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RESULTS REVIEW

FY 1995

MOZAMBIQUE



March 1996

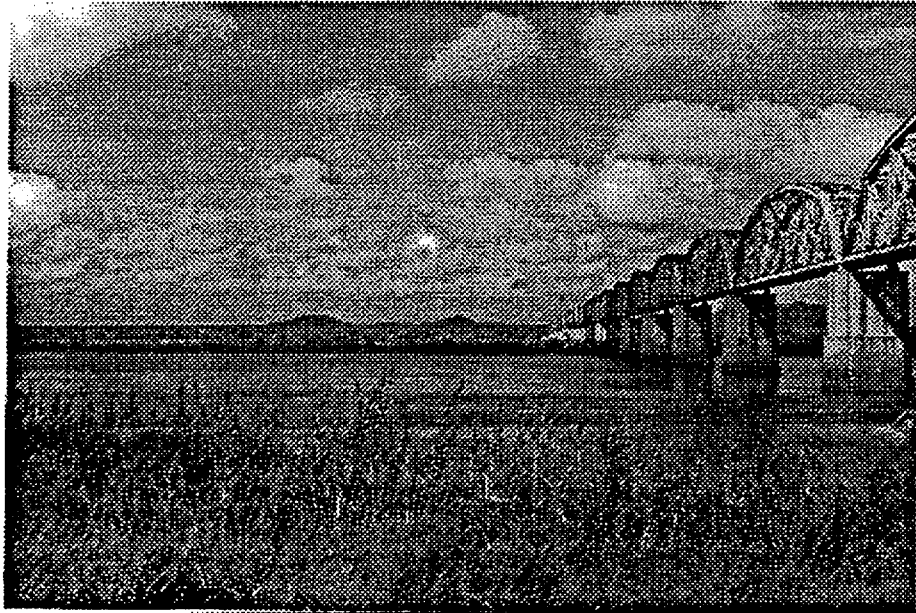
Agency for International Development
Washington, D.C. 20523

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Dona Ana Bridge, December 1992

USAID/Mozambique
Results Review, FY 1995



Dona Ana Bridge, December 1995

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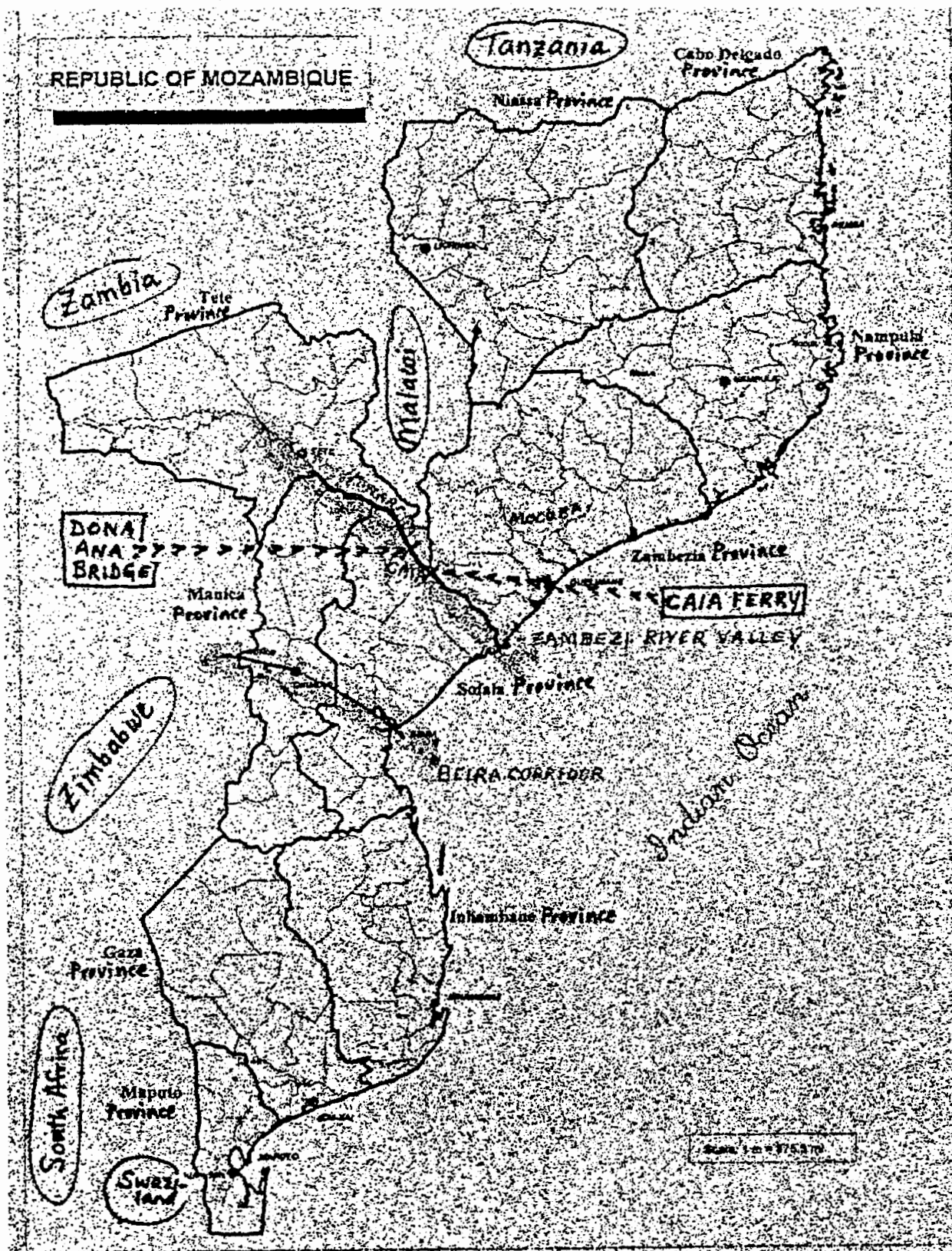
ON THE COVER: *"Once a symbol of the destruction of the war in Mozambique, today the Dona Ana Bridge is a mark of reconciliation and development." [Dennis C. Jett, U.S. Ambassador to Mozambique, at inauguration ceremonies, December 15, 1995]*

TOP: *December 1992, war-sabotaged collapsed spans in foreground and distance symbolize Mozambique's devastation and disunity during the 16-year civil war. [Photo: D. Ballard]*

BOTTOM: *December 1995, rehabilitated 4.2 km bridge now permits vehicle and pedestrian traffic across the Zambezi River, reuniting the north with the center and south. [Photo: T. Johnson]*

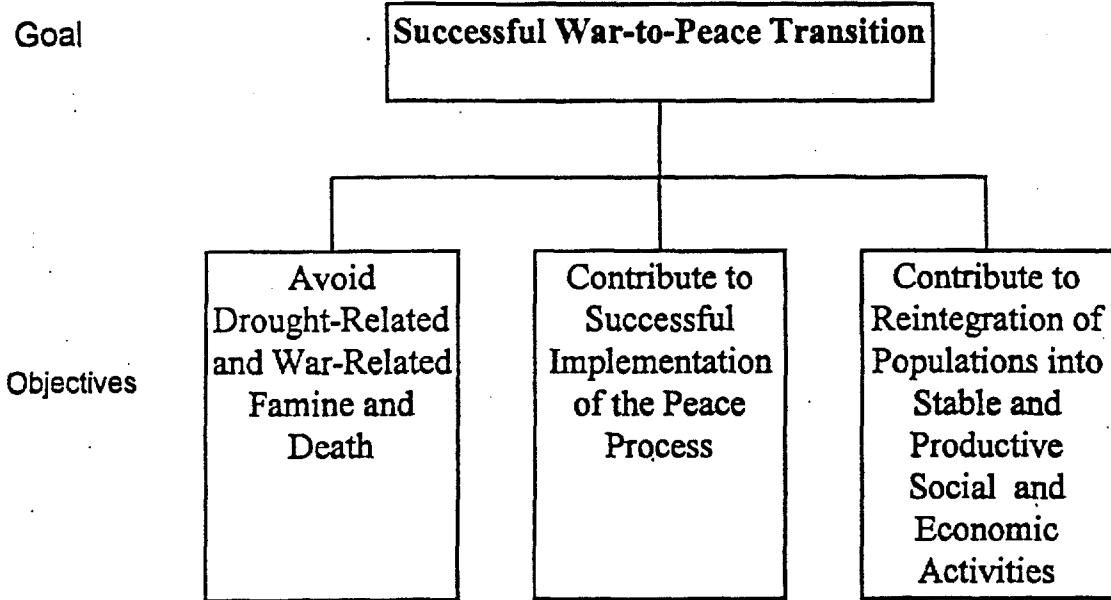
MORE ON THE BRIDGE IN SECTION II.A.3.

USAID/Mozambique Results Review, FY 1995



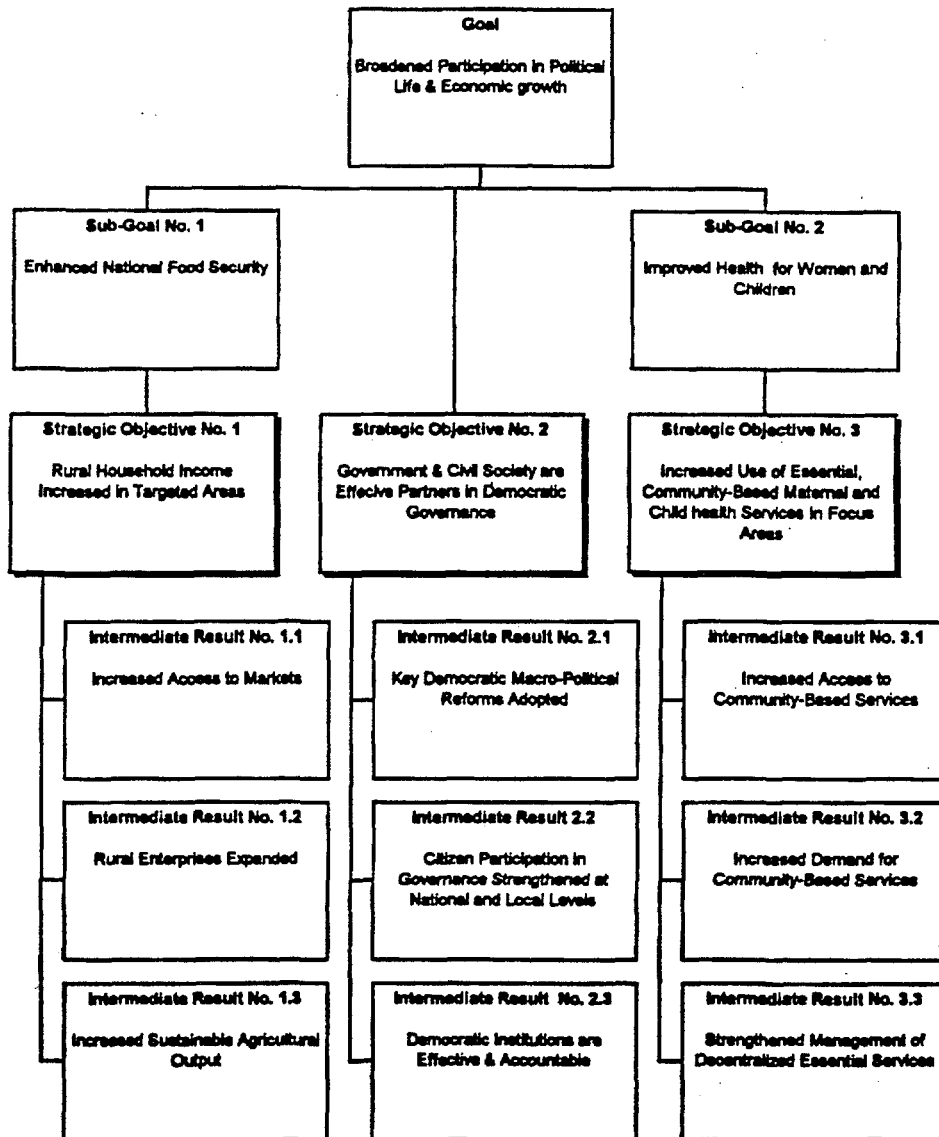
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USAID Mozambique FY 1993 - 1995 Transition Program



USAID/Mozambique

FY 1996 - 2001 Country Strategic Plan



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USAID/Mozambique Results Review, FY 1995

During FY 1995, USAID completed a three-year program of support for Mozambique's successful war-to-peace transition and began implementation of a post-transition six-year strategic plan. Because of the bridging nature of the year, this report both tells the story of USAID's program impact during 1995 and sets the scene for achieving the new strategic objectives.

I. Factors Affecting Program Performance

In 1992, in the throes of war and drought, Mozambique literally was kept alive by emergency relief from donor countries; by the end of 1995, as massive aid provided during the emergency and transition periods dwindled, Mozambicans had begun to both mobilize their own resources and attract outside investment for development. Yet Mozambique's per capita GDP is still only \$90; it has the lowest literacy rate in southern Africa--33 percent--and one of the highest infant mortality rates in the world--139 per thousand. Mozambique's development will be a long term task, but the transition from devastating civil war to peace and political stability has been successful, and has laid the foundation for a democratic and prosperous future:

Following multi-party national elections in October 1994,¹ Mozambique entered a period of consolidation of peace and democracy, the foundation for continuing economic growth. In December the elected president was inaugurated and announced a cabinet in which key ministries are headed by dynamic, market-oriented administrators. In March 1995 the Assembly of the Republic began its first multi-party legislative session, a stormy three-month convention which demonstrated both the Assembly's importance to Mozambique's democratic governance and its own weak condition. Each subsequent session has been more business-like and less partisan as the ruling party and opposition deputies learn to work constructively together.

The security situation remained stable during 1995. Incidents of political confrontation in areas of "dual administration" (the Frelimo government in theory, the Renamo local authorities in practice) which were numerous early in the year became rarer. The more than 90,000 demobilized soldiers began to establish civilian lives, although armed criminal activities, sometimes attributed to the demobilized, continue to occur in a few parts of the country. The archipelago of secure areas in a sea of uncertainty and violence--Mozambique in the war and post-war periods--no longer exists, because the sea has receded. Mozambicans are more confident about the future, as evidenced in increased personal mobility, return of family members to rural areas, expanding commercial activity, and investments to start or rehabilitate enterprises of both large and small scale.

¹See USAID/Mozambique's Assessment of Program Impact, FY 1993-1994.

The massive post-war population movements--nearly 4 million internally displaced persons and over 1.7 million refugees moved home between October 1992 and August 1995 -- have certainly ended. And while a significant percentage of rural Mozambicans (around 15 percent in some areas recently surveyed) say they are not yet "home," the vast majority of families have re-established farms and other enterprises. Primary school (grades 1-5) enrollment nationally increased 8.7 percent from 1994 to 1995; children in primary school as a percent of total children aged 6-10 was 54.2 in 1994, 56.8 in 1995, and 65.7 in 1996 (the school year starts in February of each year). Schooling for their children is very important for Mozambicans, and the increased enrollments provide some confirmation that life has stabilized--that families have settled, that they have hope and means to invest in their children's future, and that school rooms and teachers are increasingly available.

The economic outlook is hopeful. At the March 1995 Consultative Group meeting the attention of government and key donors coalesced around transparency and accountability in the government budget process and on continuing financial sector reform, privatization, and promotion of investment, both foreign and domestic. The government has set an ambitious agenda for continued reforms. During 1995 the investment code was revised to attract foreign investors, and significant investment proposals are already pending, including several from U.S. companies. Mozambique's 1994 GDP growth was 5.4 percent (Tanzania and Zimbabwe were the only other southern Africa countries with positive GDP growth that year). GDP growth was reported at 2.9 percent for 1995, the first post-transition year; with strongly positive growth in all other sectors offset by a 26.7% fall in government services, partly due to a decline in military spending. During 1995, the transport sector grew by more than 17 percent; the agricultural sector grew by more than 5 percent, but the increase in commercialized smallholder agriculture surpassed 18 percent, and overall volume of commercialized agricultural products increased by 38 percent over 1994. GDP growth is projected at 5 percent for 1996.

Improved access and mobility of the population have brought all areas of the country into contact again. While heavy rains still temporarily disrupt transportation and communications, there are no longer any areas which are completely isolated.

As the massive post-war population movements of 1993 and 1994 ended, as marketing activity continued to flourish, and as the agricultural base of rural Mozambique began to be re-established, dependency on free food distributions dropped dramatically. Total beneficiaries of emergency food aid in September 1995 were 620,000, compared with 1,496,000 in September 1993.

Evidence of Mozambique's emergent civil society was everywhere in 1995: new professional and trade associations formed and old ones became more active in promoting member interests; a few independent labor unions formed and began to flex their muscles; more Mozambican non-governmental organizations (NGOs) oriented toward development activities were created; and the diverse independent media--none of which existed until 1992--informed,

outraged, and amused the public over the course of the year, as they dogged political issues and exposed scandals.

These positive factors--and the persistence and resourcefulness of the Mozambican people--have set the stage for Mozambique's post-transition development. However, there are also negative factors which threaten the achievement of sustainable development.

Natural disasters such as drought, flood, and cyclones are common in Mozambique. These can cause temporary setbacks in affected areas and slow down the agricultural recovery that is the foundation of the country's economic growth. USAID works closely with the government, NGOs, and other donor agencies to monitor potential disaster situations and to provide timely targeted responses. Furthermore, programming under the Mission's Country Strategic Plan for FY 1996-2001 will reduce vulnerability to such disasters by promoting diversification of agriculture and expansion of other productive activities in rural areas.

Democratic processes are fragile in Mozambique and institutions are weak. Political stresses are evident as Mozambique dismantles its historically authoritarian rule and through more democratic governance reduces the benefits that previously accrued to a ruling elite. Some of these stresses are due to understandable bureaucratic inertia, but at the policy level also there are voices which oppose democratic objectives such as reducing the size and limiting the role of government, making its actions transparent, and holding it accountable. One particular concern in this connection is that no firm date has yet been set for the municipal elections provided for under legislation enacted in March 1994, although they are expected to occur in phases beginning in 1997. The continuing policy dialogue engaged in by USAID and the wider U.S. Mission in Mozambique, in collaboration with other donors supporting Mozambique's democratization, is a crucial tool for strengthening government resolve and its ability to counter the anti-democratic voices. During the FY 1996-2001 strategy period, USAID programming will also strengthen the voices of civil society in the democratic debate.

Finally, despite its highly qualified and innovative new economic policy team, the government's ability to follow through on its economic reform agenda is uncertain--because of political resistance, because of weak capacity in key economic and financial institutions, and because the radical nature of some reforms is shaking up the old order. In order to bolster the implementation and impact of reforms, USAID works closely with the government and other donors at the policy level, provides targeted policy-related assistance when appropriate, and demonstrates through our own programming the effectiveness and efficiency of the private sector and the open market in serving the interests of producers and consumers, rural and urban.

II. Progress toward Strategic Objectives

A. FY 1993-1995 War-to-Peace Transition Program

1. Objective One: Avoid drought-related and war-related famine and death

Indicator: Global acute malnutrition rates among children less than five years old stable or decreasing in monitored populations.²

With sustained peace, with normal rains, which provided most at-risk communities with a food harvest for a second or third year post-war, and with improved access of vulnerable communities to both food markets and health services, malnutrition rates remained stable throughout 1995, even as emergency food aid distributions continued to phase down. Communities which remained at risk due to inadequate harvests or other localized problems were identified and monitored by partner PVOs/NGOs, who worked closely with USAID, the U.N. World Food Program (WFP), and other donors to ensure timely targeted delivery of food and other emergency assistance.

Based on available data, the nutrition situation improved during 1995; it was still stable in October, the beginning of the annual "hungry season." In that month not one district in the country reported preoccupyingly high growth faltering rates (the indicator most commonly reported by all health facilities)³.

However, the example of Mutarara district, one gravely vulnerable area monitored by the Mission and reported on in detail in the FY 1993-1994 API, illustrates the difficulty of documenting the improved nutrition situation. During the drought, war, and post-war emergency, PVO partners such as World Vision (WV) and MSF monitored and surveyed accessible populations--those in more densely settled areas (such as the district seat) and along accessible transport corridors (such as the road from Malawi to the district seat, the conduit for hundreds of thousands of returning refugees). As accessibility improved during 1994 and 1995, families moved away from these areas and back to formerly isolated home villages, which are extremely dispersed. At the same time, reliable food aid and better food markets in

²This indicator is defined as the percent of children aged 6-59 months with low weight-for-height (below -2 standard deviations from the international NCHS reference). This rate is highly responsive to situations of severe food and medical deprivation, and is the most biologically and statistically correct of the nutrition indicators for which data are available in Mozambique. Data on this indicator are not comprehensive or nation-wide, but because they are drawn largely from PVO/NGO surveys they were expected to be available for locations and populations most at risk, i.e., those in drought-prone and/or highly war-affected areas. In selecting this indicator, the Mission realized that the widespread massive population movements expected to occur during the transition period would complicate and limit any analysis or interpretation of the data. Principal data sources on nutritional and other emergency indicators are: the monthly Food Security Bulletins published by Medecins sans Frontieres (MSF), which report from more than 150 locations in dozens of districts around the country; and USAID's PVO partners.

³None out of the 58 districts reporting in 1995; compared with 2 of 39 reporting a "preoccupying" situation in October 1994. The 19 additional districts reported on in 1995 were characterized as at high risk but not previously monitored by MSF. Nonetheless, data reported by MSF are not comprehensive; although they incorporate both Ministry of Health statistics and monthly statistical reports from PVOs/NGOs, there are significant rural areas, far from formal health facilities, which are not monitored by these sources unless an acute problem is reported. As many as two-thirds of rural Mozambicans may be unmonitored in this sense.

the towns and larger villages removed the need for nutritional sample surveys, performed twice a year between November 1991 and November 1993, to be continued in these centers. The nutritional sample surveys conducted by MSF in 1994 and 1995 covered Mutarara's dispersed populations, largely in areas far from health facilities and food aid distributions. Thus, the global acute malnutrition rates among children under five years of age reported from Mutarara during 1994 and 1995 provided in effect baselines for populations that were previously unmonitored--and cannot be compared with the earlier data.

Prevalence of Global Acute Malnutrition, Mozambique
Mutarara District, Tete Province, Nov 91 - Nov 95

	Nov91	Apr92	Nov92	May93	Nov93	Nov94	Feb95	Nov95
Mutarara Town	5.4%	2.1%	8.6%	12.7%	2.4%			
Inhangoma	10.7%	5.3%	30.1%	19.2%	2.0%			
Outlying areas						7.1%	11.7%	5.0%

Sources: World Vision, Medecins sans Frontieres

The improved food security situation in Mutarara district is demonstrated not only by the reduction and stabilization of the malnutrition rates over the course of the transition, despite the higher risks faced by dispersed populations, but also by the detection in recent nutritional surveys of more specific nutritional inadequacies. The challenge of the immediate post-war years--simply getting people enough food for survival--has been met, and the problem is no longer stark famine but rather nutritional imbalance and caloric inadequacy. The 1995 nutrition survey in Mutarara District which found the prevalence of acute malnutrition to be satisfactorily stable also detected a high incidence of pellagra (associated with a diet deficient in niacin and protein) in the general population, which is being addressed in the short term by WV and WFP through targeted distribution of high-protein domestically produced foods such as peanuts, and in the longer term through ongoing PVO partner activities which improve and diversify agricultural production and provide basic health education services, including nutrition improvement messages.

As household agricultural production has recovered from war and drought, and market access has improved, the overall need for free food distributions has dropped precipitously. Returned refugees received food aid until their first harvest following their return; distributions to returnees will end in May 1996. In the southern third of the country, due to drought conditions during 1994-1995, significant populations are still dependent on free food distributions at least through the April 1996 harvest. While USAID's emergency food assistance has been significantly reduced, as shown in the following table, it nonetheless remains a significant part of total emergency assistance provided (25 percent in 1995, according to WFP).

USAID Emergency Food and Non-Food Aid,* Mozambique
(Fiscal Years; U.S.\$)

Year	Amount	Change from Previous Year
1991	24,000,000	None
1992	86,000,000	+ 258%
1993	58,773,000	- 32%
1994	27,884,000	- 53%
1995	22,676,000	- 19%
1996 (est)	20,176,000	- 11%

*Includes Title II, WFP contribution, ITSH, OFDA airlift, and other emergency
Source: USAID/Mozambique

Emergency Food Aid Beneficiaries, Mozambique
(Nationwide, from All Donors)

	Demobilized Soldiers and Dependents	Returned Refugees	Displaced and War- Affected	Total	Change from Previous Year
Sept 1992*	0	0	2,400,000	2,400,000	n/a
Sept 1993	0	437,000	1,059,000	1,496,000	- 38%
Sept 1994	198,000	790,000	400,000	1,388,000	- 7%
Sept 1995	0	200,000	420,000	620,000	- 55%

*Height of war- and drought-related displacement

Note: Harvest occurs in April-May, and that is when beneficiary numbers are at their lowest each year; by September, at-risk households have exhausted their food stocks and are dependent upon distributions.

Source: WFP

Title II food commodities were also used by partner PVOs in food-for-work activities which brought double benefits to the communities in which they worked. For example, World Vision used commodities to employ hundreds of men and women in Tete and Zambezia provinces, who rehabilitated roads, built classrooms, and expanded and maintained long-neglected smallholder irrigation schemes. This significantly improved the food security of participating families and also brought broader economic and social benefits through improved infrastructure.

Food aid and malnutrition rates tell only part of the story of recovery from emergency. Cyclone Nadia, which struck the coast of Nampula province in March 1994, destroyed about 75 percent of the maize and cassava harvests and 80 percent of the cashew trees across 12 districts, affecting more than 200,000 rural families at a crucial point in their post-war recovery. Emergency assistance (plastic sheeting for shelter and emergency food aid) were provided by USAID immediately.

A New Start

At 9pm on March 24, 1994, in the midst of a wind and rain storm, Alexandra was cooking dinner—cassava leaves from her nearby farm—inside her mud brick house near the coast of rural Nampula province. Suddenly the winds rose; trees began to fall. Terrified, Alexandra and her 3 children huddled under a blanket. Within minutes the wind took the roof from over their heads and everything in their house. It was 6 hours before Alexandra could stand up and look around at the devastation wrought by Cyclone Nadia. She had lost nearly all of her crops—maize, peanuts, and squash—only two weeks before they were due to be harvested; 6 of her 11 cashew trees, a crucial source of cash income for her family, had been uprooted. Shelter was the first concern, but no thatch for roofing could be found at this season. Within 2 weeks Alexandra and her neighbors had received USAID/OFDA-funded roofing material delivered by the U.S. Air Force. Emergency food aid provided by WFP and PVO partners kept Alexandra and her children from hunger. When planting season arrived in October, Alexandra received peanut seed provided under a USAID-financed program, and in March 1995, as her first post-cyclone food harvest neared, she planted 5 new cashew tree seedlings provided by the same program. USAID assistance during FY 1995 helped Alexandra and 246,000 other rural Nampula families not just survive but recover from disaster.



March 1994: Cyclone Nadia left half a million people homeless and without harvests in 12 rural districts of Nampula province. This is what remains of one family home. Broken and uprooted cashew trees are visible in the rubble and in the distance. [Photo: F.Paixao]

More important for averting similar disastrous effects in the future, USAID began to work with local partners—private agriculture enterprises already long-established in the cyclone-devastated districts—to develop and implement a program which in 1995 provided seed and related extension services to the cyclone-affected farmers. This program helped families to both relieve the short-term food risk (through crop diversification) and reduce longer-term risk to the income they derive from cashew (through improved dwarf variety cashew tree seedlings which will be less vulnerable to severe weather). About 246,000 families have benefited, at a cost to USAID of about \$10 per family. This effort will have a significant economic impact as the trees mature. Cashew has traditionally been one of Mozambique's principal exports; it represented about 5 percent of the agricultural share of Mozambique's GDP in 1995, and grew 8 percent between 1994 and 1995, despite the devastation of Cyclone Nadia.



March 1995: Extension agent demonstrates technique for planting dwarf variety cashew seedling to farmers affected by Cyclone Nadia. 246,000 families received peanut seed, cashew seeds, and seedlings through a USAID-financed program. [Photo: F.Paixao]

The Mission's emergency assistance during the post-war/post-drought period has also leveraged private capital investments during FY 1995. To address the deadly lack of potable water for 175,000 people in the wake of the 1992 drought, USAID financed the Adventist Relief and Development Agency (ADRA) rehabilitation of a reservoir intake system and 40 km of a steady stream of piped water to urban and peri-urban Chimoio, the capital of Manica province. The reliable new system was the major factor in the 1995 decision by the Coca-Cola Company to locate a new bottling plant in that city. This single investment will provide short-term construction employment and between 100 and 200 new permanent jobs, as well as spur significant employment in downstream enterprises (transportation, sales, etc.) and encourage other investment in this area.

In sum, the assistance provided by USAID during Mozambique's war-to-peace transition not only successfully averted famine and death during the critical initial recovery from natural disasters and war, but provided significant longer-term benefits both for direct beneficiaries and for the economy as a whole. The Mission's approach is a model for effective emergency programming. This approach directly contributed to the Agency goal of providing humanitarian assistance and aiding post-crisis transitions, as well as the cross-cutting Agency theme of crisis prevention.

2. Objective Two: Contribute to successful implementation of the peace process

Indicator: Perception that the electoral process, including voter registration, campaigning, and elections, was free and fair.⁴

Indicator: Perceptions of personal safety and security of property stable or improving among populations in monitored areas.⁵

Demobilization during 1994 was only the first step in the reintegration into civilian life of more than 90,000 soldiers; successful reintegration is crucial to sustained peace and to security of life and property in Mozambique. During 1995 the 18 months of reintegration support subsidy provided to ex-soldiers began to run out. As hoped when donors established the subsidy fund, most demobilized soldiers appear to have used this period to re-establish themselves and their families within settled communities and the local economy.

⁴The dramatic success of Mozambique's general elections of October 1994 was reported in detail in USAID/Mozambique's "Assessment of Program Impact, FY 1993-94," and is not repeated here.

⁵Government policies before and after independence, and the rural orientation of the 16-year civil war, forced repeated displacements of millions of Mozambicans, and severely affected the normal social and economic activities even of those who were not displaced. The degree to which Mozambicans began to feel more secure was a very strong indication of a successful peace; the difficulty was how to understand, and then measure, such perceptions. USAID's impact monitoring included: (i) tracking secondary data, such as demobilization progress and incidents of armed attack (banditry), to provide a backdrop to perceptions of personal security; and then (ii) through observations and interviews during site visits, finding evidence of people's returning confidence.

The USAID-funded Information and Referral Service (IRS) has directly assisted nearly 15,000 ex-soldiers nationally during FY 1995, helping solve problems and matching veterans with job and training opportunities. The IRS is widely credited for providing a crucial "ear" for the demobilized and thereby reducing the high potential for mass violence by unhappy ex-soldiers during the first months of their reintegration. The USAID-financed Provincial Fund (PF), which provides small grants for community-based projects and micro-enterprises developed by ex-soldiers, has funded more than 900 projects, of which one-third have already been completed; more than 10,000 ex-soldiers have directly benefited from these projects, at an average cost of about \$175 per participating demobilized soldier. Indirect benefits--economic and social--to the communities in which the ex-soldiers live are incalculable. More than 400 additional PF activities have been approved for funding, projecting benefits in the next few months for over 6,000 additional ex-soldiers.

One Soldier Adjusts to Civilian Life

Leonardo trained as a welder and worked in his trade for 7 years before going to war in 1979. Demobilized in 1994, he returned with his wife and 5 children to his home district of Namaacha, on the border with Swaziland. Through a donor-financed program for ex-soldiers, Leonardo updated his skills, obtained a new welding kit, and took a short course in microenterprise start-up and management. In 1995, with a \$1,500 grant from the USAID-financed Provincial Fund for reintegrating ex-soldiers into productive civilian occupations, and a \$1,000 in-kind investment of his own, he started a small enterprise. He trained 6 other ex-soldiers as welders and employs them in body work and painting of *chapas*, the privately owned trucks and mini-buses which provide passenger transport in urban and rural Mozambique. Leonardo's profits have more than replaced his monthly reintegration subsidy which ended in October 1995, and also financed construction and stock for a small shop, run by his wife, selling basic commodities in his neighborhood. He also has provided short-term loans to his trainees/employees, enabling them to purchase their own welding kits. Leonardo's services are in such demand that he plans to train and employ additional demobilized soldiers, and has applied for credit to finance this expansion. In one short year Leonardo has built a new business, created employment, and provided services in high demand--benefiting his family, his neighbors, and his country.

Most of the demobilized have become indistinguishable within the general population, having gone about the business of building their own lives just as the millions of returned refugees, formerly displaced persons, and other drought- and war-affected families have done. Despite some incidents of armed banditry,⁶ Mozambicans are confident in the security situation, and overall social and economic reintegration is proceeding quickly.

The self-initiated, voluntary return of more than 1.7 million refugees was completed in July 1995, and provides one of the strongest indicators of Mozambicans' growing confidence in the security situation over the course of the war-to-peace transition. More than 80 percent had returned in time to register to vote in 1994's October elections, and by the time the newly elected government was installed in December more than 90 percent were home.

⁶The incidence of such attacks should be kept in perspective: Only one or two incidents of highway banditry are reported weekly, in a territory about the size of California, Oregon, and Washington put together and a population of about 16 million. In the capital, Maputo, with about 3 million people, an armed carjacking occurs about once a week, but neither this nor other criminal activity--burglary, mugging--is attributed to ex-soldiers.

Refugee Returns, * Mozambique
(calendar years)

Period	Number	Percent of Total (Cumulative)
1992 4th quarter	158,096	9.2
1993 1st + 2nd quarters	311,122	27.3
3rd quarter	104,371	33.4
4th quarter	178,894	43.8
1994 1st quarter	136,172	51.7
2nd quarter	172,175	61.7
3rd quarter	337,255	81.4
4th quarter	158,774	90.6
1995 1st quarter	25,019	92.1
2nd quarter	55,737	95.3
3rd quarter	80,479	100.0
Total	1,718,094	100.0

*These data show when returnees registered; most registered within one month of arrival in their destination villages.

Source: U.N. High Commission for Refugees, Maputo

Other evidence of Mozambicans' confidence in peace and freedom, discussed in the FY 1993-1994 API, has mounted throughout 1995 and throughout the country: livestock holdings continued to visibly increase (more animals, and in particular larger herds of cattle, which represent a significant investment for any family); construction of more permanent housing replaced initial shelters; small-scale capital investments--such as grain mills, shops, transportation services--multiplied in villages and neighborhoods; and rural households expanded areas under cultivation with each successive season.⁷

Achievement of this objective directly contributed to the Agency's goals of building democracy and aiding post-crisis transitions.

3. **Objective Three: Contribute to reintegration of populations into stable and productive social and economic activities**

⁷This expansion is likely to continue as farmers bring land long fallow due to war back into cultivation; one PVO partner, World Vision, after an informal appraisal of farmers in key districts in Zambezia province in late 1995 (following planting of the 1995-96 crop), concluded that area planted to maize is likely to increase by 15-20 percent in Zambezia in 1996.

Indicator: Supply of staple food (maize) available in local retail markets year-round.⁸

1995 witnessed dramatic growth in trade of food commodities, as Mozambique's markets became more extensive and more integrated both domestically and regionally. Nationally, growth in overall volume of commodities produced and marketed by the smallholder sector--Mozambique's most dynamic agriculturally--was 17.9 percent, while the volume of the commercial-scale sector grew by more than 7 percent. Total cereals production was estimated at 1.174 million metric tons in 1995, about 43 percent over 1994's drought-affected harvest; the increase is attributed to an expansion of the area planted throughout the country as well as to higher yields in the major cereal producing provinces in the north. An estimated 235,500 tons of cereals were commercialized. The largest growth, both in volume produced and in volume commercialized, was in maize, the staple food for most Mozambicans.

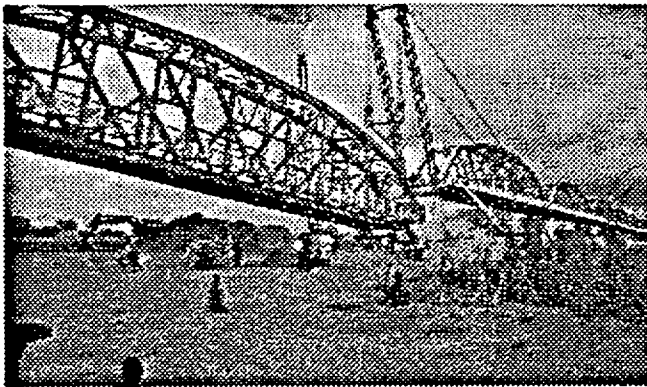
This year, for the first time, market forces spurred long-distance movement by informal traders of hundreds of tons of maize from production areas in the north to urban centers in the center and south. This trade, which helped to stabilize food prices in the south, was made possible largely because of USAID-funded transport infrastructure improvements, improved security in which USAID post-war support played a key role, and USAID-supported market liberalizations made since 1989.

As implied by these rates of growth in agriculture and agricultural marketing, and in the 17 percent growth in the transportation sector in 1995, improved access has brought major positive benefits to the economy as well as to families. USAID's post-war infrastructure rehabilitation activities and support for land mine clearance, focused on key districts in the center of the country, demined more than 2,000 km of priority earth roads and adequately rehabilitated nearly 1,000 km of roads and bridges to enable reliable access in these districts; the final third of this work was completed in FY 1995. Improved access reduced the cost of delivering post-war emergency assistance, enabled the safe return of more than a million refugees from Malawi, and encouraged nascent trade and investment in these areas. In 1995, the USAID-financed rehabilitation of the war-sabotaged Dona Ana bridge across the Zambezi River was completed, re-linking the agriculturally productive north with urban consumption centers up to 2,000 km south. USAID has enabled the emergence of a viable road transportation network serving vast areas and populations which only three years ago were accessible only through costly airlifts.

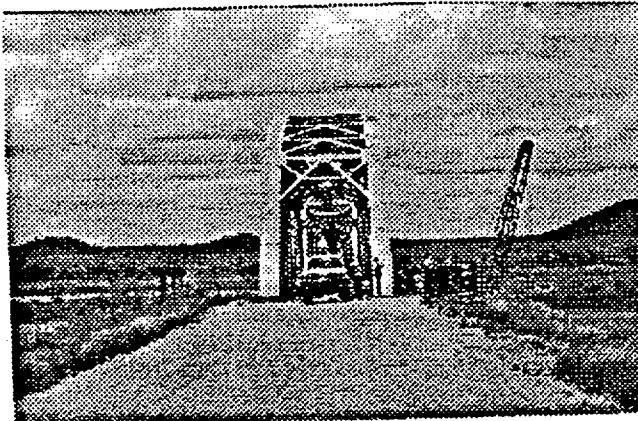
⁸Consistent availability of maize would indicate that production and marketing activities of people in the areas monitored were normalizing; its absence might indicate production problems or marketing disruptions, and if enduring would indicate a risk of hunger and potential for new displacement. Using market availability of staple food was also a natural choice of indicator for USAID's program impact, given the huge role played during the drought recovery and transition period by U.S. commercial and emergency food aid (totaling \$132 mn in FY92, \$64 mn in FY93, \$47 mn in FY94, and \$35.7 mn in FY95) and the Mission's successful emphasis since 1989 on policy reform to liberalize and privatize marketing and thereby spur agriculture. USAID monitors both white maize products (commercial and informal trade, from domestic and regional sources) and yellow maize products (USAID Title III commercial food aid).



June 1994: Pedestrians climb up and down ladders at fallen span; others wait their turn. [Photo: L.Toth]



June 1995: The same 500-ton span lifted from the river bed and set back into position as repairs near completion. [Photo: L.Toth]



December 1995: The first vehicle across the rebuilt Dona Ana bridge arrives in Mutarara. [Photo: L.Santos]

Bridge to Peace and Prosperity
 In 1986 explosives caused the collapse of two 80 m spans of the 4.2 km Dona Ana Bridge across the Zambezi River in central Mozambique, once the longest rail bridge in Africa. The bridge thus became a symbol of the destruction and disunity wrought by the civil war. Nonetheless, pedestrians from Sena and Mutarara, the war-isolated towns on either end of the bridge, continued to cross, rigging ladders and rope lifts to ascend and descend the fallen spans. Following the 1992 Peace Agreement, the damaged Dona Ana became an important conduit for hundreds of thousands of refugees returning from Malawi—a difficult crossing for the sick, the elderly, the disabled, and those with young children. During the 1993-95 post-war period, USAID financed rehabilitation of nearly 1,000 km of roads in the Zambezi River Valley; at the heart of this network, with \$5.4 million from USAID, the Dona Ana's damaged spans were raised from the river bed and the bridge converted to vehicular use. In December 1995, the rehabilitated bridge was re-inaugurated by President Joaquim Chissano. Substantial economic benefits are already evident: by cutting about 975 km from the former indirect route (through Manica and Tete provinces and Malawi), the bridge cut the Title II food aid delivery cost from Beira to Mutarara from \$84/ton to about \$50/ton, saving about \$400,000 by the end of February 1996. Commercial transport costs and time in transit, for cargo and passengers, also have dropped significantly. During its first 3 weeks of use, an average of 20 vehicles/day crossed the bridge; when the rainy season ends in April and access roads are again reliably passable, traffic is expected to increase. Just as its destruction symbolized the war, the Dona Ana's repair is an important symbol of a re-united Mozambique at peace. As characterized by President Chissano, *the re-opening of the Dona Ana bridge represented not just a renewed link across the Zambezi benefiting residents on either side of the river, but was an act of reconstruction benefiting all Mozambicans from the Rovuma to the Maputo,* a quote from Mozambique's national anthem referring to the country's northern-most and southern-most rivers, 2,000 km apart.

USAID also played a key role in re-establishing another north-south link, financing needed operational and management assistance to ensure safe and reliable operation of the Caia ferry across the Zambezi River (about 60 km downstream from the Dona Ana bridge). An old ferry was furnished in 1994 by the government's National Roads and Bridges Directorate (DNEP) to

replace one sunk at Caia in 1986 during the war. With USAID funding during 1994-1995, Mariners, an international NGO, rehabilitated the ferry, trained and supervised operators, established safety and accounting procedures, and assisted DNEP to lease the ferry operations to a private Mozambican company. Private, for-profit operation is DNEP's method of ensuring the ferry's sustainable operation.

Impact of the Caia Ferry

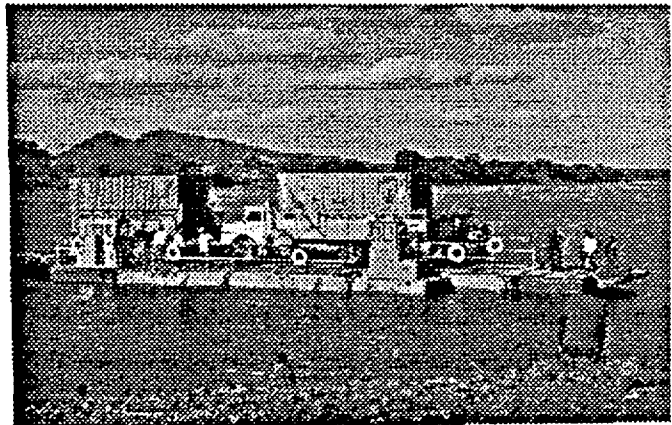
The re-opening in 1994 of the Zambezi River ferry linking the northern and southern segments of Mozambique's main north-south highway re-united the country. The social impact of improved personal mobility is huge but incalculable. The economic impact is suggested by these stories.

The Trader/Transporter

Orlindo is 38 years old and originally from Caia. He has more education than most traders, having completed secondary school. He once worked as an accounting assistant, but began trading foodstuffs in Maputo's *Bazuca* market in 1980, when very few traders were involved in the then-illegal informal market. Today, with 2 partners and 4 employees, he trades at least 10 different products which he imports from Swaziland and South Africa and also obtains within Mozambique. Orlindo's large-scale trade provides a market outlet to producers and brings high-demand foodstuffs to consumers. In 1995, for the first time his domestic procurement of beans and maize took him 2,000 km, all the way to Niassa, the furthest province from Maputo; he also procured peanuts in the northern provinces of Nampula and Cabo Delgado. He sells these products in several cities in the south, primarily in Maputo. Although he is excited that the Caia ferry has made this long-distance trade possible, he worries because interruptions in the ferry operation would put his profits at risk. Orlindo has also begun to act as an advocate for rural people in the areas where he purchases commodities, by bringing their concerns and desires to the attention of government officials and the media in Maputo.

The Operator

A Mozambican private company, Transmar, won the bid for the ferry lease. During 1995, with USAID-funded help from the NGO Mariners, operations were organized, staff were trained, and safety procedures implemented. During 57 days of operation in Oct-Dec 1995, the ferry averaged 10 trips per day. (Some days no trips were made due to extremely high water level in the river, which is controlled by the Cahora Bassa hydroelectric dam.) During this period, 24,800 passengers were transported, 900 bicycles, 100 motorcycles and cars, and more than 2,200 trucks of various types, including nearly 300 large articulated trucks. The operator cleared a \$2,000 profit over these 3 months.



Laden with containerized cargo and smaller vehicles, the Caia ferry approaches the southern bank of the Zambezi River. Mount Morrumbala is in the distance. [Photo: J.Born]

In 1994 and 1995, USAID also greatly increased the capacity of long-haul and inter-urban private transporters by using the existing commodity import program to finance the import of 227 used Navistar trucks, 60 new GM/Volvo Autocar truck tractors, and 64 reconditioned Blue Bird buses. While USAID provides the foreign exchange for these U.S.-manufactured goods under this program, the private importer pays for them in Mozambican currency (*meticals*), generally over three years at market rates of interest.

The trucks can now be found throughout Mozambique carrying bulk food from newly repopulated and productive areas to urban consumption centers and to neighboring countries such as Malawi. The 64 buses cover more than 24,000 km a day, carrying approximately 7,000 passengers on 20 routes reaching from Maputo to Tete by way of Beira (1,700 km). Service is dependable and affordable--the most expensive trip is \$17 for the 18-hour express from Maputo to Beira, for example. This appears to be the most broadly popular of USAID's contributions during the transition: almost every Mozambican in the south and center has had his life touched by the unaccustomed availability of public transport; the many "Blue Birds"

now traveling regularly on roads closed for over a decade are a striking symbol of the success of the peace process.



A New Family Business

Marques and Marcelina stand proudly in front of the house they built in their village (about 40 km outside the small town of Ribaua, Nampula province) with the first profits from their oilseed business. Before 1994, this family grew only food crops, and had no income sources besides sale of their own produce. With help from a USAID-financed pilot activity implemented by CARE to diversify and increase rural incomes, Marques planted sunflowers for the first time, and in 1995 purchased an oilseed press. He already employs 2 workers to run the press and to purchase oilseed from other farmers. In the first pressing season, he cleared \$150 after paying off the press and covering all operating expenses. This is significant in a country where the average annual income is only \$90. Marcelina started a business making savory bean cakes fried in the oil, which sell like hotcakes at her roadside stand. There is no market yet for the oilseed cake (the byproduct of the pressing process), but it doesn't go to waste: Marques uses it to feed his 17 pigs. Marques and Marcelina have also used their new income to start in retail commerce of basic goods in high demand in their village, such as soap, sugar, clothing, salt, and kerosene. Marques plans to expand by purchasing another press this year; he's also actively promoting the planting of sunflower among his neighbors, and has sold them 75 kg of seed--enough for a harvest of 5 tons--as a sales agent of the CARE project. Through the employment they've created as well as the new products they've made available to their neighbors, Marques and Marcelina are making a success of their family enterprises.

[Photo: B.Messiter]

Continued security and re-establishment of transportation infrastructure, in Mozambique's liberalizing and privatizing environment, have combined to catalyze the expansion and development of marketing throughout the country. Informal traders, once on the margins of profitability and on the wrong side of the law, are now recognized as the heart of the market; many are growing into larger-scale operators with significant capital investments in trucks, some moving goods very long distances. In 1995 small-scale market-related processing of foodstuffs also became more visible. Many small towns now have at least one privately owned small hammer mill for producing whole meal from maize; these mills provide a low-cost labor-saving service in high demand by women. In Nampula province a USAID-funded PVO partner, CARE, is helping local microenterprises to set up oilseed presses, benefiting both producers of oilseeds and consumers of vegetable oil in these areas.

The fledgling markets in rural areas, which were described in USAID/Mozambique's FY 1993-1994 API, functioned much better in 1995 than in the preceding year, based on availability and prices of staple foods. As shown in the following

data⁹ for a few rural markets and the urban centers near them, prices do not yet show an overall trend (localized droughts affected harvests in some areas in 1994);¹⁰ but availability of basic products has improved. Furthermore, there are some indications that the maize farmer--at least in districts on main transport arteries--is beginning to receive a significant share of the eventual retail sale price for maize products: In Manica, for example, producers selling maize in June 1994 received 36 percent of the retail price of the grain in the same market three months later and 38 percent of that product's retail price in Beira, the urban center to which Manica's maize naturally flows; in 1995 these figures were 65 percent and 58 percent.

Availability and Price of Key Maize Products* in Selected Markets, Mozambique
(NA=no commodity in market; prices US\$ per kg**)

Market	Retail Market Price, Domestic White Grain			Retail Market Price, Whole Meal from White Grain			Producer Price Domestic White Grain		
	9/93	9/94	9/95	9/93	9/94	9/95	6/93	6/94	6/95
Chokwe	NA	.25	.24	NA	.53	.29	.15	NA	NA
Beira	.08	.13	.19	NA	.29	.34			
Caia		NA	.10		.47	.27		NA	NA
Manica	.05	.14	.17	.16	.45	.36		.05	.11
Chimoio	.06	.10	.20	.15	.14	.39	NA		
Mutarara		NA	.08		NA	.21		.04	.06
Quelimane***	NA	NA	NA	.16	.14	.20			
Mocuba	.09	.07	.09	.19	.16	.17	.14	.07	.10
Maputo	.16	.28	.23	NA	.37	.33			

*Domestic grain is the least expensive white maize in rural markets; yellow maize is mostly either food aid or imported; whole meal from white grain is the product most eaten by rural residents not dependent on food aid. Producer prices are indicated for the month of June; selling prices for September are not available because producers do not sell much maize at that time (harvest is in March-April).

**Exchange rates, meticals per US\$1: 2,830 in 9/92; 3,577 in 6/93; 4,781 in 9/93; 5,992 in 6/94; 6,422 in 9/94; 9,054 in 6/95; 10,604 in 9/95.

***Quelimane is an urban market and maize grain seldom appears in the retail market there, although several maize meals are always available.

Sources: Prices from MSU/MinAgriculture Food Security Project's SIMA monthly bulletins; exchange rates from USAID.

USAID's Title III commercial food aid program during the transition period contributed importantly to both reducing the volatility of maize supplies (and thereby prices) in the population centers of Maputo and Beira and stimulating private trade, transport, and milling. Title III commodities were especially crucial during the drought recovery period, because by stabilizing market supply they forestalled the creation of incentives to divert into

⁹Price and supply data for some 30 products (foodstuffs and basic consumer goods) are monitored weekly in 22 rural and urban locations around the country under the Pilot Market Information System (SIMA) established with USAID funding in 1990 by Michigan State University and the Mozambique Ministry of Agriculture. These data are widely disseminated throughout the country via weekly radio programs, press reports, and SIMA's own monthly bulletins. The SIMA information--used by traders, transporters, commercial producers, NGOs, and government and donor agencies--was the only systematic market data available during Mozambique's economic liberalization and post-war recovery, and is an important tool for private sector transactions as well as for market-related policy reform decisions.

¹⁰In fact, prices have gone down when deflated against a consumer price index used by MSU to analyze these markets; while still providing profits to traders and farmers.

the urban markets the Title II and WFP distributions intended for needy rural families.

Achievement of this objective--a solid start to normalizing lives for most Mozambicans--directly contributed to the Agency's goals of encouraging broad-based economic growth and aiding post-crisis transitions.

Strong Women, Strong Markets

The rapid development of informal food markets since economic liberalization began in 1987 has brought substantial benefits to producers and consumers. Important benefits also accrue to the traders themselves. About 85% of traders in the main market center of Maputo (*Xipamanine/Bazuca*) are women, most with 2 to 5 years of schooling. The typically small profits earned by most of these women are a crucial part of their household income. Others have developed their small profits into larger operations and are earning substantial incomes.

- * Rebecca is 31 years old with a fifth grade education. Until entering the informal trade in 1991, she worked irregularly as a domestic servant. She retails rice by the cupful, making a few cents on each cup. She began by selling 1 or 2 50-kg sacks per day, and has slowly increased her scale of operation, though she remains small; last year she transacted around \$2,500 of merchandise, earning a profit of approximately \$500 to add to the income earned by her husband.
- * Sofia is 42 years old and also completed fifth grade. She began trading in 1993, moving about \$30,000 of rice. She has grown rapidly in the past three years, last year trading \$85,000 of rice, all of it purchased and sold within the city of Maputo. She is investing her profits in a small farm that she maintains outside the city.
- * Maria is one of many women traders who have ventured outside of Maputo. She is 51 years old with a third grade education. She primarily purchases peanuts in Swaziland, having transacted over \$40,000 during the past year. The profits represent the only source of regular income for Maria and her five children.

All of these women are members of the *Centro Comercial Xipamanine-Bazuca*. This association of informal traders, created in 1991, includes 1,350 members, of whom 1,150 are women. The association collects regular dues from its members; it has built latrines for the traders (there were previously none), finances trash collection in the market area, and ships sand into the market when rain turns the dirt access roads into lakes. It has also represented its members before the national and municipal governments on occasions when local authorities have harrassed traders and seized their merchandise. Finally, the association has become visible and vocal in public fora, making the case for regulatory reform to recognize the informal sector and create conditions for it to grow and improve its operations. These women are providing essential goods to Maputo's residents, building a better life for themselves and their families, and demonstrating self-reliance and exerting policy advocacy through their association.

B. FY 1996-2001 Strategic Plan

As the initial period of post-war recovery ends, Mozambique is already well along the relief-to-development continuum. This does not mean the process of development will be a short one, but it is truly underway. In mid-1995, recognizing the end of Mozambique's war-to-peace transition, USAID/Washington approved the Mission's FY 1996-2001 Country Strategic Plan (CSP), whose goal is *broadened participation in political life and economic growth*.

The Results Frameworks (RFs) for the Mission's three Strategic Objectives (SOs) are being prepared during FY 1996. Given the extraordinarily data-poor environment in Mozambique, the innovative aspects of the strategy, and the critical role to be played by PVOs and other civil society partners in achieving the SOs, USAID/Mozambique is taking great care in the selection of indicators as well as the establishment of baselines and performance targets for the strategy period, to ensure that real achievement and real people-level impact will be monitored

and measured. The Mission will transmit to USAID/Washington the RFs for all SOs before the end of FY 1996.

1. Strategic Objective One: Rural household income increased in focus areas

The post-war recovery of agriculture and marketing, and the memory of Mozambique's dependence on donor food aid for survival in the last years of the war, lead naturally to a strategic subgoal of *enhanced national food security*. Mozambique has the building blocks of food security--natural resources and economic potential--but needs time and targeted assistance to move from 1992's utter dependence to self-reliance. Increasingly prosperous rural households, able to invest more and sustainably produce more, will be the key to eventual food security in Mozambique. To achieve such household-level impact, the Mission's strategy--which has both a geographic focus and a commodity-specific focus--is working in exactly the areas which showed such quick change and such dramatic people-level impact during the recovery from drought and war: increased access to markets; expanded rural enterprises; and increased sustainable agricultural output. Building on USAID's successful policy dialogue in support of economic liberalization and privatization since 1989, this SO will continue to promote macroeconomic and sectoral policy, legal, and regulatory reforms necessary to enable rural households to increase their income.

* Intermediate Result (IR) 1.1 Increased access to markets

Four elements are necessary to achieve increased access to markets for rural households in Mozambique. In geographic focus areas, USAID-financed improvements in **transport infrastructure**, building on the work done during the transition period, will further reduce transportation costs, resulting in higher producer prices, lower consumer prices, or both. Expanded dissemination of improved **market information** builds on a USAID pilot effort underway since 1990, and will enable rural producers to make informed decisions about what to grow and when to sell and traders about when and where to buy and sell. Expanded **private sector capacity to transport and market goods**, through the Mission's successful commodity import program and related assistance, will contribute to improved transport efficiency and reach through competition. Finally, policy reforms related to commodity pricing and the structure of the financial sector will improve the **enabling environment** for marketing activities.

* IR 1.2 Rural enterprises expanded

Diversification of household income sources is a natural way for rural families to cushion the potentially devastating effects on their agricultural activities caused by recurrent natural disasters; expansion of enterprises in rural areas is thus key to reducing Mozambique's future need for emergency food and non-food assistance. Expanded rural enterprises will provide **new employment** in focus areas, develop new

skills, add value to raw produce: and thereby contribute to increased and less vulnerable rural household income. Building on efforts already begun during the last year of the transition, USAID's PVO and private sector partners will implement activities to: mobilize diversified financial resources (including domestic savings) for increased investment, and strengthen access to rural financial services; improve Mozambican entrepreneurial skills, for both community associations and profit-seeking micro- and small enterprises; and promote the adoption by rural enterprises of improved technologies.

* IR 1.3 Increased sustainable agricultural output

Between 85 and 90 percent of Mozambicans rely on agriculture and related activities as their principal source of income and food security. Increasing agricultural output in sustainable ways is thus key to increasing rural incomes. The policy and legal framework for providing secure land use rights--crucial for investment in agriculture and for protection of natural resources and the environment--has been on the USAID-government of Mozambique reform agenda since 1989, and will be the focus of the Mission's policy reform efforts under this IR. The Mission will also continue to support policy reforms to remove the few remaining commodity price controls as well as taxes on agricultural exports. At the household level, in geographic focus areas and for specific commodities, USAID implementing partners will work with farmers to increase their adoption of environmentally sustainable improved agricultural technologies, to diversify crops where appropriate, to improve on-farm crop storage facilities and thereby reduce post-harvest losses (which commonly reach 30-40 percent in Mozambique), and to re-establish the livestock population which was wiped out by war and drought.

In the aftermath of devastating drought, war, and displacement, rural Mozambicans have already earned the respect of all observers; the self-reliance and hard work they have demonstrated are the qualities Mozambique needs most to continue its democratic and economic development. Achievement of this SO will significantly contribute to the Agency's goals of encouraging broad-based economic growth, protecting the environment, and building democracy.

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

While democratic processes have germinated in Mozambique during the transition period--the "best election ever held in Africa,"¹¹ installation of, and stable government by, a democratically elected president and national legislature, debate which includes voices from

¹¹U.N. Secretary General's Special Representative to Mozambique during the peace process, Aldo Ajello.

civil society and the independent media--these need much nurturing to thrive, blossom, bear fruit. The country's nascent civil society is not yet strong enough to ensure that democracy continues to grow, yet the government--even as it retracts its long arm of social and economic control--needs the checks and balances that democratic governance will provide. The Mission will build on successful democratization activities of the war-to-peace transition, in particular civic education through PVO and other non-governmental partners and a strong policy dialogue, to promote a better balance between government and civil society. USAID-financed technical assistance will also improve the capacity and operations of the national legislature.

* IR 2.1 Key democratic macro-political reforms implemented

Legal, policy, and regulatory reforms must continue, to enable the growth in democratic institutions and processes which is necessary to balance the historical dominance of the national-level executive branch over all other branches and levels of government and of the government over all social and economic activity. USAID will continue to lead, and to collaborate with other donors, in the **policy dialogue** with government that will bring about key reforms. In the early years of the strategy, USAID's attention will center on a few crucial reforms, such as freedom of association, autonomous local governments, and an independent media. The Mission expects that as reforms in these areas proceed, other macro-political constraints may become more prominent; so the agenda of reforms to be addressed through policy dialogue (supported by targeted technical assistance and workshops) will evolve over the course of the CSP.

* IR 2.2 Increased citizen participation in governance at the national and local levels

The key to the partnership between government and civil society is broad participation of citizens in democratic processes--better informed, voluntary citizen participation in decisions that affect their lives. Increased participation will be achieved through: **broadened public debate on key issues; informed budgeting and resource allocation processes; more sustainable electoral processes; and devolution of key authorities and resources to the local level.** All of these connect citizens to policy making and increase the effectiveness of citizen participation. Furthermore, broadened public debate will allow citizens themselves to demand the legal and policy frameworks needed for democratic governance and thus contribute to the enabling environment for democratic governance discussed above.

* IR 2.3 Government and civil society are effective and accountable at national and local levels

This objective will ensure that the institutions through which citizens participate in governance--in both government and civil society realms--become both more accountable themselves and more effective in holding the national executive branch of

government accountable. The Mission identified six key institutions whose effectiveness and accountability is essential to democratic governance in Mozambique. USAID will address three (civil society, the national assembly, and elected local assemblies) by financing PVO and other partner efforts to strengthen these democratic institutions. Within civil society, key institutions to be strengthened in this way include the independent media, a range of civil society actors, and--crucial to the Mission's other strategic objectives--community-based organizations. For the other three key institutions identified (political parties, judicial branch, and executive branch, including the bureaucracy), USAID will monitor the success of other donor programs to ascertain whether the needed improvements in accountability and effectiveness occur.

Achievement of these intermediate results will establish an effective partnership between civil society and various branches of government at local and national levels; Mozambican citizens will, for the first time, play a significant role in democratic governance. This SO thus contributes significantly to achieving the Agency's goal of building democracy and the cross-cutting theme of crisis prevention. There is a crucial direct linkage between this SO's development of strong, active community-based organizations and other voluntary associations and the achievement of the Mission's other two SOs, which rely upon such organizations.

3. Strategic Objective Three: Increased use of essential, community-based maternal and child health services in focus areas

The Mission has established a sub-goal of *improved health for women and children*. Yet recent USAID-financed health activities--in particular those implemented by PVO partners during the transition period--indicate that the present Mozambican government system cannot alone either achieve or sustain the provision of adequate health services for the vast majority of its citizens. Coverage is low, and budget resources to increase coverage significantly are not available. Sizeable populations live too far from formal facilities to take advantage of the services;¹² the limited reach of the health network is too extensive to allow for proper staffing and supervision; and even the present cost of this admittedly inadequate system far exceeds the government's means (more than 70 percent of recurrent costs, all investment costs, and over 90 percent of all essential drugs procurement are at present donor financed). Yet for Mozambique to continue to rely on non-Mozambican resources--international PVOs and donor financing--to improve and expand health services is not sustainable, unless these resources are used to encourage the development of indigenous community-based organizations and to bring

¹²Mozambique's health statistics for 1995 showed an increase over the previous year of 1 percent in pre-natal consultations, a drop of 8 percent in attended births, an increase of 7 percent in mother-child health consultations, yet a drop of 11 percent in vaccinations provided. The drops are attributed to the departure of many families from larger population centers to return to their home villages, far from formal health facilities providing these services. Indeed, one recent survey of 288 rural households asked respondents what they considered to be a major problem for the household: 71 cited health services and 98 cited illness; when asked what they thought is the solution to the problems they cited, 153 respondents mentioned health services.

about policy, attitude, and behavior changes that will enable the private sector and other providers to deliver a broader range of services.

Therefore, USAID has strategically focused its contribution in this crucial sector where the Mission's and Agency's experience can make a real difference: in the development of **innovative, community-based approaches** that can increase access to and use of basic mother-child health services. The health of Mozambique's women and children will be improved significantly by implementing effective community-based, preventive health services--but such activities should have an effective back-up system receiving adequate government budget resources. Thus, while specific community-based activities will be implemented by PVOs and other partners within a geographic focus area, the Mission will also continue to work at the policy level, with government and other donors, both to **shift government budget resources from military spending to health** and to effect significant changes in the overall approach to service delivery that will lead over time to a health system serving and sustained by Mozambicans themselves.

* IR 3.1 Increased access to community-based services

For Mozambican mothers and children to have access to basic health services in their communities, new and improved skills must be developed, reliable supplies of basic materials (vaccines, essential drugs) must be assured, and the community itself must begin to support the services they need by working for them and paying for them. Much of this process will rely on the community's own empowerment, and USAID's implementing partners will bring to bear both their recent community-based experience in Mozambique and their much broader experience worldwide to achieve these objectives.

* IR 3.2 Increased demand for community-based services

Through health information, education, and communications (IEC) outreach, USAID's implementing partners will improve the knowledge and behavior of mothers and children. AIDS-related IEC will be an important part of this effort. Improved knowledge will lead to community demand for basic services and to the community support necessary to ensure that mothers and children have access to such services.

* IR 3.3 Strengthened management of decentralized, essential services

The deconcentration--from the central health ministry to provincial and district health offices--of government management of the health sector has been actively underway since mid-1995. USAID will strategically contribute to the ongoing process of decentralizing the provision of essential health services, through assistance at the provincial and district levels to improve personnel and supervisory systems (to ensure services and service deliverers meet standards of safety and effectiveness) and through

innovative reforms in the systems for planning, budgeting, and financing the delivery of essential health services. In these activities USAID will work collaboratively with other donors and the existing government health framework. A particular focus of the Mission's efforts to strengthen decentralized management is the improved use of data by provincial and district officers, to make decisions and take appropriate actions to address more local health priorities.

By empowering communities to rely on themselves and to articulate their priorities to government and political representatives; by encouraging the government's efforts to decentralize and to encourage non-governmental provision of services; and by investing in improved capacity at the community level: USAID will play a strategic role in increasing the use by mothers and children of essential health services and in helping to ensure their financial and institutional sustainability for future Mozambicans. This SO thus contributes significantly to achievement of the Agency's goal of protecting human health as well as the cross-cutting theme of increased participation of partners and customers in USAID development activities.

III. Status of the Management Contract

A. Strategic Objective Changes or Refinements

1. Refined Strategic Objective Two: Government and Civil Society Are Effective Partners in Democratic Governance at the National and Local Levels

During preparation of the Results Framework for SO2, the SO team corrected lack of clarity in causal linkages between the SO and its intermediate results as they were formerly stated in the Mission's approved Country Strategic Plan (CSP). The revisions clarify and make more explicitly strategic the objectives and activities in democracy and governance, but do not represent a change in the strategy. This is evidenced by the fact that the indicator of SO achievement has remained unchanged: *Within focus areas, perceptions of their influence on public decisions of (i) citizens, (ii) political party leaders, (iii) national and local level assembly deputies, and (iv) civil society actors.*

The SO statement now emphasizes the importance of achieving balance in the governance equation in Mozambique (viz., good governance equals accountable, responsive, limited government plus an active and substantial civil society); whereas the previous statement recognized only half of the equation (the accountability of government). In Mozambique at this time, democratic institutions and processes exist but are still extremely fragile within an uncertain macro-political environment. Working on both the supply side (changes in role and structure of government) and the demand side (strengthened participatory institutions and processes), SO2 emphasizes broad and voluntary participation in government and in civil society, as well as accountability. Balance in the government-civil society partnership will correct the historically predominant role of the national executive over citizens' political,

social, and economic activity, which was identified in the CSP analysis as the primary constraint to democratic governance in Mozambique.

2. Refined Strategic Objective Three: Increased use of essential, community-based maternal and child health services in focus areas

During preparation of the RF for SO3, the SO team realized that the original wording of the strategic objective statement did not adequately convey the important innovation that will be achieved during the strategy period--increased use of services which are delivered in response to community demands and through community action. The refinement of this SO is thus a change in wording to make explicit the community-based aspect of the objective.

B. Special Concerns or Issues

1. USAID/Mozambique has begun to examine the consequences for the strategy of probable budget cuts, actual and possible additional earmarks, and targeted staff reductions. However, it is too early to determine how much these factors will affect the management contract. The Mission will discuss these issues in more detail in the Resource Request.

2. Data on virtually all social and economic indicators are either unavailable or unreliable in Mozambique for many reasons, *inter alia* government incapacity, war-induced isolation of significant parts of the country, massive population movements following the end of the war, and the number and diversity of international donors and non-governmental organizations active in recent years, each using its own methodologies and indicators in limited geographical areas. There has been no national census since 1980 and there has never been a demographic and health survey. National health statistics are clinic based; since only an estimated 30 percent of the population have access to health facilities, the clinic-based data are unlikely to reflect the true situation in the general population, yet household sample surveys of health have been implemented in only a very few locations. Agricultural production statistics are derived using a formula based on population estimates and assumptions about family size, farm size, crop combinations and yields; with little if any ground-truthing. No rural income data exist at all. In selecting CSP indicators and methodologies for monitoring them, the Mission has had to plan for significant support to establish reliable databases which will permit baselines and targets to be set for each SO. Key data-related support during the early years of the CSP includes: technical and analytical support for the 1997 national census; financial and technical support for the 1996 demographic and health survey; technical and financial support for household-level sample surveys on agricultural production in 1996-97; and a range of site-specific sample surveys, rapid appraisals, opinion polls/focus groups, and similar activities required for the SOs. In sum, the Mission is in the position of having to create baselines which in most other countries, even within Africa, would already be available.

C. Environmental Issues and Schedule

1. Background

The post-war situation of Mozambique's environment is mixed: As a result of war-related disruption of productive activities that formerly placed pressure on tropical forests, these resources have recovered in some areas of the country; but there is considerably less certainty about the extent to which wildlife has recovered, and much of the available evidence suggests that it has not. Legislation is currently being drafted or considered in areas related to government decentralization, land access and tenure security, and environmental policy and regulation; all of which offer the possibility of creating incentives for local people to manage resources in conserving ways and empowering them to do so.

Mozambique is an agriculturally based society and counts on agriculture to fuel the country's economic growth in the medium term. To the extent that relief and rehabilitation efforts during the transition period laid the base for subsequent economic development, they also generated new patterns of land use and access. As was pointed out in the CSP, this raises several issues:

- * The environmental implications of repairing or replacing a road, bridge, or other structure cannot be understood based only on how it was used in the past; its place in a reorganized production system and a changed socio-economic environment will be different.
- * The distinction between relief and development activities is valid only to a point, because where and how relief efforts take place will necessarily influence the kind of development that will follow and the ways in which land and other resources will be used.
- * Promoting patterns of sustainable land use that are responsive to USG legislative and regulatory mandates regarding biological diversity and tropical forests will require an effective framework of government institutions and organizations in the private sector to define and administer land access and tenure rights.

Both SO1 and SO2 have the potential to make significant contributions to the conservation and sustained management of tropical forests and wildlife resources. Increased rural household incomes will have the greatest direct impact on how local populations use natural resources. Rural families whose incomes are barely sufficient for survival often turn to extensive and destructive patterns of land use to compensate. Increasing incomes is an essential element of promoting wise management of natural and environmental resources, but it is not sufficient. Effective democratic participation in deciding how resources are allocated and used also will contribute to creating the broader conditions required for sound resource management.

Progress toward sustainable development depends on and affects the quality of the natural environment. USAID/Mozambique addresses priority environmental issues through support for legal and economic policy reforms that will encourage sustainable management of natural resources. For example, with policy-related research and technical assistance the Mission has supported Mozambique's efforts to develop a new land policy and land law which will allow communities secure tenure over land and natural resources. Local authority to manage such resources is essential to ensuring sustainable income generation from the land. Beginning in FY 1996, the Mission will be promoting the development of pilot community-based natural resources management and integrated conservation and development enterprises through coalitions of NGOs and community-based organizations in the CSP's focus areas.

2. Environmental Review Issues

There are no unresolved issues regarding implementation of provisions deriving from 22 cfr 216 review of the Mission's programs and activities. The Mission has instituted processes to ensure that appropriate environmental review, consistent with 22 cfr 216, takes place in a manner consistent with the principles of flexibility intended under Agency re-engineering.

The Mission has worked with Bureau and Regional Environmental Offices to set up environmental review processes within major activities; of particular note are the environmental screening and reporting processes developed through this collaboration, and approved by the BEO, for the PVO Support II and Rural Access Projects. Because these activities rely largely on PVOs and NGOs as implementing partners, the Mission has combined three key elements in an environmental capacity building process for partner PVOs/NGOs: (i) the use by the Mission and the implementing partners of the Environmental Screening and Report Form (ESF);¹³ (ii) the application by PVOs of Africa Bureau's new *Environmental Guidelines for NGO/PVO Field Use in Africa*; and (iii) an environmental assessment training course specifically designed to reach NGO and community-based organizations.

Monitoring and mitigation measures are expected to be incorporated into all activities, recorded in the ESF, and reported on regularly. The Mission is incorporating a process-oriented monitoring approach as an integral part of the development and implementation of activities under all strategic objectives, so as to detect negative environmental impacts--direct, indirect, or unanticipated--as they emerge, and allow timely mitigation or corrective action.

The Mission assumes responsibility for environmental review and decision-making for most of its activities on the strength of: (1) environmental review procedures outlined in the PVO Support II Project (656-0229) IEE and the Rural Access Project (656-0232) Project Paper, both completed in 1995; (2) an approved Programmatic Environmental Assessment (PEA),

¹³The Environmental Screening and Reporting Form (ESF) is a practical innovation designed to be consistent with the 22 cfr 216 IEE process. The Mission has already noted that use of the ESF is greatly reducing the need for environmental review and approval of PVO/NGO grant activities at the regional or Washington level.

completed in September 1993; and (3) two Supplemental Environmental Assessments, one relating to pest and pesticide management (completed in 1994) and another addressing the possibility of locust/grasshopper outbreaks (completed in 1993). The latter three documents continue to guide the Mission on environmental standards as Mozambique emerges from the emergency and transition periods into a period of economic development. In addition, the background paper on environmental issues prepared for the FY 1996-2001 CSP continues to be relevant.¹⁴

3. Illustrative Schedule of Upcoming Activities

The accompanying table summarizes the 22 cfr 216 status of existing activities and related implementation requirements, and provides a notional list of environmental review activities planned during FYs 1996 and 1997. The Mission Environmental Officer expects to provide periodic updates of activities subjected to environmental review.

All significant actions are expected to be within SO1 (rural household income). Any activities within the PVO Support II and Rural Access Projects that are likely to require environmental assessments will be identified through the environmental review processes built into these projects. Research and analysis (e.g. on land tenure) under the Private Sector Support Technical Assistance Project will inform the design of new activities. The Private Sector Support Program's commodity import support will continue to be monitored, so that for any commodities proposed for import which might raise environmental concerns (as, for example, petroleum products in past years), an environmental assessment would be conducted. The environmental soundness of Title II activities (such as food-for-work) implemented by PVOs under SO1 also will be promoted through the process described above.

No environmental assessments are anticipated under SO2 (democracy/governance) and SO3 (maternal-child health services). It is expected that IEEs will be prepared with the respective Strategic Objective Agreements for these SOs.

Through FY 1996, USAID/Mozambique will continue to obligate funds to ongoing projects. Beginning in FY 1997, the Mission expects to obligate by SO; each SO team will integrate timely environmental review into the processes for developing, approving, and implementing activities. The review process described above will be extended to new activities, subject to BEO approval. The SO teams will make no irreversible commitment of resources for activities before appropriate environmental review is completed and the findings considered.¹⁵

¹⁴"Environmental Issues Relevant to the Preparation of USAID/Mozambique Country Program Strategic Plan," prepared by Winrock International Environmental Alliance under the Environmental and Natural Resources Policy and Training (EPAT) Project, August 1994.

¹⁵Cf. ADS 204.5.3.

USAID/Mozambique Environmental Review Status, Plans and Schedule -- FY 1995 - 1997

ASSISTANCE ACTIVITIES	ENVIRONMENTAL REVIEW COMPLETED/EXPECTED			
	FY 1995 or previous	FY 1996	FY 1997	COMMENTS
SO1: Rural Household Income Increased in Focus Areas			SOAG-level IEE likely for NPA	
RP 1.1 Increased Access to Markets			TBD	
RP 1.2 Rural Enterprises Expanded			TBD	
RP 1.3 Increased Sustainable Agricultural Output			TBD	
Private Sector Support Program (PSSP; NPA) and Private Sector Support Technical Assistance Project (PSS/TA) -- (through FY 97)		IEE of activity amendment, possible Env. Review		1993 Environmental Impact Review laid out steps to an EMEMP. Not pursued.
Rural Access Project (RAP) -- (7 years)	IEE follow-up in 1995 established environm. screening form (ESF) and focused environmental analyses (FEA)	Possible scoping for EA by 8/96	Possibly one EA, by 1/97	FEA and proactive mitigation for Gorongosa Nat'l Park & poss. other sites; institutional strengthening; ESF & FEA processes to be validated in practice
PVO Support II Project (6 years)	1995 IEE with conditions, established environmental screening process	Possible amendment to IEE for deferred activities	Possible referral to REO and BEO of 2-3 Env. Reviews for subgrants in Category 2 or 3	PVOs trained in EA, develop activities using Env. Screening Form. MEO provides BEO with summary list of subgrants approved
SO2: Government and Civil Society Are Effective Partners in Democratic Governance at National and Local Levels			SOAG-level IEE likely	
Democratic Initiatives	IEE 1994			Categorical Exclusion
SO3: Increased Use of Essential, Community-Based Maternal and Child Health Services in Focus Areas			SOAG-level IEE likely	
Primary Health Care Support	IEE 1994			Categorical Exclusion

Abbreviations used in Table: MEO/BEO/REO=Mission/Bureau/Regional Environmental Officer; EA=Environmental Assessment; EMEMP=Environmental Monitoring Evaluation and Mitigation Plan; ESF=Environmental Screening Form; FEA=Focused Environmental Analyses; IEE=Initial Environmental Examination; SOAG=Strategic Objective Agreement; TBD=to be determined; NPA=non-project assistance

IV. Special Topics

A. The New Partnership Initiative and USAID/Mozambique Strategic Objectives

Civil society--to the extent it even existed--has been very weak in Mozambique, due to repressive policies in both the colonial and the post-independence periods. Nonetheless, USAID's program, since its inception in the mid-1980s, has relied wherever possible on non-governmental partners, targeted the private sector as beneficiaries, and encouraged the development of democratic associations of all kinds. During the pre-peace emergency, U.S. private and voluntary organizations (PVOs) were the crucial vehicles for delivering life-saving food, health, and water assistance to threatened populations.

During the FY 1993-1995 war-to-peace transition, more than 20 PVO partners implemented USAID-funded post-war recovery activities in health (including AIDS prevention), agriculture, water supply, infrastructure rehabilitation, and enterprise development under the PVO Support Project. These PVOs identified and worked with Mozambican non-governmental organizations wherever practicable. Just as important during this period was USAID's leadership among donors in demonstrating that Mozambique must and could mobilize non-governmental resources to effectively deliver needed assistance during the initial post-war recovery. Among many USAID-PVO partnerships during the transition period, these stand out:

- * A USAID grant to the African-American Institute provides training, technical assistance, and small project grants to newly emergent Mozambican NGOs.
- * Prosthetics assistance was provided to more than 6,000 amputees, many of them the victims of land mines or other war-related injuries, through a project implemented by the International Committee of the Red Cross, Handicap International, and Save the Children Federation/US.
- * With USAID financing, the National Democratic Institute worked with civil society organizations to provide voter education sessions which reached almost 25 percent of the electorate prior to Mozambique's historic 1994 elections.
- * Although the USAID-financed land mine clearance on 2,000 km of priority roads was completed in 1995, demining in Mozambique will continue for many years, with the focus now on priority off-road areas such as water sources, paths, infrastructure, and the periphery around towns. USAID's implementing partner, a private U.S. company, closed the demining contract by turning over all equipment, trained Mozambican deminers, and mine detection dogs to an international mine-clearance NGO active in Mozambique since 1993 and committed to continuing this important humanitarian effort.

USAID/Mozambique's program will continue to stress the importance of strengthening civil society as a cross-cutting objective supporting both USAID's and Mozambique's development goals, and will also rely on U.S. PVOs, along with an increasing number of Mozambican NGO partners, as principal implementing partners. Under the Mission's FY 1996-2001 strategy, strengthening the participation of civil society institutions will play a central role in achievement of each of the three strategic

objectives. Under SO1, *rural household income increased in focus areas*, activities will strengthen rural microenterprises as key building blocks of local economic development. Local associations will be assisted to gain the capacity to maintain rural infrastructure, particularly market roads and small bridges, in order to sustain rural access improvements made by USAID and other donors. Small traders--who in many parts of the country have already formed associations to represent their interests--will be the primary focus of Mission activities designed to stimulate marketing of agricultural goods. Fledgling farmer associations will be key partners in identification and adoption of improved agriculture technologies.

As the second SO statement, *government and civil society effective partners in democratic governance at the local and national levels*, implies, civil society will play an even more central role here. Activities will include the creation of a legal and regulatory enabling environment in which civil society institutions can thrive at both national and local levels. In addition, the development of autonomous, democratic local government will be assisted, both through support for the first local elections in the country's history, and after the elections by building the capacity of locally elected municipal assemblies. Activities will also include support for the development of community based organizations (CBOs) committed to both promoting local "good governance" and participating in the provision of basic public services. The development hypothesis is that locally elected officials, working in partnership with civil society actors, will be more effective and accountable in serving the interests of citizens.

The third SO, *increased use of essential, community-based maternal and child health services in focus areas*, was developed around the provision of basic maternal and child health services by CBOs and in response to community demand. To ensure success, USAID will assist CBOs providing services to work in close partnership not only with higher level civil society actors (e.g. provincial or regionally based primary health care NGOs), but also with district and provincial level Ministry of Health officials.

In working toward all three SOs, the Mission will invest in the institutional basis for continuing development in rural areas beyond the six-year strategy period. "Ownership" of development activities they are involved in translates into improved performance by rural residents and associations. Local and national voluntary organizations, as they become grantworthy, can mobilize resources for their activities, including direct grants from donor agencies such as USAID. As an intermediate step, USAID activities in which Mozambican NGOs participate during the strategy period will include supervised strengthening grants, pilot grants, and partnerships with U.S. PVOs to provide training and experience and lead to the progressive assumption of responsibilities by Mozambicans themselves.

An example of this approach is described in Section III.C., above: USAID/Mozambique, working with the Africa Bureau Environmental Officer, has been a leader in establishing a process to enhance the environmental assessment and decision-making responsibility of PVO/NGO implementing partners. An important component of this process is training NGOs in the principles and practices of environmental assessment and environmentally sound design and implementation methods; in March 1996 the Mission, with Bureau assistance, conducted an environmental assessment course with the participation of all the Mission's current partner PVOs. The Mission believes that this process, by

empowering partner PVOs, will significantly facilitate field-level activity design and implementation.

In conclusion, while USAID/Mozambique has a strong record of working with PVOs/NGOs and other civil society partners in developing, implementing, and monitoring relief and development activities, under the Mission's new strategy these partners will play a leading role. Future R4 reporting will highlight results achieved in partnership with a strengthened civil society.

B. Africa Bureau Theme: Sustainability and USAID/Mozambique Strategic Objectives

USAID/Mozambique used the war-to-peace transition program not only to address the imperatives of the peace process but also to lay the groundwork for longer term development. Every USAID activity was pursued with one eye on the future, and the Mission emphasized the principle of sustainability in policy and program dialogue with the government and with other donors throughout the transition period. USAID was the leader in demonstrating that the massive donor assistance provided during the peace process should and could be programmed to maximize longer-term benefits as well as relieve immediate misery.¹⁶ The result is that, as the initial period of post-war recovery ends, Mozambique is already well along the relief-to-development continuum.

For the FY 1996-2001 period, the principle of sustainability is central to all three of the Mission's Strategic Objectives and infuses every activity. The country's astounding donor dependency (donor resources equaled about 65 percent of the government budget in 1995), the inevitability of declines in donor resources in the coming years, and the new opportunities of the post-transition economic and political environment: these circumstances highlight the fact that political stability and economic growth must increasingly rely on Mozambique's own resources if they are to continue. In this sense, the Mission's Country Strategic Plan (CSP) seeks to help Mozambique establish a sustainable development process--one that Mozambicans can continue--rather than just to ensure the sustainability of particular activities initiated with USAID support. This means bringing to bear lessons learned in other countries to develop innovative approaches that can work in Mozambique.

EXAMPLE: Improved road access is essential for the agriculture and marketing needed to increase rural household incomes and spur economic growth in Mozambique. The Mission's largest on-going activity, the Rural Access Project (RAP), will upgrade 1,400 km of rural roads to all-weather standards over the next seven years. Road improvements made under similar projects elsewhere in Africa have often been compromised by lack of post-rehabilitation maintenance; Mozambique's vast territory and limited budget resources suggest this might be the case here, too. While RAP will continue policy dialogue to ensure that government funding is provided for road maintenance, projected resources will not be able to cover all maintenance needs of the RAP roads, assuming present costs and methods. Therefore, RAP will mobilize local communities through a "lengthman system" of labor-based routine road maintenance, successfully used elsewhere in Africa. In addition, RAP will work with private sector agribusinesses and traders to catalyze their participation in providing maintenance for market roads rehabilitated to their benefit. This combination--government, communities, private enterprise--will both improve the sustainability of road maintenance and demonstrate an approach that Mozambicans can use to solve other problems.

EXAMPLE: Although Mozambique's economic productivity depends on small-scale agriculture and particularly on the labor of reproductive-aged women, basic health services are inaccessible to most rural Mozambicans. More government budget resources should be allocated to this sector as economic restructuring continues, but resources will not be sufficient to expand

¹⁶Just one example of this leadership was the Mission's completion of a Programmatic Environmental Assessment of USAID's Transition Program, in mid-1993, which set a model for consideration of potential environmental impacts in developing post-war rehabilitation activities.

public-sector service delivery to the majority of the population for many years. The coverage of services provided by PVOs/NGOs and the private sector is even more limited. Drawing on low-cost techniques and approaches successful in other countries and in Mozambique, USAID's child survival activities will mobilize community-level involvement--through e.g. outreach from health posts, formation of community health committees, and training of community health workers--within a framework of improved, decentralized management of crucial support services provided by government and non-governmental actors. The approach combines public, private, and community resources to address a critical development problem sustainably.

EXAMPLE: Markets that work--that are open and competitive--maximize people's opportunities as well as both individual and economy-wide returns on resources. To achieve and sustain prosperity, Mozambique must allow market forces to guide resource use. USAID programming to increase rural household incomes will both rely on and strengthen open competitive markets. First, key macro-economic and sectoral policy, legal, and regulatory reforms will reduce existing disincentives to produce and market, to invest, and to protect natural resources; this will enable Mozambicans to make sounder decisions about their own future. Second, assistance--to rebuild roads, to expand rural-based enterprises, and to increase sustainable agricultural production--will be provided through decentralized and/or non-governmental (including profit-seeking) partners and mechanisms; this will enable households and communities to take action to solve their own problems.

In supporting the successful war-to-peace transition, and in planning strategic assistance for the post-transition period, the Mission has tried to imagine the elements of a free, prosperous Mozambique; and to help put those elements in place.

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