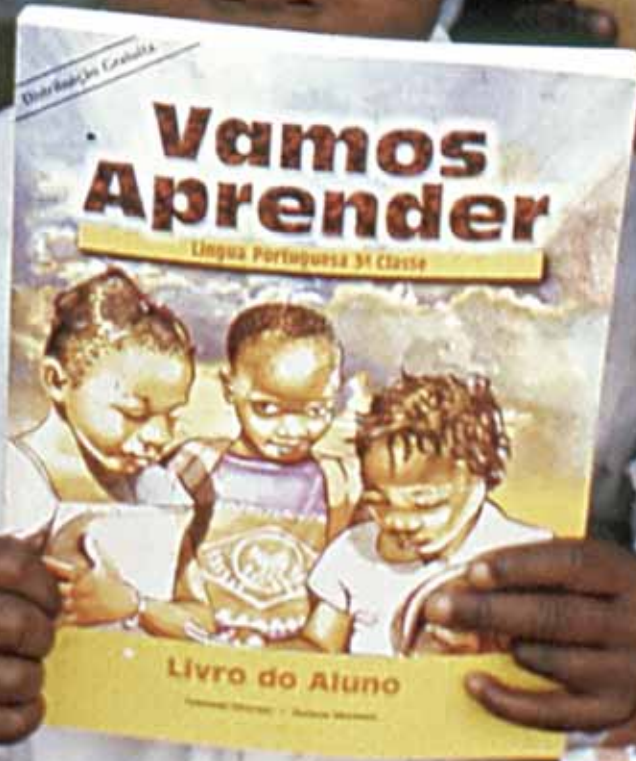




Canadian International
Development Agency

Agence canadienne de
développement international

CANADA AND MOZAMBIQUE IN PARTNERSHIP FOR DEVELOPMENT COOPERATION





**CANADA AND
MOZAMBIQUE**

**IN PARTNERSHIP
FOR DEVELOPMENT
COOPERATION**

COUNTRY DEVELOPMENT PROGRAMMING FRAMEWORK

Canadian International Development Agency (CIDA)

200 Promenade du Portage
Gatineau, Quebec K1A 0G4
Canada

Telephone:

(819) 997-5006 1-800-230-6349 (toll-free)

For the hearing- and speech-impaired:

(819) 953-5023 1-800-331-5018 (toll-free)

Fax: (819) 953-6088

Website: www.cida.gc.ca

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

November 2004

© Her Majesty the Queen in Right of Canada, 2004

Catalogue No. CD4-18/2004E-PDF

ISBN 0-662-38778-3

Cover photo: © CIDA/John Robinson

Title page photo : © CIDA/Bruce Paton



Printed in Canada

CONTENTS

INTRODUCTION	1
DEVELOPMENT CONTEXT	2
Economic	3
Political	4
Regional player	4
Development challenges	5
MOZAMBIQUE'S DEVELOPMENT COMMITMENT	6
WHY MOZAMBIQUE?	7
WHAT CIDA IS DOING	8
Education	8
Agriculture and rural development	10
HIV/AIDS	13
Governance	15
Integrating gender equality, HIV/AIDS, capacity development, and the environment	15

INTRODUCTION

The Canadian International Development Agency (CIDA) has developed a new programming framework to renew Canada's commitment to assisting the Government of Mozambique in its approach to poverty reduction. The programming framework was developed following extensive consultations with the Mozambican government and with Canadian and Mozambican partners. This document summarizes the orientations for CIDA programming as laid out in the Country Development Programming Framework (CDPF) for Mozambique.

The Country Development Programming Framework (CDPF) is a policy paper that maps out areas for CIDA support in Mozambique from 2004 to 2009. It reflects the development priorities identified by the Mozambican government and represents Canada's international development agenda in Mozambique. It was created after extensive consultations with the Government of Mozambique, and Canadian and Mozambican partners.

CIDA's bilateral program will focus on:

- education
- agriculture and rural development
- HIV/AIDS
- governance

Gender equality, HIV/AIDS prevention, capacity development, and environmental protection are integrated into all initiatives because of the impact these subjects have on the success of the development program.

CIDA is also involved with various multilateral institutions that play a critical role in delivering development assistance, for example in the area of humanitarian emergency relief and food security crisis. Multilateral institutions also play an important role in donor coordination and policy harmonization among donors.

Furthermore, CIDA supports a significant number of Canadian partners who work in Mozambique focusing on areas such as civil society capacity-building and disadvantaged regions and populations.

DEVELOPMENT CONTEXT

Mozambique has enjoyed over 12 years of unbroken political stability after decades of conflict, first related to the struggle for independence from Portugal (achieved in 1975), and subsequently in a particularly destructive civil war which ended in 1992. The long period of conflict all but destroyed Mozambique, leaving little in the form of infrastructure, human resources, or institutions.

Once described as the poorest country on earth, Mozambique has, with the support of the international community, made remarkable progress since conflict ceased in

1992, especially in the area of economic stability and growth. Although incomes have improved significantly, most Mozambicans still live in extreme poverty.

The political situation, although relatively stable, remains fragile. Development progress will not come easily or quickly to Mozambique. It has taken, and will continue to take, persistent commitment and hard work on the part of Mozambique, along with the continued support of the international community, to reduce poverty, maintain stability, and advance human development significantly.

Mozambique at a Glance	
Population:	18.4 million
Gross domestic product (GDP) per capita:	US\$ 210
Economic growth rate:	8.3%
Population growth rate:	2.1%
Life expectancy:	42 years
Literacy rate:	42% (male 60%, female 28%)
HIV/AIDS infection rate:	13.6%
Human development index (HDI) ranking:	171/177

Source: World Bank and UNDP, 2004

Economic

Following independence, Mozambique pursued centralized economic planning as did many neighbouring African countries. However, lack of economic and social progress, along with resistance from rural areas, prompted Mozambique to pursue an agenda of economic reform and liberalization.

In the second half of the 1990s, Mozambique's economic performance improved markedly, achieving economic stability and an annual growth rate averaging 10 percent. As a result of peace, democracy, liberalization, and prudent monetary and fiscal policies, Mozambique's growth rate has been well above the African average and among the highest in the world.



© CIDA/Bruce Paton

Despite a flood-induced drop in 2000, growth still averaged 9 percent between 1997 and 2002, largely due to megaproject construction (electricity and aluminium), increased foreign investment, and strong agricultural production. Projections for the next five years are in the range of 7–12 percent annually. Inflation, which rose sharply following the floods in 2000 and 2002, is expected to fall to less than 10 percent by 2005.

Political

Despite weaknesses, Mozambique is perceived to be one of the stronger African countries when it comes to governance. This reputation is largely a result of Mozambique's ability to maintain peace after many years of conflict, to sustain rapid economic growth, and to consistently meet targets agreed to by the international community. The government has recently undertaken additional efforts to address corruption such as updating the anti-corruption strategy and establishing an anti-corruption unit. As well, the government has instituted new policy and practice reforms in vulnerable areas such as the police and judiciary, public financial management, and customs and tax administration.

Despite progress, Mozambique still lacks the institutional framework necessary for sound and sustainable good governance. For example, it lacks a strong legal system, an independent judiciary, a professional police force, a multiparty democracy, as well as mechanisms for the protection of rights. Furthermore, despite a peaceful post-conflict transition process, it is not clear whether genuine reconciliation has been achieved or whether Mozambique is able to accommodate opposing political perspectives and movements.

Regional player

Mozambique has emerged from conflict to become a robust regional and pan-African player, particularly in the area of diplomacy and peace initiatives. As a country with an experience of stability following brutal civil conflict, Mozambique has played an important role in conflict resolution in the past in Angola, Zimbabwe, and the Democratic Republic of the Congo.

Other important roles played by Mozambique and its leaders within the region are as follows:

- In November 1995, Mozambique became the 53rd member of the Commonwealth and in mid-1996 was one of the founding members of the *Comunidade dos Países de Língua Portuguesa (CPLP)*, the Community of Portuguese Language Countries.
- In August 2001, Mozambique's president assumed the chair of the Southern African Development Community (SADC) organ on politics, defence and security, for a one-year term.
- In 2001, Mozambique played a key role in the New Partnership for Africa's Development (NEPAD).
- In July 2003, Mozambique assumed the 2003–04 chair of the African Union (AU), hosting the AU Summit in July 2003.
- In December 2003, the leaders of Mozambique and Canada were among the Commonwealth leaders chosen at the Commonwealth Heads of Government Meeting (CHOGM) in Abuja, Nigeria, to craft the Commonwealth's decision to continue Zimbabwe's suspension from Commonwealth councils.

Development challenges

Despite gains, Mozambique remains fragile and continues to face serious constraints:

- Politically (north-south divisions, role of opposition party in a previously one-party state, gender inequality, lack of capacity).
- Economically (investor-driven growth, poor capacity exacerbated by the HIV/AIDS pandemic, gender inequality, underutilized agricultural resources, vulnerability to natural disasters).
- Socially (income disparities, regional disparities, lack of education, gender inequality, HIV/AIDS).
- Environmentally (vulnerability to droughts and flooding that may be exacerbated by climate change).

MOZAMBIQUE'S DEVELOPMENT COMMITMENT

Independent and early pursuit of reform has been a hallmark of Mozambique, a trait more recently reflected in the nature of the development of its Poverty Reduction Strategic Plan (PRSP), *The Action Plan for the Reduction of Absolute Poverty* (or PARPA in Portuguese). Unlike many countries whose PRSPs are initiated and led by international

organizations, Mozambique initiated and developed its own strategy, making it one of the first countries to do so. Although the PRSP is ambitious, it has received positive reviews commending Mozambique on its commitment to the priorities outlined therein, which closely reflect the Millennium Development Goals (MDGs).

Millennium Development Goals

At the United Nations Millennium Summit in September 2000, world leaders agreed on a set of goals to guide and coordinate international development efforts. The Millennium Development Goals are to:

- eradicate extreme poverty and hunger
- achieve universal primary education
- promote gender equality and empower women
- reduce child mortality
- improve maternal health
- combat HIV/AIDS, malaria, and other diseases
- ensure environmental sustainability
- develop a global partnership for development

These goals are linked to measurable targets, such as cutting in half the proportion of people living on less than \$1 a day, halving the proportion of people without access to safe drinking water, and reducing by two thirds the mortality rate of children under five—all by 2015.

WHY MOZAMBIQUE?

Mozambique is an increasingly important partner for CIDA. In 2002, as part of a commitment to strengthen development effectiveness, CIDA decided to focus on fewer countries, particularly those countries with the greatest need and demonstrating significant commitment to their own development. In December 2002, Canada indicated that Mozambique would be a “country of focus” for future Canadian development assistance programming, leading to increased funding within certain sectors.

The country program is fully consistent with the principles of strengthening development effectiveness. In keeping with the strategy of the Government of Mozambique, future Canadian support will be provided through a balanced combination of contributions to “pooled funds” with other donors, and support to decentralized projects that target the most vulnerable. All of this will be done within sector-wide programs and priorities of the Mozambican government, as outlined in the PRSP.



© CIDA/Bruce Paton

WHAT CIDA IS DOING

The sectors that CIDA will be concentrating on over the next five years are: **education, agriculture and rural development, HIV/AIDS, and governance.** These sectors were chosen to reflect CIDA policy and priorities and Mozambique's priorities, taking into account CIDA's historical work in Mozambique and the activities of other donors.

Education

At the time of independence in 1975, only seven percent of Mozambique's population was literate. By 1983, as a result of significant

efforts on the part of the new government, literacy rates rose to 28 percent. The ensuing internal war, however, resulted in the destruction of more than 50 percent of the schools and the deaths of hundreds of teachers and students.

Although the Government of Mozambique has made significant progress towards increasing access to primary education, the statistics indicate that much more still needs to be done:



© CIDA/Bruce Paton

- The high dropout rate (32 percent for girls and 48 percent for boys) and repetition rate (23 percent) at the primary education level. Primary completion rates remain low at 40 percent for Grades 1-5.
- There are still one million children out of school and approximately 400,000 AIDS orphans, the majority of whom are not enrolled in primary school.

The Government of Mozambique's commitment to the education sector is clearly reflected in the PRSP and its comprehensive education strategy. Mozambique has also

been identified as a country that will need additional support in order to meet the MDGs pertaining to education, based on both need and demonstrated commitment.

Canada recognizes that support to education is the single most effective poverty reduction measure. The future for children in Mozambique will be determined largely by their access to quality education. Support to the education sector has been, and will continue to be, a cornerstone of CIDA's partnership with Mozambique, comprising half of the bilateral programming resources.



© CODE



© CIDA/Bruce Paton

Canada has been actively involved in the education sector over the past three years, having established a strong partnership with the Ministry of Education and key non-governmental players in Mozambique. CIDA's contribution is consistent with Mozambique's education strategy, which contains three main priorities:

- improved quality of primary education
- increased access to primary education
- strengthened institutional capacity

CIDA's program reflects a balance between program level assistance (for example, contributions from various donors pooled together into a single fund) and more traditional project assistance (for example, funding given to Mozambican or Canadian non-governmental organizations and institutions to fulfil needs).

CIDA support is provided for the following:

- the education sector pooled fund
- provision of educational materials including text books
- literacy programming
- gender equality in education
- HIV/AIDS prevention education programs in schools

Agriculture and rural development

Identified as one of six priority areas in the PRSP, agriculture and rural development is of critical importance to the government and people of Mozambique and is fundamental to the country's long-term economic growth and sustainable development.

Poverty is deeply rooted in Mozambique's rural regions, where 70 percent of the population lives. Rural incomes are considerably lower than Mozambique's average per capita annual income (US \$210) which is already among the lowest in the world. One third of the rural population experiences chronic difficulty meeting their basic food needs. Women are extremely vulnerable because of their inadequate access to essential resources and services. Rural areas are highly vulnerable to alternating floods and droughts, which regularly threaten livelihoods.

The country's agricultural potential is impressive: there are 36 million hectares of arable land, of which only 5 million are cultivated. Ninety-eight percent of the cultivated land is managed by 3.5 million smallholder households. Mozambique's farmers, primarily women, can produce a wide range of crops including maize, cotton, cashews, sugar, tea, cassava, millet, sorghum, rice, beans, sunflowers, sesame, coconuts, citrus fruits, papayas, mangoes and pineapples. However, the majority of farmers simply grow a few grain and root crops for subsistence.

Challenges to growth in agricultural production and productivity include the predominant use of manual labour, the impact of a growing AIDS epidemic, lack



© Aga Khan Foundation/Jean-Luc Ray

of credit, lack of information about agricultural markets and trade, and poor access to markets.

The Mozambican agriculture and rural development sector is guided by a comprehensive sector plan of action, which also forms the basis of donor-pooled funding. The three overall priorities of the plan are as follows:

- to transform the government's agriculture department into a modern institution for public sector interventions in support of the agricultural sector;

- to increase agricultural production and productivity in order to improve income and food security for rural households; and,
- to protect, conserve, develop, and ensure public access to natural resources on a sustainable basis.

To date, Canada has been involved in a number of areas including:

- training farmers, especially women;



© CIDA/Bruce Paton

- improving financial services, especially to rural women and men living in poverty;
- promoting rural entrepreneurship;
- improving access to potable water;
- promoting sustainable ecosystem management; and
- supporting landmine action in Mozambique, to improve land use currently constrained by the real and perceived presence of landmines.

CIDA's program over the next five years builds on existing activities and represents a balanced approach between program level assistance and project assistance. Specifically, CIDA is concentrating its efforts on:

- support to the agricultural sector pooled fund along with other donors;
- more rural development including rural water supply, agroforestry, and support to microfinance; and
- measures to support farmers in the short-term, at the community level, with an emphasis on underserved regions such as Inhambane and the North.

HIV/AIDS

HIV/AIDS is identified in the PRSP as a fundamental area of action under the health sector. The objective of CIDA programming in HIV/AIDS is to halt and eventually reverse the spread of HIV/AIDS in Mozambique.

Following a national strategy to combat HIV/AIDS, a National AIDS Council (NAC), chaired by the Mozambican Prime Minister, was established. Its aim is to coordinate a multisectoral approach to preventing and controlling the epidemic, to spearhead non-medical government and civil society efforts, and to develop budgets and monitoring mechanisms.

The rationale for increased involvement in HIV/AIDS prevention, support, and treatment programs is overwhelming. There are an estimated 500,000 to one million orphans in Mozambique and it is estimated that 17 percent of schoolteachers will be lost to HIV/AIDS by 2012. Women, especially young girls, are especially vulnerable to the disease, with considerably higher rates of infection at younger ages.

Although still among the highest in the world, the HIV infection rates in Mozambique (13 percent at the national level) are



© CIDA/Bruce Paton

relatively low compared to the rest of Southern Africa. This presents an opportunity to more effectively contain and manage the epidemic. The costs of an unchecked epidemic, financially and from the perspective of human suffering, are monumental.

HIV/AIDS is a complex issue and there are no easy solutions. Canada already has significant experience in the area of HIV/AIDS prevention and support through the Southern Africa AIDS Training (SAT) program that supports and increases the capacity of communities to address HIV/AIDS prevention and support. Experience to date has

demonstrated that there are a number of factors that contribute to more effective programming. These include:

- leadership on the part of government and high profile leaders in the community, especially people living with HIV/AIDS, to reduce the stigma and promote a culture of openness;
- strong coordination among the various national and international players;
- targeted gender-sensitive education and prevention programs that focus on vulnerable groups;
- community commitment to support those infected, particularly girls and women;
- involvement of all levels of society—families, communities, churches, the private sector; and
- improved access to health services in general and to treatment, both to address HIV/AIDS directly as well as the opportunistic diseases related to HIV.

CIDA is pursuing an HIV/AIDS program that reflects the continuum of need, including prevention, support, care, and treatment. Specifically, CIDA's program includes:

- contribution to the NAC pooled fund along with other donors;
- contribution to the government's health ministry pooled fund along with other donors;
- continued support to community-based organizations through the SAT program and expansion of similar community models to underserved areas of Mozambique; and



© CIDA/John Robinson

- integration of HIV/AIDS theme into all activities supported by CIDA, to promote awareness and mitigate the negative impact of HIV/AIDS on key sectors.

Governance

There is always potential risk in sustainable development. Poor governance could seriously curtail international support to Mozambique and could derail the hard-earned progress of the past 10 years; however, the outstanding performance of Mozambique in terms of economic management and reform outweighs the significant constraints related to political governance.

CIDA's activities in the area of governance include:

- A pilot project in budgetary support to help fund PRSP implementation and improved governance, including the development of a new public expenditure management system.
- The Rights, Democracy and Governance Initiative—a response fund used to support local initiatives in key areas such as human rights, gender equality, anti-corruption, elections, civil society strengthening, public sector capacity building, and legal and judicial reform.



© CIDA/Bruce Paton

Integrating gender equality, HIV/AIDS, capacity development, and the environment

Mozambique and Canada both recognize how gender equality, HIV/AIDS, capacity development, and the environment all impact on development efforts. That is why these four areas will be integrated into all programming activities—in effect, becoming de facto objectives of the CDPE.

Gender Equality: Mozambique's PRSP recognizes the challenges pertaining to gender equality in priority areas of action including education, health, and agriculture. It specifically identifies access of women and girls to education, health services, land, extension services, credit, and labour as priority areas. CIDA's Mozambique program has addressed issues of gender equality implicitly in the context of previous and existing initiatives. The principles of gender equality will be integrated more explicitly and proactively into all CIDA-supported initiatives through horizontal mainstreaming.

HIV/AIDS: HIV/AIDS cuts across all development issues in Mozambique, particularly given the impact on the human resource base. CIDA will undertake direct measures to ensure that areas of CIDA support are HIV/AIDS-responsive.

Capacity Development: The lack of human resource and institutional capacity are a significant constraint to development in Mozambique, regardless of the sector, region, or issue. Any and all CIDA support will ensure that there are components to build local capacity within government and within the context of civil society.

Environment: The quality of natural resources, and people's equitable access to them, are issues critical to the success of poverty reduction activities. As well, development in Mozambique is vulnerable to natural disasters, particularly related to water (alternate droughts and flooding). It is anticipated that these problems will be exacerbated by climate change. That is why Mozambique's PRSP has effectively integrated environmental issues into its strategy. CIDA will integrate the environment into its programming in Mozambique in support of the PRSP.

The *Mozambique Country Development Programming Framework 2004–2009* contains a performance review framework as well as a risk analysis and a mitigation strategy. In the coming years, CIDA and the Government of Mozambique will continue to monitor the development programming to identify emerging issues, track program performance, and ensure the ongoing relevance of the priorities outlined in the CDPF.