Reform Progress**

USAID/Mozambique's policy reform agenda for FYs 96-01 is summarized on the following pages. The agenda builds on major achievements during the pre-CSP emergency and transition periods, and reflects the evolution in Mozambique's enabling environment as "first-phase" reforms were made and new areas or deeper reforms are being addressed by the GRM and donors. Within a larger context of GRM-donor policy dialogue, this agenda is the framework for policy work under all SOs, and is supported through DA non-project assistance, P.L. 480 Title III, and specific projects. Themes which guide the Mission's dynamic policy dialogue -- with government, civil society, the private sector, and other donors -- include: appropriate public and private roles in all sectors; liberal markets to improve availability of goods and services; and a legal and regulatory framework that enables private initiative and attracts investment.

***FY 97 progress in all policy reform areas met expectations.*** Major policy achievements noted in the matrix and discussed in the SO analyses include:

- Significant reduction in "red tape" constraints to private investment and enterprise
- Completion of privatization of all government-owned banks
- Completion of liberalization of coastal shipping
- Completion of liberalization of petroleum products import and distribution
- Breakthroughs enabling USAID support for major health sector reforms

## USAID/Mozambique Policy Reform Agenda, FY1996 - FY2001

Policy Area	FY 1995 Baseline	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
<p>1. Full price liberalization for key agricultural commodities; reduced government (Mozambique Cereals Institute, ICM) role in cereals marketing; and liberalization of ag inputs markets</p> <p><b>SO1</b></p>	<p><b>Actual:</b></p> <p>a. In steps since 1990, prices liberalized for imported food products and consumer goods; minimum producer prices announced annually by GRM for ag products</p> <p>b. Commercial food aid imports consigned to private sector, but bulk of credit and other resources for domestic ag marketing flow to ICM</p>	<p><b>Planned:</b></p> <p>a. Formulate program to eliminate minimum producer prices over 1996-98 for maize, rice, beans, groundnut, cashew, copra, tobacco, sunflower</p> <p>b. Formulate plan to restructure ICM, including partial or total sale of assets</p> <p><b>Actual:</b></p> <p>a. Price liberalization program fixed; minimum prices announced but later retracted</p> <p>b. GRM agreed to conduct detailed ICM study; field work started</p>	<p><b>Planned:</b></p> <p>a. Replace government-set minimum prices for food crops with reference prices</p> <p>b. GRM comments on ICM study recommendations for phased privatization</p> <p><b>Actual:</b></p> <p>a. GRM announced only reference prices for food crops and cashew</p> <p>b. GRM and private sector discussed ICM study in seminars and publicly, to develop action plan for reforms</p>	<p><b>Planned:</b></p> <p>a. Eliminate minimum and reference prices for cashew, maize, beans, peanuts, tobacco, copra, sunflower, rice; provide systematic market information to replace government-set prices for key agricultural commodities;</p> <p>b. GRM approval of ICM action plan</p> <p>c. Conduct initial assessments and analyses to identify ag input marketing constraints</p>	<p><b>Planned:</b></p> <p>b. Implementation of ICM action plan for phased privatization on schedule</p> <p>c. Begin follow-up recommendations of fertilizer market analyses; as appropriate, develop action plan for follow-up re: seed</p>		

Policy Area	FY 1995 Baseline	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
2. Privatization of state-owned enterprises <b>SO1</b>	<b>Actual:</b> Since 1992, scores of large industrial and agricultural companies privatized, including Mozambique Cashew, breweries, and major grain mills	<b>Planned:</b> At least 5 large enterprises privatized (Mobeira, Metecna, Vidreira, Boror, Emocha) <b>Actual:</b> Emocha privatization completed; Boror, Vidreira, Mobeira in final negotiations; Metecna out to tender; in addition, TTA (state-owned air services company) in final negotiations	<b>Planned:</b> At least 5 large enterprises privatized; privatization of all small and medium enterprises completed <b>Actual:</b> 11 large agriculture and transport enterprises privatized, plus numerous small and medium ones	<b>Planned:</b> Complete privatization of large enterprises, close UTRE, declare privatization process complete			

Policy Area	FY 1995 Baseline	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
<p>3. Liberalized importation, distribution, and pricing of petroleum products</p> <p><b>SO1</b></p>	<p><b>Actual:</b></p> <p>Through policy reforms since 1991, all products now priced above import parity, prices adjusted quarterly; private sector share of distribution risen from 30% in 1992 to over 50%; transport and other distribution costs deregulated; avgas market completely privatized</p>	<p><b>Planned:</b></p> <p>Petromoc's accounts separated and distributors billed import parity prices before taxes</p> <p><b>Actual:</b></p> <p>Completed; in addition, price adjustment mechanism streamlined so now monthly revisions no longer require Council of Ministers approval</p>	<p><b>Planned:</b></p> <p>Petromoc import function removed, assigned to new private entity with participation of all distributors; Petromoc incorporated as private company</p> <p><b>Actual:</b></p> <p>Private import entity created as planned; Petromoc incorporation rescheduled for FY98; private sector now dominates sector</p>				

Policy Area	FY 1995 Baseline	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
<p>4. Greater security and transferability of land tenure rights</p> <p><b>SO1 and SO2</b></p>	<p><b>Actual:</b></p> <p>In steps since 1990, privatization of former state farms nearly complete; <i>ad hoc</i> Land Commission (formed in 1992) given permanent interministerial mandate to advise on land policy and legislation and to promote national dialogue on land issues</p>	<p><b>Planned:</b></p> <p>a. New Land Law drafted that protects smallholder and community use rights and allows for transferability of title</p> <p>b. Draft Land Law publicly debated before consideration by Parliament</p> <p><b>Actual:</b></p> <p>Draft Land Law subject of national debate culminating in National Land Conference in June 1996; clear provisions for recognition of role of local communities, transferability of use rights, and dispute resolution</p>	<p><b>Planned:</b></p> <p>a. Land Law approved by Council of Ministers and enacted by Parliament</p> <p>b. Begin registering land titles to village associations under existing regs</p> <p><b>Actual:</b></p> <p>a. Land Law enacted July 31, 1997 after amendment</p> <p>b. First few land titles issued to communities by DINAGECA; NGOs assisted communities to meet registration requirements</p>	<p><b>Planned:</b></p> <p>a. Implementing regulations for 1997 Land Law completed and publicly debated; including:</p> <ul style="list-style-type: none"> <li>- simplified rules and procedures for registering land titles to individuals and to community associations; and</li> <li>- new rules for resolving disputes between smallholders and commercial ag enterprises</li> </ul> <p>b. Local Communities Law drafted</p>	<p><b>Planned:</b></p> <p>a. Implementing regulations and procedures for Land Law approved by Council of Ministers</p> <p>b. Local communities law enacted by Parliament</p>		

Policy Area	FY 1995 Baseline	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
<p>5. Improved environment for private sector coastal shipping services</p> <p><b>SO1</b></p>	<p><b>Actual:</b></p> <p>One parastatal enterprise holds monopoly rights; schedules unreliable; cargo volume extremely low despite terrible state of north-south roads</p>	<p><b>Planned:</b></p> <p>Legislation and regulatory changes occur to allow private sector competition</p> <p><b>Actual:</b></p> <p>Completed; one private company operating</p>	<p><b>Planned:</b></p> <p>Private companies will compete and cargo volumes will increase</p> <p><b>Actual:</b></p> <p>Three private companies competing; the parastatal turned over to private operator; traffic more than doubled</p>				
<p>6. Financial sector reform, bank privatization, and market access to foreign exchange</p> <p><b>SO1</b></p>	<p><b>Actual:</b></p> <p>Commercial and central bank functions split in 1993; by 1995, several private commercial banks open; non-bank institutions legally engage in forex transactions at market rates</p>	<p><b>Planned:</b></p> <p>Sale of BCM to private buyers, with gov't shares &lt;49%</p> <p><b>Actual:</b></p> <p>Completed July 1996</p>	<p><b>Planned:</b></p> <p>Sale of BPD to private buyers, with gov't shares &lt;49%; conduct assessment of legal/regulatory obstacles to rural and micro financial services</p> <p><b>Actual:</b></p> <p>BPD privatized; analyses and dialogue (GRM, private sector, NGOs, donors) begun</p>	<p><b>Planned:</b></p> <p>Establish legal framework (incl. supervision regulations) for private and member-owned non-bank financial institutions to mobilize savings and make loans</p>	<p><b>Planned:</b></p> <p>At least one non-bank financial institution established</p>		

Policy Area	FY 1995 Baseline	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
7. Sustainable private system for road maintenance and construction <b>SO1</b>	<b>Actual:</b> Fuel taxes set to cover expected road maintenance costs; to be reviewed and adjusted quarterly	<b>Planned:</b> Within context of ROCS, GRM and donors agree on approach for sustainable maintenance  <b>Actual:</b> Institutional study performed as basis for discussion and decisions	<b>Planned:</b> GRM accepts findings of institutional study, establishes structure for sustainable road maintenance  <b>Actual:</b> Study accepted, restructuring plan completed	<b>Planned:</b> Establishment by law and implementing regulations of an Independent Roads Board, with authority and dedicated fund under its control	<b>Planned:</b> Near-complete privatization of road reconstruction and maintenance financed by Independent Roads Board (i.e., elimination of force account except in special cases)	<b>Planned:</b> Adequate funds available for maintenance, and roads being maintained efficiently	
8. Privatization through concessioning of all major ports and rail services <b>SO1</b>	<b>Actual:</b> All ports and rail systems are state owned and operated; after years of discussing options for privatization, GRM agreed to phased concessioning approach	<b>Planned:</b> Program and timetable agreed for phased concessioning; implementation started  <b>Actual:</b> Program agreed, implementation well underway (asset valuation, tender document preparations)	<b>Planned:</b> a. Tendering for long-term leasing to private companies of southern rail lines and Maputo port  b. Privatization of three tertiary ports  <b>Actual:</b> a. Completed b. Completed (Mocimboa da Praia, Pebane, Macuze)	<b>Planned:</b> a. Contracting for long-term leasing of southern rail lines and Maputo port; and tendering for long-term leasing of northern rail line and Nacala port  b. Privatization of at least one tertiary port	<b>Planned:</b> a. Contracting for long-term leasing of northern rail line and Nacala port; and tendering for central rail line and Beira port  b. Privatization of remaining tertiary ports, for total of five in 1998-99	<b>Planned:</b> a. Contracting for long-term leasing of central rail line and Beira port	

Policy Area	FY 1995 Baseline	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
<p>9. Simplification of business licensing, registration, and operation (elimination of "red tape")</p> <p><b>SO1 and SO2</b></p>	<p><b>Actual:</b></p> <p>First Private Sector Conference held following business associations' criticisms of government over-regulation; GRM and private sector dialogue established, with donor support, to reduce "red tape"</p>	<p><b>Planned:</b></p> <p>Reform Investment Promotion Center (CPI) to end its regulatory role; double 1995 level of foreign private investment</p> <p><b>Actual:</b></p> <p>All regulatory functions removed from CPI mandate; foreign investment level significantly increased; also, Second Private Sector Conference held; simplified tariff schedule introduced; "Red Tape Analysis" completed and presented</p>	<p><b>Planned:</b></p> <p>Completion and official acceptance of action plan to remove obstacles to business licensing, registration, and operation, incl:</p> <p>a. Substantial reform of tax system</p> <p>b. Simplification of business registration procedures and labor regulations</p> <p>c. Action plan to establish private alternative dispute resolution (ADR) system</p> <p><b>Actual:</b></p> <p>Progress incl: simplified inspection requirements, some business registration requirements eliminated, simplified import licensing and registration, etc. ADR development begun; tax reform plans completed</p>	<p><b>Planned:</b></p> <p>a. Cascading sales taxes replaced with a Value-Added Tax (VAT); stamp tax eliminated</p> <p>b. Simplified registration procedures for rural enterprises introduced</p> <p>c. Legislation passed to enable private ADR system</p> <p>d. Simplification of existing Commercial Code</p> <p>e. Reforms disseminated nationally</p>	<p><b>Planned:</b></p> <p>a/b. Continued nationwide implementation of action plan to remove administrative and bureaucratic obstacles</p> <p>c. Establishment of private ADR system that is recognized by law</p> <p>d. Begin drafting sections of new Commercial Code</p>	<p><b>Planned:</b></p> <p>Complete draft of new Commercial Code, following public debate</p>	<p><b>Planned:</b></p> <p>New Commercial Code passed by Parliament; implementing regulations completed</p>

Policy Area	FY 1995 Baseline	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
<p>10. Health care financing and cost recovery</p> <p><b>SO3</b></p>		<p><b>Actual (Baseline):</b></p> <p>Reform opportunities emerged: MOH staff attended workshops and received requested TA to guide discussion of policy issues re: costs and financing</p>	<p><b>Planned:</b></p> <p>a. Initiate design of pilot cost recovery system for Jose Macamo hospital in Maputo</p> <p><b>Actual:</b></p> <p>Design completed on schedule</p>	<p><b>Planned:</b></p> <p>a. Complete design of pilot cost recovery system and implement system at Jose Macamo hospital</p> <p>b. Begin development of national health sector financing strategy (GRM-donor collaboration)</p>	<p><b>Planned:</b></p> <p>a. Plan completed for extending cost recovery system to other major hospitals; three hospitals using cost recovery system</p> <p>b. Complete draft of national health sector financing strategy</p>	<p><b>Planned:</b></p> <p>a. Extension of cost recovery system to 5 hospitals</p> <p>b. National health sector financing strategy approved by Council of Ministers</p>	<p><b>Planned:</b></p> <p>a. Extension of cost recovery system to 10 hospitals</p> <p>b. National health sector financing strategy implemented</p>
<p>11. Liberalized importation and distribution of pharmaceuticals</p> <p><b>SO3</b></p>		<p><b>Actual (Baseline):</b></p> <p>Growing MOH interest in pharmaceutical reform supported by G-Bureau TA to improve procurement, inventory, and distribution</p>	<p><b>Planned:</b></p> <p>New Pharmaceuticals Law drafted, cleared by MOH, and submitted to Parliament</p> <p><b>Actual:</b></p> <p>a. Submitted to Parliament for Oct 97 session</p>	<p><b>Planned:</b></p> <p>New Pharmaceuticals Law enacted by Parliament</p>	<p><b>Planned:</b></p> <p>Strategy and implementing regulations for Pharmaceuticals Law approved by Council of Ministers</p>		

## **G. Environmental Compliance**

USAID/Mozambique programs and activities have *no unresolved issues* relating to 22 CFR Part 216 (Reg 216) implementation. Mission procedures ensure that appropriate environmental review, mitigation, and monitoring take place consistent with the principles of flexibility intended under reengineering and Reg 216; these procedures will be extended to new activities, subject to Africa Bureau Environmental Officer approval. The Mission will continue to ensure that SO teams integrate timely activity environmental review into the decision-making process, and understands that no irreversible commitment of resources is to be made before environmental review is completed and the findings considered for design and implementation (ADS 204.5.3). The Mission took significant steps in FY 97 to support environment-related activities, in particular through the proposed new SO4 focusing on environment and natural resources. (See Section D.) This step recognizes the necessity and the opportunity to pursue sustainable resource use in our focus area, the complementarity of environmental concerns with the Mission's other SOs, and the programmatic importance of environmental activities. Environmental review requirements anticipated in FY 98 and FY 99 are noted below and summarized in the accompanying table.

### **SO1 Increased rural household income in focus area**

Wise use of natural resources is essential for sustainable agricultural development and economic growth in Mozambique. Sustainable agricultural management practices both increase productivity and help conserve the resource base. In addition, opportunities created through promotion of environmental enterprises, harvesting of non-timber forest products, and community-based natural resource management activities provide alternative income sources for rural households and encourage more sustainable resource use.

*PVO Support II* -- The IEE was amended in FY 97 to extend the LOP, add funds, and incorporate minor revisions related to the Africa Bureau overall umbrella IEE process. The environmental screening and review process has enhanced field-level activity design and empowered PVO partners to conduct environmental reviews and take responsibility for implementing mitigative measures and monitoring, with periodic oversight from the Mission Environmental Officer (MEO). 15 grant environmental reviews have been submitted and approved at Mission level. The Mission is helping avert indirect impacts on Gorongosa Park and surrounding watershed resources by supporting sustainable community management of forest ecosystems, an activity that complements integrated resource management planning activities underway in northern Sofala province.

*Rural Access Project (RAP)* -- Reg 216 requirements and a "beyond compliance" strategy which supersede those of the IEE are detailed in the RAP PP. In FYs 98-01 the Mission

expects to provide technical assistance to the National Roads and Bridges Directorate (DNEP) to build capacity for environmental review of road construction and rehabilitation. We will also address long-term indirect impacts of road rehabilitation using a monitoring approach to detect incursions into protected areas and degradation of forest, wildlife or other resources within the "zone of influence" of RAP roads.

*Private Sector Support Program (PSSP) and Private Sector Support Technical Assistance (PSSTA) Project* -- Research and analysis under PSSTA have and will inform the design of environmentally sustainable agricultural activities which support increased food security. The Mission supports reforms in the legal and policy framework to give communities and individuals improved security of tenure, a key factor in sustainable agricultural income generation. PSSTA also supports research to enhance and monitor production, product marketing, and promotion of private agricultural input sales and services. FY 98 support for cashew development will include on-the-ground research in disease-resistant cashew trees, which will require resolution of the deferral for pesticides in the PSSTA IEE as amended in FY 97.

*P.L. 480 Title II and Title III Resources* -- Since P.L. 480 Title II resources constitute a significant portion of SO1 and are often programmed along with PVO Support II funds, the environmental soundness of Title II assistance has been promoted by the project environmental review process. In accordance with FY 99 DAP/PAA guidance, all future activities financed by Title II development food aid resources will require an IEE. Cooperating Sponsors have attended training workshops on environmental compliance sponsored by BHR with REDSO/ESA technical assistance, and have received an environmental compliance manual. Although Title III is not subject to Reg 216, the Mission will seek to ensure that activities using counterpart funds are environmentally sound.

## **SO2 Government and civil society are effective partners in democratic governance at national and local levels**

All SO2 activities are covered by the IEE for the Democratic Initiatives Project, which was amended in FY 97 to incorporate the Local Empowerment in Governance Activity (LEGA) to promote community decision making. New provisions, similar to those contained in PVO Support II, require screening and review of individual grants or activities. No new activities not covered by the existing IEE are planned.

## **SO3 Increased use of essential maternal and child health and family planning services in focus area**

The Primary Health Care Support Project IEE was amended in FY 97 to incorporate the Mission's HIV/AIDS prevention strategy, and no activities different from those covered by existing IEE are planned.

**Proposed SO4 Increased capacity for sustainable natural resource management**

Existing activities likely to fall within the proposed SO4 are covered by existing Reg 216 documentation prepared under SO1. Any new activities not so covered would require assessment. FY 98-99 activities would likely merit Categorical Exclusions or Negative Determinations with or without Conditions.

**USAID/Mozambique Environmental Review Status, Plans and Schedule**

<b>ASSISTANCE ACTIVITIES</b>	<b>FY 97 or previous</b>	<b>FY 98</b>	<b>FY 99</b>	<b>Comments</b>
<b>SO1 Increased rural household income in focus area</b>				
Rural Access Project (RAP) (through FY 02)	95 PP road screening and review process validated.	Continue review process. Inst. strength. of DNEP for mit. & short-term mon; mon of induced impacts	Same as FY 98	Proactive environmental enterprise mitigation concept for Gorongosa area initiated FY 97
PVO Support II Project (through FY 03)	PVOs using 95 IEE as amended in 97, with env. screening and review process	PVOs continue approved process; referral of few env. reviews to BEO possible; IEE amendment possible for pesticides	Same as FY 98	PVOs trained in screening and review. BEO to be provided summary/status of activities approved. Environmental enterprises being promoted
Private Sector Support Program (PSSP) and Private Sector Support Technical Assistance Project (PSSTA) (through FY 01)	89 IEE amended in 92 and 97; Cat Ex for TA and deferral for cashew research trials. EMEMP for PSSP; 93 study re EMEMP not pursued	Amend 97 IEE to remove deferral for cashew pilot entailing use of fungicides. Likely Neg. Det. with Conditions	To be determined	
P.L. 480 Title II & Title III Activities (variable years per individual DAP)	Title II following PVO Support review process	BHR DAP/PAA guidance to be followed, umbrella process consistent with PVO Support II	Same as FY 98	Mission to assess Title III CPF recipients for sound environmental programming
<b>SO2 Government and civil society are effective partners in democratic governance at national and local levels</b>  Democratic Initiatives Project (DIP) (through FY 00)	IEE amended FY 97 to incorporate env. screening and review for LEGA; other activities have Cat Exclusion	Follow env. screening and review procedures.	To be determined	BEO to be provided summary/status of activities approved
<b>SO3 Increased use of essential maternal and child health and family planning services in focus areas</b>  Primary Health Care Support Project (through FY 99)	IEE amended FY 97 to provide Cat Exclusions for all activities except Neg. Det. for health post rehab	Routine monitoring per ADS 204. SO-level IEE if SO agreement developed	To be determined	Care exercised if any rehabilitations and that no biomedical waste created by activities
<b>SO4 Increased capacity for sustainable natural resource management</b>	SO under study.	SO-level IEE when new monies obligated; cover new activities not under existing IEES and incorporate by cross-reference existing IEES for pertinent activities.	To be determined	

### **Part III. Status of the Management Contract**

USAID/Mozambique's management contract with USAID/Washington is defined by the results of the Washington review of the Country Strategic Plan (CSP) as transmitted in a program week guidance cable dated June 13, 1995; a revised CSP, reviewed and subsequently published by USAID/W in 1995; and a series of communications, addenda and performance reviews since 1995. The management contract has also been influenced by and modified to include certain high priority Agency Initiatives that are appropriately supportive of the Mission's overall strategy (the Leland Initiative, the African Food Security Initiative, and the Trade and Investment Initiative). In its November 9, 1997 management letter to the Mission Director, the Africa Bureau raised several programmatic and Mission management issues for consideration. These issues will influence the implementation, if not the substance, of the existing Management Contract.

The approved Mission strategy has already undergone some modification since its approval in 1995. This is normal -- and in a country like Mozambique, with its rapid progression from crisis and conflict to peace and economic growth, the ability to make modifications within the Mission's authority has been important. The result is improved articulation of the program, better enunciation of anticipated results, and more focused activities to achieve those results.

This mid-point in the CSP period is an opportune time to reflect on the magnitude of the changes that have occurred in Mozambique and in USAID (those which have been beyond the control of the Mission), which may ultimately impact on achievement of the CSP objectives. It is time to consider more comprehensively how the Mission can best respond to these changes and, in some instances, take advantage of them to ensure maximum program impact.

The economic, social, and political sea change that has occurred in Mozambique has been dramatic. Economically, all productive sectors are experiencing strongly positive growth with overall GDP increasing by 6-8% per year. Foreign investment is increasing, much of it in the form of high visibility "mega" projects, which in and of themselves attract more investor interest. A country that was considered as late as 1994 to be the world's largest recipient of humanitarian food aid is now producing and exporting surplus food stuffs, to the benefit of other food deficit countries in the region. Civil war and conflict have been replaced by peace and coexistence. Democracy is fragile, but flourishing.

The governance situation is developing rapidly. Among the political parties, a strong, fundamental desire never to return to the past dominates public discourse and debate, and facilitates compromise and consensus. The power of the media is increasing, as they provide a forum for public debate of political, economic, and social issues. Civil society is active, airing its views and influencing government policy, parliamentary action, local politics, and

personal political futures.

The strong voice of civil society is also playing an increasing role in international assistance. It has influenced the programs and policies of development institutions, and forced donors to improve the transparency of their programs in Mozambique. A wide array of Mozambicans want a voice in determining the course of their development and increasingly object when they are not consulted.

A strong, effective and reform-minded GRM leadership is firmly in place. With the economic successes of the past three years, GRM confidence to manage the country's development is justified. With respect to governance, the leadership knows that the next priorities in restructuring government will be difficult. They recognize the need to build local capacity to reduce dependence on imported expertise. They understand that the civil service needs total reform as it is neither structured nor competitive enough to meet the country's requirements. They have articulated a dependency-reducing development strategy which is predicated on simultaneous increases in government revenues, transparency in donor financing, and greater direct GRM management of the government's development resources. As the Mission pauses at the CSP mid-point, USAID must consider how it, one of Mozambique's largest bilateral donors, can facilitate and strengthen this transformation.

USAID, too, has undergone a sea change in its organizational culture over the past few years, and new initiatives, funding priorities, and ways of doing business must necessarily influence the USAID/Mozambique program through the rest of the CSP period.

Within USAID/Mozambique these changes have had a substantial impact. The period 1995-97 has been characterized by considerable management and staffing instability. Four persons served as Mission Director over the two-year period. With a USDH vacancy rate of 23% (1995-96) at the same time that the overall USDH ceiling was reduced by 26% (1995-97), management oversight and leadership of the program were "uneven" at best. On top of the 1996 USDH RIF, USAID/Mozambique experienced significant FSN RIFs in 1996 and 1997, and ceiling reductions on USPSCs, further reducing the overall Mission capacity to implement the approved strategy.

With regard to funding, it has not been possible for USAID/W to meet overall financing needs for the strategy as approved. Significantly less EG money has been available, and DG funding constraints continue to pose a challenge. Health financing (and all the components thereof) and environmental funding have been significantly larger than originally planned. The Mission will be receiving increasing amounts of microenterprise funding.

Because of the continuing positive good will about Mozambique both in Africa and in USAID/W and a sincere desire to ensure that the USG's overall funding does not decrease dramatically, Mission and Washington colleagues have worked hard to substitute for losses in one funding area with increases in others. USAID/Mozambique is now participating in the Leland Initiative, the Africa Food Security Initiative, and the Initiative for Southern Africa; and has proposed an activity under the Africa Trade and Investment Initiative. When needed EG funding levels could not be realized, BHR, AFR and the Mission worked together to design a three-year Title III program. All this has increased the complexity of a strategy which was based on the availability of funds from just three functional areas: economic growth, democracy/governance, and health/child survival.

Is now the right time to make modifications in the strategy? At a February 1998 USAID and U.S. partners retreat, there was general agreement on the following points:

1. The major programmatic fundamentals of the strategy remain valid, but they may not be sufficient to address Mozambique's needs.
2. Mozambique has come much farther much faster than anticipated in 1995 in terms of its economic and democratic development. New approaches to assistance, including engagement of the public sector, should be considered.
3. USAID needs to pay increased attention to the policy environment and public sector reform.
4. Human capacity remains Mozambique's primary constraint to sustainable development, and not enough is being done about it by government, donors, or international PVOs.

It was also felt that 1998 was probably the last chance within this strategy period to make corrections and still see some results from them.

The Mission is proposing *three types of modifications* to the strategy. The *first* consists of corrections at the intermediate results level within the current results framework to: capture feedback from performance, adjust our activities in response to Mozambique's accelerated progress, incorporate advice from U.S. and Mozambican colleagues, and adjust for funding shortfalls and additions. These modifications are described previously in this document and will affect the direction of current and future activities under SO1, SO2, and SO3.

A *second* modification is the proposed addition of a separate Strategic Objective Four: “Increased capacity for sustainable natural resource management.” The addition of this strategic objective recognizes the dual importance of environmental activities to achievement of the Mission's objectives as well as the growing importance of environmental funding in the Mission program. Under SO1, with its overall focus on rural incomes, environmental funding has successfully contributed to increases in sustainable agricultural production, the primary determinant of rural incomes. The activities under SO1 which contribute to environmentally sound agricultural practices and technologies will continue to absorb a major portion of Mission ENV funding. ENV funding available to SO4, however, will focus on capacity development in the natural resources management area beyond the farm. SO4 activities will build environmental awareness and capacity within civil society, the public sector, and the private sector, including the capacity to undertake analyses of the environmental impacts of major investments. They will also improve capacity to increase the adoption of sustainable environmental technologies and practices, with a focus on community land-use planning (an important approach now permitted under the new Land Law) and non-agricultural environmental enterprises. Activities will be undertaken with a three-year time horizon, most likely on a pilot basis so that results can be fed into a follow-on CSP in 2001.

The *third* modification is the proposed recognition of a Special Objective (SpO): “Improved enabling environment for economic growth and development.” Under this SpO, the Mission will implement the three different kinds of activities articulated in section F of Part II: those that improve the overall economic policy and development environment in Mozambique (e.g. the Leland Initiative); those that support the attainment of Mission SOs but which must be approached cross-sectorally by the Mission (e.g. public sector reform); and those that implement regional program objectives, also important to the development environment in Mozambique (e.g. regional transport programs and policy development). Implementation of this SpO will enable the Mission to cogently engage in overall policy dialogue, a strong suggestion from our U.S. and Mozambican partners, as well as to efficiently manage this diverse set of activities emanating from a mixture of Agency-wide initiatives, Africa-wide initiatives, and regional initiatives. At this point, prior to the approval of this SpO, the Mission is requesting specific funding for it. Funding for these activities would, however, eventually come from *within* overall Mission resource request levels, as presented in this R4, plus USAID/W funding under ATRIP.

In addition to strategic modifications proposed above, the Mission intends to introduce new program management tools. Many of these will also continue the reengineering process begun in the Mission in 1995.

1. Strategic Objective/Program Agreements will be introduced as a new obligating modality in FY 1998.

2. Each SO and SpO team will identify an “expanded” team to incorporate greater Mozambican participation from partners, public officials, the private sector and civil society, as appropriate.
  
3. Each SO and SpO team will develop an explicit, funded, local leadership and capacity building strategy within its SOAG or appropriate program agreement.
  
4. The Mission will implement a policy of ensuring that all official communications (strategic objective and program agreements, grant proposals and agreements, and implementation letters) are in Portuguese as well as English to facilitate greater Mozambican participation.
  
5. For each international PVO partnership grant to be amended or awarded, the Mission will require a sustainability plan, a local capacity building plan, and an exit strategy.
  
6. The Mission will work closely with other donors to design and implement multi-donor, sector-wide approaches in the health, agriculture, and roads areas, as deemed appropriate.

We expect the introduction of these tools will improve the quantity and quality of our partnership with the Mozambican public and private sectors, crucially important for the future sustainability of USAID investments in Mozambique.

**Action Requested:** USAID/Mozambique requests explicit approval of two modifications to the Management Contract, the addition of a Strategic Objective 4 and a Special Objective, as discussed in the preceding sections of this report.

**USAID/Mozambique**  
**FY 2000 Results Review and Resource Request**

**Resource Request**

**March 2, 1998**

#### **Part IV: Resource Request**

The resource levels requested in Mozambique's R4 2000 reflect prior year adjustments in program activity levels to comply with mandated Congressional and Agency interests. Expanding program activity for HIV/AIDS prevention and family planning are two examples of such adjustments. Another is the Mission's proposed new environmental SO which will facilitate more focused management and results reporting for the environment earmark. The availability of P.L. 480 Title II and Title III resources, including Title II 202(e), has been and will continue to be critical to achieving results under SO1 and SO3. Only with these P. L. 480 resources will the Mission be able to fulfill its management contract with respect to achieving SO1 results.

In this period of reduced staff resources, the Mission will continue to identify actions that contribute to retention of a clearly defined program focus while striving to achieve maximum results. All three strategic objectives, as well as the proposed fourth objective for the environment, demonstrate synergy and strong linkages within the overall country strategy. The Mission views improvements in program monitoring and activity management as essential to effectively managing resources, and recognizes the importance of managing for results and accountability. USAID/Mozambique is also making a concerted effort to hire top-flight Mozambican professional staff to fill several positions now encumbered by expatriates.

In the absence of Agency training, on-the-job training in activity management and mentoring by experienced staff have enabled the Mission to better utilize existing staff, increase the number of activity managers, and increase the time devoted to field monitoring and interaction with partners. This has resulted in a more equitable distribution of the activity management workload as each activity manager now has fewer grants and contracts to manage. The Mission needs to make further progress in this area, however. There has been a marked movement toward results-oriented management of the grants and contracts. All Mission grant managers participated in a four-day grant management workshop in November 1997. Another effort to improve activity management is the semi-annual implementation review (SAIR), introduced to replace the project implementation review. The SAIR is a presentation of all ongoing and planned activity within a results package, and the review is led by each results package team. While activities are normally multi-year in length, funding is incremental. The SAIR process provides an opportunity to review performance and make adjustments based on critical analyses of results achievement, progress with implementation, and expenditure rates.

As noted, the Mission has depended heavily on grants and cooperative agreements to PVOs to implement the program. These are generally for periods of three to four years and funding is provided in annual increments based on performance and careful review of work plans. While incremental funding has been an effective tool for management of resources, it could conceivably lead to negative results if OYB funding were to be reduced. The Mission has recently initiated a 611(a)-type review of the PVO portfolio, and will carefully assess our future approach to grant funding. However, our experience indicates that PVO performance warrants a high level of incremental funding. To mitigate the potential negative effects

associated with a reduced level of funding, current activities in individual grants and cooperative agreements have been prioritized, often on a locality basis. If less funding is available, fewer locations are covered or fewer activities are implemented, but there is also a corresponding reduction in planned results. One outcome of the 611(a) review will be a determination of whether this is the best strategic approach to employ to address 611(a) concerns contained in the Mission's management contract. USAID/W participation in this discussion would be welcome.

## **A. Financial Plan**

The resources requested for FY 99 and FY 00, as outlined in the following paragraphs, are required to incrementally fund four strategic objectives. This request is based on the assumption that the Mission will receive the indicative FY 98 NOA control levels.

### **SO1 Increased rural household income in focus area**

*The Mission's request for SO1 is \$45.9 million in FY 99 and \$46.1 in FY 00, which represents a combination of funding from economic growth, environment, the African Food Security Initiative, and P.L. 480 Title II/III food aid.* In FY 99 the required amounts by funding source are (1) \$6 million in agriculture, (2) \$9 million in economic growth, (3) \$4.3 million in environment, and (4) \$23.6 million in P.L. 480 Title II and III. For FY 00 the Mission is requesting (1) \$6 million in agriculture, (2) \$17 million in economic growth, (3) \$4 million in environment, and (4) \$19.6 in P.L. 480 Title II. The Mission is requesting an additional \$5 million of economic growth funding in FY 00 to support ongoing policy reform activities. These funds would replace the Title III funds that are currently being used for this purpose and expand the policy agenda currently under implementation.

These amounts represent the minimum required to continue with the current program for rural access/farm-to-market road rehabilitation and strengthening of rural markets (\$21 million), support for rural micro- and small enterprise development (\$8 million), and increased sustainable agricultural production and improved productivity through adoption of improved farming techniques and environmentally sustainable farming practices (\$17 million). The present deplorable condition of roads in Mozambique, especially in the Mission's program focus area, is a significant constraint to achieving development results. Road rehabilitation continues to be one of the highest Government of Mozambique priorities as it seeks to achieve sustainable economic growth and improve the living conditions for the majority of its citizens that live in rural areas.

As stated in last year's R4, P.L. 480 Title II and III resources are integral parts of the Mozambique program. Title II resources continue to fund major portions of the multi-year Development Assistance Programs (DAPs) of six PVO partners that support intermediate result 1.3, "Increased sustainable agricultural output," under the rural incomes strategic objective. P.L. 480 resources are also supporting labor intensive rural road rehabilitation programs being implemented by three of the DAP PVO partners, which directly contribute to

achievement of intermediate result 1.1, "Increased access to markets." Over a five-year period starting in 1997, these DAPs are being funded through a combination of P.L. 480 Title II monetization (\$73 million) and 202(e) funds (\$6.7 million), grants under the Mission's PVO Support II Project (\$16.5 million), and PVO matching contributions (\$4.5 million). On an annualized basis, the six DAPs require approximately \$15 million in monetized P.L. 480 Title II funds, \$1.5 million in P.L. 480 Title II 202(e) funds, and \$3.5 million from the Mission's annual agriculture and economic growth OYB. The PVO grantees will contribute an additional \$0.9 million annually in matching funds.

The relatively large SO1 pipeline is due in large part to delays in awarding a major road construction contract. The Mission applied value engineering concepts in examining a proposed road design, concluding that the objectives of the road could be achieved with a modified design. While this design modification has resulted in a one-year delay in contract award, substantially lower construction costs will enable the Mission to rehabilitate the entire road as planned. Otherwise, reductions in available funding from the levels originally anticipated under the CSP could have resulted in USAID funding only a partial road!

## **SO2 Government and civil society are effective partners in democratic governance at the national and local levels**

*The Mission's request in FY 99 for SO2 is for \$2.7 million DA funds and \$0.5 million in ESF funding. The FY 00 request is for \$3 million of DA funding and \$0.5 million in ESF.* The request level is consistent with the Bureau's FY 99 CP level for DA. Our request for ESF is additional. Since funding for D/G activities last year and the projections for FYs 98-99 are significantly less than planned for by the Mission in the CSP, SO2 has made adjustments to its intermediate results, as discussed in section B of Part II. Minimal support for the 1998 municipal elections will enable establishment of a new intermediate result to strengthen local government institutions in the post-municipal election period. This new IR reflects not an expansion but rather a *focusing* of previously planned activities and an overall reduction in activities. Funding requirements for this activity are \$0.6 million and \$1.2 million for FY 99 and FY 00, respectively. In FY 99 \$0.4 million will be obligated as part of a continuing activity for strengthening the National Assembly, and a final obligation of \$0.6 million will be made in FY 00 for the same purpose. Support for developing civil society is estimated to be \$0.2 million in FY 99, increasing to \$0.5 million in FY 00. Modest amounts will continue to be programmed for activities in support of rule of law and arbitration services for both fiscal years.

Two discrete activities are proposed for ESF funding. The FY 99 request for \$0.5 million would fund specific activities contributing to a second free and fair general election, scheduled for late 1999. This is only a fraction of the amount that USAID expended in the first general election in 1994. The FY 00 ESF request of the same amount is for political party strengthening in the post-election period, a crucial requisite for a multi-party democracy, and something the Mission may initiate from savings at an earlier date.

**SO3 Increased use of essential maternal/child health and family planning services in focus area**

*The Mission's request for SO3 is \$19.65 million in FY 99 and \$21 million in FY 00, which represents a combination of funding from Development Assistance, Child Survival, and P.L. 480 Title II.* In FY 99 the amounts by funding earmark are (1) \$6.3 million in population, (2) \$5.6 million in child survival, (3) \$2.82 million in HIV/AIDS, (4) \$1 million in other health, and (5) \$0.5 million in infectious diseases. An additional \$3.45 million in local currency generations from P.L. 480 Title II will be used to support child survival activities. These levels are consistent with the CP control levels issued by AFR/DP.

In FY 00 the amounts by funding earmark are (1) \$6.5 million in population, (2) \$6.1 million in child survival, (3) \$3.2 million in HIV/AIDS, (4) \$1 million in other health, and (5) \$1 million for infectious diseases. A further tranche of \$3.45 million equivalent of local currency from P.L. 480 Title II food aid is requested to continue support for child survival activities.

In FY 00 SO3 will also require \$6.5 million in population funding to achieve target results. As rural access to family planning services improves and demand by Mozambican women increases, the demand for contraceptives will increase. The funding required to finance USAID's portion of contraceptives is estimated to increase from \$0.8 million in FY 99 to a minimum of \$1 million in FY 00. The balance of the population funding, \$5.5 million in both FY 99 and FY 00, is for technical assistance and other support activities to expand access to quality family planning services in conjunction with Mozambican organizations. This support may be provided through a combination of U.S. PVO programs and Global Bureau field support. In addition, funds will be directed at an active population policy reform program with the GRM.

Financial resources required to expand the highly successful condom social marketing program for HIV/AIDS prevention are \$2.8 million for FY 99, increasing to \$3.2 million in FY 00. Plans are to increase the retail selling price of condoms by 100% during FY 98. This will significantly improve local cost recovery and is not expected to reduce demand or adversely affect condom sales ultimately, although a slight, temporary dip in demand may be seen. A very effective communications program has conveyed to high risk groups in Mozambique that behavior change, including condom usage, is required for protection against STDs and HIV/AIDS. All condoms will be procured through Global Bureau field support. Funding for condom procurements constitutes 53% of the cost of the Mozambique HIV/AIDS program. FY 99 program levels for condom procurement, however, are insufficient to meet projected sales in the year 2000; the shortfall will be in the range of \$4.5 million. The Mission will seek to increase funding from other bilateral donors to help meet this shortfall. Proceeds from increased condom sales will also reduce the shortfall.

Activities to combat infectious disease, starting in FY 98, will focus on malaria, the number one cause of child mortality in Mozambique. A three-year activity will increase the capacity

of Mozambique health services to carry out drug resistance studies and to increase access to effective treatment. With the launch in FY 99 of a joint donor effort for improved management of childhood illness, USAID's requirements for both infectious disease and child survival funding will increase. In FY 00, \$1 million of infectious disease funding is requested to support improved treatment and case management of malaria. To ensure a truly integrated approach, child survival funding, both through the bilateral program and with technical leadership from Global field support, will be tapped.

The Mission's interventions to support child survival and improve maternal health have been implemented in large part through grants to PVOs working in conjunction with the MOH in district level programs. The PVO grants will require appropriate incremental funding annually. We anticipate no increase in the number of grants for the remaining life of the CSP. In addition, the Mission will engage the Ministry of Health in an active policy reform program in the areas of health care finance, pharmaceutical reform, and health care management. Technical assistance to support these policy reforms will require \$1 million in FY 00 in addition to USAID's contribution to a multi-year SWAP in the health sector.

#### **SO4 Increased capacity for sustainable natural resource management**

*The Mission's request for SO4 is \$3 million in FY 99 and \$4.5 million in FY 00 in Development Assistance funding.* For FY 99 this level is consistent with Bureau guidance, when added to the environmental earmark funds that are proposed to support natural resources activities in SO1. The increase in FY 00 reflects the Mission's intention to further expand activities that have clearly demonstrated potential to strengthen the capacity in Mozambique for environmental planning and advocacy, as well as continue to support the strengthening and expansion of environmentally sustainable enterprises.

#### **B. Prioritization of Objectives**

It is difficult if not impossible for the Mission to objectively rank and prioritize only three SOs, of which two (SO1 and SO3) account for 95% of the annual resource allocation. All three SOs are currently meeting expectations and in some instances constituent intermediate results activities are exceeding expectations. All three SOs are essential to achievement of the Mission's overall program objectives. Although eliminating or reducing SO2 would have only a small impact on the Mission's OYB, elimination of either of the other two SOs would be tantamount to closing half of the Mission's program. SO3 largely consists of restricted funds and contributes to Agency earmarks and targets, as does the proposed SO4. Should Agency financial constraints necessitate a reduction in program funding levels, the Mission would propose to selectively identify earmark-financed activities within each SO to be reduced or eliminated -- rather than eliminate an SO altogether -- to bring the program down to the level that could be sustained with available resources. That said, depending on the size of the reduction, we would have to expect that the strategic objectives themselves would be revised downwards.

In SO1, the Intermediate Result (IR1.2) for micro-enterprise and rural finance would be eliminated first, and the SO would be refocused on increases in income from agriculture.

In SO2, new IRs would not be initiated. If it came to eliminating IR2.1, the Mission may require the redefinition of SO2 as a target of opportunity rather than a strategic objective. The Mission would preserve IR2.2.

In SO3, activities under IR3.1 (access to health services) would be preserved, while those under IR3.2 (demand for health services) would be reduced, favoring an increase in supply of services over demand creation.

A significant reduction in environmental funding would prevent the Mission from initiating the proposed new environmental SO.

Should any significant reduction in levels occur, the Mission would continue the current moratorium on new PVO grant proposals and carefully review, within the constraints of limited funding, any requests for extension or follow-on activities. Incremental funding for poorly performing grants would, of course, be denied first.

### **C. Linkage of Field Support, Non-Emergency Title II, and Title III**

P.L. 480 Title II and III food aid resources are an integral part of the resource package needed to achieve Mission strategic objectives. Local currency generated under Title II is programmed to provide direct support for activity implementation of the six DAPs in SO1 and also contributes to SO3 child survival results. Each results package under SO1 has activities receiving a combination of funding from the DA account and Title II; however, Title II resources alone account for just under 80% of the overall DAP funding. Without a Title II program, Mission OYB resources would be inadequate to continue this program. Title II resources contribute most directly to on-farm production and micro-enterprise value-added agricultural processing, both activities of importance to increasing rural incomes. Without the Title II program, the Mission's OYB is insufficient to support the level of activity required to achieve the results anticipated by the end of the CSP.

Since FY 97, Title III funds have also largely replaced the Mission's Commodity Import Program as the main instrument supporting USAID's policy reform agenda with the GRM. The policy reform agenda consists of reforms supporting objectives in all three SOs. (See section F of Part II.)

The Mission continues to rely on several specialized field support activities managed out of the Global Bureau to directly assist activity implementation in Mozambique. Field support brings highly specialized sectoral expertise, especially in the health sector. Field support has also been especially effective in enabling rapid mobilization of field activity in response to Congressional and Agency earmarks and targets. For example, all contraceptives and condoms are procured through field support and much of the Mission's family planning

activities are implemented through field support mechanisms. Field support is also used to provide the analytical backup to support the Mission's policy reform agenda in the health sector. See attached table for full list of field support requirements for FYs 98-99-00.

#### **D. Workforce and OE**

USAID/W has lifted the workforce ceilings and charged each mission with the responsibility to manage its staff levels to meet program needs within the constraints imposed by a dwindling OE budget. USAID/Mozambique supports the view that Missions can make more efficient resource use decisions if not simultaneously juggling budget levels and personnel ceilings.

For FY 98 the Mission requested \$3,255,900 in U.S. dollars and \$571,000 equivalent in trust funds for a total OE requirement of \$3,826,900. This is the same level that the Mission requested for FY 98 as a part of the R4 FY 99 exercise. This OE level was reconfirmed by the Mission in response to queries by the Africa Bureau in May/June 1997. At this level, the Mission has discretionary use of only 21.7% of its OE resources. The remaining 78.3% is budgeted for staff entitlements over which the Mission exercises little, if any, discretion. To reduce the Mission's FY 98 levels to the current level authorized by the Africa Bureau (\$3,135,000) would require an additional \$120,900 reduction. If the Africa Bureau is unable to authorize FY 98 Mission OE at our current request level, the Mission will reluctantly initiate the following steps to further reduce FY 98 U.S. dollar requirements from \$3,255,900 to \$3,135,000. We will ask USAID/W to finance:

- All FY 98 USDH Transfers/Post Assignments;
- All TDYs of USAID/W staff; and
- All costs for Mission personnel to attend technical conferences.

These may appear to be drastic measures, but the Mission feels strongly that it must maintain its current level of highly reduced staff while ensuring a modicum of improvement in NXP, which has been reduced repeatedly over the past few years. This is the best way for us to ensure that Mission OE funds best support our Mission program. For example, the three employees scheduled for transfer in FY 98 are willing (in fact anxious) to extend in Mozambique. However, USAID reversed its previous policy of encouraging third tours, thus requiring these transfers and related replacement assignments. Approval of third tours for these employees would have represented significant savings to the USG and provided continuity to the Mission program. The Mission would therefore (at current approved levels) be unable to fund their transfer, and would count on others (receiving Missions or USAID/W) to do so.

The Mission has rigorously reviewed its staffing levels in conjunction with its program funding levels. The revised workforce level reported at the end of FY 97 was 120 (13 USDH, 81 OE locally hired PSCs and FSN/DHs, and 26 program-funded PSCs). This in fact agreed with the workforce total of 120 reported, with the addition of a program funded PASA

(BUCEN) and a Leland Initiative-funded local contractor, neither of whom were reflected on the previous workforce tables, for different reasons. During FY 98 the Mission will continue to pursue its current policy to hire Mozambicans to fill professional positions and replace incumbent US and TCN PSCs to the extent possible upon contract completion. Specifically in FY 98 the Mission will hire an additional three program-funded staff, all locally recruited professionals: an economist/private sector advisor, an agricultural policy advisor and an implementation specialist. One would be hired if ATRIP funds are allocated; the policy advisor in agriculture will fill a vacuum in this understaffed SO; and the implementation specialist will help project management efficiencies in the health office. Thus in FY 98 the total workforce level will be 123, reflecting an increase of three program-funded FSN/PSCs.

In FY 99 we will add a FSN/PSC Environmental Advisor to support the proposed Strategic Objective 4, if that is approved. Again the intent would be to phase out a USPSC professional over the next few years. The workforce level is straight-lined in FY 00 and FY 01. While in the short run hiring additional local staff will place an added burden on the Mission's OE budget, in the long run this strategy will reduce the OE budget support requirements and contribute to building a senior Mozambican professional cadre within USAID's program. The only other workforce impact on OE will be the transfer in FY 99 of a USPSC working in the Program and Project Development Office who is presently program funded to OE funding. Given proposed changes in the job description the position would be more appropriately funded from OE sources. In addition, the Mission has completed a preliminary examination of all positions in the Mission to determine appropriate funding sources. In actuality, several modifications are being proposed, but the overall effect on OE is negligible. All shifts are reflected in our workforce under the request levels for FYs 99-00-01. This rationalization of functions can only be accomplished if our FY 99 OE request levels are approved.

For each of FY 99 and FY 00, we have presented both target and request budget levels. The target levels are illustrative only in that they represent the target levels provided to the Mission by the Africa Bureau. *The request levels represent the actual levels required* by the Mission to ensure adequate management and oversight for the approved program strategy.

If the Mission were to have to reduce the request levels to the targets provided in each of these fiscal years, the Mission has made the following assumptions:

- All FY 99-00 assignments to post will be employees with no family members. The Mission will actively recruit single staff or tandem couples without dependents to fill all USDH vacancies. Where qualified single staff or tandem couples are not available, Mission will request the additional OE required for Mission to support family members of selected staff.
- Mission will be unable to provide any funding for TDYs of USAID/W staff in FYs 99-00.
- ICASS costs in FYs 99-00 will remain constant at FY 98 levels. This is unlikely given the inclusion of NXP in the FY 99 ICASS budget. Our present

realistic projections are that OE ICASS costs in FY 99 will be a minimum of \$170,000.

- 40% of all staff transferring out will take direct transfers to other field posts at no cost to the Mission.
- 20% of all staff transferring will take home leave and transfer to another post.
- 40% of all staff transferring out will transfer to USAID/W.
- NXP (including transport) will be reduced by 71.6% in FY 99 and 46.7% in FY 00.
- No increase in security guard costs. The Embassy is currently issuing an RFP for a new guard contract. Current Embassy estimates are that costs could double under the new contract due to requirement that contractor provide all equipment needed to carry out the terms of the contract.

As stated these target budgets are illustrative only and are presented only to fulfill the requirements of the R4. The Mission realizes that many of the assumptions that support these target levels are unrealistic. However we are unwilling at this time to identify program cuts which the Mission would implement if we do not receive our request levels in FY 99. However, if OE levels in FY 99 are set at the target levels currently identified, the Mission will have to reassess its ability to adequately manage our program within those OE budget constraints.

USAID/W should be assured that the Mission is doing everything possible to ensure our OE dollars as well as trust funds are used efficiently. While ceilings on all but USDH staff have been lifted by USAID/W in FY 98, the Mission has maintained its non-USDH OE workforce at FY 97 levels. During FYs 96-97-98 the Mission successfully renegotiated leases reducing rents on some properties by as much as 40%. We are concerned, however, that the rents in FYs 99-00 may soar to FYs 92-93 levels with the arrival of several hundred new expatriate families associated with international investors establishing facilities in Maputo.

Unfortunately, our attempts to efficiently use Mission OE resources are seldom rewarded. A recent decision by M/BUD to straight-line Mission ICASS budgets at FY 98 levels penalizes those Missions like Mozambique, which has conscientiously scrutinized the FY 98 ICASS invoices to ensure they adequately reflected USAID's fair share of the total ICASS Mission budget. The initial FY 98 ICASS OE budget presented by the Embassy to USAID/Mozambique was \$180,700. After careful review and frank negotiation with the Embassy, our final invoice for FY 98 ICASS OE costs was \$132,100 -- a savings to the Mission and Agency of \$48,600. We are now going to be penalized in FY 99, since, while ICASS costs will increase in FY 99 (our current projection for FY 99 ICASS OE is \$170,000), the level of funds which the Mission will be allocated in FYs 99-00 for ICASS will be the approved FY 98 level. If our projections are accurate, this means a real loss to the Mission in FY 99 OE resources of \$35,000 (\$170,000 - \$135,000). Such an approach by M/BUD to budget allocation, simply put, flies directly in the face of sound reengineering principles, which should result in motivating Mission management to better manage resources and not penalize those managers who do a good job. Under such budget allocation guidelines, it is

doubtful whether this Mission will ever be able to approve an ICASS invoice since even reasonable invoices will exceed the funding available to the Mission for ICASS.

Overall, this Mission is fighting to keep its workforce intact essentially because we are barely keeping up with the workload. Since FY 95, this Mission has seen its USDH staff reduced by five employees and positions, and its USPSC staff reduced by six employees. Program levels, however, are justifiably increasing. We desperately need the marginal relief (defined as *maintaining* staff levels) that our extremely reasonable OE request level represents.

Finally, USAID/Mozambique would like to comment on current discussions about contracting officer coverage. USAID/Mozambique's historic reliance on a large number of relatively small grants with a large number of U.S. PVOs engaged in humanitarian relief activities has continued into the Mission's sustainable development program. From October 1, 1996 to date, 24 separate grant instruments have been executed -- not including over 150 other grant and contract actions and commodity procurements under bilateral grants and regional programs. Our small contracting staff (most still not fully trained) is overwhelmed by the constant workload associated with grant and contract management, including incremental funding, modifications, extensions, etc. New procurements are numerous and also tend to be "on-going" in a program of this size and complexity. Either the Agency must actively search out ways to spread this responsibility to other employees who can be appropriately trained, or it must significantly increase the number of trained contracting officers in the field. Our suggestion is that both be done immediately as priority investments in Agency personnel.

**USAID/Mozambique**

**FY 2000 Results Review and Resource Request**

**Annex I: Economic Update**

**March 2, 1998**

**Maputo, Mozambique**

## **I. Mozambique's Recent Economic Performance and Prospects**

### **A. Why 1996 and 1997 were Banner Years**

Overall economic performance in 1997 was excellent by any standard. Mozambique achieved both price stability and rapid growth of real output in 1997. Inflation was 5.8%, lower than programmed for compliance with the IMF and a result of prudent fiscal management, conservative monetary policy and a buoyant economy absorbing unemployed resources. Depreciation of the metical vis-a-vis the dollar was only 2% in 1997. Furthermore, stability was achieved without sacrificing economic growth. The gross domestic product (GDP) grew by 6.6% according to official GRM reports, but is estimated by IMF staff to have increased by eight percent in 1997. The rates of growth in transportation, communication and industry exceeded eight percent. Agriculture, a sector dominated by smallholder production, grew by 5.9%. The benefits of growth were widely shared throughout the country.

Exports of goods and services grew by only 3.5% in 1997. The low rate of export growth is partly explained by the poor growing conditions for cashew in 1997. Exports other than cashew grew by nine percent in 1997. At the same time, and in spite of the rapid overall growth of the economy, imports declined by 1 percent in 1997. The GRM is of the opinion that import substitution explains a lot of this decline, pointing to local production of foodstuffs, condensed milk and other locally manufactured goods. Whether imports truly declined or only grew modestly in 1997, it is clear that the trade gap was reduced slightly in 1997. Export growth will have to accelerate if Mozambique intends to reduce this substantial gap.

As good as they are, the results in 1997 are not that much better than the economic outcome in 1996. Growth of real GDP in 1996 was 6.2% and inflation was 16.6%, down markedly from the much higher levels (in the 50 to 70 percent range) in 1994 and 1995.

Achievement of the high real growth rates of the past two years and greater price stability was no fluke of good weather, although good growing conditions in both years (except for cashew in 1997) clearly did help performance of the agricultural sector. To understand why growth in 1996 and 1997 was not unexpected and why Mozambique can realistically expect 9 to 10% real growth of GDP in 1998 along with inflation between six and ten percent, we have to examine the underlying changes which the cumulation of reforms in the mid- to late-eighties and nineties have brought about.

### **B. Sustainability of the Newest African Success Story**

While Mozambique's macroeconomic success is apparently only a few years old in terms of achieving price stability along with rapid growth of output, the basis for this success has been laid over more than a decade of slow but steady policy reform. Price controls were gradually abandoned, beginning modestly with liberalization of vegetable markets in Maputo in 1985, and expanding to include all prices except those in regulated public utilities and petroleum products whose prices are set in response to world market price levels and aligned with regional prices. "Intervened" or nationalized businesses were privatized, over 700 enterprises have been privatized and the privatization program is drawing to a formal close. After segregating the central bank from the major state commercial bank, the banking sector was also entirely privatized. There are no state-owned banking institutions as of now. Rationing of food was abandoned as a policy, subsidized pricing of imported basic cereals was eliminated, and the role of the agricultural parastatal marketing organization (now called ICM) radically reduced. Announcement of official minimum prices at the farmgate has ceased with two exceptions: cotton where there are monopsony concessions and cashew for which a recommended minimum price is still announced.

More recently, Mozambique has rationalized and reduced tariffs, and privatized the management and training of its customs service for three years. It has improved the economic and regulatory climate for investment, and opened the energy, mining, tourism, telecommunications, financial and agricultural sectors to private sector-led activity. Finally, in what constitutes a major signal to private investors, the management of the railroads (historically a major earner of foreign exchange and the country's "crown jewel"), will be contracted out in 1998. Also, the national telecommunications company, which has already spun off major business areas (the laying of cable and the Internet) and entered into joint ventures in others (e.g. cell phones), will begin to privatize core services in 1999. Water, electricity and the national airline should also be fully or partially privatized over the next two to three years.

The combination of policy reforms and wholesale privatization has led to greater reliance on market mechanisms with substantially less, and often no, government intervention.

The adoption of these policy changes and the implementation of the privatization program took place gradually over the past ten to twelve years, but a clear direction of policy change had been established already by the late-1980's. The signals to potential entrepreneurs and investors have grown stronger each year. It has become increasingly evident that the government has no intention of reasserting controls or intervening in areas which it has turned back over to private sector competition within market mechanisms. It is now clear that this transformation of a centrally planned economy into a market economy has been accomplished in a manner which is not easily reversed. Policy makers' stated intentions are credible because they are seen to rely on markets and show few signs of reversing course.

### **C. Fiscal and Monetary Discipline**

In addition to policy changes and privatizations, Mozambique's economic management has been prudent and fiscally responsible. The government's revenue performance was better than programmed in 1997, with internal tax collection helped by an expanding economy. Revenues were 20 percent of GDP, one percentage point greater than the planned level of 19 percent, and higher than the actual level of 18.5 percent of GDP in 1996. The fiscal deficit after grants was 6 percent of GDP, slightly lower than the planned level of 6.4 percent of GDP and slightly higher than the actual level of 5.7 percent of GDP in 1996. During 1997, greater than expected availability of grant financing equal to 4.9 percent of GDP and lower debt service payments due to rescheduling equal to 1.9 percent of GDP allowed the GRM to increase its capital expenditures by 4.7 percent of GDP, increase operating expenditures by one percent of GDP and still increase net saving by 0.7 percent of GDP over planned levels.

The sectors which benefitted most from the increased level of resources available to the GRM were health and education. Each of these sectors received real increases of 20% in operating expenditures and grew to account for 30.2 percent of the GRM's total operating expenses.

In 1997, government's net savings equalled 2.5 percent of GDP, thus freeing substantial resources via public savings for the banking sector for lending to private enterprise. It should be noted that in the years before privatization of the dominant state-owned bank, it would have been counterproductive to channel public sector savings to this poorly managed financial institution which accounted for eighty percent of outstanding loans. Now, however, the situation has changed radically with privatization of the banking sector and the GRM can be confident that public sector savings will be put to productive use through private financial institutions.

In September, 1997 it became apparent to the government that its tight monetary policy might hold back the economic expansion unnecessarily. Following consultations with the IMF, the program limits for net domestic assets and net foreign assets were exceeded. Net credit to the economy increased by 43.6 percent over the first eleven months of 1997. However, instead of having an inflationary impact, this extremely rapid increase actually helped the economic expansion continue. It became evident that the demand for meticaís (the local currency) was much stronger than had been expected and planned for under the IMF program, and the economy readily absorbed the expansion of credit and the money supply. Money supply grew by 23.5 percent during the first eleven months of 1997. Given continued price stability and the strong demand for credit in a rapidly growing economy, the Central Bank lowered its rediscount rate six times in 1997, from 29.75% in January 1997 progressively down to 12.95% on December 18, 1997.

Although Mozambique continues to depend for a large portion of its resources on external financing (see below), principally grants, it has demonstrated an ability to stay within the targets set for government expenditure. In addition, the GRM has reallocated expenditure strongly away from defense spending to social sector spending. This trend continues with 10% real increases budgeted for health and education in the 1998 budget recently approved by the National Assembly.

#### **D. Improving the Climate for Business**

In addition to the classic measures of improving economic welfare in a growing economy, Mozambique can point to an improving investment climate characterized by substantial foreign investor interest and a substantive dialogue between the government and the private sector on policy and regulatory issues.

Foreign direct investment (FDI) has surged with projects currently being implemented totaling up to \$8 billion – including natural gas and steel (Arco and Enron), a private toll road from Maputo to Johannesburg, one or possibly two aluminum smelters (in Maputo and Beira), rehabilitation of sugar refineries, grain milling and additional hydroelectric capacity. The increased investment reflects the enormous improvements in the political commitment to a free-market economy discussed above and the effective operation of the Government's Investment Promotion Center (CPI). During the past three years CPI has transformed itself from another hurdle to something like the “one-stop shop” it aspires to be. In the past year, CPI has approved over \$600 million in investment projects in addition to the major investments listed above. U.S. companies (Enron, Seaboard, Arco, Edlow, Railway Development Corporation) have taken the lead in projects valued at about \$3 billion, a huge amount relative to the size of the Mozambican economy.

The recent success in attracting FDI to Mozambique also reflects the Government's strong determination to help major investors overcome an outdated and confusing set of regulations and a civil service that is characterized by low pay, low productivity and petty corruption. For smaller and domestic investors, however, the path to culminating business deals remains strewn with barriers. It takes over a month to effect a routine import. Industrial and commercial law and regulation are outdated, and frequently perverse and self-contradictory. Visa requirements discourage the growth of both tourism and foreign investment. Furthermore, without considerable reform to the current fiscal regime, greater interest by large investors could become dependent on very generous incentive schemes such as tax holidays and land grants. While such treatment may have been important to jump start investment in Mozambique, it cannot be extended to a broad range of smaller investments throughout the economy, and is not fiscally sound over the long term. The Government, with private sector support, needs to level the playing field between small and large and domestic and foreign investors, the south and north of the country, and rural and urban areas. This implies root-to-

branch reform of the legal, fiscal and regulatory regimes.

What the continued strong interest by potential investors shows, however, is the market's belief that the Government is committed to removing constraints as quickly as it can, and that it will succeed in doing so. While this confidence derives largely from decisive actions already taken, it is also reflected in political discourse from the top down, in the openness of the debate, and in the establishment of a process of reform that has given the private sector a central role.

Over the next three to five years, Mozambique will seek to enhance its long-term competitiveness, openness to trade and attractiveness to a broad range of investment. There are plans to rewrite virtually every law and regulation governing a market economy between now and 2001. These include the land law (1997) and regulations (1998-1999), labor, industrial and commercial licensing (laws, 1998), commercial code (1999), customs and excise (2000), investment regulations (1998/9) and the tax system (beginning with a VAT in 1998). Finally, convergence with the SADC free trade area is scheduled for 2004.

#### **E. The Highly Indebted Poor Countries Debt Relief Initiative**

Mozambique has completed its technical discussions to set a value for the large Russian debt, thus completing its portion of the preparatory work for putting together a debt relief package. The remaining task is for the donor community to achieve consensus on their own burden-sharing formula. Once the donors have reached an agreement on this sole remaining issue, the debt relief package can be presented to the Boards of the World Bank and the IMF. This is expected to take place in April.

The magnitude of Mozambique's debt of \$5.565 billion and its projected future unsustainability in spite of excellent growth prospects and favorable repayment terms has required the Paris Club and the Multilateral creditors to go beyond an 80% debt reduction level to achieve sustainability. Eighty percent had been agreed upon by the Paris Club as a limit, but in Mozambique's case a deeper discount or special additional resources are required to make the debt service sustainable. The Paris Club has already offered another \$170 million in special assistance beyond the 80% debt relief and, as of the end of February, the multilateral creditors are seeking an additional \$100 million to complete the package needed to achieve sustainability (defined as the Net Present Value of the debt-to-export ratio of 200 percent). The HIPC package is to be presented to the World Bank and IMF Boards in April with the staff's intention being to obtain agreement for a mid-1999 completion date, the date at which Mozambique would actually begin receiving the benefits of this debt relief initiative. The staff is optimistic that its Board will approve this date, given the excellent performance of Mozambique over the past few years.

## **F. Near-Term Prospects for Broad-Based Sustainable Growth**

The strongly positive developments of 1996 and 1997, the permanent character of the policy reforms and privatizations of the past decade, the continued strong donor community support of a market-oriented reform program, and the massive amounts of foreign direct investment beginning to pour into Mozambique, all make for a strongly positive prognosis concerning its prospects for growth over the next three to five years. No one doubts that rapid growth will be achieved in this time frame. Government's prudent management of public resources to date also lends credence to the belief that inflation will not be rekindled. This conclusion depends on the success of the HIPC Initiative, but there is optimism among all those working on the initiative that it will be successful and we have no reason to doubt there will be a successful conclusion. Consequently, attention among donors and the GRM is shifting to the difficult issues of long-term sustainability and equity of the growth process.

Among issues affecting sustainability, the paramount issue is public sector reform. The government will begin to address the problem of low salary levels through a decompression of salary scales in April, 1998 and again in April, 1999. This decompression should help the GRM retain its 2,000 university graduates and its 3,000 high school graduates among its civil service work force of 95 to 105,000 employees, as well as begin to attract new university graduates into public service. The GRM needs competent employees to administer the laws and regulations which are the underpinnings of a market economy. Beyond raising salary levels, which it can do in only a limited manner, the GRM is now examining the role of the public sector and how to create a modern civil service with appropriate career incentives and working conditions. Rapid economic growth will not be sustained over the long term without appropriate government structures. The process to create and reinforce well-defined, limited government structures is now underway. Donor support for public sector reform will be vital to its success and will be sought by the GRM at the next Consultative Group meeting.

The issue of the equity of the growth process is already being addressed to some extent by the GRM's emphasis on primary education within the education sector and on basic health care and preventive health within the health sector, thus reaching more and more poor, rural Mozambicans. A serious concern arises, however, with respect to employment creation. The concentration of large investment projects in highly capital-intensive endeavors such as aluminum smelters and natural gas pipelines means that employment will not arise in significant numbers directly from these investments. While there will be some multiplier effects from local procurement of services and while the GRM can use its growing tax revenues to expand basic services for the rural poor, the GRM will have to encourage broad-based employment creation by improving the business environment for small and medium investors, investing in infrastructure, and encouraging the growth of sustainable institutions which serve the private sector in rural areas, as well. The business environment will have to continue to improve. While large inflows of FDI will certainly help maintain high growth

rates, they will not be sufficient to guarantee the growth of employment which is needed to spread the benefits of this rapid growth.

The Mission's program will address these and other issues of sustainability and equity of the growth process in consultation with our partners in the GRM. It is a positive sign that the Prime Minister and key Ministers of the GRM are taking both these issues seriously and beginning to address them so soon after achieving basic macroeconomic stability.

## **II. Historical Background: Mozambique's Economic Situation**

### **A. Post-independence and Pre-Adjustment**

Following a long period of armed warfare in the fight for independence from Portugal, Mozambique achieved its independence in 1975. A substantial exodus of Portuguese settlers at the time of independence in 1975 severely depleted the pool of skilled labor. This exodus combined with sabotage, an on-going civil war, and reductions in employment opportunities in South Africa meant that Mozambique entered its immediate post-independence period facing severe economic strains. These factors plus the absence of colonial efforts to promote development, environmental shocks and the adoption of Marxist, centralist economic policies led to a severe decline in the economic situation following 1981.

Production dramatically collapsed between 1981-1986. Real GDP declined at an average annual rate of 3.5 percent per year with a similar decline in real per capita consumption. The steepest decline occurred in the industrial and transport sectors. Although the subsistence sector proved rather resilient, the decline in the agricultural sector was also severe, with a fall in agricultural GDP estimated at about 5 percent per annum. By 1985, cotton and sugar production had collapsed to 9 and 16 percent of their 1980 levels, respectively. The production of tea and cashew nuts, which together contributed a third of the country's total exports, fell to around 30 percent of their 1980 level. Between 1981 and 1986, the marketed production of maize and rice declined by about 50 percent.

Although it is difficult to assess the production of subsistence agriculture, it is estimated that climatic problems and the massive displacements of populations led to a substantial decline in food production and that per capita food production in the subsistence sector may have fallen by as much as 30 percent between 1981 and 1986. As a result, the country became heavily dependent on foreign aid to guarantee a minimum level of food security to its population in urban centers and in some rural areas.

## **B. Economic Adjustment: 1987-1996**

By 1987, 60-70 percent of the population was absolutely poor and Mozambique's social indicators were among the worst in the world. Much of the rural infrastructure had been neglected or devastated by many years of civil war. A third of all health units and half of the primary schools had been destroyed. Much of the service networks were inoperative or barely functioned. Most enterprises had been nationalized or taken over by the state as "intervened" companies. The industrial sector was paralyzed (output was only one-third of the 1973 level). The agricultural sector had reverted to subsistence levels. The consequence was a sharp fall in Mozambique's import capacity as exports fell by over two-thirds. Aid dependency had become extreme: because of the sharp decline in production and exports, 90 percent of marketed grain in the country had to be provided through emergency assistance. External debt was unmanageable with Mozambique's debt stock equal to 3.5 times GDP and 45 times its exports by 1986.

In order to stop the country's economic deterioration, the GRM abandoned Marxist economic policies and adopted a comprehensive Economic Rehabilitation Program (ERP) in 1987, which represented a dramatic change in the country's economic development strategy. Under the ERP, and the subsequent Economic and Social Rehabilitation Program (ESRP) of 1989-1990, major reforms were introduced to move toward a market-based economy. Macroeconomic imbalances were reduced through a realignment of the real exchange rate, a reduction of the fiscal deficit and movement toward elimination of deficit financing by the banking system; the comprehensive administrative controls over prices and marketing that characterized the early 1980's began to be dismantled; major steps were taken to improve the terms of trade in favor of agriculture; and measures were taken to start removing the structural bottlenecks inhibiting a supply response, e.g., rehabilitation of the transportation network, availability of inputs and consumer goods.

In the initial period of adjustment (1987-1989), priority was given to making a start on reducing financial distortions (prices and the exchange rate), decreasing administrative controls over economic activity, rehabilitating state enterprises and mobilizing domestic resources.

In the next five years (1990-1994), the GRM established a more market-oriented foreign exchange system, initiated financial sector reform, freed domestic trade and controlled prices, continued enterprise reform and strengthened public expenditure accounting. The GRM's implementation of the program was complicated by a number of deep structural problems and severe external shocks. Aid from and trade with the former Soviet Union collapsed in 1991 and Mozambique lost key markets, particularly textiles, in Eastern Europe. The civil war worsened which caused an increase in the percentage of displaced households from 30 percent in 1988 to over 50 percent in 1992. To further exacerbate the situation, the agricultural sector

was devastated by the most severe drought of this century in 1991/92.

The economic collapse of the 1981-1986 period was arrested under the ERP and ESRP. Real GDP growth averaged 9.8 percent during 1987-1991. However, real GDP growth in 1992 contracted by 0.8 percent primarily because of the drought and a slowdown in industrial activity. In 1993, real GDP grew by 19 percent in response to the end of the war and the drought and increased the demand for goods and services created by the establishment of the U.N.'s third largest peacekeeping operation in the world. Real GDP growth was 5.0 percent in 1994 but declined to 3.0 percent in 1995. For 1996, real growth has increased to approximately six percent.

Trade reform was undertaken including a rationalization and reduction in some tariffs, with specific taxes replaced by ad valorem rates, a significant reduction in the large number of rates, a lowering of rates and the dismantling of quantitative restrictions. Mozambique continues to simplify its foreign trade regime. It has gradually reduced the number and spread of import tariffs since 1991 and has authorized import licenses automatically, except for products included on a negative list. Export promotion measures were implemented in late 1993, including a further simplification of licensing procedures, elimination of remaining export tariffs, and a reduction in import tariffs.

The official exchange rate was devalued by about 76 percent in real terms between 1986 and 1990 but foreign exchange and credit allocation remained administratively managed. The foreign exchange system moved toward a market-based system and regular devaluations reduced the premium on the parallel exchange rate from 150 percent in 1990 to less than 5 percent by the end of 1995.

Considerable fiscal adjustment was carried out and fiscal performance was better than targeted under the IMF Structural Adjustment Facility (SAF). The revenue base was strengthened with fiscal revenues increasing from 13 percent of GDP in 1986 to 17.8 percent in 1995 and 18.2 percent in 1996. Some progress was made in prioritizing public expenditures. The budget slowly became more transparent and coherent with national development priorities. Budgetary coverage was widened by including previously off-budget items amounting to about 10 percent of GDP in 1990. A rolling three year investment plan was formulated which led to a reallocation of investment towards the social sectors, small-scale agriculture and transport. To raise the efficiency of existing investment in the social sectors, recurrent expenditures were increased.

Fiscal policy aimed at mobilizing domestic and external resources while reducing monetary financing of the budgetary deficit. The fiscal deficit before grants remained at nearly the same level (29-30 percent of GDP) in 1990-1993 but the fiscal deficit, after grants, fell from 12.3

percent to 3.4 percent of GDP during the same period. However, in 1994 the fiscal position considerably weakened with the fiscal deficit, before grants, reaching 30 percent of GDP and, after grants, 9 percent of GDP. The situation improved markedly in 1995 with the fiscal deficit, before grants, reaching 18 percent of GDP and, after grants, 4.3 percent of GDP. In 1996, the fiscal deficit is estimated to be under 16 percent of GDP before grants and approximately 5.4 percent of GDP after grants.

The GRM had partial success in stabilizing the economy through 1996. The rate of inflation decelerated from 163 percent in 1987 to 33 percent in 1991, in line with tighter fiscal and monetary policies. In 1992, inflation accelerated and peaked at 55 percent in December 1992, mostly on account of the drought. Despite normal rainfall and efforts to eliminate various financial leakages, inflation reached 43.6 percent by December 1993 and 70.8 percent by the end of December 1994. Inflation was reduced to 54.5 percent by the end of December 1995. In 1996, with the privatization of the Banco Commercial de Moçambique (BCM), inflation was drastically reduced to roughly 17 percent.

The adjustment efforts of the Mozambican government and all donors clearly led to an “economic harvest” in 1996. As in other countries throughout the region (with the notable exception of South Africa), the economy has experienced substantial growth. Real economic growth rose to 6.2 percent for the year while inflation has dropped from over fifty percent to roughly seventeen percent in 1996. Both exports and investment expenditures experienced a real increase of 25-30 percent in 1996 over their levels in 1995. The key for the future is to continue these positive trends and deepen them so that they become more self-sustaining and help to reduce Mozambique’s dependence on assistance from donors.

As noted above, Mozambique is highly dependent on foreign donors for resources. However, this dependency has been declining slightly over the past several years. The two following tables present basic data on these trends. The first table presents data on the sources of foreign exchange. In 1992, donor flows provided two-thirds of the available foreign exchange. In 1995, this proportion was reduced to under 43 percent. Projections for 1996 and 1997 show a slight increases in this proportion, but the country is still expected to *earn* more than one-half its total available foreign exchange. The second table focuses on the role of donor funding in providing revenues for Mozambique’s budget.<sup>†</sup> The share of budgetary revenues coming from donors has declined from almost 51 percent in 1992 to a projected 43 percent in 1997.

---

<sup>†</sup>*In these and subsequent tables, the comparisons to GDP are comparisons to official GDP. Current work on reforming Mozambique’s national accounts is indicating that the official GDP series understates “true” GDP by at least 30-40 percent. Thus, all comparisons to GDP are actually lower than reflected by the figures presented in this paper.*

<b>MOZAMBIQUE: SOURCES OF FOREIGN EXCHANGE</b>						
<i>(US\$ Millions)</i>						
<b>Item</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996*</b>	<b>1997*</b>
<b>All Sources</b>	<b>1,459.6</b>	<b>1,069.7</b>	<b>1,272.8</b>	<b>991.7</b>	<b>1,235.3</b>	<b>1,263.5</b>
<i>Own:</i>	472.0	496.7	532.9	570.4	642.4	710.9
Exports	362.0	371.7	395.4	470.4	542.4	610.9
Priv. Transfers	110.0	125.0	137.5	100.0	100.0	100.0
<i>Donor:</i>	987.6	573.0	739.9	421.3	592.9	552.6
Grants	499.4	503.3	564.6	339.2	270.8	260.9
Net Loans	(180.4)	(142.5)	(57.1)	(32.0)	31.9	44.8
Cur. Debt Relief	668.6	212.2	232.4	114.1	290.2	246.9
<b>Donor Relative to Total (%)</b>	<b>67.7</b>	<b>53.6</b>	<b>58.1</b>	<b>42.5</b>	<b>48.0</b>	<b>43.7</b>
* Data for 1996 are provisional estimates and data for 1997 are projections. The figures for current debt relief in 1996 and 1997 are the estimated amounts required to "close the financing gap."						

<b>MOZAMBIQUE: SOURCES OF BUDGETARY REVENUES</b>						
<i>(Mt. Billions)</i>						
<b>Item</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996*</b>	<b>1997*</b>
<b>All Sources</b>	<b>1,483.0</b>	<b>3,015.0</b>	<b>4,171.0</b>	<b>5,325.0</b>	<b>7,091.0</b>	<b>8,281.0</b>
<i>Own:</i>	731.0	1,879.0	1,526.0	2,412.0	3,655.0	4,738.0
Revenues	661	1,093	1,526	2,412	3,655	4,738
Domestic Borrow	70	786	0	0	0	0
<i>Donor:</i>	752.0	1,136.0	2,645.0	2,913.0	3,436.0	3,543.0
Grants	652	932	1,857	2,089	2,044	2,086
Net Financing	100	204	788	824	1,392	1,457
<b>Donor Share of Total (%)</b>	<b>50.7</b>	<b>37.7</b>	<b>63.4</b>	<b>54.7</b>	<b>48.5</b>	<b>42.8</b>
<b>Donor Relative to GDP (%)</b>	<b>24.1</b>	<b>20.8</b>	<b>30.6</b>	<b>22.1</b>	<b>17.1</b>	<b>14.4</b>
* Data for 1996 are provisional estimates and data for 1997 are projections.						

**USAID/Mozambique**

**FY 2000 Results Review and Resource Request**

**Annex II: Democracy Update**

**March 2, 1998**

**Maputo, Mozambique**

## I. Overview

Mozambique's political reconciliation process, which began with the peace accords in 1992, continued during FY 1997. Although post-war political polemics ebbed during the year in conjunction with the planned local elections, overall, political stability advanced. One notable reason for this may be the increasingly influence of civil society, which is developing into a counterbalance to both governmental institutions and political parties. Unlike South Africa and elsewhere, there has been no institutionalized process to assuage past political conflicts and foster reconciliation between former adversaries. Some argue that Mozambicans are predisposed to natural reconciliation, and that in any case since the civil war was largely driven by outside forces ranging from South African security concerns to cold war rivalries, that there are no real indigenous conflicts to reconcile. (The title of a book, "A Complicated War," about this period in Mozambique is apt.) The average Mozambican seems more interested in just getting on with his life, than with looking back and trying to assess blame or even just understand what happened between the mid-'80s and 1992.

Whether or not this approach to reconciliation in Mozambique's war-torn society proves ultimately successful, there is little doubt that for the moment the country is free from the conflict, civil strife, ethnic violence or racial animosities that plague other nations in the world. Evidence for this assertion includes the huge flows of foreign investment into Mozambique, which in FY 1997 placed it second only to South Africa its terms of overall DFI levels. The country's nearly 8% annual GDP growth rate also owes something to political stability, as domestic economic concerns increase their investment levels as well. The fact that during the past year Mozambique was also the destination of refugees flowing out of the Great Lakes region is also a testament to peace and internal security.

## II. Key Democratic Events in FY 97

The most dominant political event of the year was the preparation for the planned local elections. At the beginning of the year the Judicial Affairs Commission of the National Assembly determined that aspects of municipal framework legislation passed in 1996 were unconstitutional, and that the constitution would need to be amended. Debate around this issue dominated the final 1996 session (October-December 1996) of the parliament. A constitutional amendment emerged which, *inter alia*, established the basis for future municipalities as the urban core, or *sede*, of cities and towns, rather than entire districts. It is unclear how this controversial aspect may affect the nature of municipal decentralization. In one sense, the basis of local financial autonomy may be compromised because municipalities could realize a reduction in their nature tax base. Second, the decision will require municipal governments to co-exist side-by-side with central government district-level administrations. The potential for confusion will be heightened. A package of six laws which would form the legal basis for the functioning of municipalities was introduced during the Assembly's first

1997 session. Once again, the issue dominated the parliamentary agenda, resulting in the postponed consideration of several other pieces of legislation.

Although there were many, perhaps the most contentious issue surrounding the local elections was the number of electoral sites. The Government, and the ruling Frelimo party, argued that the number should very limited, based on the rationale that adequate conditions for significant municipal autonomy allowed by the laws did not exist in many places. The political opposition, led by the Renamo party, countered that this reasoning was an excuse for retaining as much Government/Frelimo control as possible, and that in any case, the level of governance in most potential sites was so limited that even low-capacity self-rule would be an improvement. In spite of a threatened opposition walk-out, the parliamentary voting for most of the bills was along strict party lines and Frelimo's final position of 33 sites was approved. Although every province, including those in the most populous parts of the country, has electoral sites, rural areas will not be franchised. Given the country's overwhelming rural population, estimates are that only one-third of the national population will be able to vote for local officials.

Another contentious point within the parliament concerned the fairness and transparency of the electoral process itself. The historic 1994 national elections were undertaken through the auspices of a U.N. mandate, which provided a level of security to the opposition parties, and in particular, Renamo. The local elections, on the other hand, are to be explicitly a national affair. This being the case, Renamo pushed for the reconstitution of the National Electoral Commission (CNE), a multi-party institution which had been disbanded after the 1994 elections. The Government had proposed that the local elections be both administered and overseen by the Technical Secretariat for Electoral Administration (STAE), which contains no opposition representation. Even members of the Frelimo bench within the Assembly could see the benefit of resurrecting the CNE, and the Executive branch was forced to submit the necessary legislation which was passed. This is one of an increasing number of examples where votes have not been along party lines, and where the Frelimo-dominated Assembly has voted against the Government.

Upon passage of the municipal legislative package by the Assembly, the laws were promulgated by the President of the Republic and came into effect in early June 1997. The election date was set for December 27, 1997, with nationwide voter registration to occur in August. The electoral date was later moved to May 29, 1998, after it became clear that preparations for nationwide voter registration could not be finalized until late November.

Another key political feature of FY 1997 was the increasing separation of powers between the executive, legislative and judicial branches of government. In December 1997, the Supreme Court ruled a law recently passed by the Assembly which created national Islamic holidays as unconstitutional, citing the separation between church and state. As a

result, the President of the Republic refused to promulgate the law, in spite of intense lobbying by the Islamic community and their supporters in the Assembly. In another example, given Executive inaction, a bill was drafted by and debated within the parliament, creating the legal framework for combating narcotics trafficking. In response, the Ministry of Justice questioned the Assembly's constitutional right to do so. The Ministry argued that since the bill would require regulations to affect its practical implementation -- and the development of regulations was clearly an Executive function -- only the Ministry could draft and introduce such a bill. The Executive's argument was clearly weak, but it was only through intense negotiations that the dispute was kept from being passed to the Supreme Court for a ruling. In the end, the Ministry backed down and the legislative branch not only passed a very important law from a U.S. as well as a national perspective, but established a very important precedent: its independent ability to draft and introduce substantive legislation, whether or not that legislation is desired by the Executive.

In a related example discussed in the R4 narrative, the Assembly substantially amended the Land Law submitted by the Executive. In this case, the legislative branch, including the Frelimo bench, demonstrated its independence not only from the Executive, but from the Frelimo Central Committee which modified the draft law before its submission to Parliament.

### **III. Civil Society**

Civil society -- ranging from farmer's associations, blue-blood NGOs, independent media outlets, business associations, to labor unions free from government influence -- continued to strengthen in FY 1997. The government, while not encouraging this development, has not prevented it either. Over the course of the year there were official contacts on several occasions between representatives of both Mozambican NGOs and international PVOs, and the Ministry of Foreign Affairs and Cooperation concerning the formulation of new government policies concerning the operations of the non-profit sector in Mozambique. These policies are directed primarily at PVOs, many of which have been operating in-country since the end of the humanitarian crisis in about 1995 without any type of formal agreement with, or approval of the government. PVOs/NGOs have complained both about the lack of participation and transparency of the policy formulation process, and what some view as heavy-handed regulations emerging.

Mozambican NGOs working at a national level are legally recognized through a process involving the Ministry of Justice, while NGOs working within one province need only to obtain the approval of the Governor. In both cases, the process to obtain legal status is costly and time consuming. USAID commissioned a study, based on three case studies, of the process during FY 1997 which found the following:

1) There is a real lack of information available about the process of gaining legal recognition among both civil society and within government bodies that directly or indirectly are linked with the process. One result is that many NGOs operating within Mozambique have not completed the process and are therefore not legally recognized;

2) A single law enacted in 1991 is the only legal instrument which regulates the legalization process. It is very basic in the sense that it does not cover the rights and responsibilities of NGOs, e.g., it doesn't discuss tax exemption of either NGO programs (duty exemptions for construction materials used to rehabilitate a health post) or donations made to a NGO;

3) Given the lack of tax benefits, there are few incentives for NGOs becoming legalized, other than as a requirement to receive funding from donors. The cost and effort associated with the process are the main disincentives. One of the NGOs studied required four years between the time a request was first submitted to the Ministry of Justice, and their gaining legal recognition. Another (ORAM) spent \$2,500 on legal fees associated with the process, a small fortune to a group starting up.

Labor: The increased political stability and democratic consolidation process in Mozambique also has a positive impact on labor unions. The Organization of Mozambican Workers (OTM), the primary labor union federation in the country, has shown increasing flexibility and has formally broken its ties with Frelimo. Nonetheless, other labor federations charge that the OTM is still heavily influenced by the Frelimo party. Overall however, there are positive trends with respect to a more independent labor movement. In FY 1997, the OTM made a greater effort at reaching out to NGOs with similar grass roots agendas as organized workers, leading to a coalition of NGOs, church groups, and cooperative associations. This coalition also includes COSLIMO, which is the other labor federation of note in Mozambique. Issues which are at the top of organized labor's agenda in 1997 and continue to be so in 1998 include the debt service ratio, cashew nut policy, minimum wage, and modifications to the labor law.

With respect to the labor law there is general realization that organized labor will find it very difficult to protect worker benefits provisions as stipulated in the current version. Labor's strategy is to at least promote a clear and definite legal framework for labor-management and labor-government negotiations for worker benefits. Other labor concerns regarding the labor law include child labor and organization of workers in free trade zones.

In 1997 there were several strikes in the country, not all of them peaceful. Generally however the strikes were arbitrated through an *ad hoc* commission formally recognized by the government.

USAID support to labor unions in 1997 was through the AFL-CIO's Solidarity Center and through the African-American Institute (AAI). Support through the Solidarity Center focused on seminars for coalition building, and strategic planning for the OTM member unions' leadership. Through the AAI support was provided for to an OTM affiliated union to provide training and support dissemination of labor legislation. In 1998 USAID support through the Solidarity Center will focus on capacity building, advocacy and women's leadership. There will also be support for building a coalition of grassroots organizations (including labor), and for a minimum wage campaign.

The Press: The independent press expanded in FY 1997 with the addition of two new daily fax newsheets, doubling the number in existence. One was started by the former editor of the country's first fax newsheet, while the other was simply started up by an individual interested in journalism. Both are nonpartisan and provide news and a degree of analysis not found in those newspapers which still have some links to the Frelimo party. While the distribution of faxed newsheets is quite limited, generally to senior government officials, the international community and the country's intelligentsia, low start-up and operating costs make this mode of the print media attractive to independents. The fact that high-cost newsprint and printing are not required also adds to the independence of the medium, since both the distribution of newsprint and access to printing presses are historically controlled by the government. One of the new fax newsheets has arranged for several articles it has published over the week to be reprinted in a weekly broadsheet, thus increasing readership. Another hopes soon to open an e-mail subscription service.

Two independent weekly newspapers and all four fax newsheets are routinely critical of individuals and programs within the government, political parties, civil society organizations and donors. The newsheet linked to the opposition Renamo party from time to time practices what might be considered "irresponsible" journalism, but the vast majority of the time facts are checked and responsibility is practiced. As noted in the discussion of NGOs that follows, the independent written press is frequently on the frontlines in civil society's watchdog role concerning abuse of power and corruption.

While the only television network broadcasting out of Mozambique remained in the government's hand, the number of independent radio stations increased slightly in FY 1997. Most, run by church groups, have a very limited broadcast range. Renamo began discussions during the year with a British company to jointly run its radio station. Radio Mozambique, still the government's official broadcasting entity, is considered to be largely free from government control of news content. One of its most popular programs is a live call-in show which provides listeners with the opportunity to express concerns or criticize the government. The results of the FY 1997 national public opinion survey indicate that nearly 3% of the population, or approximately 480,000 people, have called in since 1994. This figure is more

than triple the number which have written to a newspaper.

Non-Governmental Organizations: There is a growing range of NGOs operating in Mozambique. During FY 1997, a U.S. implementing partner, CLUSA, continued to assist the creation of farmers associations -- over 140 now exist in CLUSA's operational area. Due to the redtape and cost, however, none are yet legally recognized. At the other end of the scale, a NGO founded by the widow of a former President, began field operations with programs involving, *inter alia*, the construction of classrooms in rural areas, and vocational training programs for teenage girls. This NGO, which has links with the Rockefeller Foundation, has also taken the lead in creating a nationwide forum for Mozambican NGOs.

The efforts of business associations not just in Maputo but elsewhere in the country came to the fore during FY 1997. Throughout the year a USAID-supported coalition of national business associations has been the main interlocutor with the Ministry of Commerce and Industry in an initiative to identify and eliminate "redtape." Beginning at the end of the year, a cashew industry association has effectively lobbied within the National Assembly for a change in the government's export tax policy, and more recently the coalition has contributed to the parliamentary debate around an updated labor law.

The commercial association in Beira, Mozambique's second city, has been influential for sometime, but in FY 1997 it stepped outside its normal economic realm to intercede in an international controversy concerning abuse of the rule-of-law. In an anti-auto robbery campaign led by South Africa police authorities, drivers in Mozambique's largest urban areas were randomly pulled over and demanded to produce vehicle ownership and registration papers. Those that were not able to hand these over on the spot, had their cars immediately impounded on the suspicion that they may have been stolen in South Africa. In Beira, a number of drivers of these vehicles found themselves in jail, without charges, pending verification of their legitimate car ownership -- a process that would take days at best. Outrage was expressed in the press throughout the country. People stopped going to work for fear that they would be arbitrarily pulled-over and jailed. The powerful commercial association, in collaboration with the League of Human Rights (LDH), was directly responsible for interceding with the Attorney General to get dozens of citizens released from jail, while continued criticism in the national press finally forced the government, red-faced, to cancel the entire program.

NGOs representing the interests of rural residents played an important role during the parliamentary consideration of the Land Law, one of FY 1997's most important legislative initiatives. Two of the NGOs testifying before parliamentary commissions had received USAID assistance. Given the final provisions in the Land Law, there is no doubt that civil society substantively influenced the bill's positive amendment by the Assembly. Near the end of FY 97, two of most prominent of the rural development NGOs were subsequently invited

to sit along side government representatives as voting members on the Interministerial Land Commission, charged with developing the implementing regulations for the law.

#### **IV. Political Parties**

Mozambique embarked on its transition from a single-party, Marxist style system to a multi-party democratic system with the revision of the National Constitution in 1990 and the signing of the Peace Accords in 1992. A multi-party political system was first tested with the successful 1994 presidential and parliamentary elections. There are currently over twenty recognized political parties, although only two parties, Frelimo and Renamo, and one coalition of smaller parties are represented in the National Assembly. There is no interest in adopting a partyless political system, *a la* Uganda.

Political parties are vastly different in terms of capacity and financing. Only Frelimo, which has led the government since independence in 1975, has effective party machinery. Campaigns of all other parties were completely supported by donors in the 1994 general election. Since then, limited public funding has been made available to political parties, but, as in the U.S. public funding is not sufficient given the needs, most of all during electoral campaigns. Renamo, the main opposition party, lacks a coherent organizational structure and established democratic procedures for arriving at decisions. It has developed a few sources of finance, but still lacks an organized fund-raising strategy. None of the parties, including Frelimo, have moved much from "personality politics," to issue-based platform politics. Even Frelimo has not developed a comprehensive statement of its political and economic priorities as a party. Constituency-building activities, and particularly links to rural constituencies, are woefully inadequate among all parties. In sum, many parties exist, and at least one constitutes a significant opposition. But all are weak, some more than others, and a more-or-less level playing field for multi-partyism has not yet developed.

The up-coming elections will test the tolerance of the ruling party to share power, at least at local levels. The Secretary General of Frelimo recently stated that his party has accepted the fact that it quite likely will lose in a number of municipalities, including several of the largest secondary cities in the country. However, it is one thing for this well traveled, seasoned politician to say this, and another for local Frelimo party stalwarts to easily accept. The fallout from these local contests will undoubtedly provide a crucial backdrop for the 1999 general elections in terms of multi-party power-sharing. A number of observers believe the odds are good in 1999 of a split vote, with Frelimo retaining the presidency and Renamo and other opposition parties taking the majority in parliament. Time will tell.

There were no great changes in the status of political parties during FY 1997. All opposition parties remain heavily based on the personalities of their respective leaders. Only

Renamo has developed an alternate power center comprised of its parliamentary bench. The central committees of all parties, albeit to a lesser extent with Frelimo, seem to continue to lose touch with their rank-in-file, particularly in rural areas. Only Frelimo demonstrates any degree of democratic decision making within the party itself, e.g., opposition party officials are named or removed at the whim of the party leader. Some Mozambicans felt that even the well publicized leadership elections recently conducted by the Frelimo central committee were largely for show, with the real decisions having been made behind closed doors.

All political parties still need to do a much better job of formulating and articulating their respective platforms, based both upon their own political ideology and in response to interests of the electorate. Even Frelimo's Secretary General admits that his party is in need of serious reform. As he put it, Frelimo's party machinery is a product of the ex-Soviet Union, and not unlike the rusted, outdated industrial machinery donated by the Eastern Bloc during the late '70s and early '80s which is scattered across the country, is in need of significant renovation if not replacement

The primary benefit of a multi-party system is of course that the electorate is offered a choice in terms of which party's ideology and policies will govern the country for a specified length of time. In Mozambique, real alternatives have yet to be offered. By and large the platforms of Mozambican opposition parties consist of whatever is the opposite of Frelimo's policy in a particular area. Thus, right-of-center, generally private sector oriented Renamo now voices its opposition to privatization because the government (if not the Frelimo party) strongly supports the process. It appears at times that many Mozambican opposition politicians are more interested in gaining access to the levers of power, and the spoils that go with that, than in trying to offer improved governance based on their party's ideology and policy perspectives.

In this light it is notable that at the time of this writing, an independent candidacy for local office has emerged in Maputo. The backers of this movement range from business leaders, to intellectuals who just a few years ago were at the vanguard of Frelimo. Their dissatisfaction with party politics is a significant development, whether or not that interest is transferred to the wider urban electorate. The message is that if political parties do not mature, they may well be left behind, at least in local politics. Perhaps that is not a bad thing, as a few astute Mozambican political analysts have observed, local politics is about local issues. It is likely that voters will elect the candidate who seems able to get the rubbish collected and the streets maintained, whatever their political affiliation, or lack thereof.

## **V. The National Assembly**

The National Assembly is a multi-party, single-chamber body consisting of 250

deputies representing all ten provinces. The deputies were elected from party lists during the 1994 general election and serve for five years. Three parties are represented in the Assembly: Frelimo, Renamo, and the United Democrats. The first, the party which has ruled Mozambique since independence, has an outright majority of only five seats. Renamo, which is the political party formed out of the rebel movement which had fought the Frelimo government for 15 years with Rhodesian and later South Africa support is the main opposition party in the country and holds 112 seats. The Union Democrats are a coalition of several small parties which are thought to have gained nine parliamentary seats largely due to the party's physical position on the 1994 parliamentary ballot (at the bottom, where President Chissano had appeared on the presidential ballot).

The Assembly is governed by a President and three Vice Presidents, elected by the deputies for the full five year period. The President is from the Frelimo party, while the Vice-Presidents represent each party bench. The Leadership is represented on the Permanent Commission, which as the Assembly's highest body sets the agenda for each of the year's two sitting sessions of 45 days each. There are seven standing commissions, and as of this writing, two *ad-hoc* commissions. A Secretary General from the government's civil service manages a small secretariat which supports the work of the deputies.

Draft legislation, whether it has been introduced by the Executive or the Assembly itself, is briefly reviewed by the Permanent Commission and then forwarded to the appropriate commission. The commission's members will analyze the draft legislation itself, or may request the Assembly's technical office to do so, writing either a general or special report on the legislation with its findings. Importantly, commissions do not recommend passage "as is," specific amendments, or rejection of the bill to the full Assembly. Instead, during the open session, each bill is read and voted on in generality, and then again article by article. This time consuming procedure is responsible for much of the Assembly's low output in terms of laws debated and passed in any given session.

The National Assembly has emerged as both a counterweight to the Executive Branch and a forum where political and policy disagreements are aired. Prior to 1994, the Assembly was a single-party institution which did little more than rubber-stamp Executive actions. In the three years since the general elections, the body has increasingly exerted its constitutional role as both a representative and legislative body. Unlike the U.S. Congress, European-style parliaments do not regularly introduce legislation themselves, but rather consider proposed laws submitted by the Government, be that the Executive or the Prime Minister's office as is the case in England. In spite of this fact, since 1995 the Assembly has introduced and passed two bills of national significance: the first establishing a legal framework for combatting narcotics trafficking, and the second setting out procedures for constitutional amendments.

Perhaps more importantly, the Assembly routinely amends (and improves) bills

introduced by the Executive. Such amendments modify the intent of the legislation, and/or improve its transparency or clarity. A very significant example of the former was an amendment of the (local) electoral law which permitted independent candidacies for local office. The latter is exemplified by a provision added to the Land Law which requires the Government to develop and submit separate legislation defining "local communities." This concept, which is not covered by the constitution, is crucial to improving the tenure security of rural smallholders. By requiring special legislation, the Assembly guaranteed a more transparent process of definition as compared to simply relying on Government issuance of regulations drafted with little or no oversight. In two cases in FY 1997, required amendments were so significant that the Government withdrew the bills for complete rewriting.

The Assembly also serves as Mozambique's important political forum where different viewpoints are presented, discussed and decided upon. These views span the three political parties represented in the parliament, and also include differences of perspective within particular parties, as well as those between the Legislative and Executive Branches. Although as is the case in any parliamentary system, the majority party nearly always musters the votes to pass or block legislation according to its preference, the ability of the opposition, and in particular Renamo, to argue its side serves as a crucial safety valve which has no doubt contributed to Mozambique's successful post-conflict democratic transformation. Increasingly, the Assembly also serves as a venue for the open discussion of policy differences between party factions. This has been recently illustrated by the debate over a new labor law, in which Frelimo "conservatives" have sided with labor over several provisions of the proposed law, while the interests of the productive sector have found supporters among other Frelimo MPs.

While the multi-party Assembly has made tremendous advances since 1995, many structural problems remain. One of the most basic problems is the lack of constituent accountability. Because deputies are elected on the basis of party lists, voters have no chance to know precisely who represents them. Constituents have difficulty even learning who to address petitions or other correspondence to. Seen from the other direction, many deputies do not feel individually responsible to their constituents, since it is the party (list) that is elected. It does not help that many deputies were placed on lists in 1994 based simply on the fact that they were born in a particular province. Thus, there are many deputies, particularly from the Frelimo bench, who have lived in the capital of Maputo for all of their adult lives and may not even have family remaining in their original provinces, yet they find themselves technically representing that constituency. One participant in a series of recent focus groups conducted under a USAID-funded National Democratic Institute (NDI) project had this to say about party lists, "Our model of Parliament is antagonistic to Democracy...in the end we did not choose [the Assembly's] members. We need a more participatory democracy."

Another problem is the amount of time allotted to sitting sessions, especially given the procedural reliance on the plenary session to debate each article of a bill. Either procedures should be changed to permit most substantive work be done inside commissions, and/or sessions should be lengthened. The original argument had been that it was difficult for many deputies to be away from their home provinces for too long, and thus the total time in session was kept to only 90 days per year. This rationale is undermined, however, by the fact that perhaps half of the deputies reside in Maputo for the majority of the year.

The Assembly's budget itself is another serious problem. A very large proportion is allotted to payment of deputy salaries and per diems, leaving very little for important support services such as research, technical assistance involving bill drafting and analysis, and constituent outreach activities. Currently, donor assistance finances many of these services. Reducing donor dependency through increasing public sector allocations to the Assembly is an important policy point. Alternatively, Mozambicans could collectively decide to reduce the overall size of the Assembly. In 1994, the rationale for 250 deputies was that figure guaranteed proper representation, and, more importantly, participation by Renamo in national-level politics. The fact is that the number deputies from all parties that actively participate in and contribute to the work of the Assembly is small in comparison to the overall number. The remainder of the back-benchers from all parties simply collect a paycheck. Either alternative (or others yet to be identified) will require bold action across party lines. An opportunity for such bold action will be the next general elections in October 1999.

## **VI. The Judicial Branch**

The court system in Mozambique is comprised of a high (Supreme) court, provincial- and district-level courts. The President of the Republic names the Chief Justice, with the concurrence of the National Assembly. Although required by the 1990 constitution, a "constitutional council" has never been created, and the Supreme Court serves its function as the arbiter of constitutionality. The capital of Maputo has its own court system, which is arguably the most sophisticated in the country. There is also a system of "community courts," presided over by lay judges. In terms of law, the Supreme Court has jurisdiction over the national court systems, while the Ministry of Justice is responsible for many acts of their administration. These dual institutional relationships have exacerbated the courts' weak condition.

Courts are affected not so much by a lack of independence from the Executive Branch, as by inefficiency, lack of legal knowledge and corruption. Given slow case processing times and the ease of bribing court officials to affect case outcomes, use of the court system is avoided by many businesses and individuals. Even so, there is a large case backlog in nearly every court. There are recent cases of judges being physically threatened after refusing a

bribe.

Many efficiency problems of the court system are linked with outdated procedural laws, and lack of knowledge on the part of court personnel from the judges on down. As elsewhere in the public sector, corruption is fostered by low salaries. Law reform programs supported by the World Bank and certain bilateral donors have been slow to get off the ground, again in large part due to the institutional rivalries between the Supreme Court and the Ministry of Justice. USAID's approach in this area is to affect very specific procedural reforms one at a time, and to work with *both* the Court and the Ministry only at a working level. On a positive note, a training program for judges, most of whom do not have a law degree, started during FY 1997.

## VII. The Executive Branch

The Executive branch in Mozambique (the "government") is comprised of eighteen line ministries, as well as three Ministerial posts in the Presidency associated with parliamentary affairs, internal security, and economics affairs. The Attorney General is independently appointed by the President of the Republic. The Prime Minister chairs a weekly meeting of the Council of Ministers, the supreme decision making body. The Prime Minister's office itself has a small secretariat, whereas the Office of the Presidency has a large staff and a sizable budget. There are a number of government parastatals providing public services which are accountable to the Executive. Most all previously government-owned industrial concerns have been privatized, as have a limited number of public utility providers such as the Maputo water provision service.

Political leadership is generally very weak, with even the President of the Republic more often viewed as an able statesman than a visionary leader. The performance of Executive branch institutions varies greatly. The widely acknowledged "star" is the Ministry of Plan and Finance, which sets and manages the country's economic policies along with the independent Central Bank. The Ministry of Health is generally well regarded, as is the Ministry of Environmental Coordination. The ministries of education, agriculture, commerce and industry are weaker. With two or three exceptions, Ministers have been appointed on the basis of political connections within the FRELIMO party, and not technical knowledge, leadership or management skills. Even in the better ministries, the level of well qualified staff is thin. Government policy making and implementation, with the important exception of the economic area, appear largely uncoordinated and *ad-hoc*.

Approximately 95,000 civil servants are employed nationwide, with the majority in

provincial-level ministerial offices. Of this total, 65,000 of these employees work in the health and education sectors. The size of the Executive bureaucracy relative to the overall work force is considered low by African standards. Salary levels, even for professionals and senior managers is very low, approximately \$500 per month for a "National Director," exclusive of housing and other benefits, and contribute to low productivity and, increasingly, governmental "brain-drain" as more lucrative employment opens up in the non-governmental sector. With recent increases in investment, work opportunities are even opening up in the blossoming private sector.

Both the government and donors are aware of the low-salary issue, and the former has completed a salary restructuring program discussed during the FY 1997 Consultative Group meetings. This first phase is scheduled to go into effect on April 1, 1998, and consists mainly of a decompression of the wage structure. The government estimates that it will be able to assume all the costs within five years using increased tax revenue. The Executive is also developing a broader public sector reform program with the encouragement and support of a number of donors. USAID expects that a draft strategy will be available before the next Consultative Group meeting.

Low salary levels of government bureaucrats and members of the police force are also said to contribute to the practice of bribery. Such petty corruption, which is also fostered by uncertain regulatory procedures and bureaucratic redtape, is becoming endemic. In practical terms, there is currently little recourse for the average citizen, although a few leaders in civil society and the legislature are beginning to think about the creation of a public ombudsman office which would accept and act upon citizen denunciations.

The extent of high-level corruption is open to debate, but appears to be both relatively less extensive than in most developing or transitional countries, and not unexpected. If this is the case, there may be both ethical and practical explanations. Mozambique's first President, Samora Machel, believed not only in socialism, but in very high ethical standards for public officials. By all accounts, not much petty corruption, much less corruption at high-levels existed in the country in the first years after independence in 1975. Even before Machel's death in 1986 this began to change, but as the effects of Marxist economic policies took hold, wealth in private hands dried-up, and even State coffers emptied. Simply put, given the lack of resources within the economy there was no incentive for corrupt acts. With the current rapid growth of the economy, incentives for rent-seeking behavior have increased dramatically. Mozambique is, of course, not alone in facing this dynamic; arguably, the level of corruption compares relatively well when viewed against other LDCs experiencing rapid economic growth.

Such comparisons are not intended as justification for corruption, and indeed Mozambicans are increasingly aware both of its consequences and the need to combat the

practice. During FY 1997, in response to concerns expressed at the prior Consultative Group meeting, legislation creating a "higher authority against corruption" was drafted within the Ministry of State Administration and submitted to the National Assembly for debate and passage. The Assembly studied the draft law carefully and concluded that, however well intentioned, the bill would not be effective. The parliament felt that what was needed was not another institution, but rather the strengthening of existing bodies such as the Attorney General's office and the courts, and most importantly, the political will required to investigate and prosecute the "sharks."

The Executive has not responded to the rejection of its anti-corruption legislation, but has taken at least one significant action which implicitly supports the conclusion of the National Assembly. The constitution requires that the Attorney General appear once every calendar year before the parliament to submit an annual report on his office's work, and to respond to related questions from MPs. At the conclusion of CY 1997 the Attorney General was summoned to appear before the Assembly, but refused, based largely on the fact that he had nothing to report. MPs were not surprised, as there was widespread criticism that the Attorney General's office was a very weak, leaderless institution which accomplished nothing in the fight against crime and corruption.

The parliament, with every print media outlet in support, called upon the President of the Republic to remove the Attorney General for failing to uphold the constitution. That he subsequently did so, however, is thought to be more about the President's embarrassment that his Attorney General had nothing to report for a year's work, than a constitutional technicality.

### **VIII. Human Rights**

The human rights situation is well covered in the annual State Department Human Rights Report, and therefore will not be repeated here. This analysis will briefly try to put what is said in the most recent Report, released in Mozambique in early February 1998, into a development context. The Report states that the human rights situation in Mozambique continues to improve. It is notable that the military is barely mentioned, not a common occurrence in many developing countries. The Report does, however, cite numerous human rights abuses committed by the police forces. While there is no doubt that such abuse is committed, it is also a fact that with the establishment of two human rights NGOs, and a freer than ever press, that more police abuse than ever is brought to light.

Although it does not state so explicitly, almost all of this abuse is directed at criminal suspects -- the average man-on-the-street is not normally at target. This may account for the surprisingly high approval rating given police among respondents in the national public

opinion survey conducted in late FY 1997 with USAID funding. In fact, 58 per cent of those polled gave the police performance a good or very good rating - a higher rating than that for either the parliament or civil society institutions.

Poll results and press reports also indicate that crime and the lack of perceived security are among the most pressing concerns of ordinary Mozambicans. The Human Rights Report also reports on continued vigilantism, mostly in the cities, and abuses at the hands of "traditional authorities" in the countryside. Many older citizens complain of the breakdown of law and order, and actually seem to condone traditional justice, whether that involves the vigilante beating of a suspected burglar, or the burying alive of a suspected witch ordered by a *regulo*. This may help explain why, given the survey results, the general public doesn't seem to fault the police for torturing suspected car thieves or rapists.

Human rights as defined in the West are not, rightly or wrongly, universal principles. Traditional societies have not had the "benefit" of written laws and associated judicial systems. Perhaps this is because, through age-old norms of behavior, the emphasis was placed on conformity to accepted standards of conduct, i.e., crime prevention. Cattle were not stolen, except from your tribal group's enemies. The history of Mozambique indicates that these rules of conduct did not breakdown except in time of social stress, brought on by war, drought, and penetration by the West. Customary courts overseen by traditional authorities (many still exist in rural areas of Mozambique) did develop, and trials took place. But the "right" of presumed innocence until proven guilty does not exist under customary justice. The beating of suspected criminal, whether it be by vigilante gangs or the police, seem to be accepted by many members of the public because of what is perceived to be the deterrent effect on crime.

The preceding is not intended to justify human right abuses by any party, but rather to try to explain the context for such abuse. A thorough overhaul of the justice system, combined with healthy doses of civic education are badly needed. Police need to be taught to understand, despite what the public may believe or want, that they operate within a modern administration of justice system, and not one based on customary norms and standards. The public must be helped to understand and accept concepts such as innocence until guilt is proved, and the modern judicial system must be strengthened so that citizens will believe that the results of the rule of law will coincide with their concepts of justice. These efforts will take years, and during that time the human rights situation in Mozambique should slowly but surely continue to improve.

## **IX. Conclusion**

Despite the many challenges that remain, Mozambique's political and democratic transformation over just the past three to four years is truly remarkable. The country has

advanced from a war-torn society to a model of post-conflict reconciliation and political development. The fruits of this transformation are peace, stability and security, which arguably are some of the most important prerequisites for economic growth and sustainable development anywhere on the African continent. The country's huge levels of foreign investment, increasing domestic economic activity, and resulting 8 per cent annual growth rate are all attributable, in significant part, to the present political climate. The rise of Mozambique's population out of dire poverty in the years to come will depend on how successful efforts are by Mozambicans and donors alike to consolidate the nation's democratic beginnings.

The odds look good for success. The country is free from the tribal, ethnic and racial animosities that undermine stability in many African nations, and indeed Mozambique's current leadership holds strongly pluralistic views. The military neither has a history of, nor means to interfere in civilian politics. There is a commitment to democratic principles of governance, including a strong belief in a multi-party political system. Civil society is growing, and increasingly becoming an effective partner in the nation's governance. All and all, the conditions are present for Mozambique to become a liberal democratic state within the present generation. Given the payoff of such a result in terms of regional stability and U.S. trade opportunities -- not to mention the benefits for the country's population itself -- Mozambique may well end up providing one of the better examples in addressing doubts concerning the U.S. Government's emphasis on the promotion of democracy in countries just like it.



Program Funding

USAID FY 1999 Budget Request by Program/Country

12-Aug-98  
01:51 PM

Country/Program: Mozambique  
Scenario: Base Level

S.O. #		Title		Est. SO Pipeline End of FY 98	Estimated Total	FY 1999										Est. Expend. FY 99	Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.
Approp. Acct	Bilateral/Field Spt	Basic Education	Agric.			Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G						
SO 1: Increased Rural Household Income in Targeted Areas																			
DV	Bilateral	40,398	19,300			6,000	9,000					4,300		24,000	100,000	0	00		
	Field Spt		0																
	Total	40,398	19,300		0	6,000	9,000	0	0	0	0	4,300	0	24,000		0			
SO 1: Increased Rural Household Income in Targeted Areas																			
Title II	Bilateral		15,963			15,963								15,963	79,000	0	00		
	Field Spt		0																
	Total	0	15,963		0	15,963	0	0	0	0	0	0	0	15,963		0			
SO 1: Increased Rural Household Income in Targeted Areas																			
II-202(e)	Bilateral		1,652			1,652								1,652	6,700	0	00		
	Field Spt		0													0			
	Total	0	1,652		0	1,652	0	0	0	0	0	0	0	1,652		0			
SO 1: Increased Rural Household Income in Targeted Areas																			
Title III	Bilateral		6,000			6,000					0			6,000	20,000	0	00		
	Field Spt		0													0			
	Total	0	6,000		0	6,000	0	0	0	0	0	0	0	6,000		0			
SO 2: Government and Civil Society are Effective Partners in Democratic Governance at the National and Local Levels																			
DV	Bilateral	5,981	2,700										2,700	4,000	17,000	0	00		
ESF	Field Spt		0										500	500		0			
	Total	5,981	2,700		0		0	0	0	0	0	0	3,200	4,500		0			
SO 2: Government and Civil Society are Effective Partners in Democratic Governance at the National and Local Levels																			
ESF	Bilateral		500										500	500	1,000	0	00		
	Field Spt		0													0			
	Total	0	500		0		0	0	0	0	0	0	500	500		0			
SO 3: Increased Use of Essential Maternal/Child Health and Family Planning Services in Focus Areas																			
CD	Bilateral	13,735	7,000					4,900	400	1,200	500			7,300	55,000	0	00		
	Field Spt		2,900					700	100	1,600	500			2,850		0			
	Total	13,735	9,900		0		0	5,600	500	2,800	1,000	0	0	10,150		0			
SO 3: Increased Use of Essential Maternal/Child Health and Family Planning Services in Focus Areas																			
DV	Bilateral	6,524	1,500			1,500								1,700	25,000	0	00		
	Field Spt		4,800			4,800								5,000		0			
	Total	6,524	6,300		0	6,300	0	0	0	0	0	0	0	6,700		0			
SO 3: Increased Use of Essential Maternal/Child Health and Family Planning Services in Focus Areas																			
Title II	Bilateral		3,450					3,450						3,450	17,500	0	00		
	Field Spt		0													0			
	Total	0	3,450		0		0	3,450	0	0	0	0	0	3,450		0			
SO 4: Increased Adoption of Sustainable Natural Resource Management Practices																			
DV	Bilateral	0	3,000								3,000			2,700	7,500	0	00		
	Field Spt		0													0			
	Total	0	3,000		0		0				3,000	0	0	2,700		0			
Total Bilateral																			
		66,638	57,565		0	9,000	1,500	8,350		1,200	500	4,300	2,700						
Total Field Support																			
		0	7,700		0	0	4,800	700		1,600	500	0	500						
<b>TOTAL PROGRAM</b>																			
		66,638	65,265		0	9,000	6,300	9,050		2,800	1,000	4,300	3,200	75,615		0			

FY 1999 Request Sector Totals -- DA	
Econ Growth	15,000
[Of which Microenterprise]	2,500
HCD	0
PHN	16,220
Environment	7,300
[Of which Biodiversity]	0
Democracy	2,700
Humanitarian	0

FY 1999 Request Sector Totals -- ESF	
Econ Growth	0
[Of which Microenterprise]	0
HCD	0
PHN	0
Environment	0
[Of which Biodiversity]	0
Democracy	500
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

USAID FY 1998 Budget Request by Program/Country

12-Aug-98  
01:51 PM

Country/Program: Mozambique  
Scenario: Base Level

S.O. # , Title		FY 1998														Future Cost (POST 2000)	Year of Final Oblig.
Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 97	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 98	Est. Total Cost lfe of SO		
SO 1: Increased Rural Household Income in Targeted Areas																	
DV	Bilateral	42,998	19,800		13,000	700							6,100		22,400	100,000	0 00
	Field Spt		0														
	Total	42,998	19,800	0	13,000	700	0	0	0	0	0	0	6,100	0	22,400		0
SO 1: Increased Rural Household Income in Targeted Areas																	
Title II	Bilateral		19,471		19,471										19,471	79,000	0 00
	Field Spt		0														
	Total	0	19,471	0	19,471	0	0	0	0	0	0	0	0	0	19,471		0
SO 1: Increased Rural Household Income in Targeted Areas																	
II-202(e)	Bilateral		1,660		1,660										1,660	6,700	0 00
	Field Spt		0														
	Total	0	1,660	0	1,660	0	0	0	0	0	0	0	0	0	1,660		0
SO 1: Increased Rural Household Income in Targeted Areas																	
Title III	Bilateral		5,000		5,000								0		5,000	20,000	0 00
	Field Spt		0										0				
	Total	0	5,000	0	5,000	0	0	0	0	0	0	0	0	0	5,000		0
SO 2: Government and Civil Society are Effective Partners in Democratic Governance at the National and Local Levels																	
DV	Bilateral	6,731	2,250											2,250	3,000	15,500	0 00
	Field Spt		250											250	500	500	
	Total	6,731	2,500	0	0	0	0	0	0	0	0	0	0	2,500	3,250	16,000	0
SO 3: Increased Use of Essential Maternal/Child Health and Family Planning Services in Focus Areas																	
DV	Bilateral	7,324	2,000					2,000							2,800	25,000	0 00
	Field Spt		3,500					3,500							3,500		
	Total	7,324	5,500	0	0	0	0	5,500	0	0	0	0	0	0	6,300		0
SO 3: Increased Use of Essential Maternal/Child Health and Family Planning Services in Focus Areas																	
CD	Bilateral	14,839	8,031					5,000	425	1,850	756				9,135	55,000	00
	Field Spt		2,565					500	75	1,350	640				2,565		
	Total	14,839	10,596	0	0	0	0	5,500	500	3,200	1,396	0	0	0	11,700		0
SO 3: Increased Use of Essential Maternal/Child Health and Family Planning Services in Focus Areas																	
Title II	Bilateral		3,436					3,436							3,436	17,500	00
	Field Spt		0					0									
	Total	0	3,436	0	0	0	0	3,436	0	0	0	0	0	0	3,436		0
Total Bilateral		71,892	61,648	0	0	700	2,000	8,436		1,850	756	6,100	2,250				
Total Field Support		0	6,315	0	0	0	3,500	500		1,350	640	0	250				
<b>TOTAL PROGRAM</b>		71,892	67,963	0	0	700	5,500	8,936		3,200	1,396	6,100	2,500	73,217		0	

FY 1998 Request Sector Totals -- DA		
Econ Growth		13,700
[Of which Microenterprise]		700
HCD		0
PHN		16,096
Environment		6,100
[Of which Biodiversity]		
Democracy		2,500
Humanitarian		0

FY 1998 Request Sector Totals -- ESF		
Econ Growth		0
[Of which Microenterprise]		0
HCD		0
PHN		0
Environment		0
[Of which Biodiversity]		0
Democracy		0
Humanitarian		0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

Mozambique

## GLOBAL FIELD SUPPORT

Objective Name	Field Support: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)					
				FY 1998		FY 1999		FY 2000	
				Obligated by:		Obligated by:		Obligated by:	
Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau		
S.O. 2:	Int'l City Management Association 940-1008	Medium	One Year	50					
	CEPPS 936-5468	Medium	One Year	200					
S.O. 3:	TAACS 936-5970	High	Three Years		250		200		200
	BASICS 936-6006	Medium	One Year		200				
	CDC 936-5994.03	Medium	Two Years		75		100		
	Rational Pharm. Mgn. 936-5974.08/09	Medium	Two Years		440		200		
	Global Leadership 936-3096.01	Medium	Three Years				400		600
	MCH-TASC 936-3096.02	High	Three Years	300		300		300	
	Family Planning Services 936-3062	High	Three Years		1,100		1,100		1,000
	SEATS 936-3084	High	Three Years		1,100		1,000		600
	POLICY 936-3078	Medium	Three Years		300		300		300
	DDI (Bucen) 936-3046	Medium	Two Years		50		100		
	Frontier 936-3086	Medium	Three Years		100		300		300
	Measure 936-3083	High	Three Years		150		800		200
	Family Planning Logistics Management 936-3038	Medium	Three Years		250		400		300
	Condom Procurement 936-6057	High	Three Years		1,200		1,500		1,700
	Contraceptive Procurement 936-3018	High	Three Years		500		800		1,000
	Partnership for Health Reform 936-5974.13	High	Three Years		350		500		500
<b>GRAND TOTAL.....</b>				<b>550</b>	<b>6,065</b>	<b>300</b>	<b>7,700</b>	<b>300</b>	<b>6,700</b>

\* For Priorities use high, medium-high, medium, medium-low, low

Org.USAID/MOZAMBIQUE FY 1998 On-Board Estimate	SO/SpO Staff					Total SO/SpO Staff	Management Staff					Total Mgmt.	Grand Total Staff	
	SO 1	SO 2	SO 3	SO 4	SpO 1		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal			All Other
	U.S. Direct Hire (1)	2	2	1				5	3	1	1			1
Other U.S. Citizens: (2)						0							0	0
OE Internationally Recruited						0			1	1			2	2
OE Locally Recruited Program	1	1	2	1	1	6						1	1	7
FSN/TCN Direct Hire:						0							0	0
OE Internationally Recruited						0			2				2	2
OE Locally Recruited						0							0	0
FSN/TCN Non-Direct Hire:						0							0	0
OE Internationally Recruited						5	2	12	52	3		4	73	78
OE Locally Recruited Program	3	1	1			5							0	21
	4.5	3.5	7	1	5	21							0	21
Total Staff Levels	10.5	7.5	11	2	6	37	5	16	54	4	0	7	86	123
TAACS			1			1							0	1
Fellows						0							0	0

- (1) The Mission has established a strategy and program development team headed by the USDH Program Officer, and a project design team headed by a USDH Project Development Officer. These teams provide support to all SO and SpO teams. The staffing for these teams is included under the "All Other" category.
- (2) Excluding TAACS and Fellows

Org.USAID/MOZAMBIQUE FY 1999 Target On-Board Estimate	SO/SpO Staff					Total SO/SpO Staff	Management Staff					Total Mgmt.	Grand Total Staff	
							Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal			All Other
	SO 1	SO 2	SO 3	SO 4	SpO 1									
U.S. Direct Hire: (1)	2	2	1			5	3	1	1	1	0	2	8	13
Other U.S. Citizens: (2)						0							0	0
OE Internationally Recruited						0		1	1				2	2
OE Locally Recruited Program	1	1	2	1	1	6						1	1	7
FSN/TCN Direct Hire:						0							0	0
OE Internationally Recruited						0			2				2	2
OE Locally Recruited						0							0	0
FSN/TCN Non-Direct Hire:						0							0	0
OE Internationally Recruited						3	2	12	52	4		4	74	77
OE Locally Recruited Program	1	1	1			3	2	12	52	4		4	74	77
	5.5	3.5	7	2	5	23							0	23
Total Staff Levels	9.5	7.5	11	3	6	37	5	16	54	5	0	7	87	124
TAACS						0							0	0
Fellows						0							0	0

Org.USAID/MOZAMBIQUE FY 1999 Request On-Board Estimate	SO/SpO Staff					Total SO/SpO Staff	Management Staff					Total Mgmt.	Grand Total Staff	
							Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal			All Other
	SO 1	SO 2	SO 3	SO 4	SpO 1									
U.S. Direct Hire	2	2	1			5	3	1	1	1		2	8	13
Other U.S. Citizens: 1/						0							0	0
OE Internationally Recruited						0		1	1			1	3	3
OE Locally Recruited Program	1	1	2	1	1	6						0	0	6
FSN/TCN Direct Hire:						0							0	0
OE Internationally Recruited						0			2				2	2
OE Locally Recruited						0							0	0
FSN/TCN Non-Direct Hire:						0							0	0
OE Internationally Recruited						3	2	12	52	4		4	74	77
OE Locally Recruited Program	1	1	1			3	2	12	52	4		4	74	77
	5.5	3.5	7	2	5	23							0	23
Total Staff Levels	9.5	7.5	11	3	6	37	5	16	54	5	0	7	87	124
TAACS			1			1							0	1
Fellows						0							0	0

- (1) The Mission has established a strategy and program development team headed by the USDH Program Officer, and a project design team headed by a USDH Project Development Officer. These teams provide support to all SO and SpO teams. The staffing for these teams is included under the "All Other" category.
- (2) Excluding TAACS and Fellows

Org.USAID/MOZAMBIQUE FY 2000 Target On-Board Estimate	SO/SpO Staff					Total SO/SpO Staff	Management Staff					Total Mgmt.	Grand Total Staff	
	SO 1	SO 2	SO 3	SO 4	SpO 1		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal			All Other
	U.S. Direct Hire	2	2	1				5	3	1	1			1
Other U.S. Citizens: 1/ OE Internationally Recruited						0							0	0
OE Locally Recruited Program	1	1	2	1	1	6		1	1			1	2	2
FSN/TCN Direct Hire: OE Internationally Recruited						0							0	0
OE Locally Recruited						0		2					2	2
FSN/TCN Non-Direct Hire: OE Internationally Recruited						0							0	0
OE Locally Recruited Program	1	1	1			3	2	12	52	4		4	74	77
	5.5	3.5	7	2	5	23							0	23
Total Staff Levels	9.5	7.5	11	3	6	37	5	16	54	5	0	7	87	124
TAACS						0							0	0
Fellows						0							0	0

1/ Excluding TAACS and Fellows

Org.USAID/MOZAMBIQUE FY 2000 Request On-Board Estimate	SO/SpO Staff					Total SO/SpO Staff	Management Staff					Total Mgmt.	Grand Total Staff	
	SO 1	SO 2	SO 3	SO 4	SpO 1		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal			All Other
	U.S. Direct Hire	2	2	1				5	3	1	1			1
Other U.S. Citizens: 1/ OE Internationally Recruited						0							0	0
OE Locally Recruited Program	1	1	2	1	1	6		1	1			1	3	3
FSN/TCN Direct Hire: OE Internationally Recruited						0							0	0
OE Locally Recruited						0		2					2	2
FSN/TCN Non-Direct Hire: OE Internationally Recruited						0							0	0
OE Locally Recruited Program	1	1	1			3	2	12	52	4		4	74	77
	5.5	3.5	7	2	5	23							0	23
Total Staff Levels	9.5	7.5	11	3	6	37	5	16	54	5	0	7	87	124
TAACS			1			1							0	1
Fellows						0							0	0

(1) The Mission has established a strategy and program development team headed by the USDH Program Officer, and a project design team headed by a USDH Project Development Officer. These teams provide support to all SO and SpO teams. The staffing for these teams is included under the "All Other" category.

(2) Excluding TAACS and Fellows

Org.USAID/MOZAMBIQUE FY 2001 On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff					Total Mgmt.	Grand Total Staff	
	SO 1	SO 2	SO 3	SO 4	SpO 1	Org. Mgmt.	Con- troller		AMS/ EXO	Con- tract	Legal	All Other				
	U.S. Direct Hire: (1)	2	2	1						3	1	1	1			2
Other U.S. Citizens: (2)																
OE Internationally Recruited													0	0		
OE Locally Recruited Program	1	1	2	1	1				1	1		1	2	2		
FSN/TCN Direct Hire:																
OE Internationally Recruited													0	0		
OE Locally Recruited									2				2	2		
FSN/TCN Non-Direct Hire:																
OE Internationally Recruited													0	0		
OE Locally Recruited Program	1	1	1					2	12	52	4	4	74	77		
	5.5	3.5	7	2	5								0	23		
Total Staff Levels	9.5	7.5	11	3	6	0	0	37	5	16	54	5	0	7	87	124
TAACS			1					1					0	1		
Fellows								0					0	0		

- (1) The Mission has established a strategy and program development team headed by the USDH Program Officer, and a project design team headed by a USDH Project Development Officer. These teams provide support to all SO and SpO teams. The staffing for these teams is included under the "All Other" category.
- (2) Excluding TAACS and Fellows

Org.USAID/MOZAMBIQUE Summary On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	Org. Mgmt.	Con- troller		AMS/ EXO	Con- tract	Legal	All Other				
	FY 1998:															
U.S. Direct Hire	2	2	1	0	0	0	0	5	3	1	1	1	0	2	8	13
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	3	1	1	0	0	0	0	5	2	15	53	3	0	4	77	82
Total OE Funded Staff	5	3	2	0	0	0	0	10	5	16	54	4	0	6	85	95
Program Funded	5.5	4.5	9	2	6	0	0	27	0	0	0	0	0	1	1	28
<b>Total FY 1998</b>	<b>10.5</b>	<b>7.5</b>	<b>11</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>5</b>	<b>16</b>	<b>54</b>	<b>4</b>	<b>0</b>	<b>7</b>	<b>86</b>	<b>123</b>

FY 1999 Target:																
U.S. Direct Hire	2	2	1	0	0	0	0	5	3	1	1	1	0	2	8	13
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	1	1	1	0	0	0	0	3	2	15	53	4	0	4	78	81
Total OE Funded Staff	3	3	2	0	0	0	0	8	5	16	54	5	0	6	86	94
Program Funded	6.5	4.5	9	3	6	0	0	29	0	0	0	0	0	1	1	30
<b>Total FY 1999 Target</b>	<b>9.5</b>	<b>7.5</b>	<b>11</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>5</b>	<b>16</b>	<b>54</b>	<b>5</b>	<b>0</b>	<b>7</b>	<b>87</b>	<b>124</b>

FY 1999 Request:																
U.S. Direct Hire	2	2	1	0	0	0	0	5	3	1	1	1	0	2	8	13
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	1	1	1	0	0	0	0	3	2	15	53	4	0	5	79	82
Total OE Funded Staff	3	3	2	0	0	0	0	8	5	16	54	5	0	7	87	95
Program Funded	6.5	4.5	9	3	6	0	0	29	0	0	0	0	0	0	0	29
<b>Total FY 1999 Request</b>	<b>9.5</b>	<b>7.5</b>	<b>11</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>5</b>	<b>16</b>	<b>54</b>	<b>5</b>	<b>0</b>	<b>7</b>	<b>87</b>	<b>124</b>

FY 2000 Target:																
U.S. Direct Hire	2	2	1	0	0	0	0	5	3	1	1	1	0	2	8	13
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	1	1	1	0	0	0	0	3	2	15	53	4	0	4	78	81
Total OE Funded Staff	3	3	2	0	0	0	0	8	5	16	54	5	0	6	86	94
Program Funded	6.5	4.5	9	3	6	0	0	29	0	0	0	0	0	1	1	30
<b>Total FY 2000 Target</b>	<b>9.5</b>	<b>7.5</b>	<b>11</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>5</b>	<b>16</b>	<b>54</b>	<b>5</b>	<b>0</b>	<b>7</b>	<b>87</b>	<b>124</b>

FY 2000 Request:																
U.S. Direct Hire	2	2	1	0	0	0	0	5	3	1	1	1	0	2	8	13
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	1	1	1	0	0	0	0	3	2	15	53	4	0	5	79	82
Total OE Funded Staff	3	3	2	0	0	0	0	8	5	16	54	5	0	7	87	95
Program Funded	6.5	4.5	9	3	6	0	0	29	0	0	0	0	0	0	0	29
<b>Total FY 2000 Request</b>	<b>9.5</b>	<b>7.5</b>	<b>11</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>5</b>	<b>16</b>	<b>54</b>	<b>5</b>	<b>0</b>	<b>7</b>	<b>87</b>	<b>124</b>

FY 2001 Estimate:																
U.S. Direct Hire	2	2	1	0	0	0	0	5	3	1	1	1	0	2	8	13
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	1	1	1	0	0	0	0	3	2	15	53	4	0	4	78	81
Total OE Funded Staff	3	3	2	0	0	0	0	8	5	16	54	5	0	6	86	94
Program Funded	6.5	4.5	9	3	6	0	0	29	0	0	0	0	0	1	1	30
<b>Total FY 2001 Target</b>	<b>9.5</b>	<b>7.5</b>	<b>11</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>5</b>	<b>16</b>	<b>54</b>	<b>5</b>	<b>0</b>	<b>7</b>	<b>87</b>	<b>124</b>

MISSION :

USAID/MOZAMBIQUE

## USDH STAFFING REQUIREMENTS BY SKILL CODE

BACKSTOP (BS)	No. of USDH Employees In Backstop FY 98	No. of USDH Employees In Backstop FY 99	No. of USDH Employees In Backstop FY 2000	No. of USDH Employees In Backstop FY 2001
01SMG	2	2	2	2
02 Program Off.	1	1	1	1
03 EXO	1	1	1	1
04 Controller	1	1	1	1
05/06/07 Secretary				
10 Agriculture.	1	1	1	1
11Economics				
12 GDO				
12 Democracy	2	2	2	2
14 Rural Dev.				
15 Food for Peace	1	1	1	1
21 Private Ent.				
25 Engineering				
40 Environ				
50 Health/Pop.	1	1	1	1
60 Education				
75 Physical Sci.				
85 Legal				
92 Commodity Mgt				
93 Contract Mgt	1	1	1	1
94 PDO	2	2	2	2
95 IDI				
Other*				
<b>TOTAL</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>

\*please list occupations covered by other if there are any

TRUST FUNDS & FSN SEPARATION FUND

Orgno: 656  
 Org. Title: USAID/Mozambique

Foreign National Voluntary Separation Account

Action	FY 98			FY 99			FY 00		
	OE	Program	Total	OE	Program	Total	OE	Program	Total
Deposits	166.4	28.0	194.4	177.4	30.0	207.4	189.1	33.0	222.1
Withdrawals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Unfunded Liability (if any)  
 at the end of each FY.

Local Currency Trust Funds - Regular (\$000s)

	FY 98	FY 99	FY 00
Balance Start of Year	464.5	46.5	85.5
Obligations	571.0	571.0	571.0
Deposits	153.0	610.0	500.0
Balance End of Year	46.5	85.5	14.5

Exchange Rate(s) Used 11,350.0

Trust Funds in Dollar Equivalents, not in Local Country Equivalents

Local Currency Trust Funds - Real Property (\$000s)

	FY 98	FY 99	FY 00
Balance Start of Year	0.0	0.0	0.0
Obligations	0.0	0.0	0.0
Deposits	0.0	0.0	0.0
Balance End of Year	0.0	0.0	0.0

Trust Funds in Dollar Equivalents, not in Local Country Equivalents

<b>Org. Title:</b>	<b>Mozambique</b>	<b>Overseas Mission Budgets</b>														
<b>Org. No:</b>		<b>FY 1998</b>			<b>FY 1999 Target</b>			<b>FY 1999 Request</b>			<b>FY 2000 Target</b>			<b>FY 2000 Request</b>		
<b>OC</b>		<b>Dollars</b>	<b>TF</b>	<b>Total</b>	<b>Dollars</b>	<b>TF</b>	<b>Total</b>	<b>Dollars</b>	<b>TF</b>	<b>Total</b>	<b>Dollars</b>	<b>TF</b>	<b>Total</b>	<b>Dollars</b>	<b>TF</b>	<b>Total</b>
<b>Org. Title:</b>	<b>Mozambique</b>	<b>Overseas Mission Budgets</b>														
<b>Org. No:</b>		<b>FY 1998</b>			<b>FY 1999 Target</b>			<b>FY 1999 Request</b>			<b>FY 2000 Target</b>			<b>FY 2000 Request</b>		
<b>OC</b>		<b>Dollars</b>	<b>TF</b>	<b>Total</b>	<b>Dollars</b>	<b>TF</b>	<b>Total</b>	<b>Dollars</b>	<b>TF</b>	<b>Total</b>	<b>Dollars</b>	<b>TF</b>	<b>Total</b>	<b>Dollars</b>	<b>TF</b>	<b>Total</b>

Org. Title: Mozambique		Overseas Mission Budgets														
Org. No:		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total												
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH	29.7	3.3	33	31.8	3.6	35.4	31.8	3.6	35.4	34	3.8	37.8	34	3.8	37.8
	Subtotal OC 11.1	29.7	3.3	33	31.8	3.6	35.4	31.8	3.6	35.4	34	3.8	37.8	34	3.8	37.8
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.5	FNDH	2.5	0.2	2.7	2	0.2	2.2	2.6	0.2	2.8	2	0.2	2.2	2.7	0.2	2.9
	Subtotal OC 11.5	2.5	0.2	2.7	2	0.2	2.2	2.6	0.2	2.8	2	0.2	2.2	2.7	0.2	2.9
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	87.1	0	87.1	71.1	0	71.1	131.1	0	131.1	75.4	0	75.4	138.4	0	138.4
11.8	FN PSC Salaries	1111.1	105.4	1216.5	1164.1	112.8	1276.9	1164.1	112.8	1276.9	1238.8	120.7	1359.5	1238.8	120.7	1359.5
11.8	IPA/Details-In/PASAs/RSSAs Salaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 11.8	1198.2	105.4	1303.6	1235.2	112.8	1348	1295.2	112.8	1408	1314.2	120.7	1434.9	1377.2	120.7	1497.9
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	194.5	0	194.5	128	0	128	238	0	238	134.5	0	134.5	250	0	250
12.1	Cost of Living Allowances	20.8	0	20.8	21.5	0	21.5	21.5	0	21.5	20.8	0	20.8	20.8	0	20.8
12.1	Home Service Transfer Allowances	2.1	0	2.1	2.8	0	2.8	6.3	0	6.3	0.4	0	0.4	0.7	0	0.7
12.1	Quarters Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12.1	Other Misc. USDH Benefits	6.8	0	6.8	6.8	0	6.8	6.8	0	6.8	6.8	0	6.8	6.8	0	6.8
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FNDH	5.2	0	5.2	5.6	0	5.6	5.6	0	5.6	6	0	6	6	0	6
12.1	Other FNDH Benefits	4.8	0.5	5.3	4.8	0.5	5.3	4.8	0.5	5.3	4.8	0.5	5.3	4.8	0.5	5.3
12.1	US PSC Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FN PSC	161.2	0	161.2	171.8	0	171.8	171.8	0	171.8	183.1	0	183.1	183.1	0	183.1
12.1	Other FN PSC Benefits	90.6	7	97.6	90.6	7	97.6	90.6	7	97.6	90.6	7	97.6	90.6	7	97.6
12.1	IPA/Detail-In/PASA/RSSA Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 12.1	486	7.5	493.5	431.9	7.5	439.4	545.4	7.5	552.9	447	7.5	454.5	562.8	7.5	570.3
13	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FNDH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Other Benefits for Former Personnel - FNDH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FN PSCs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Other Benefits for Former Personnel - FN PSCs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 13.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Training Travel	50	0	50	50	0	50	55	0	55	50	0	50	55	0	55
21	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Post Assignment Travel - to field	17.3	0	17.3	12.5	0	12.5	34.5	0	34.5	2.5	0	2.5	2.5	0	2.5

Org. Title:		Overseas Mission Budgets														
Org. No:		Mozambique														
OC		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total												
21	Assignment to Washington Travel	0	0	0	8.5	0	8.5	34.5	0	34.5	0	0	0	2.5	0	2.5
21	Home Leave Travel	7	0	7	59.5	0	59.5	48.5	0	48.5	35.5	0	35.5	33	0	33
21	R & R Travel	77.5	0	77.5	28.9	0	28.9	28.9	0	28.9	57	0	57	90	0	90
21	Education Travel	12	0	12	12	0	12	12	0	12	0	0	0	0	0	0
21	Evacuation Travel	30	0	30	30	0	30	30	0	30	30	0	30	30	0	30
21	Retirement Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Pre-Employment Invitational Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Other Mandatory/Statutory Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Site Visits - Headquarters Personnel	23	0	23	0	0	0	25	0	25	0	0	0	25	0	25
21	Site Visits - Mission Personnel	30	24.9	54.9	20	28	48	30	28	58	20	30	50	30	30	60
21	Conferences/Seminars/Meetings/Retreats	50	0	50	30	0	30	50	0	50	30	0	30	50	0	50
21	Assessment Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Impact Evaluation Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Disaster Travel (to respond to specific disasters)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Recruitment Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Other Operational Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 21.0	296.8	24.9	321.7	251.4	28	279.4	348.4	28	376.4	225	30	255	318	30	348
22	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22	Post assignment freight	66	0	66	153	0	153	246	0	246	23.5	0	23.5	42	0	42
22	Home Leave Freight	8	0	8	61	0	61	54	0	54	41	0	41	41	0	41
22	Retirement Freight	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Transportation/Freight for Office Furniture/Equip.	65.6	0	65.6	7.3	0	7.3	97.9	0	97.9	35.8	0	35.8	45.9	0	45.9
22	Transportation/Freight for Res. Furniture/Equip.	16.7	0	16.7	27.8	0	27.8	25.6	0	25.6	25.1	0	25.1	68.6	0	68.6
	Subtotal OC 22.0	156.3	0	156.3	249.1	0	249.1	423.5	0	423.5	125.4	0	125.4	197.5	0	197.5
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	24	59.8	83.8	24	59.8	83.8	24	59.8	83.8	24	59.8	83.8	24	59.8	83.8
23.2	Rental Payments to Others - Warehouse Space	24.9	22.8	47.7	24.9	4.8	29.7	24.9	4.8	29.7	24.9	4.8	29.7	24.9	4.8	29.7
23.2	Rental Payments to Others - Residences	208.4	56.7	265.1	224.4	56.7	281.1	224.4	56.7	281.1	194.4	56.7	251.1	194.4	56.7	251.1
	Subtotal OC 23.2	257.3	139.3	396.6	273.3	121.3	394.6	273.3	121.3	394.6	243.3	121.3	364.6	243.3	121.3	364.6
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	0	30	30	0	33	33	0	33	33	0	37	37	0	37	37
23.3	Residential Utilities	0	69	69	0	75	75	0	75	75	0	72	72	0	72	72
23.3	Telephone Costs	9	54	63	9	54	63	9	54	63	9	54	63	9	54	63
23.3	ADP Software Leases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.3	ADP Hardware Lease	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.3	Commercial Time Sharing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.3	Postal Fees (Other than APO Mail)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.3	Other Mail Service Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.3	Courier Services	12	0	12	12	0	12	12	0	12	12	0	12	12	0	12
	Subtotal OC 23.3	21	153	174	21	162	183	21	162	183	21	163	184	21	163	184
24	Printing and Reproduction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 24.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		

Org. Title:		Overseas Mission Budgets															
Org. No:		Mozambique															
OC		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request			
		Dollars	TF	Total													
25.1	Studies, Analyses, & Evaluations	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.1	Management & Professional Support Services	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.1	Engineering & Technical Services	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 25.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			
25.2	Office Security Guards	78	0	78	78	0	78	117	0	117	78	0	78	117	0	117	
25.2	Residential Security Guard Services	93.6	0	93.6	93.6	0	93.6	140.4	0	140.4	93.6	0	93.6	140.4	0	140.4	
25.2	Official Residential Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Representation Allowances	1	0	1	1	0	1	1.5	0	1.5	1	0	1	1.5	0	1.5	
25.2	Non-Federal Audits	2	0	2	0	0	0	0	0	0	2	0	2	2	0	2	
25.2	Grievances/Investigations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Insurance and Vehicle Registration Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Vehicle Rental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Manpower Contracts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Records Declassification & Other Records Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Recruiting activities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Penalty Interest Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Other Miscellaneous Services	30	55	85	30	60	90	30	60	90	30	66	96	30	66	96	
25.2	Staff training contracts	20	0	20	20	0	20	20	0	20	20	0	20	20	0	20	
25.2	ADP related contracts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 25.2	224.6	55	279.6	222.6	60	282.6	308.9	60	368.9	224.6	66	290.6	310.9	66	376.9	
25.3	Purchase of goods and services from Government accounts	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			
25.3	ICASS	135	0	135	135	0	135	170	0	170	135	0	135	170	0	170	
25.3	All Other Services from Other Gov't. accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 25.3	135	0	135	135	0	135	170	0	170	135	0	135	170	0	170	
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			
25.4	Office building Maintenance	0	10	10	0	30.6	30.6	0	30.6	30.6	0	3.5	3.5	0	3.5	3.5	
25.4	Residential Building Maintenance	0	30	30	0	0	0	0	0	0	0	10	10	0	10	10	
	Subtotal OC 25.4	0	40	40	0	30.6	30.6	0	30.6	30.6	0	13.5	13.5	0	13.5	13.5	
25.6	Medical Care	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 25.6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			
25.7	ADP and telephone operation and maintenance costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.7	Storage Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.7	Office Furniture/Equip. Repair and Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.7	Vehicle Repair and Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.7	Residential Furniture/Equip. Repair and Maintenance	30	0	30	25	0	25	25	0	25	20	0	20	20	0	20	
	Subtotal OC 25.7	30	0	30	25	0	25	25	0	25	20	0	20	20	0	20	
25.8	Subsistence and support of persons (by contract or Government)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Supplies and materials	140.9	42.4	183.3	140	45	185	143	45	188	140	45	185	150	45	195	

Org. Title: Org. No: OC	Mozambique		Overseas Mission Budgets														
			FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
			Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Subtotal OC 26.0	140.9	42.4	183.3	140	45	185	143	45	188	140	45	185	150	45	195		
31 Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line				
31 Purchase of Residential Furniture/Equip.	56.6	0	56.6	24.3	0	24.3	85.4	0	85.4	123.5	0	123.5	228.8	0	228.8		
31 Purchase of Office Furniture/Equip.	52.3	0	52.3	19.3	0	19.3	67.9	0	67.9	13.5	0	13.5	25.8	0	25.8		
31 Purchase of Vehicles	61.1	0	61.1	35.2	0	35.2	124	0	124	0	0	0	0	0	0		
31 Purchase of Printing/Graphics Equipment	17.6	0	17.6	11.9	0	11.9	42	0	42	23	0	23	44	0	44		
31 ADP Hardware purchases	60	0	60	21	0	21	62.5	0	62.5	33.5	0	33.5	60	0	60		
31 ADP Software purchases	30	0	30	5	0	5	30	0	30	10	0	10	23.3	0	23.3		
Subtotal OC 31.0	277.6	0	277.6	116.7	0	116.7	411.8	0	411.8	203.5	0	203.5	381.9	0	381.9		
32 Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line				
32 Purchase of Land & Buildings (& construction of bld	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
32 Purchase of fixed equipment for buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
32 Building Renovations/Alterations - Office	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
32 Building Renovations/Alterations - Residential	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Subtotal OC 32.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
42 Claims and indemnities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>TOTAL BUDGET</b>	<b>3255.9</b>	<b>571</b>	<b>3826.9</b>	<b>3135</b>	<b>571</b>	<b>3706</b>	<b>3999.9</b>	<b>571</b>	<b>4570.9</b>	<b>3135</b>	<b>571</b>	<b>3706</b>	<b>3789.3</b>	<b>571</b>	<b>4360.3</b>		
Dollars Used for Local Currency Purchases	0			0			0			0			0				
Exchange Rate Used in Computations	11360	11360		11360	11360		11360	11360		11360	11360		11360	11360			
Workyears of Effort 1/ FNDH	2		2	2		2	2		2	2		2	2		2		
FN PSCs	78		78	77		77	77		77	77		77	77		77		
IPAs/Details-In	0		0	0		0	0		0	0		0	0		0		
Manpower Contracts	0		0	0		0	0		0	0		0	0		0		
<b>Total Workyears</b>	<b>80</b>	<b>0</b>	<b>80</b>	<b>79</b>	<b>0</b>	<b>79</b>	<b>79</b>	<b>0</b>	<b>79</b>	<b>79</b>	<b>0</b>	<b>79</b>	<b>79</b>	<b>0</b>	<b>79</b>		

1/ One workyear of effort is equal to 2080 hours worked.