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Swiss Agency for Development  
and Cooperation SDC

# Swiss Cooperation Strategy Mozambique 2012 – 2016



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# Glossary

Aguasán	Water and sanitation programme
AR	Annual Report
CF	Common Fund
CS	Cooperation Strategy
CSO	Civil Society Organizations
DNEAP	National Directorate for Policy and Analysis
EITI	Extractive Industry Transparency Initiative
FDFA	Federal Department of Foreign Affairs
FRELIMO	Frente de Libertação de Moçambique
GBS	General Budget Support
GDP	Gross Domestic Product
GoM	Government of Mozambique
GP	Global Programme
G19	Group of 19 Partners for Programme Aid
HDI	Human Development Index
IMF	International Monetary Fund
IOF	National Poverty Assessment
MDG	Millennium Development Goals
MDM	Movimento Democrático de Moçambique
MERV	Monitoring of Development Related Context Changes
MPD	Ministry of Planning and Development
MSME	Micro, small and medium enterprise
NPO	National Programme Officer
ODA	Official Development Assistance
PAF	Performance Assessment Framework
PAP	Programme Aid Partners
PARP	Poverty Reduction Strategy
PD	Paris Declaration
PEFA	Public Expenditure and Financing Accountability
PFM	Public Finance Management
PRONASAR	National Programme for Rural Water Supply and Sanitation
PSD	Private Sector Development
RENAMO	Resistência Nacional de Moçambique
RPSA	Regional Programme for Southern Africa
SADC	Southern African Development Community
SBS	Sector Budget Support
SCO	Swiss Cooperation Office
SDC	Swiss Agency for Development and Cooperation
SECO	State Secretariat for Economic Affairs
SME	Small and Medium-sized Enterprises
SWAp	Sector-Wide Approach
TA	Technical Assistance
TT	Transversal Theme
WatSan	Water and Sanitation

# Introduction

The Swiss Agency for Development and Cooperation (SDC) developed the present Cooperation Strategy 2012-2016 in collaboration with development partners in Mozambique. This strategy renews Switzerland's commitment to support the government of Mozambique in its efforts to improve living standards for Mozambique's citizens, provide effective public health services, foster strong democracy and social accountability, and achieve sustainable economic growth. Mozambique is one of Switzerland's priority countries for development cooperation, a status which has been confirmed under the bill for development cooperation to the parliament (2013-2016).

Swiss cooperation in Mozambique dates back to 1880 when Swiss missionaries founded the Missão Suíça and pioneered the access to primary education for Mozambicans. Almost a century later, formal development cooperation between Switzerland and Mozambique started in 1979. The first SDC projects mainly focused on water, food security and rural development. In June 1985, a Cooperation Office was established in Maputo. During the peace process and the implementation of the peace agreement, Switzerland made a significant contribution to the demobilization and rehabilitation of the battle-worn country. Since the peace agreement in 1992, Switzerland has increased its support to Mozambique in a joint programme of SDC and the Swiss State Secretariat for Economic Affairs (SECO), focusing on economic development; health; water & sanitation; governance and strengthening of civil society. SECO engages in Mozambique mainly through providing general budget support and technical assistance in the area of macroeconomic support.

The Swiss Programme in Mozambique aligns its interventions with the priorities identified by the Government of Mozambique. The Government's Poverty Reduction Strategy (PARP 2011-14) therefore creates a broad strategic framework for SDC's development strategy in the country. Within this framework, the Swiss Cooperation Strategy 2012-2016 provides for continuity and capitalization of its support in the three domains of intervention: Economic Development, Health and Local Governance. SDC supports projects at local level mainly in the northern provinces of Cabo Delgado, Nampula and Niassa and engages in policy dialogue both at the national and decentralised level. Aid modalities include direct project implementation, mandates, contributions, pooled funding mechanism and forms of budget support (GBS, SBS and decentralized BS).

This strategy paper begins with a short overview of recent political and socio-economic trends and general development cooperation in Mozambique. It then assesses achievements and experiences of past interventions and discusses the implications for the new Cooperation Strategy 2012-2016. In addition, it introduces the three domains of intervention in which action will be taken. The strategy paper concludes by giving information about programme management, monitoring and steering.

We are confident that the strategic objectives presented in this document will be met and that a valuable contribution will be made to the sustainable development of Mozambique and the well-being of its people.

Bern, June 2012



Ambassador  
SDC Director-General

# Executive Summary

Mozambique is for several MDGs still on track, although reinforced efforts are needed to achieve them. Important progress needs to be made in further reducing absolute poverty, increasing access to health, water and sanitation services, and improving the quality of education. Addressing the HIV incidence remains a major challenge to halt the country's deprivation of desperately needed human resources. Additional efforts are needed to improve political and economic governance, such as electoral and public sector reform, to increase transparency and integrity in public financial management, to make significant improvements in the business environment of the private sector and to boost employment and productivity, particularly in agriculture. The expected boom around natural resources will bring additional opportunities for the country's development, but also critical challenges on its management to ensure that the benefits reach the poor. The Government's **Poverty Reduction Strategy (PARP 2011–14)** aims to reinvigorate the poverty reduction agenda to foster more inclusive growth and making increased agricultural production and productivity, job creation and social development its priorities.

Formal development cooperation between Switzerland and Mozambique began on a modest scale in 1979 mainly in water, food security and rural development. In the 1990s, it was constantly adapted to the changing framework conditions and has expanded considerably. Switzerland made an important contribution to implementing the 1992 peace agreement, helping with the demobilization and reintegration of former soldiers. Consequently, the Swiss engagement was motivated by the extremely high poverty level after the civil war and the enormous challenges the country was facing. Mozambique became one of Switzerland's priority country for development cooperation, status which is confirmed under the bill for development cooperation to the parliament (2013-2016).

The **Swiss Cooperation strategy 2012–2016** provides for continuity and capitalization of its support in the **three domains of interventions** which are **economic development, health and local governance** and will be guided by the following **overall goal**:

Switzerland supports Mozambique in its fight against poverty and its transition to a politically and economically inclusive society through the promotion of rural employment and income, domestic fiscal resource mobilisation, improved delivery of quality public service and the reinforcement of the civil society.

The Swiss Cooperation Programme in Mozambique seeks to align its interventions with the priorities as defined by the Mozambican Government and the country as a whole, and seeks to answer to the needs of the disadvantaged population groups. Aid modalities include direct project implementation, mandates, contributions, pooled funding mechanism or forms of budget support (GBS, SBS and decentralized BS). Switzerland will continue to promote gender equality transversally in its domains of interventions and its priorities within HIV/Aids as transversal theme will be on prevention and protection through awareness raising and the promotion of non-discrimination.

Swiss Cooperation will continue working with international development partners, public authorities, Swiss institutions, Mozambican civil society organizations, academia as well as private entrepreneurs. The geographical focus on the Northern Provinces of Cabo Delgado, Nampula and Niassa is maintained, based on experience and where development needs are highest.

In all interventions Switzerland will privilege an approach characterized by result orientation and the pursuit of tangible and visible changes in specific locations. Besides, a value added shall be sought through linking interventions on local level with relevant policy dialogue on national level.



# 1. Context



## 1.1 Political Development

Mozambique now looks back on more than 35 years as an independent state, but political and socio-economic stability during this period has not been fully reached. After the end of the civil war new legislations and policies laid out the framework of the new system of governance. Successive multi-party elections have thus far resulted in a dominant party system with nearly full hegemony for FRELIMO. Following its crushing victory in the legislative and presidential elections held in October 2009, FRELIMO is set to remain the dominant power in the political and economic landscape throughout the coming years. The opponent of the civil war, RENAMO, has gradually lost electoral support over the past decade, missing a clear political strategy, and suffering from erratic leadership. In 2009, a breakaway from RENAMO – the Movimento Democrático de Moçambique (MDM) – was created and secured entry into Parliament with a small bench. This party has urban roots and seems to attract mainly the younger voters.

The President's influence has been consolidated and his leadership developed with a tendency towards centralization of command and control. The boundaries between party, state and the private sector are increasingly blurred. Corruption is perceived as increasing and the Government continues to show insufficient commitment in its fight, and accountability mechanisms are still weak. The elections due in 2013 (local) and parliamentary and presidential in 2014 will be an indication of the democratization process and could as well generate risks for political stability. The institutional gender gap is decreasing due to a rapid increase of the participation of women in politics and their rise to leadership roles in elected assemblies, political parties and government as well as in the economy. The media enjoys relative freedom, but its influence remains limited to urban areas and the educated population. The same applies to emerging civil society organizations which are voicing their concerns in the public debate, in particular on corruption, conflicts of interest and need for more efficient use of public resources.

## 1.2 Economic Development

Mozambique still represents a small size economy mainly based on agricultural self-sufficiency production, a service sector lead by construction, and on a few "mega projects" (aluminum production, coal extraction, hydroelectricity). Despite an impressive development take-off after the end of its civil war, growth levels of an average of about 7% p.a. have not been inclusive and are not being translated into a significant change in employment generation and the development of a vibrant private sector based on an increasing role of small and medium-sized enterprises. As the country enjoys huge untapped potential such as abundant natural resources and a favorable strategic location, there is a potential for change during the next 10-15 years if the country manages to integrate the natural resource sector sustainably into the overall economy. Besides, only 12% of arable land is cultivated and agricultural productivity is low. Only 10% of the population is formally employed, out of which 30% are employees of the public sector. Women's access to assets is highly unequal, reflecting gender inequality in the family and traditional society in general.

To advance, considerable efforts will have to be made on infrastructure investments first. Especially in rural areas, lack of transportation facilities limits local agriculture production and access to markets. Electric energy and fuel remains a serious constraint for economic development in terms of availability and high production costs. Essential improvements in framework conditions are required for the development of the private sector, such as better rule of law, less bureaucracy and improved access to credits with competitive conditions for SMEs. An expansion of revenues from natural resources management to reach a more sustainable financing of the state budget in the medium and especially in the long term is necessary and should reduce the heavy dependency on aid to implement the development policy agenda, adding additional challenges for a strengthened macroeconomic and public finance management.

### 1.3 Social Development

The impressive economic growth has not led to substantial poverty reduction. Mozambique remains one of the poorest countries in the world, ranking 172nd out of 182 countries in the HDI of the UN (2009). This has also been confirmed by recent national surveys (3rd Poverty Assessment 2008-09). Despite some improvements in access to basic services like education, health, water and sanitation as well as possession of durable goods, there was insufficient progress in social development and very little improvement in overall poverty reduction compared to 2003. In health, a reduction of both child and maternal mortality rates could be observed, but has slowed down considerably in recent years. With 11.5%, the HIV/Aids prevalence is among the highest in Africa and women are more affected than men. Beside the individual suffering and the destruction of the societal fabric, the economical ramifications of HIV/Aids are estimated to reduce the GDP of Mozambique by 1 % per year. There is clear evidence that without additional financial and human resource efforts, Mozambique will not reach the health-related MDGs.

The combined effect of non-inclusive growth, high inflation, increasing population in urban areas, and perceptions of increasing inequalities led, mainly in Maputo, to social unrest and violent protests both in February 2008 and in September 2010. The government's short-term response, with declared measures to contain the price increases for most sensitive food items and utilities, have eased the tension. Social public unrest may reoccur due to dissatisfaction with government policy and the potential resurgence in domestic food prices.

### 1.4 Country Needs and Development Priorities

Mozambique is for several MDGs still on track, although reinforced efforts are needed to achieve them. Important progress needs to be made in further reducing absolute poverty, increasing access to health, water and sanitation services, and improving the quality of education. Addressing the HIV inci-

dence remains a major challenge to halt the country's deprivation of desperately needed human resources. Additional efforts are needed to improve political and economic governance, such as electoral and public sector reform, to increase transparency and integrity in public financial management, to make significant improvements in the business environment of the private sector, and to boost employment and productivity, particularly in agriculture. The expected boom in terms of natural resources will bring additional opportunities for the country's development, but also critical challenges in managing this development to ensure that the benefits reach the poor.

The **Government's Poverty Reduction Strategy (PARP 2011–14)** is the third Poverty reduction Strategy and aims to reinvigorate the poverty reduction agenda to foster more inclusive growth. Not least under the influence of the disappointing results of the last Poverty Assessment, new and vigorous approaches are needed in many sectors. The critical challenge is to develop and implement policies and instruments that enhance economic and social development with increased benefits and opportunities for the population majority. To address these challenges, the Government is acknowledging the need to diversify sources of growth, to improve service delivery and to develop an economic strategy to increase productivity in labour-intensive sectors in order to unleash the structural transformation of the economy. The PARP is built on three main objectives: (a) increasing production and productivity for agriculture and fisheries; (b) promoting employment; and (c) fostering human and social development, with all three seconded by complementary objectives focused on good governance and macroeconomic stability.

The new PARP provides opportunities, but also raises concerns as the policy choices to be made and the quality of implementation may well determine the longer-term development pace of the country. Mozambique hosts one of the highest concentrations of donor agencies and is highly aid dependent, yet with a decreasing tendency in recent years, with ODA financing about one-third of the state budget. International development assistance will continue to play an eminent role. It is crucial that the new PARP towards inclusive growth be implemented and that international cooperation partners align their interventions to the country's development agenda.





## 2. Background and Rationale for Swiss-Mozambican Cooperation

Ties between Switzerland and Mozambique date back to 1880 when Swiss missionaries arrived in Mozambique and pioneered the access to primary education for Mozambicans (this is still remembered, with several of today's leaders having enjoyed primary education at the "Missão Suíça").

Formal development cooperation began on a modest scale in 1979 mainly in water, food security and rural development. In June 1985, a Cooperation Office was established in Maputo. Initially, the programme consisted mainly of humanitarian aid, but in the 1990s, it was constantly adapted to the changing framework conditions and has expanded considerably. Switzerland made an important contribution both to implementing the 1992 peace agreement, helping with the demobilization and reintegration of former soldiers, and supporting elections, while also providing assistance in the aftermath of the catastrophic floods in 2000. In the following years, Switzerland distinguished itself by taking the lead on the establishment of the first common fund in the health sector and the promotion of a coordinated approach (SWAp). Later it played a pivotal role in establishing the harmonized and aligned Programme Aid Partnership (PAP), aimed at increasing the aid effectiveness, the result orientation, as well as transparency and the accountability.

In 2005, the Division for Security Policy and Crisis Management (FDFA) closed its programme in Mozambique with some of its remains having been integrated into the SDC programme.



Switzerland has been providing balance of payment assistance starting from 1987 and moved to general budget support in 1996 as part of the first coordinated group of donors engaged in this type of operation. Ever since, Switzerland has been providing budget support to Mozambique and Switzerland was entrusted with the chair of the donor group in 2004-2005. Technical assistance in the field of taxation has been provided in conjunction with general budget support from 1996, starting with the introduction of the Value-Added Tax up until the set-up of a strong independent tax administration. SECO will remain active in Mozambique with measures complementary to the SDC portfolio. In addition, Mozambique is eligible for certain of SECO's global initiatives, implemented by international financial institutions. Mozambique will be able to benefit from specific technical assistance, for instance under the Topical Trust Fund on Managing Natural Resource Wealth of the IMF, or the Regional Technical Assistance Center for Southern Africa in topics of taxation, public financial management, etc.

This cooperation strategy as well as Mozambique as a country offers a wide range of opportunities for a cooperation with SDC's emerging **Global Programmes** or with **Global Themes**. First exchanges on "food security" and "climate change" have taken place and will be intensified depending on the final strategies of these programmes. The cooperation with the GP "water" and the GT "Health" is already well established and in both areas Switzerland can draw from the long-standing experience.

The cooperation with SDC's Regional Programme Southern Africa (RPSA) will be intensified focusing on "Food security", "HIV/AIDS" and "Social Accountability". The Cooperation Office in Mozambique will support the RPSA in bringing themes and regional results to a national level, thereby leading the policy dialogue on regional issues. Relevant experiences and initiatives from the SCO Maputo will be taken up by the RPSA and fed into regional efforts in the respective themes.

The Humanitarian Aid will continue with its approach to respond to emergency needs, with a preference for appeals in coordination with the authorities of Mozambique as well as with the international donor community. Mozambique is exposed to occasional natural catastrophes such as cyclones, floods or droughts. Due to climate change, these catastrophes are expected to increase in number and intensity in future. Given the weak infrastructure in rural areas, the remoteness and difficult accessibility, even minor events can lead to major humanitarian disasters.

The **Swiss engagement** was motivated by the extremely high poverty level after the civil war and the enormous challenges the country was facing. For years Mozambique was one of Switzerland's priority countries for both SDC and SECO with a financial support amounting to CHF 30 mln per year over the last 20 years. To this day, and despite the increased number of foreign actors, the needs and challenges continue to be clearly beyond Mozambique's possibilities. Among the ODA actors, Switzerland enjoys a high reputation with the Government and the donors alike as a reliable, competent and innovative partner. The new message and credit framework to the parliament on assistance for developing countries 2013 – 2016 reaffirms Mozambique's status as a priority country for Swiss development cooperation.

### 3. Past Achievements and Experiences

The external review of the Cooperation Strategy 2007–11 confirmed a high relevance of Switzerland’s interventions and showed that most of the objectives of the Cooperation Strategy 2007–11 as well as the expected results had been achieved. Key factors were the coherent package of interventions, the successful exploitation of niches and the availability of highly qualified staff.



**General Budget Support (GBS)**, coordinated and structured through the G19, is the only modality that provides a platform for donors to jointly challenge and interact with the government at the level of overall development policy. Switzerland is seen as having used its “seat at the table” in a very active way and is widely recognized as having had an influence way above its financial contribution, particularly in the areas of focus of political dialogue such as governance, specifically on decentralization as well as macroeconomic and public finance management. Budget support has contributed to positive development outcomes in Mozambique in particular with regard to a better management of public resources, increased performance in financing for development and tax revenues, increased priority spending and subsequent improvement of access to basic social services. Budget support remains an adequate and effective instrument to monitor progress of the country’s overall reform process against agreed commitments. General budget support addresses the implicit challenges of inter-sector coordination and the systemic transversal nature of policies and institutional development by supporting institutional capacity and policy dialogue. In addition, budget support operations have a large potential to strengthen domestic accountability. Nevertheless, tangible results in the area of governance, in particular the fight against corruption, remains a concern for GBS donors.

The activities on **Economic Development** support showed satisfying results. The macro-economic management-capacity-building component (strengthening the tax authority), a niche with initially only two donors, can be considered as a most notable success.

Tax collection regularly overreaches the targets and the tax administration in Mozambique has been effectively strengthened. Achieved results need to be further consolidated, for instance through technical assistance in capacity building. The support to macroeconomic and poverty policy analysis in the Ministry of Planning and Development (MPD) contributed successfully to its institutional development and to the strengthened role of the Government’s Directorate of Studies and Policy Analysis (DNEAP) in economic policy advice. Strong involvement in policy dialogue for strengthening public-finance management has been backed by direct involvement and financing of financial management assessments and diagnostics work (e.g. the PEFA assessments), and analysis of public expenditure. The complementary SDC portfolio on Private Sector Development (PSD) focusing on rural growth in the north of the country is still modest and developing. The first results are encouraging and the chosen interventions (access to micro credit and “markets for the poor”) appear to be promising new niches of high relevance for addressing economic inclusiveness challenges.

In **Local Governance**, Switzerland became in several areas a key mover of new, highly relevant issues and innovative approaches. One example is the municipal development project which created both opportunities to consolidate financial management and improved service delivery at local level. Under Swiss leadership different donor approaches have been harmonized and scaled-up in an exemplary way, resulting in a reference in its field. Other examples include the support to the establishment of two, by now highly respected institutes, which provide very



much needed independent but professional analyses and play a key role in stimulating public debates on the socioeconomic development as well as the political governance. The service delivery component of this domain, water and sanitation, registered good progresses in terms of the extension of services at rural as well as at urban level and the integration of the beneficiaries into the planning and maintenance of the services. The recently launched National Rural Water Supply and Sanitation Programme (Pronasar), which shall further increase the access to WatSan services, has decentralization and local capacity building high on the agenda, two issues actively promoted by SDC through the Aguasan project.

In the past years, **health** indicators have been steadily improving. Major single achievements were malaria case reduction, increased access to AIDS treatment, increase in infrastructure, and in the use of primary health care public services. This has been influenced by several factors, such as the Sector Wide Approach (SWAp) which Switzerland supports through its contribution to Sector Budget Support (SBS). In SDC's interventions in the SWAp, emphasis was put on donor harmonization and alignment to country systems for better development results. In the policy dialogue with the MoH, Switzerland focused on primary health care and health promotion, efficiency gains, and evidence-based decision-making. In fact, Switzerland initiated and led the first sector adapted PEFA study which consecutively led to an action plan aimed at improving public finance management in the health sector in Mozambique in a comprehensive way. In coordination with MoH, and with Switzerland as donor leader, a health sector review was initiated for more evidence based decision-making in terms of what works and how to replicate and/or up-scale successful interventions in primary health care. In addition, a new health information strategy with focus on quality improvements has been adopted. Whenever necessary, technical assistance was made available for specific interventions. The focus of Switzerland at decentralized and project level lays in community participation in health. A success story was to bring the experience of a Swiss-funded project in community empowerment in health (project Wiwanana, implemented by the Swiss NGO Solidarmed) into the spotlight at the national level. This allowed to significantly increase the sustainability of the project and fostered the outreach of this approach. Despite these successes, huge challenges remain with regard to the accountability of the health system towards its users and capacity constraints on both supply and demand side.



The approach chosen to the **transversal themes** (gender and HIV/Aids) has been assessed as “flexible and fairly efficient”. In both areas, substantial progress was able to be achieved (e.g. policies and tools developed, regular training of staff, practical exchanges between implementing partners and SCO, participation in networks, etc.); however, too much has still been dependent on opportunities and the commitment of individuals.

On a general level, the assessment of the Cooperation Strategy 2007–11 is fairly positive with unexpected additionally tapped synergies between the domains, particularly on issues related to the management of public funds, the public service delivery, community involvement and dialogue with decentralized authorities. The legal framework and the existing (sector) strategies are seen as a potential. However, their implementation and management capacities at all levels remain a challenge.

## 4. Implications for the new Cooperation Strategy 2012 – 2016

In the period 2012 – 2016, Mozambique will have to make some difficult decisions on central issues for the medium-term development of the country. How to deal with the double threat of a persistently high poverty rate but low (agricultural) productivity, the widening gap between rich and poor, and the potential of future social unrest which this might entail? How to translate the expected increase of domestic revenues from natural resources into inclusive growth? Will the next election and the transition of power to a new president prove to be a step forward or backward on the way to a pluralistic democracy and equitable society? A strong commitment to the fight against poverty and to ambitious development goals is needed, as is the rigorous implementation of the new poverty reduction strategy.

Change is sometimes perceived as slow. The relationships between the Government and the donors are franc but with recurrent frictions. On the other hand, there has certainly been progress and the development context for donors remains relatively favourable. There is no reason to deny Mozambique assistance in this crucial period. Generally seen, the donors are ready to continue with generous support. For this reason, SECO is considering co-financing a further phase of GBS as a complementary measure to SDC's involvement in Mozambique. Government will be under increased critical observance to deliver results. The monitoring of its commitments, as well as the good use of the various fora for policy dialogue, will become even more important. Any GBS involvement should be strongly linked to progress in governance, in particular fighting corruption.

Thanks to the positive image Switzerland has acquired in Mozambique over time through its interventions and critical voice, the experience gained, and a flexible but well targeted approach, it can substantially contribute to the development of this country also in the years to come.

The proposed strategy takes the current and anticipated Mozambican context, as well as the new strategic outlines of Swiss development cooperation, carefully into consideration.



# 5. Priorities of the Cooperation Strategy 2012 – 2016

Based on the above, the proposed strategy provides for continuity and capitalization of the Swiss support in the **three domains of interventions** which are **economic development, health and local governance**. While the intervention in health and local governance will require most probably only limited modifications, the domain economic development will undergo the biggest revision. The last poverty assessment demonstrated the need for increased efforts to foster and accelerate an enabling business environment, adequate macroeconomic policies for inclusive growth, and bringing pro-poor growth into the agricultural sector. In order to maintain a visible profile and to have an impact, SDC will focus on interventions in areas which are either not yet sufficiently addressed and/or where SDC can provide an added value, e.g., through (thematic) competence, innovation and flexibility. Furthermore, SDC will build upon existing positions of strength and reinforce them where possible. GBS and other policy dialogue fora will provide an opportunity to scale up experiences from successful interventions to discuss policy issues. Opportunities to scale up experience from project implementation geographically will be actively explored. The global dimension, especially of the themes health and food/land security, are addressed with evidence generated by SDC's portfolio activities, fed into international debates, and complemented with SDC's respective multilateral and global programmes.

The cooperation strategy 2012–2016 will be guided by the following **overall goal**:

Switzerland supports Mozambique in its fight against poverty and its transition to a politically and economically inclusive society through the promotion of rural employment and income, domestic fiscal resource mobilisation, improved delivery of quality public service, and the reinforcement of civil society.

With the intention to reinforce the coherence and increase existing and possible synergies, the following four identified **outcomes** will be valid for the whole

Swiss Cooperation programme and all three domains of intervention will contribute to their achievement relying on clearly targeted indicators.

1. Key policy making and management for inclusive growth, sustainable funding of development and efficient use of the resources are improved through active dialogue with and capacity development of the relevant stakeholders, the stimulation of public debates, and in donor relations.

For **outcome 1** the focus will be on selected issues of the most pressing development challenges, such as inclusive growth and sustainable funding for development, political and social inclusion, employment and productivity, a more efficient health system and better use of health finances, utilization of natural resources, etc. They will be addressed through the continued support to GoM and civil society alike to increase their capacities in analysis, planning and monitoring, and the stimulation and substantial contribution to debates. Switzerland's positions will be firmly based on the practical evidence and experience acquired through concrete activities e.g. on municipal development, access to land, decentralized participatory planning, budgeting and resource mobilization processes, implementation support for community involvement in health, tax collection, private business environment, etc. Switzerland will collaborate with the Central and with lower tiers of Government (province, district, and municipality). It will actively promote national non-state actor participation in policy dialogue.

2. Access to/coverage and use of equitable and quality health and watsan services is improved through efficient management of financial and human resources and strengthened capabilities at decentralized level.

The improvement of public service delivery, **outcome 2**, will be addressed, as in the past, by a two-pronged approach with a focus on health, water and sanitation. On one side, it will be implemented through investing in social service delivery in terms of improving



4. Citizens/Civil Society Organizations take an active role in demanding high quality delivery of public social services and a transparent and accountable use of public resources through the strengthening of their role in participatory processes and monitoring of governance practices at local level.

Finally, **outcome 4** aims at an improvement of domestic social accountability mechanisms and its active use by the population, in particular at district, municipal and provincial level. At the aggregate national level this will be complemented by thorough policy analysis that will strengthen civil society participation in dialogue processes with Government. An empowered population in terms of health-literacy will better know how to stay healthy and prevent diseases. They will also know the offer of a public health service and how to ask for it. With these interventions SDC will promote a stronger, skilled and engaged civil society that continues to advocate for equitable and quality service delivery and the improved and gender-responsive use of public resources. This shall contribute to a more balanced social contract between the Government and the Governed and a reinforced and more broadly anchored democracy. Intended activities include capacity building of CSOs, elaboration and support of monitoring systems, support of resulting debates and backing-up of the discussed issues with research and analysis where necessary, as well as interventions which address the gender gap.

Based on the experiences made and the promising activities already underway, the main lines of interventions per domain will be as following:

In the **Economic Development Domain**, the promotion of agro-productivity and employment will be intensified mainly through the identification and facilitation of “investment opportunities” in collaboration with private sector partners. The promotion of viable financial institutions serving the credit, savings and micro- insurance needs of poor rural and urban people previously unable to access financial services will be continued in Northern Mozambique.

Other concrete activities will aim at the strengthening of the domestic revenue base at local as well as at national level, and the increase in the capacities of both governmental and civil society partners (e.g., business associations) in analysing and deliberating the main economic development challenges.

quality and the geographical and economical access of the rural poor, and through capacity building at local level to ensure an efficient and transparent management of service provision. On the other side, Switzerland will promote and strengthen the still fragile but developing decentralization process, which entails more opportunities for citizens to actively participate in decision-making at local level and will subsequently ensure that resources and services provided better meet the needs of men and women alike. These interventions are also supposed to lead to increased use of culturally and scientifically adequate public social services. Additional to the continuity will be an enhanced focus on sustainable financing of these services through the promotion of public revenues and the improvement of the financial management capacity of local government layers in particular.



3. Rural income and employment is increased in addressing access to and control over limiting production factors for MSMEs and small holders, improving market opportunities and the business environment.

**Outcome 3** will address the high priority of job creation, economic involvement of poor men and women in the agriculture sector, and market opportunities for MSMEs and small scale farmers. The intervention approach is based on a rationale that recognizes the importance of formal agriculture value-chain actors in creating pro-poor growth opportunities with special attention given to the gender inequalities in economic participation. These formal commercial actors have the potential to expand their businesses in ways that are pro-poor and generate both employment and market opportunities for communities and farming households. The interventions will focus on working with formal sector actors in the value chain, commercially addressing production factors such as inputs, land, finance and water as well as local and national framework conditions, to bring pro-poor growth into the agricultural sector.



The practical experience gained at local level will be used for policy dialogue on promotion of a more business-friendly environment, complemented with the stimulation of public debates on issues such as inclusive growth, sustainable funding of development, employment and productivity, as well as public finance management.

The **Local Governance Domain** is at the core of this cooperation strategy, contributing to all four outcomes. The focus of the interventions will lie on the continuation of a number of promising initiatives regarding:

- the improvement of quality delivery of basic services (mainly water and sanitation) in a number of districts and municipalities through investment in infrastructure and capacity development, as well as through the promotion of participatory planning and budgeting processes;
- the strengthening of the decentralization process with a particular focus on decentralised planning and financing, the promotion of tax collection at municipal level, and on PFM at provincial, district and municipal level;
- the reinforcement of local communities through the stimulation of (domestic) demand for accountability, the scaling-up and expanding of monitoring systems on local governance, and the promotion of community benefits originating from natural resource management and improvement of land-use rights;
- the promotion of civil society organisations and independent institutions which will offer platforms to engage in public debates on issues such as governance and domestic accountability, cultural diversity, corruption and conflict of interest, as well as gender equality.

Based on experiences made over the past years, the **Health Domain** will continue to contribute to health system strengthening with a focus on equitable access to quality primary health care service delivery and a strong health information system for evidence-based decision-making. Demand side strengthening will equally remain a priority with a focus on community participation and empowerment in health literacy. The difference to the former country strategy is a stronger focus on targeted interventions at decentralized level in order to respond to the systemic capacity constraints outside the capital. Whenever

applicable, the human-rights-based approach will be used in policy dialogue and in the formulation of project and programme documents, independent of the aid modality in use.

At national level, Switzerland will remain a member of the Sector Wide Approach and the Health Partner Group, providing SBS. Focus will be on active donor coordination - in this highly fragmented sector with the major part of the annual health budget being implemented vertically - in order to improve aid effectiveness. The SWAp donor platform with clearly established mechanisms for high-level policy dialogue with the government will be used, among other things, for policy dialogue on evidence gained at decentralised level, e.g., in the field of decentralised service delivery, health promotion and community involvement.

Thematically, SDC will focus on improvements for quality service delivery and equitable access to primary health care. This will be achieved through investments in infrastructure and human resources for health, supply-chain management support to improve disease responsiveness, and training at provincial and district level for evidence-based planning and decision-making. Complementarily, health promotion and community participation will continue to be the entry point for strengthening the demand for quality, acceptability and availability of services. Past experiences in the area of community empowerment will serve as basis to pilot a comprehensive health promotion approach at provincial level. More focus will be put on accountability mechanisms and will be an integral part of future interventions. As with the other two domains, Switzerland will actively participate in the policy dialogue at central, but also provincial level and use its field experience to contribute to public debates. Furthermore, SDC will promote research activities in the field of equality and sustainability, be it at national level or as part of SDC-supported interventions at decentralized level.

As can be seen, the proposed programme offers ample opportunities to benefit from **synergies**. A number of issues will be addressed in some form in all domains, notably the efficient delivery of decentralized public services, citizen participation in planning, monitoring and decision-making, accountable management of public funds and the promotion of public debates on the development path of the country.

The **geographical focus** on the Northern Provinces of Cabo Delgado, Nampula and Niassa, as well as on a limited number of municipalities, respects a certain division of labor among donors, and will be on those geographical regions which have already been supported in the past, where Switzerland has gained a profile and acquired knowledge and experience, and where development needs are highest. As a partner in joint activities with other donors, other geographical areas might be covered in programmes supported by Switzerland.



# 6. Programme Implementation and Management

## Aid Modalities

The Swiss Cooperation Programme in Mozambique seeks to align its interventions with the priorities as defined by the Mozambican Government and the country as a whole, and seeks to answer to the needs of the disadvantaged population groups. Aid modalities such as direct project implementation, mandates, contributions, pooled funding mechanism or forms of budget support (GBS, SBS and decentralized BS), will be selected according to their appropriateness. SECO is currently assessing a next phase of General Budget Support for Mozambique (2013-2016), accompanied by some small-scale technical assistance in the field of taxation to create fiscal space and foster financing for development.

## Partners

Swiss Cooperation will continue working with an array of international and national partners, with many of which trustful relationships have been built over the past years. These include international development partners (development agencies and multilateral institutions), public authorities (line Ministries, regional authorities), Swiss institutions (e.g. Helvetas, Solidarmed), Mozambican civil society organizations and NGOs, academia as well as private entrepreneurs.

Governmental institutions will remain crucial for achieving sustainable results particularly on outcome 2 (public service delivery in health care, water supply and sanitation) as well as for policy dialogue on all levels. For outcome 3, we will cooperate explicitly with the private sector whereas for outcome 4, the emphasis will be on non-governmental actors and civil society actors in general.

Closer contact will be sought with Swiss institutions which receive core contributions from SDC in order to make use of their local knowledge and to aim for a coherent Swiss dialogue with authorities on all levels.

## Transversal themes

Gender inequality is an obstacle to development in Mozambique. Switzerland will continue to promote **gender equality** transversally in its domains of intervention and provide opportunities for women and men to constructively engage in changing existing gender roles and exercise their rights equally. Several of SDC's interventions touch sensitive issues such as access to land, credit, jobs, health care, etc. where special attention will be paid to gender inequalities in planning and monitoring. Besides, it is intended to initially introduce the concept of gender-responsive budgeting mechanisms in selected initiatives.

The high HIV prevalence rate remains one of the greatest threats to Mozambique's development. SDC's priorities within **HIV/Aids** as transversal theme will be on prevention and protection through awareness raising, de-stigmatization and the promotion of non-discrimination. A specific target group is SDC staff and their families, as well as the implementing partner organizations and their interventions.



On both transversal themes, SDC will continue with training and the dissemination of adapted tools, the active exchange of experiences and best practices between SDC partners as well as the participation in SDC's networks.

Governance – representing a domain in itself – will not be treated in parallel as a transversal theme in its narrow sense. Nevertheless, Switzerland will address issues like equitable participation in decision-making processes, transparency, accountability in the public administration and other governance principles in various interventions in the Health and Local Governance domain, as they are key, for instance, to improving service delivery.

Mozambique has been rated as one of the world's countries most vulnerable to climate change. Its vulnerability is mainly determined by exposure to natural hazards including droughts, floods and tropical cyclones, as well as high levels of poverty. Environmental risks related to climate change are expected to increase with serious adverse impacts on people and their livelihoods, particularly the poor who have the least capacity to adapt and those living in coastal areas. Climate-change-related risks will therefore be mainstreamed into Swiss interventions and closely monitored. Through its projects in the private-sector-development and local-governance domains and by supporting access to basic facilities including health, water and sanitation, SDC's programme in Mozambique is indirectly strengthening the resilience of the rural poor by addressing underlying causes of vulnerability to climate change.

### Result orientation and policy dialogue

In all interventions Switzerland will privilege an approach characterized by result orientation and the pursuit of tangible and visible changes in specific locations. Besides, a value added shall be sought through linking interventions on local level with relevant policy dialogue on national level and vice versa.

### Human resources

The current staffing in the Swiss Cooperation Office is considered to be adequate to implement the new cooperation strategy. The challenge will be to continue finding and retaining highly qualified local as well as foreign staff given the complex and very specialized aid architecture.

### Financial resources

The estimated budget allocation is as follows:

Annual Budget in mln. CHF	2012	2013	2014	2015	2016
Economic Development	4	5,5	7	7,5	7,5
Local Governance	8	7,5	7,5	8	8
Health	8	7,5	8	8	8
GBS (including TA in taxation)	7	8,5*	8,5*	8,5*	8,5*
Others	2	2,5	2,5	2,5	2,5
<b>Total</b>	<b>29</b>	<b>31.5</b>	<b>33.5</b>	<b>34.5</b>	<b>34.5</b>

(\*) SECO is currently contemplating a next additional phase of GBS 2013-2016. Envisaged financial contribution is max 34 mln CHF including technical assistance in taxation (max. 8 mln CHF GBS and 0.5 mln CHF TA per annum), subject to approval by the Swiss Government.

Additionally, Mozambique is a beneficiary country of SDC-financed Global Programmes and Global Themes in food security, climate change, water and health, as well as of various global initiatives from SECO in the domain of macroeconomic support. These latter funds, however, are not earmarked for Mozambique specifically.





# 7. Strategic Steering

## Monitoring

The Cooperation Strategy is subjected to a systematic and regular monitoring, serving a double purpose:

- Keeping on track the effectiveness and relevance of the Swiss programme portfolio (steering) and
- Accounting for results (reporting).

Corresponding to the internal guidelines, the monitoring concept applied basically consists of three levels of observation:

**1. Country level:** Assessing context changes and progress made in delivering the expected results according to the PARP and sector strategies in fields relevant to the Swiss interventions;

**2. Swiss Cooperation portfolio:** Assessing whether the desired outcomes and outputs have been achieved and thus are contributing to the CS's objectives;

**3. Swiss Portfolio management:** Assessing the efficiency and effectiveness of programme management as well as the positioning of Switzerland in the Mozambican ODA context.

The result framework (Annex 1) with its qualitative and quantitative indicators will serve as reference. The selected indicators and their targets, defined on the basis of baseline figures, will be monitored annually in a separate matrix.

Wherever possible, SCO will use existing information and monitoring systems; however, the timely availability and reliability of official data will remain a challenge. See Annex 2 for more details.

## Reporting

The SCO Maputo will report annually on progress made towards achieving the planned portfolio outcomes and contributing to the corresponding country development objectives mainly in the form of the annual report (AR).

## Review

In 2015, a preliminary assessment of the achievements under the present Cooperation Strategy will be conducted, providing indications on the future involvement of Switzerland in Mozambique. A preceding internal mid-term review is foreseen for 2014.

## Aid Effectiveness

The Principles of the Paris Declaration remain high on the agenda in Mozambique. The main donors, i.e., those providing General Budget Support and the associated G19 members, are annually assessed against a set of indicators derived from the PD. In its interventions in Mozambique over the past years, Switzerland has attached significant importance to alignment and harmonization as well as the use of country systems and used to score well in this assessment. Switzerland will adhere to these principles also in the future, acknowledging that the use of country systems represents an important element in achieving sustainable development impacts. The application will respond to the local context.

## Risks

Mozambique is a developing country with a difficult past marred by a brutal civil war, although living in peace since twenty years, characterized by high poverty and still weak institutions. The country still faces countless challenges along its path. Context risks will therefore be closely monitored, using the established internal or external instruments.

# Annex 1: Results Framework

**Domains of Intervention:** Economic Development, Local Governance and Health

**Goal:** Switzerland supports Mozambique in its fight against poverty and its transition to a politically and economically inclusive society through the promotion of rural employment and income, fiscal resource mobilisation, improved delivery of quality public services and the reinforcement of civil society.

Swiss Portfolio Outcomes	Contribution of Swiss Programme	Country Development Outcomes
<p><b>Outcome Statement 1</b> Key policy making and management for inclusive growth, sustainable funding of development and efficient use of the resources are improved through active dialogue with and capacity development of the relevant stakeholders, the stimulation of public debates and within the frame of donor relations.</p> <p><b>Indicators:</b></p> <ol style="list-style-type: none"> <li>Yearly no of analysis/studies produced by GoM, debated and having influenced inclusive socio-economic policies and transparent management of Natural Resources (including gender dimension). Econ Dev: 2; Health sector: 1</li> <li>Share / trend of own revenues in selected municipalities. Baseline: awaited in 2012; Target: tbd</li> <li>Number of efficiency related recommendations from joint health reviews (year n-1) that flow into PES of year n+1. 2010:1/year; 2011-16: 2/year</li> <li>Improved quality of PFM systems (measured by PEFA standard assessment and GoM analysis on Public Spending efficiency and integrity). Baseline: PEFA 2011; Targets 2015-16: i) Improved scoring in selected PEFA indicators; ii) results of spending analysis reflected in state budget allocations and level of execution in health, education and agriculture.</li> <li>Quality of action plans after PFM analysis including measures to improve service delivery. Baseline: tbd in 2012 (following PEFA action pan); Target: positive qualitative assessment of 2 action plans in PFM</li> <li>Continuous positive trend in performance of selected districts on efficient and transparent management of resources for service delivery. Baseline 2011 awaited. Target: tbd (quantitative and qualitative assessment based on 3 indicators of Monitoring System of Districts Performance).</li> </ol>	<p><b>Intermediate results/sequence/milestones:</b></p> <ul style="list-style-type: none"> <li>A debate on the sustainable financing of Mozambique's development is promoted and fosters increased quality of growth policies</li> <li>Successful implementation of planning and finance tools at decentralized level</li> <li>Use of land and natural resources benefits are more prominently present in policy debates</li> <li>Corruption and conflict of interest addressed as critical obstacles for sustainable development funding</li> <li>In the context of the Sector Wide Approach SWAp in health, challenges in relation to efficient use of resources are identified and taken up in policy dialogue (e.g. drug management and distribution)</li> <li>Key issues and lessons to be learnt from decentralized Swiss programs and studies are brought into policy dialogue through the SWAp and flow into sector recommendations</li> </ul> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>Coof – HR management permit to maintain its competence and commitment</li> <li>Donor Platforms and joint reviews continue to be accessible for the Swiss to promote dialogue</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>The GoM does not adopt a long-term perspective of financing development</li> <li>Non-traditional donors step in to close the funding gap (credits) and/or part of commercial credits increase substantially</li> <li>Rising prices due to international economic trends</li> <li>Ineffective use of natural resource benefits</li> <li>Debate on more efficient use of resources, evidence-based decision making and equitable resource allocation fails due to lack of transparency and/ or political will</li> <li>Re-centralization tendencies increase putting decentralization process at risk, including fiscal decentralization</li> <li>Roll out of Management System for Municipalities (SGM) made impossible due to incompatible standardization requirements of GoM</li> </ul> <p><b>Obstacles:</b></p> <ul style="list-style-type: none"> <li>Capacity and (partly) motivation in among government employees is low</li> <li>Very limited capacities to produce data on finances at municipal level and difficult access to data</li> <li>Fragmentation and vertical funding within the health sector slows down progress in efficient and effective service delivery</li> </ul>	<p><b>Outcome Statement 1</b> PARP's primary goal to reduce poverty incidence is achieved by the promotion of pro-poor growth through investment in agriculture to boost its productivity and diversify the economy, employment creation and fostering human and social development, based on good governance and sound macroeconomic management.</p> <p><b>Indicators:</b></p> <ol style="list-style-type: none"> <li>Growth by productive sectors: agriculture / agro-processing, manufacturing.</li> <li>Poverty incidence proxies: AHDl (Adapted Human Development Index); food security (PARP global indicator 3): MDG 1.</li> <li>Prevalence of chronic malnutrition in children below 5 years old. 2008: 44%; 2015: 20%.</li> <li>Health related MDGs reached: Trends in child mortality reduction (MDG 4; 2015: 108 per 1'000 live births) and maternal mortality ratio (MDG 5; 2015: 250 per 100'000 live births).</li> <li>Oresources exploration is available to communities and information is publicly available.</li> <li>Share / trend of domestic revenue (increasing %).</li> <li>% of budget transferred to decentralized levels. Municipalities. 2010: 1%. 2012: 1.2% (target). Districts: 2010 3.6%, 2012 12.3% (target).</li> <li>Results from PETS and PEFA 2015-16 show improvements and are translated into improved service delivery (health, education, social action).</li> <li>Continuous positive trend in performance of districts on service delivery, financial and human resources management, and transparency. Baseline 2011 awaited. Target: tbd (quantitative and qualitative assessment based on all indicators of Monitoring System of Districts Performance).</li> </ol>

## Lines of Intervention (Swiss Program)

### Economic Development:

- Strengthening of GoM capacities in economic analysis and public financial management (national level).
- TA to tax authorities in order to increase revenue base (mainly through Trust Funds, including transparency and increasing wealth from natural resources exploration).
- Promotion of public debates on sustainable economic growth; public financing and spending efficiency; accountability.
- Inputs to G19 debates on economic management for poverty reduction.

### Local Governance:

- Promotion of tax collection at municipal level.
- Promotion of debate on fiscal decentralization.
- Capacity building of planning and finance management capacities at decentralized level.
- Inputs to debate on community benefits originating from natural resources/land use.
- Inputs to debate on corruption and conflict of interests.

### Health

- Investment in health system strengthening at national and decentralised level (supply chain, PFM, health information, service delivery, infrastructure).
- Harmonization with other donors for better planning and more efficient use of resources.
- Provision of technical assistance for capacity building to strengthen systemic processes (e.g. PFM).
- Promotion of research to enhance aspects of equity and sustainability.
- Support for a strong M&E system for evidence-based decision-making through strengthening of the Health Information System (HIS).
- Policy dialogue/advocacy at national and decentralised level on selected issues of health system strengthening (e.g. health promotion, community involvement).
- Inputs to G19 debates on Health System Strengthening for poverty reduction, and advocacy for sufficient resource allocation for the health sector.

Swiss Portfolio Outcomes	Contribution of Swiss Programme	Country Development Outcomes
<p><b>Outcome Statement 2</b> Access to, coverage, and use of equitable and quality health and watsan services is improved through efficient management of financial and human resources and strengthened capabilities at decentralized level.</p> <p><b>Indicators:</b></p> <ol style="list-style-type: none"> <li>1. Number of female and male adults who are eligible for treatment and are receiving combined Anti-Retroviral-Therapy in Cabo Delgado. 2011: 6.738 (f), 4.249 (m). 2014: (to be defined)</li> <li>2. Average availability of 15 essential medicines in Cabo Delgado. 2010: 34%; 2014: 90%.</li> <li>3. Ratio of institutional births as percentage of expected number of birth in Cabo Delgado. 2010: 66%; 2014: 66% (will be revised)</li> <li>4. Imbalance in the consumption of health services by the population between more and less favored districts in Cabo Delgado. 2010: 1.9; 2014: &lt; 3.</li> <li>5. % of national rural watsan budget allocated to the three Northern provinces. 2010: 15%. 2016: 25%</li> <li>6. % of female and male population using safe sources of drinking water in selected districts. 2011: 35%. 2016: 60%</li> <li>7. % of female and male population using secure sanitation infrastructures in selected districts and municipalities. 2011: Districts 4%; 2010: municipalities 47%. 2016: Districts 40%; 2014: municipalities 67%.</li> </ol>	<p><b>Intermediate results/sequence/milestones:</b></p> <ul style="list-style-type: none"> <li>• Regional and gender inequalities in health care coverage and access and use of water services are reduced through targeted support like capacity building, technical assistance and financial investments at decentralized level</li> <li>• Targeted capacity building interventions in relation to better supply chain management of medicines improves the availability of the latter</li> <li>• Human resource retention at district level is successful through training, continuous education and non-financial incentives (e.g. staff houses, better access to water)</li> <li>• Key issues and lessons to be learnt from decentralized Swiss programs on watsan and health are brought into policy dialogue for promotion of increased decentralization of the sector</li> </ul> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>• The concerned Ministries will actively support the expansion and secure funding for maintenance of watsan</li> <li>• Decentralization remains high on the agenda of GoM and receives the necessary political support for implementation</li> <li>• Local authorities are committed and take a proactive role in the decentralization process</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>• Lack of political support / will to decentralize to provinces, districts and municipalities</li> <li>• Share of domestic resource allocation for health and/or water further decreases</li> <li>• Sanitation remains low in the agenda of the watsan sector</li> </ul> <p><b>Obstacles:</b></p> <ul style="list-style-type: none"> <li>• Weak competence and management capacities at local level</li> <li>• Weak intersectorial coordination on decentralization and weak leadership from Ministry of State Administration</li> </ul>	<p><b>Outcome Statement 2</b> PARP: Availability and quality of social services has improved through promotion of equality in access to health care, improved human resource management and expanded access to and use of water supply and sanitation services in rural and urban/ periurban zones</p> <p><b>Indicators (PARP):</b></p> <ol style="list-style-type: none"> <li>1. Number of female and male adults who are eligible for treatment and are receiving Anti-Retroviral-Therapy (national). 2010: 139'438 (f) and 79'553 (m); 2014: 227'616 (f) and 132'641 (m).</li> <li>2. Average availability of 15 essential medicines (national). 2010: 85%; 2014: 90%.</li> <li>3. Ratio of institutional births as percentage of expected number of birth (national). 2010: 62%; 2014: 66%.</li> <li>4. Imbalance in the consumption of services between more and less favored areas (national). 2010: 1.06; 2014: &lt;3.</li> <li>5. % of national rural watsan budget allocated to provinces. 2010: 15%. 2016: 25%</li> <li>6. % of population using safe sources of drinking water in rural and urban areas. 2011: rural 45%; 2010: urban 70%. 2016: rural 60%; urban 80%</li> <li>7. % of people who use adequate sanitation infrastructure in rural and urban areas. 2011: rural 7%, 2010: urban 47%. 2016: rural 40%, urban 60%.</li> </ol>

## Lines of Intervention (Swiss Program)

### Local Governance:

- Financial and technical assistance for selected provinces, districts and municipalities in service delivery.
- Specific technical expertise strengthened regarding co-funding mechanisms for public infrastructure and on participatory planning of, and accountability for, provincial, district and municipal services.
- Investment in infrastructure and equipment in watsan.
- Policy dialogue at national and local level on lessons learned on decentralized watsan.
- Policy dialogue on decentralization and deconcentration.

### Health:

- In collaboration with partners, capacity development on planning, budgeting, monitoring and auditing (PMF) at provincial level.
- In collaboration with partners, investment in infrastructure, equipment and capacity building in selected provinces.
- Scaling-up / dissemination of acquired experiences.
- Policy dialogue on national and local level on lessons to be learned.
- Harmonisation of donor partners in decentralised, but aligned support.
- Support the implementation of SADC HIV/AIDS strategies in Mozambique, and feed SDC regional program Southern Africa and dialogue in the SADC region on HIV/AIDS-related interventions and lessons learned.

Swiss Portfolio Outcomes	Contribution of Swiss Programme	Country Development Outcomes
<p><b>Outcome Statement 3</b> Rural income and employment is increased by addressing access to and control over limiting factors for MSMEs and small holders, improving market opportunities and the business environment.</p> <p><b>Indicators:</b></p> <ol style="list-style-type: none"> <li>1. Net income increase for (number) poor men and women from our interventions (total/y). (500'000, 1'200'000, 2'400'000, 4'000'000, 6'000'000 us\$ for 1'000, 3'000,6'000, 10'000, 15'000 persons)</li> <li>2. Nr of economically viable jobs created by supported MSME (Total/y) (50, 70,300, 400, 400)</li> <li>3. Number of men and women farmers and SMEs using financial services. (4'500, 10'000, 15'000, 25'000, 35'000) (total actual)</li> <li>4. % of moderate and highly vulnerable clients using financial services (&gt;50%) by 2015?</li> <li>5. Number of communities having secure access to land thanks to increased delimited land and increased number of land use certificates in 3 provinces. Baseline 2010: 32. Target 2015: 100</li> </ol>	<p><b>Intermediate results/sequence/milestones:</b></p> <ul style="list-style-type: none"> <li>• Sustainable increase in agricultural productivity in Mozambique and consequently farmers' income will ultimately depend on improvements in a number of production factors that can trigger agricultural transformation, including farmer's access to and use of improved seeds, finance, irrigation and secured landholding.</li> <li>• Economic inclusion of small holders into market systems (supply and value chains) that function more effectively, sustainably and beneficially for them will increase their income.</li> <li>• The risks for private sector investment in small holder agriculture and market distortion by non-commercial actors will have to be addressed in a policy dialogue among all stakeholders at local and national level.</li> </ul> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>• The government of Mozambique is more and more recognizing the important role of the private sector in agriculture development and poverty reduction, which is actually the case. Furthermore, the Government of Mozambique is committed to enforcing the land law.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>• Conflicts of interest by Government bodies and officials. Government is favoring large commercial investments which are not inclusive and deprive small farmers of their land.</li> </ul> <p><b>Obstacles:</b></p> <ul style="list-style-type: none"> <li>• Too much donor money for few private businesses could distort the market and put more effectively, sustainably and beneficially for poor people and feed experiences into regional programme Southern Africa.</li> <li>• sustainability at risk. Weak capacity in terms of land administration at the local level (districts and provinces).</li> </ul>	<p><b>Outcome Statement 3</b> PARP: Increased Production and Productivity in Agriculture and Fisheries through improved and expanded access to production factors and markets and improved management of natural resources (General Objective 1).</p> <p><b>Indicators (PARP):</b></p> <ol style="list-style-type: none"> <li>1. Quantity of pre basic and basic seeds produced. Pre- basic (ton): maize 15, rice 12, peanuts 5, beans 6; basic (Tons): maize 380, peanuts 40, rice 400, beans 60; increase 7%/y</li> <li>2. Number of small producers using micro-finance services. 2011 =240'000; 2014 target 310'000</li> <li>3. Improved WB doing business index. 2011=132;</li> <li>4. Delimitation and certification of communities land (number and area). Baseline 2010: 51 communities, 25 land use certificates, 3.6 mln ha; target 2014: 271 communities, 250 land use certificates, 5.2 mln ha.</li> </ol>

## Lines of Intervention (Swiss Program)

### Economic Development:

- In investing in Public-Private Development Partnerships, SDC will promote the inclusion of small women and men farmers in value chains.
- Facilitate the development of market systems for affordable agricultural production factors, mainly seeds and technology, so that they function more effectively, sustainably and beneficially for poor people and feed experiences into regional programme Southern Africa.
- Support agricultural value chains through market service provision and improved framework conditions.
- Support and invest in rural credit and savings institutions with financial products benefiting rural men and women.

### Local Governance:

- Support communities land delimitation and certification process.
- Support community development projects in delimited areas.

Swiss Portfolio Outcomes	Contribution of Swiss Programme	Country Development Outcomes
<p><b>Outcome Statement 4</b> Citizens / civil society organizations, take an active role in demanding high quality delivery of public / social services and a transparent and accountable use of public resources through the strengthening of their role in participatory process and monitoring of governance practice at local level.</p> <p><b>Indicators:</b></p> <ol style="list-style-type: none"> <li>No. of districts/municipalities with a working, civil-society-driven monitoring system on local governance. 2011: 0 municipalities/15 districts. 2014: 8 municipalities/23 districts.</li> <li>No. of analysis/studies produced by CSOs leading to a quality and broad debate on transparent management and accountable use of public resources at national and decentralized level. 2011: Gov 1, Eco Dev 0. 2016: Gov 2, Eco Dev 1 (including qualitative data for assessing quality of debate).</li> <li>No. of performing Community Development Committees and Local Consultative Councils in SDC supported districts. Baseline: to be done in 2012. Target: tbd (categorisation based on criteria for performance including gender).</li> <li>% of people that can name at least two existing spaces where community members can influence health service provisioning in selected districts. Baseline and targets tbd in 2012.</li> <li>No. of performing health committees in selected districts. Baseline and targets tbd in 2012.</li> </ol>	<p><b>Intermediate results/sequence/milestones:</b></p> <ul style="list-style-type: none"> <li>Strengthened institutional capacities of a selected number of CSOs at national and local level and implementation of co-funding mechanisms to ensure greater independence.</li> <li>Production and dissemination of independent and empirically sound research on key development issues (corruption, inclusive growth, benefits of land use for communities) and organization of debates.</li> <li>Increased understanding by citizens and CSOs of their rights concerning quality service delivery and use of public resources.</li> <li>Local CSOs participate regularly in district planning exercise and use the evidence collected to influence services and policies.</li> <li>Pilot activities to stimulate (domestic) demand for accountability.</li> </ul> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>CSOs manage to secure financial support in order to develop an independent agenda for policy advocacy</li> <li>Citizens and CSOs are active and committed in claiming their rights and promoting inclusive development</li> <li>GoM maintains sufficient and credible spaces for CSOs participation in development planning processes</li> <li>Local authorities strengthen their capacities in participatory planning for engaging in dialogue with communities</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Political interference undermines credibility and possibility of voicing diverse opinions</li> <li>Participation fatigue of citizens or CSOs due to lack of responses or concrete results</li> <li>Maputo-based CSOs fail to represent the needs and views of citizens at local level</li> </ul> <p><b>Obstacles:</b></p> <ul style="list-style-type: none"> <li>Persisting low education level and gender inequalities in the Mozambican civil society</li> <li>Delays in successful implementation of projects at decentralized level due to capacity constraints</li> <li>Limited existing space for civil society's influence on policy making at all levels</li> </ul>	<p><b>Outcome Statement 4</b> PARP: Strengthen citizen participation in governance through promoting participatory budgeting in the municipalities, integrating crosscutting issues into district development plans and strengthening citizen participation in formulation, implementation, monitoring and assessment of development plans at all levels. (PARP p. 39).</p> <p><b>Indicators:</b> The above-mentioned objective is not reflected in the monitoring matrix of the PARP and no meaningful indicator at national level could be found in the PARP or in any other national reference document. The evolution of the situation of CSOs at national level will be monitored through a qualitative assessment based on evaluations, studies and analyses from various sources as available each year.</p>
<b>Lines of Intervention (Swiss Program)</b>		
<p><b>Local Governance:</b></p> <ul style="list-style-type: none"> <li>Scaling-up / expansion of monitoring system on local governance and dissemination of acquired experiences</li> <li>Promotion of participatory planning and budgeting process at provincial, district and municipal level</li> <li>Capacity building of CSOs on analysis and advocacy capacities, as well as financial and human resources management capacities</li> <li>Promotion of public debates on governance and domestic accountability at national and local level</li> <li>Promotion of cultural diversity at national and local level</li> <li>Specific actions to reduce gender inequalities</li> </ul> <p><b>Health:</b></p> <ul style="list-style-type: none"> <li>In collaboration with partners, investment in active promotion of community participation with a focus on health promotion</li> <li>Research and pilot activities in community involvement and accountability mechanisms</li> <li>Support the dissemination of project/study results</li> <li>Facilitation of inclusive public debate at local level re. acceptability of health service provision and health service use by civil society</li> <li>Economic Development:</li> <li>Promotion of CSOs capacity and work on economic policies and management of natural resources to benefit the communities</li> </ul>		
<b>Resources, Partnerships (Swiss Program)</b>		
<p><b>Budget:</b> The planned budget is CHF 29-34.5 million / year (SDC and SECO) –including planned GBS CHF 8 million / year (SECO) plus CHF 0.5 million/year TA in taxation ( Subject to approval by the Swiss Government).</p>		
<p><b>Partners:</b> The main implementing partners are the Government of Mozambique, Swiss, international and local NGOs, as well as multilateral organisations at different levels.</p>		
<p><b>Coordination:</b> Close coordination and alliances will be sought in the G19 framework and with like-minded actors.</p>		



# Annex 2: Monitoring System of the Swiss Cooperation Strategy 2012 – 2016

The Cooperation Strategy is subjected to a systematic and regular monitoring, serving a double purpose.

- Keeping on track the effectiveness and relevance of the Swiss programme portfolio (steering) and
- Accounting for results (reporting).

The applied monitoring concept basically consists of three levels of observation:

1. **Country level:** Assessing context changes and progress made in delivering the expected results according to the PARP and sector strategies in fields relevant for the Swiss interventions;
2. **Swiss Cooperation portfolio:** Assessing whether the desired outcomes and outputs have been achieved and thus are contributing to the CS's objectives;
3. **Swiss Portfolio management:** Assessing the efficiency and effectiveness of programme management as well as the positioning of Switzerland in the Mozambican ODA context.

The monitoring of the CS is under the overall responsibility of the SCO Maputo. It will report annually on progress made towards achieving the planned portfolio outcomes and contributing to the corresponding country development objectives mainly in the form of the annual report. The AR will remain structured along the three domains of intervention. The result framework with its qualitative and quantitative indicators will serve as reference. The selected indicators and their targets, defined on the basis of baseline figures, will be monitored annually in a specific matrix.

Wherever possible, Switzerland will use existing information and avoid the elaboration of its own baseline studies and monitoring systems, which is costly and absorbs the scarce capacities of the competent staff of the authorities concerned.

The timely availability and reliability of official data will remain a challenge, in particular when breakdowns at local level are required. Unfortunately, gender disaggregated data is in most areas not yet available.

In 2015, a preliminary assessment of the achievements under the present Cooperation Strategy will be conducted, providing indications on the future involvement of Switzerland in Mozambique.

Level	Main fields of observations	Instruments	Reporting
<b>Country</b>	<ul style="list-style-type: none"> <li>• Overall context changes</li> <li>• Relevant domain context changes</li> <li>• GoM expected development results (context-specific country outputs and outcomes)</li> </ul>	PARP PAF (Annual review), IOF	<ul style="list-style-type: none"> <li>• MERV</li> <li>• Annual report</li> <li>• Reports Embassy</li> </ul>
<b>Swiss portfolio</b>	<ul style="list-style-type: none"> <li>• Expected project results</li> <li>• Effectiveness of interventions in contributing to               <ul style="list-style-type: none"> <li>- CS outcomes and achievement of the annual targets</li> <li>- Country development objectives</li> </ul> </li> </ul>	Reports of implementing partners, Result framework, Verification of impact hypothesis	<ul style="list-style-type: none"> <li>• Annual report</li> <li>• CS Monitoring Matrix</li> </ul>
<b>Portfolio management</b>	<ul style="list-style-type: none"> <li>• Effectiveness and efficiency of SCO in supporting the programme to reach the stipulated CS objectives</li> <li>• Verification of the performance in terms of application of aid modalities, cooperation with partners, allocation of financial and human resources and other management dimensions</li> <li>• Adequate risk management</li> </ul>	PAP's PAF (Annual review) SCO objectives Budget analysis Partner / risk analysis	<ul style="list-style-type: none"> <li>• Annual report</li> <li>• Office management report</li> <li>• ICS report</li> <li>• External audit report</li> </ul>

# Annex 3: Multi-year financial planning (Commitment)

Begin date CS / MTP:	2012
End date CS / MTP:	2016
Reporting date:	
Time elapsed:	

	planned to be committed during CS / MTP  (in %)	planned to be committed during CS / MTP  (in CHF)
Domain "Economic Development"	19 %	31.5 mln
Domain "Local Governance"	24 %	39 mln
Domain "Health"	24.5 %	39.5 mln
GBS& TA in taxation	25 %	*41 mln
Other	7.5 %	12 mln
<b>Total</b>	<b>100 %</b>	<b>163 mln</b>

Remarks:

(\*)SECO is contemplating a next additional phase of GBS 2013-2016. Envisaged financial contribution is max 34 mln CHF including technical assistance in taxation (max. 8 mln CHF GBS and 0.5 mln CHF TA per annum), subject to approval by Swiss government.

CS / MTP = Cooperation Strategy / Medium-term programme  
Committed: SAP status rele, reac, clos





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Specialist contact:  
Swiss Agency for Development and Cooperation SDC  
Department East and Southern Africa  
Tel. +41 31 322 36 23, Fax +41 31 324 16 95  
[www.sdc.admin.ch](http://www.sdc.admin.ch)

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