



Country Strategy Paper

Mozambique 2007–2010

Mozambique

 **Irish Aid**
Department of Foreign Affairs
An Roinn Gnóthaí Eachtracha



“ The overall goal of the Country Strategy Paper is to contribute to poverty reduction by supporting the development, implementation and monitoring of pro-poor policies within Mozambique. ”

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Foreword

This Country Strategy Paper (CSP) for Mozambique is the culmination of an extensive stocktaking of the Irish engagement in Mozambique, of an assessment of Mozambique's needs and of a consultation with all partners, especially the Government of Mozambique.

This is the fourth planning document for the Irish development programme in Mozambique in the eleven year period since the Embassy opened in 1996 and represents a significant evolution in the nature of the Irish engagement from a small project based programme to one ten times its size, centred on support to Mozambique's own strategy for the country's development.

As outlined in the document, significant progress has been made in poverty reduction and in addressing the country's needs. But, as also outlined, the challenges are great and the rationale for continued and greater engagement is manifest and strong.

From an Irish perspective, this strategy is led by the Government's White Paper on Development of 2006 and, in increasing funding to Mozambique, is predicated on the Irish Government's commitment to reach the United Nations target for development assistance by 2012.

Driven by the White Paper and centred on Mozambique's own development plan, the PARPA, this strategy will maintain a focus on poverty reduction. It will avoid dispersion, plan for balanced growth and seek to demonstrate value for money. It is an integral part of Irish foreign policy.

As outlined in the document, the concentration is on sectors and areas which reflect Irish comparative advantage, based on experience in Mozambique to date, areas like health, education, HIV/AIDS and a continued involvement in two provinces. It ensures that cross-sectoral priorities are well reflected and, in supporting the private sector, it promotes economic growth.

In constructing this strategy, Irish Aid is building on Ireland and Mozambique's reputation for good partnership. It seeks too to reflect the values of the Irish people, whose taxes underpin its commitments and whose view on increasing assistance to developing countries is that we should, we must, we can and that addressing inequality ultimately serves our national interest.

Frank Sheridan
Ambassador
Embassy of Ireland
Maputo.
September, 2007.

Executive Summary

Mozambique is one of the poorest countries in the world, Over 20 years of war and civil discord halted Mozambique's economic development, interrupted a generation's education, displaced large numbers of people and destroyed much of the physical infrastructure of the country. Despite the challenges, significant progress has been made in recent years on a wide range of development objectives.

This Country Strategy Paper (CSP) sets out Irish Aid's development aid programme in Mozambique for the period 2007-2010. Ireland established a bilateral aid programme in Mozambique in 1996. It is now one of Ireland's largest country programmes, with a budget of €31 million in 2007. The 2004-2006 Country Strategy Paper, with a total budget of €106 million, built on the achievements of previous country programmes and was designed to assist the Government of Mozambique in the implementation and monitoring of its poverty reduction plan, the Absolute Poverty Reduction Action Plan, known by its Portuguese acronym "PARPA". This will remain the priority in the 2007-2010 strategy.

The overall goal of the CSP is *to contribute to poverty reduction by supporting the development, implementation and monitoring of pro-poor policies within Mozambique.*

The strategy has been drawn up in consultation with the Mozambican Government, civil society partners and other donors. It takes account of an evaluation of the last Country Strategy Paper 2004 – 2006¹ as well as other analytic work and reviews of individual programme components.

The CSP focuses on sectors and areas in which Ireland has a comparative advantage – positioning, history and experience, expertise – such as health, education, HIV/AIDS and a continued direct involvement in two provinces, Niassa and Inhambane. It ensures that cross-sectoral priorities are well reflected and, in promoting the private sector, it facilitates economic growth. The total programme of support over the CSP period 2007-2010 will be €207.8 million.

The first section of the CSP provides a situational analysis of the political, economic and policy environments. This is followed by a section on the lessons learned from the previous CSP and a description of the objectives of the 2007-2010 strategy, which will show how Irish Aid will support the Government of Mozambique's own Programme of Action for the Reduction of Absolute Poverty (PARPA). The final section details how Irish Aid will manage the implementation of the programme over the four year period.

¹ Evaluation of the Mozambique Country Programme 2001–2006, ECORYS Netherlands BV

1. Background

1.1 Political Context

Mozambique has made significant progress since the United Nations-sponsored General Peace Accord was signed in Rome on 4 October, 1992, by the *Frelimo* (Mozambique Liberation Front) Government and its opponent, *Renamo*, the Mozambique National Resistance. The peace process has bedded down into a functioning democracy. There has been significant repair of the damage caused by almost two decades of strife. The transition to a market economy is progressing and there has been remarkable economic growth.

At independence in June 1975, after 500 years of intermittent Portuguese colonial rule, Mozambique was one of the poorest and most underdeveloped countries in the world. Its independence and links to the Eastern Bloc generated suspicion and hostility from the neighbouring apartheid regimes in South Africa and Rhodesia. The civil war which lasted 17 years cost the lives of about a million people and destroyed much of the country's already fragile infrastructure, unravelling many of the post-independence gains.

Three general elections have been held since the adoption of a democratic constitution in 1990. *Frelimo* is the dominant political force. In the general election in December 2004 it secured a majority of 62% of the vote to *Renamo's* 29%.

In 2004, following elections, Armando Guebuza, a former Minister of the Interior and a successful businessman, became Mozambique's third President, succeeding Joaquim Chissano.

In the 2004 elections turnout fell from 88% in 1994 to 40%. Disenchantment with *Frelimo* and a sense that *Renamo* offered little as an alternative were the factors. Since then, President Guebuza has toured the country widely and mobilised the party and its finances to position it for provincial, municipal and general elections in successive years 2007, 2008 and 2009. The provincial elections, planned for late 2007 will be the earliest barometer on whether the apathy issue has been addressed successfully.

The establishment of autonomous municipalities in 1998 was a milestone in democratic devolution. There are 33 municipalities (to increase by 10 for the elections in 2008), representing almost a quarter of the population. Citizens directly elect the mayor and the members of the municipal assemblies. The decentralisation of political authority to the provinces and municipalities and of administrative and financial power to the districts is a priority for the Government and represents a real delegation of democracy which bodes well for an improving quality of governance.

1.2 Economic Context

Economic performance has been impressive with an average per capita GDP growth of 8.5% per annum since 1995. Agriculture growth has been sluggish although it engages almost 90% of the workforce. Its share of GDP has diminished from 37% in 1995 to 23% today. Growth in the industrial sector at an average of 15.7% annually since 1995, has been triple that of agriculture and its share of GDP has doubled over the same period to 30%. Industrial expansion is led by a number of large foreign financed projects - an aluminium smelter and a number of extractive industry investments including one by the Irish mining company, Kenmare Resources.

Government revenue is low but rising although donor funding will continue to provide a large proportion of public expenditure. The state budget for 2007 is expected to be around US\$2 billion, of which more than 45% will be financed by donors. Both imports and exports have shown strong growth linked to large industrial investment projects. The balance of payments has improved and the currency (Metical) exchange rate is stable. External debt has been reduced through the HIPC. Inflation has dropped to 9.4% in 2006 from the 14% high in 2005. Commercial interest rates remain high.

1.3 Poverty and Inequality

Mozambique's economic performance has been accompanied by a significant decrease in poverty. The number of people living in absolute poverty fell from 69% in 1996 to 54% in 2003. But it is still one of the poorest countries in the world, ranking 168th out of 177 in the UNDP Human Development Index (HDI) in 2006. Mozambique's overall economic performance, however, puts it 18 places higher in the per capita GDP rankings at 150th.

The majority of Mozambique's poor population live in rural areas and work in subsistence agriculture and other related activities. Some poverty reduction has occurred in rural areas due to intensive rural/urban migration. Poverty incidence continues to be more intensive in the northern and southern provinces. Mozambique performs better than its neighbours on income distribution.

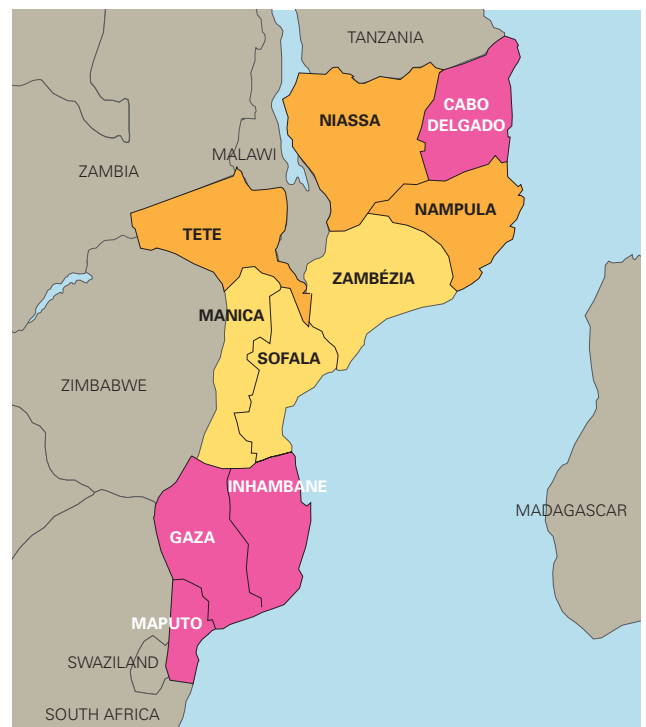
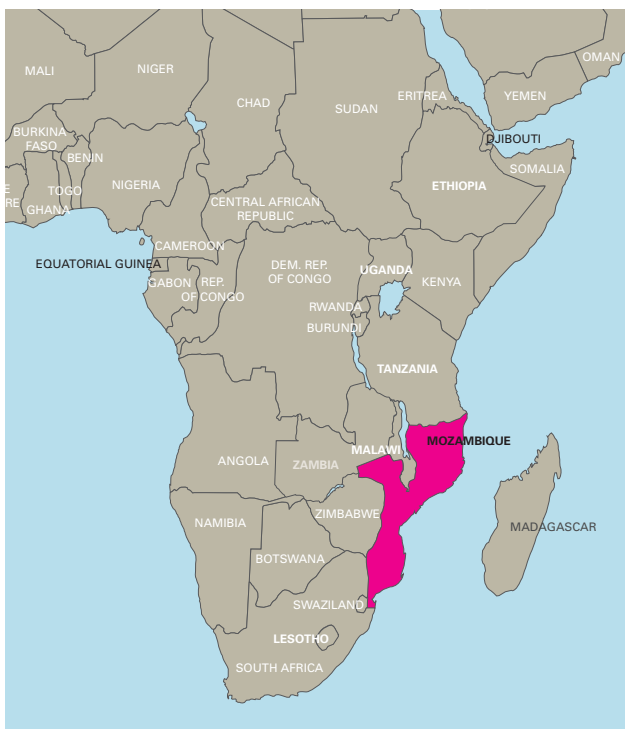
DEFINING POVERTY IN MOZAMBIQUE

In Mozambique the Poverty Reduction Strategy Paper, PARPA II, defines poverty as “the impossibility, owing to inability and/or lack of opportunity for individuals, families, and communities, to have access to basic conditions, according to society's basic standards”.

This definition was influenced by civil society which challenged the definition in the first PARPA on the grounds that it thrust responsibility for poverty on the individual.

The national poverty line is set at the level of particular nutritional standards through measuring the consumption value of foodstuffs equivalent to 2,150 calories per person per day together with a measure of non-food needs, such as housing. In monetary terms, these needs are expressed as expenditure per person per day equivalent to between 21.8 US cents and 78 US cents.

At the time of the publication of PARPA II in 2005, 54.1% of the population fell below this line.



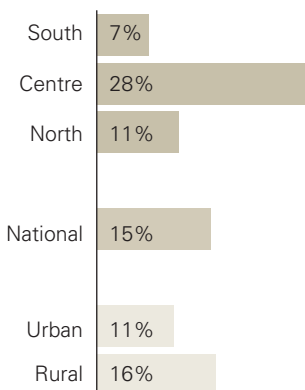
Human Development in Mozambique					
	2000	2001	2002	2003	2004
Life Expectancy at birth	44.3	45.0	45.6	46.3	46.7
Adult literacy (%)	43.3	44.4	45.4	46.4	47.2
Net school attendance	54.7	61.1	64.1	69.4	75.6
Infant mortality	130.4	125.5	120.7	115.9	111.9
HIV/AIDS prevalence (Adults 15-49 years)			13.6%		16.2%

According to the Government, the key factors that determine poverty are (i) the low level of education within households; (ii) high dependency ratios; (iii) low returns from agriculture and manufacturing activities; and (iv) limited access to services and markets.

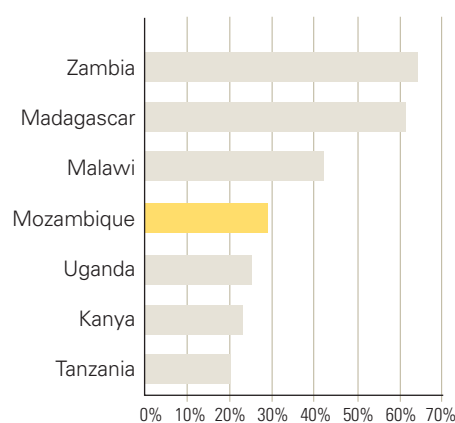
From 1996 to 2003 private consumption increased annually by 4.6% and across all income groups. The consumption of the poorest fifth of the population increased on average 3.5% per year, which allowed most of their non-monetary welfare indicators (e.g. access to house durable roofs, radios, bicycles, clocks, percentage of income spent on food, etc.) to double in 8 years.

Over the 5 year period to 2005 the number of schools increased by 45%. Pupil numbers in primary education increased by 75%. The primary school completion rate doubled and the numbers of students in secondary, vocational, and technical education tripled. However, this was from a low base. Current estimates put the number of children not attending primary school at 1.17 million compared to the 4.0 million who attend. The rapid expansion in infrastructure and student numbers has highlighted the inevitable problem of the quality of education, especially in the rural areas.

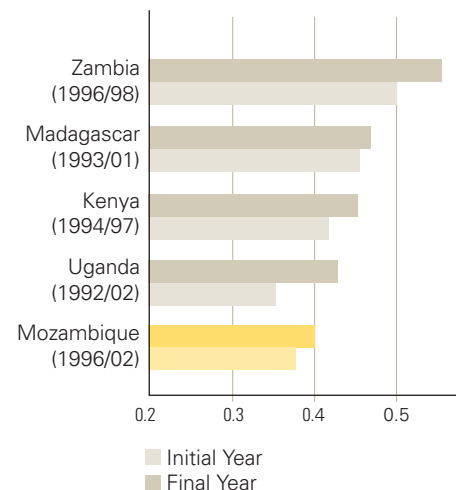
Poverty Headcount Reduction between 1996 and 2003



% of population living on less than US\$1 per person per day (2004)



Income Inequality - GINI Index



Health indicators show that the service is broadening and improving. Infant, under-five and maternal mortality rates have all dropped while immunisation coverage has reached nearly 95%. Expenditure in the sector, although still low is rising, up from \$11 per capita in 2004 to \$15 in 2007. Notwithstanding the improvements, the rate of progress is insufficient to attain the Millennium Development Goals. Many of the indicators remain amongst the worst in the world. For example, despite a 23% increase in the use of health services in three years, 50% of the population of Mozambique still does not have access to health care.

Poverty incidence continues to be highest amongst women. They have not benefited proportionally from advances in poverty reduction with many of them in rural areas just as vulnerable as before. Female-headed households, which represent a third of all households in Mozambique, are poorer than male-headed households (62.5 per cent of families headed by women are poor compared with the 51.9 per cent headed by men (National Institute for Statistics: INE 2004).

HIV/AIDS is recognized as the single biggest threat to poverty reduction. Mozambique has the 10th highest HIV prevalence rate in the world. 16.2% of those aged 15-49 years are infected with the virus and the number is rising, with an estimated 500 new infections every day. The number of children orphaned by AIDS is estimated at 380,000 in 2006 and is expected to reach 1 million by 2010. It has a disproportionate impact on women and children. 60% of adults living with HIV are women. This disparity is even more striking within the 20-24 year age group where women outnumber men by four to one.

The Government has acknowledged the critical links between poverty reduction and strengthened accountability. There has been a growing public debate over Government performance and corruption in the public sector. Corruption is a challenge but the robust relationship between the government and its donor partners puts it at the top of the development agenda. This has led to an increasing effectiveness and openness of the work of the statutory oversight bodies, growing vigilance by the free press, the engagement of government in an anti-corruption strategy, the initiation of the Africa Peer Review Mechanism and a growing public demand for progress in addressing corruption.

Progress is slow in the justice sector although there is recognition at high level that reform is crucial to development. Access to legal redress is especially restricted.

1.4 Policy Context

The Government of Mozambique produced its first strategic plan for fighting poverty, the PARPA (Plano de Acção para a Redução da Pobreza Absoluta – Programme of Action for the Reduction of Absolute Poverty), in 2001. PARPA II², which was developed in 2005, builds on this and integrates the Millennium Development Goals. Its approach could be classified as seeking to reduce poverty through a strategy of broad economic growth, which, in turn, depends on the maintenance of democratic and sociopolitical stability

The PARPA's main objectives are to reduce poverty from 54% in 2005 to 45% by 2009 and to achieve an average real annual growth rate of 8%. Its strategies are set out under three main pillars:

- > **Governance** – stimulating development by ensuring transparency and accountability, prosecuting criminality and corruption and minimising opportunities for misuse of public funds and resources;
- > **Human Capital** – increasing access to basic resources such as nutrition and water and improving the health status of the population by reducing the incidences of diseases such as HIV/AIDS, malaria and tuberculosis;
- > **Economic Development** – promoting the basic conditions for productive activity through improving infrastructure, stimulating productivity and innovation and removing bureaucratic obstacles.

The PARPA also focuses on strengthening public financial management and fiscal transparency, increasing tax collection and improving the contribution of large foreign investors to the exchequer. Further development of financial markets and reform of the judicial sector are seen as critical for reducing the cost of doing business.

² PARPA II runs from 2006 to end-2009. This strategy for the Irish programme runs a year longer (to 2010) to accommodate any delay in the preparation of a successor to PARPA II with a view to calibrating the next Irish strategy to the same timeframe.

This grouping of sectors and areas of expenditure provides scope for economies of scale and for synergies within government systems and services. The Irish Aid CSP 2007-2010 is aligned with the Pillar Approach of the PARPA. It provides a basis to organize the management structures in Irish Aid accordingly with a clustering of portfolios and responsibilities, effective use of expertise and a balanced spread of the management role.

1.5 The Case for Increased Aid to Mozambique

In less than two decades Mozambique has moved through three “generations” of partnership with donors.

In the late 1980s, the IMF supported the Rehabilitation Programme (PRE) to restructure and liberalise the economy. The development of the first PARPA in 2001 coincided with an emerging agreement on providing budget support and was the basis for a new and well financed partnership with the donor community. PARPA II, which is regarded as a soundly-based poverty reduction plan, has attracted even stronger external support. In 2006 Mozambique received \$1.2 billion in aid representing 23% of national income and making it the 8th most aid dependent country in the world³.

The effect of these engagements has been to mature the relationship with donors, an openness to dialogue on all aspects of the development agenda and a general adherence to the terms of the government-donor partnership.

Under PARPA I development assistance focused on building the structures and capacities within Ministries and other service providers to engage in planning with donors. Under PARPA II the focus is shifting to the client, the poor in particular, and to delivering sustained reductions in levels of poverty.

Overall the context for the donor engagement is positive. The Joint Review in 2006⁴ reported progress in almost all areas (public financial management, public sector reform, the justice sector, decentralisation, anti-corruption, service delivery, HIV/AIDS, economic management, and development of the private sector).

19 of the donors in Mozambique, including Ireland, deliver a portion of their aid to the overall budget as General Budget Support. This provides a source of predictable medium to long term funding for all areas of expenditure, including the social sectors. It allows for discussions between government and donors on budget policy and on reforms in areas such as public financial management, governance, and anti-corruption.

Budget execution is jointly monitored on a quarterly basis. This has resulted in priority being given to expenditure in sectors critical to poverty reduction. Around 65% of the budget is targeted at such sectors and at least 50% goes to health and education. As a consequence, access to basic services has increased significantly.

Joint donor-government programmes exist in the major sectors - health, education and agriculture. All these sectors have well-established common funding mechanisms and are steadily evolving towards budget support type operations. A common funding mechanism has recently been established in the road sector and similar arrangements are being developed for rural water supply and for decentralisation.

These sectoral programmes and General Budget Support have contributed to improvements in public financial management. Most aid-financed expenditure is now included in the budget and is subject to oversight and audit. A modern, computerised financial management and information system has been introduced and is operational in most Ministries. The 2007 budget, featuring expenditure details from Ministerial to district level, is freely available. The management of national policy has also become more transparent. The preparation of PARPA II involved greater participation across Government and from non-government actors than its predecessor.

³ Contested Sovereignty in Mozambique – de Renzio & Hanlon (2006).

⁴ The first of the twice-yearly reviews held between the GBS donors (G19) and the Government of Mozambique. It is following this review that the G19 make their commitments for the following year's support.

An important innovation is the existence of the “Poverty Observatories⁵” through which civil society is given a monitoring and reviewing role.

There are no plans as yet in Mozambique for a Joint Assistance Strategy. The Government has indicated a desire for improved work methods including a reduction in the number of working groups before moving to a new phase in the partnership with donors. A number of initiatives have been taken to improve aid effectiveness. Within the annual Joint Review process aid effectiveness targets for donor performance, based on the Paris Declaration, are set and monitored. Donors are assessed annually and a report is produced, ranking them in terms of the effectiveness of their bilateral programmes in Mozambique. Irish Aid was ranked 4th out of 18 in 2006⁶.

This country strategy plans for managed, incremental growth in annual financial provisions as part of a carefully balanced programme.

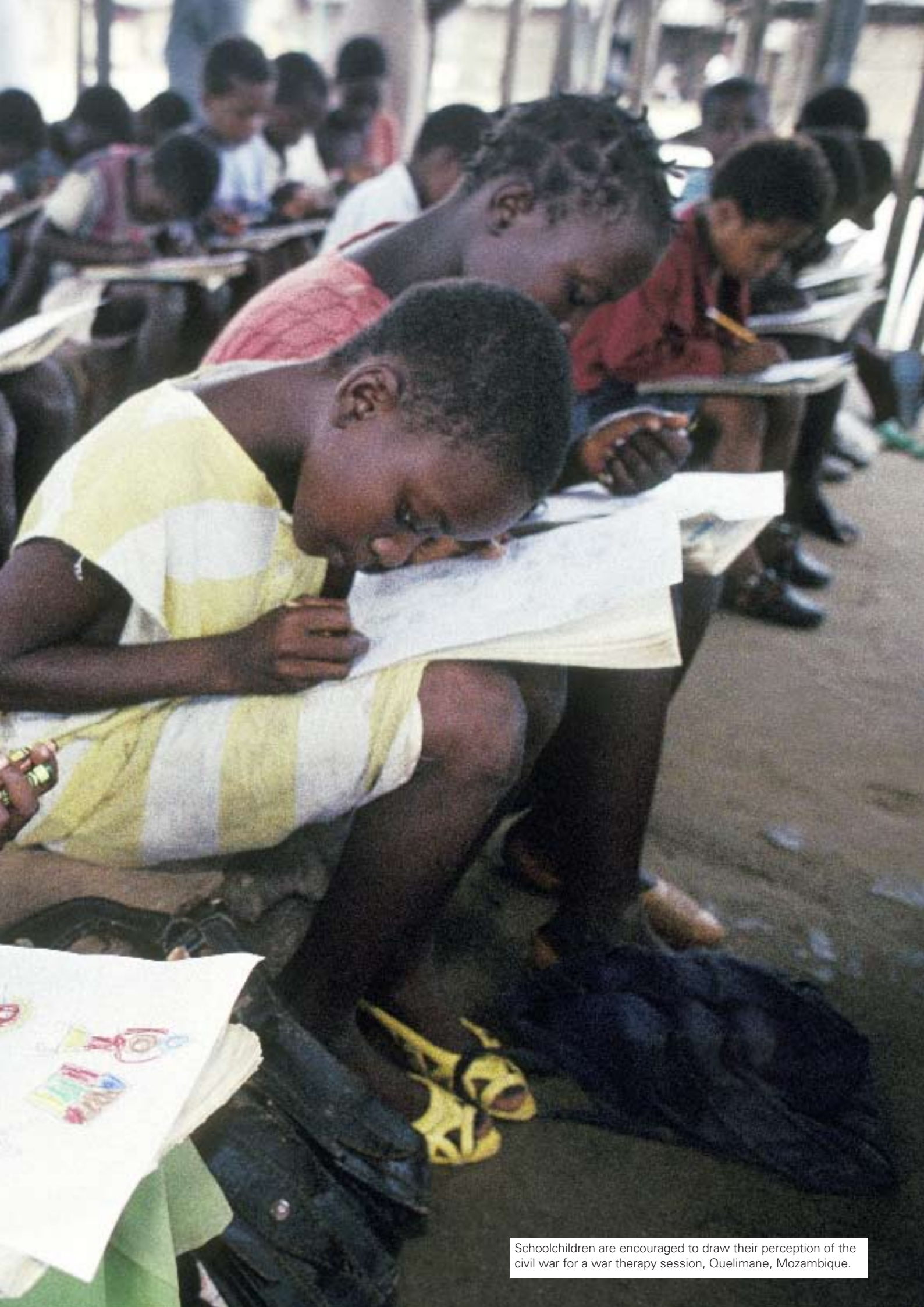
This takes account of the challenge Mozambique faces in reaching the MDGs and it avails of the additional allocations for Irish Aid arising from the Irish Government’s pledge to reach the UN target for overseas aid by 2012.

Ireland’s Contribution to Mozambique’s ODA		
Donor	2006 € (millions)	Percentage
World Bank	223.400	19.88%
European Commission	137.316	12.22%
UK	88.200	7.85%
Sweden	81.000	7.21%
USA	79.000	7.03%
Netherlands	53.000	4.72%
Ireland	43.000	3.83%
Canada	41.000	3.65%
Total ODA	1,123.500	23% of GDP

5 The Poverty Observatories bring together domestic stakeholders from government, civil society and the private sector plus international partners to monitor PARPA II implementation. This has given civil society an opportunity to present an alternative view of poverty and participation in the country through their annual poverty study.

6 Programme aid partners (PAP) performance assessment carried out by KPMG as part of Joint Review Process April 2007.





Schoolchildren are encouraged to draw their perception of the civil war for a war therapy session, Quelimane, Mozambique.

2. The Irish Aid Programme

2.1 CSP 2004–2006

During the 2004–2006 CSP period Irish Aid had a total budget of €106 million for development assistance to Mozambique. This included €26 million in dedicated HIV/AIDS funding for the health sector arising from the partnership with the Clinton Foundation.

Approximately 70% of the budget was provided in support to central Government either as general budget support (€18.11 million) or as direct support to the sectors. Funds were also provided directly to the provincial governments in Inhambane and Niassa, in project support to a number of civil society partners and through UN organizations.



Lichinga, Mozambique.

The main areas of focus during the last CSP were:

Areas of engagement	Focus
General Budget Support	Support to poverty reduction and economic growth through the public expenditure programme. This was linked to dialogue on budget allocations and a reform programme to increase the effectiveness of public expenditure and strengthen domestic accountability.
Governance and PSR	Governance programme provided support to human rights, anti-corruption, justice sector, democratisation (including media) and promoting civil society participation, mainly through civil society partners. Support to the Public Sector Reform programme aimed at improving the quality of the public service and strengthening its capacity for service delivery through promoting pay reform and an integrated public service training system.
Sector Support	Funding through sector programmes in health and education supporting the delivery of basic services while engagement in agriculture was focused on supporting increased economic activity. Dialogue focused on policy development, strategic planning and financial management. The integration of the HIV/AIDS response with other health sector needs was a priority. HIV/AIDS also addressed through support to the National AIDS Council and civil society umbrella organizations.
Provincial Programmes	Support to Provincial Programmes in Inhambane and Niassa for rural development in areas of Health, Education and Agriculture as well as roads and rural water supply and sanitation.
Mainstreaming	Proactive approach to mainstreaming HIV/AIDS, Governance, Gender and Environment. Addressed in all planning and monitoring processes at different levels and in different sectors. Mainstreaming action plan built into Embassy business plan and the PMDS process.

2.2 Learning from experience

The preparation of the CSP for 2007 to 2010 has involved detailed analysis of the current programme including an evaluation carried out in early 2006⁷. Specific programme areas were also assessed, and an appraisal mission was undertaken by senior management. The outputs of these, the regular review processes undertaken by the sector programmes and GBS and the recommendations from the evaluation have helped to shape the new strategy.

Recommendations/Lessons Learnt	Informing future strategy
<ol style="list-style-type: none"> 1. Maintain mix of modalities. 2. Focus on output and outcome related results in all sectors/areas – with a particular focus on service delivery 3. Alignment of the Irish Aid programme with Mozambique Government systems and plans should continue. 4. Irish Aid needs to develop overall monitoring framework in its next CSP. 5. Irish Aid to increase level of Programme Aid while promoting further risk assessment with a view to developing clear and agreed response mechanisms. 6. Promote stronger linkages between and across aid modalities and institutionalise the lessons learnt and ensure a culture of dissemination and information sharing is enshrined in the programme. 	<ul style="list-style-type: none"> > <i>Irish Aid will maintain its engagement in current modalities and sectors but will shift its focus to promoting the changes and capacity required to ensure that national and sectoral policies are implemented locally.</i> > <i>Irish Aid input across the programme will focus on strengthening monitoring and evaluation systems and pro-poor targeting.</i> > <i>Embassy business plan and the PMDS for all team members will be closely linked to a clearly articulated monitoring framework.</i> > <i>Irish Aid will use its position in the GBS Troika+ to ensure better risk assessment as well as greater focus on pro-poor policy development.</i> > <i>A new pillar approach will be adopted to facilitate greater synergies and linkages across the team.</i>
<ol style="list-style-type: none"> 7. Maintain support to both provinces with a focus on Public Financial Management (PFM), local accountability and service delivery. Also increase engagement on HIV/AIDS at provincial level. 	<ul style="list-style-type: none"> > <i>Engagement in the provincial programme will be streamlined to address public sector reform and decentralisation. Better pro-poor service delivery and results will be ensured through a narrowing of focus in each province. Provincial engagement will provide a key opportunity for mainstreaming HIV/AIDS and gender.</i>
<ol style="list-style-type: none"> 8. Increase efforts to mainstream governance across the programme, linking it with PFM, PSR, decentralisation, and programme aid. Strengthen Civil Society participation. 	<ul style="list-style-type: none"> > <i>Better governance and improved accountability is a central theme across the CSP with specific governance objectives and targets articulated in each programme area.</i>
<ol style="list-style-type: none"> 9. The positive experience of promoting the private sector should be expanded in line with the PARPA policy of stimulating growth and creating employment. 	<ul style="list-style-type: none"> > <i>Through the economic pillar engagement, Irish Aid will develop a strategy for support to private sector development.</i>
<ol style="list-style-type: none"> 10. Strengthen Irish Aid's mainstreaming approach by ensuring that incorporating cross-cutting issues into work plans 	<ul style="list-style-type: none"> > <i>Irish Aid will address all four cross-cutting issues. Governance will be a central theme; HIV/AIDS and gender will be focused on in the human capital pillar and the provincial engagement. Efforts to improve internal capacity to engage in environmental issues across the programme will be progressed.</i>

7 Evaluation of the Mozambique Country Programme 2001 – 2006, ECORYS Netherland BV



Public meeting in Mabote, Mozambique.

2.3 Main changes in the proposed programme for 2007–2010:

Governance:

Governance will be addressed as a central theme of the CSP, and a specific governance objective is included in each of the programme areas. A broad, disparate number of civil society partnerships working on a range of thematic areas have been streamlined into a single intervention through the Civil Society Support Mechanism (CSSM). Specific interventions in support of media will be explored and supported either directly or through the CSSM. Irish Aid will focus its support to Public Sector Reform on those aspects that are critical to pro-poor service delivery such as the decentralisation process and salary reform.

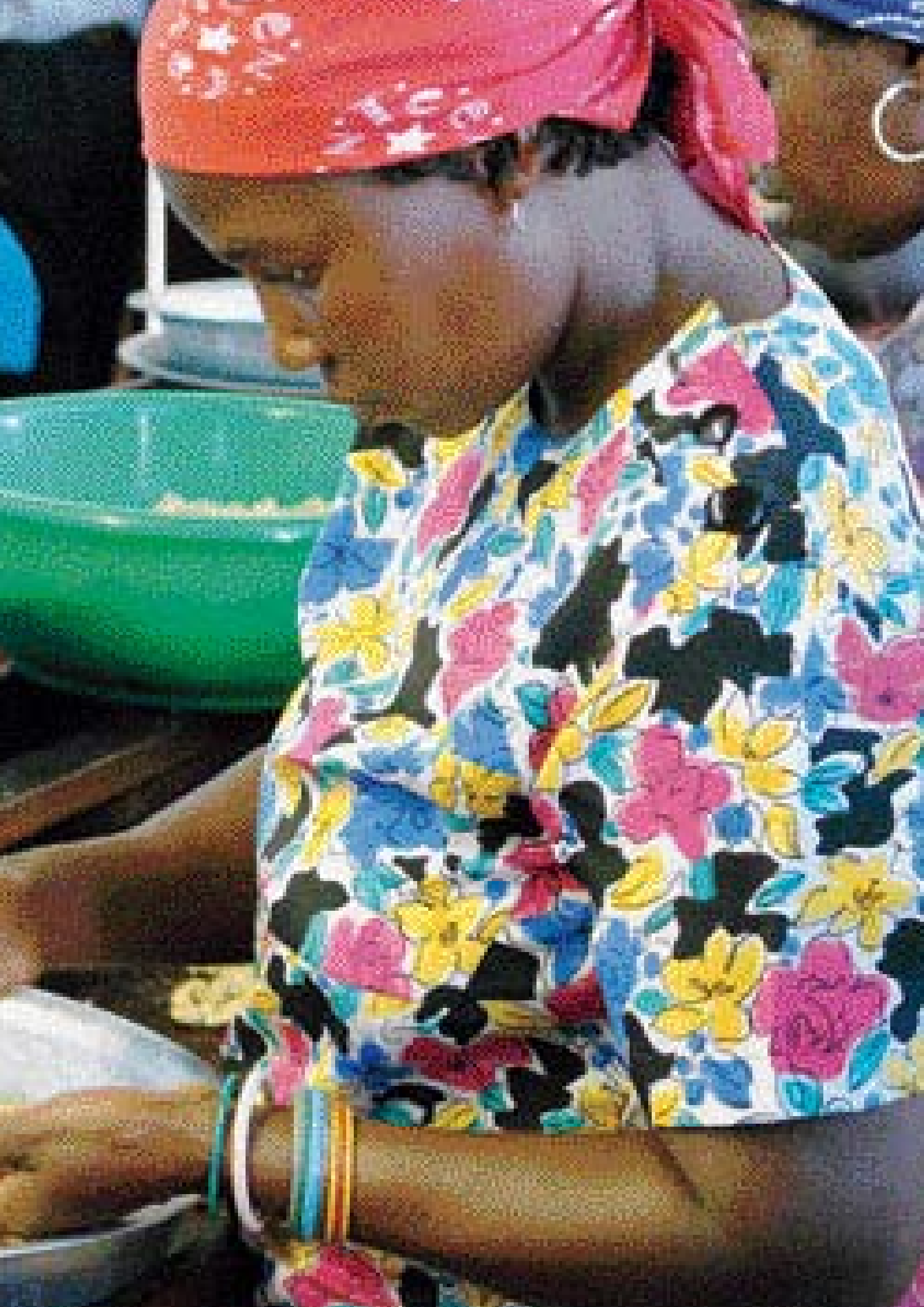
Within the **human capital pillar**, each of the programme areas of HIV/AIDS, health and education, will focus on two to three areas with improved monitoring and evaluation and strengthened accountability common across all three. Irish Aid will ensure that linkages and synergies will lead to more effective delivery of support.

The **economic pillar** approach is innovative and addresses the obstacles to improved private sector development and agri-business.

In the **provincial programmes** recommendations from the CSP evaluation and from the appraisal mission have been taken on board with a narrowing of engagement. Support will be focused on the reform processes and improved pro-poor service delivery in two to three specific areas in each province closely aligned and linked to sectoral engagement at national level, as compared to a broad engagement across many sectors in the past.

Cashew processing factory in Cumbana, Mozambique.





3. CSP 2007–2010

3.1 CSP Goal

The overall goal is:

To contribute to poverty reduction by supporting the development, implementation and monitoring of pro-poor policies within Mozambique.

The Country Strategy will work to achieve this goal by focusing on targets outlined in specific components of PARPA II. It will focus on the three pillars of the PARPA: Governance, Human Capital and Economic Development, as well as support to General Budget Support and to the provincial programmes.

3.2 Objectives

Irish Aid has identified four strategic objectives to achieve this goal. These will be pursued across the programme and throughout the dialogue with government, donors and other partners:

1. **Pro-poor targeting of services provided by the public sector.**
2. **Increased accountability of the public service to citizens, especially the poor.**
3. **Capacity strengthening of Government and civil society partners to implement pro-poor policies and programmes.**
4. **Improving aid effectiveness through strengthening the relationship between donors and Government by improving the quality of dialogue, partnership and programme management.**

In each pillar of the CSP and in each sector where Irish Aid engages, specific targets and interventions for the achievement of these objectives have been identified. The objectives and targets form the basis for programme planning as well as for the individual work plans of sector specialists. In parallel, there will be a deepening of the integration of the four cross-cutting issues.

3.3 Objectives to Actions

↘ Strategic Objective 1

Pro-poor targeting of services provided by the public sector.

As one of the 19 donors providing general budget support and as incoming chair of the Troika⁸, Irish Aid is well placed to advocate for improved equity in resource allocation and better targeting of the poor in public policy development and implementation. This will be followed through in planning, budgeting, and monitoring discussions across all sectoral engagements, particularly in health, education and agriculture. Issues such as geographical and gender inequities in resource allocation will be addressed in the main policy dialogue. Irish Aid will support the implementation of monitoring and evaluation frameworks that examine issues of equity and poverty targeting, provide timely and quality data, and provide a sound evidence base linked to policy and planning processes.

Irish Aid will work at central level to ensure that criteria for resource allocation for provinces and districts are developed based on poverty incidence and population. At provincial level, Irish Aid will promote pro-poor budgeting through the annual planning processes.

⁸ From April 2007 to end-March 2010 Ireland will be a member of the coordinating Troika* (a group of three bilateral donors, plus two multilaterals, which together represent the interests of the group of nineteen) for General Budget Support. This will give the Irish programme unique oversight, insight and input into the high level political dialogue which directs the engagement.

↘ Strategic Objective 2

Increased accountability of the public service to citizens, especially the poor.

Improved accountability is a core theme of the CSP. Irish Aid will work for this through specific interventions such as advocating for more transparency in government plans and budgets, participating in finance and audit groups in a number of sectors and advocating for better demand-side accountability through the decentralisation discussions and the Civil Society Support Mechanism.

Implementation of measurement systems which look at the performance of Government and partners within the context of joint planning, budgeting, monitoring, and review processes will be supported at the macro, sectoral and provincial levels.

↘ Strategic Objective 3

Capacity strengthening of Government and civil society partners to implement pro-poor policies and programmes.

Irish Aid will support capacity-building plans of partners, both Government and civil society, which deliver quality services to the poor at district and community level. To achieve the maximum pro-poor impact of decentralisation, emphasis will be on ensuring that the necessary technical support and oversight is provided by the provincial authorities to the district administrations. Irish Aid will support the capacity building of communities in defining and playing an active role in the planning, management and monitoring of basic service delivery to the poor. Irish Aid will work to ensure that there is adequate lesson-learning to facilitate dissemination of good practices at all levels.

↘ Strategic Objective 4

Improving aid effectiveness through strengthening the relationship between donors and Government by improving the quality of dialogue, partnership and programme management.

Through its role in the Troika+, Irish Aid will work to improve the GBS mechanism in the context of the Paris Declaration, and to promote the streamlining of the Joint and Mid Year Review process to reduce transaction costs.

Irish Aid will promote harmonisation and alignment in individual SWAp structures, supporting the evolution of sector budget support mechanisms and cooperation strategies such as the increasing use of common funding mechanisms and equitable delivery of services. Analytical work and research which identifies relevant areas of intervention and addresses the factors which influence uptake of services, will also be supported.

3.4 Future Strategy – The Pillar Approach

The Irish Aid programme will support the three pillars of the PARPA – Governance, Human Capital and Economic Development. It will also continue to mainstream the four cross-cutting issues across all engagements.

The support for these objectives will be delivered through a mix of three main modalities - General Budget Support, Sector Support and Provincial Programmes, as well as engagement with civil society partners. Rationalisation of certain areas of the programme has reduced the number of partners with which Irish Aid engages and has ensured a more streamlined approach.

3.4.1 The Governance Pillar

Effective public services, greater devolution of power to the poor and increased demand-side accountability are crucial to poverty reduction. Irish Aid's four strategic objectives will be pursued through engagement in two areas under the Governance Pillar: provision of support to Public Sector Reform and decentralization and through strengthening demand-side accountability.

3.4.2 Public Sector Reform (PSR) and Decentralisation

"We will support public sector reform initiatives that deliver effective, equitable and accountable services, as well as sound economic management in our Programme Countries." White Paper on Irish Aid 2006

Irish Aid supports the objectives of the Public Sector Reform programme and the Government's strategy of devolution of responsibility and resources to districts. Irish Aid will focus on those aspects that are critical to pro-poor service delivery and to strengthening the implementation capacity of government. Its main emphasis will be on the implementation of the decentralisation programme under which an increasing proportion of the State budget will be provided as discretionary grants to districts, to be allocated in accordance with priorities established by local communities.

Irish Aid will maintain its current level of funding for Public Sector Reform. This will be provided through a common fund to support the new public service authority, ANFP⁹, and its supporting technical unit, UTRESP. In the relevant donor group, Irish Aid will focus on the establishment of a uniform human resource database and the implementation of a new salary and incentive system.

Irish Aid will fund the joint national programme for decentralised finance and planning (PPFD) which is to be implemented by the Ministry of Planning and Development. This is scheduled to begin in January 2008 and will incorporate a number of existing decentralisation capacity-building programmes. Through its work in the relevant donor group, Irish Aid will develop the decentralisation capacity building programme into a broader national decentralisation support programme.

Support will be also given to the Inspector General of Finance (IGF)¹⁰ through the funding of the Internal Control Sub-system (SCI) to ensure accountability for the use of public funds and to strengthen its capacity on internal financial controls, especially at provincial level.

Through the provincial programmes Irish Aid will support the Provincial Secretariat and other relevant directorates to implement capacity development programmes at district level. This is in line with the legislation establishing local representative bodies and the further development and implementation of participatory planning and financing processes.

3.4.3 Strengthening demand-side accountability

"We will help build government systems. We will build capacity to plan, deliver, manage, and monitor services. We will support efforts to combat corruption and help make governments more responsive to the needs of their citizens. Working with civil society, we will help citizens articulate their needs." White Paper on Irish Aid 2006

Strengthening demand-side accountability is a priority and is being mainstreamed across the programme. Specific interventions and targets have been set in each of the programme components. In all sectors of engagement, strategic actions related to increasing transparency and accountability to citizens, particularly the poor, have been identified.

Support will be provided to civil society organizations working in governance advocacy and monitoring activities through the Civil Society Support Mechanism (CSSM). This was recently established by Irish Aid and DFID. The CSSM will support civil society organisations to strengthen internal organisational capacity and governance.

The professional media is a specific target for support. Although this can be channelled through the CSSM, Irish Aid will also explore opportunities for direct assistance, particularly for capacity development on community radio in the provinces, and on training in investigative journalism. Irish Aid will explore the potential for linking media and journalist organisations with similar organisations in other countries with a view to establishing capacity building partnerships.

9 Autoridade Nacional de Funcao Publica (National Public Service Authority)

10 Roughly equivalent to the Irish Comptroller & Auditor General.

It is intended that in the early part of the new CSP period, Irish Aid would develop new partnership agreements with the Provincial Governments based on a common vision and underlying principles of governance and accountability. The level of funding support will be decided based on performance in key reform areas.

To support the role of civil society in policy dialogue, Irish Aid will assist the development of capacity for independent policy related research. Initial funding in 2007 of €0.13 million will rise to €0.25 million in 2010. This will be provided through a common funding arrangement with other donors to finance research agendas determined independently of Government and donors.

3.5 The Human Capital Pillar

A programmatic approach to Education, Health, and HIV/AIDS is being adopted because a number of key development challenges tackled by Irish Aid are common to the three areas. This will create opportunities to build on synergies between them.

3.5.1 Education

“The principal focus for education...will remain the provision of high quality primary education, situated within comprehensive national education plans.”
White Paper on Irish Aid 2006

Education will continue to be of central importance in the Irish Aid programme. Funding to the sector will increase from €5.75 million in 2007 to €11 million in 2010. Support will continue to be provided exclusively through the common fund, FASE¹¹. In line with its global support to the Fast Track Initiative¹², Irish Aid will support the Government’s application for additional resources as required.

11 FASE is the common fund established to support the Education Sector Plan

12 The Education for All - Fast Track Initiative (FTI) was launched in 2002 as a global partnership between donor and developing countries to ensure accelerated progress towards the Millennium Development Goal of universal primary education by 2015. All low-income countries which demonstrate serious commitment to achieve universal primary completion can join FTI.

Irish Aid will focus on improving the quality of primary education and providing equitable access for all, particularly girls, to help to reduce current disparities. It will advocate for better pro-poor service targeting and improved capacity and quality through expansion of the education network, more effective school management by communities and the creation of a safer environment for girls’ education.

Gender equality in education will continue to be a high priority. Within the sector working group Irish Aid will promote the development and roll-out of national guidelines for increasing the enrolment and retention of girls in education. Irish Aid will work to ensure the rapid implementation of plans for the protection of girls from sexual abuse in educational institutions¹³.

These priorities will be pursued at the local level through its provincial programme in Niassa. Emphasis will be on ensuring that provincial experiences are channeled into sector review and planning processes.

Irish Aid will encourage strong linkages between the education sector and the decentralisation programme to promote the participation of communities in the management of investment and delivery of education services at community level.

3.5.2 HIV/AIDS

HIV/AIDS, which is one of the biggest threats to poverty reduction in Mozambique, continues to be a priority for Irish Aid throughout the period 2007-2010. A programmatic approach is being adopted and HIV/AIDS is mainstreamed across the programme, with a particular engagement in the health sector. Irish Aid will continue to implement its workplace policy.

The dedicated budget line for HIV/AIDS is €1.96 million in 2007 (to increase to €2.75 million in 2010). However, overall Irish Aid funding for HIV/AIDS is substantially higher because of the funds provided for the Clinton Foundation partnership.

This budget line will focus on support to the common fund of the National AIDS Council (NAC) as the principal coordinating authority, as well as support to two civil society umbrella organisations.

13 In Niassa, for instance, the low population means that most secondary schools are boarding schools where this issue of abuse of female pupils by teachers is more acute.

In addition to mainstreaming, Irish Aid will focus on two priority areas: monitoring implementation of the multi-sectoral response (emphasising equity of access to a comprehensive range of services); and the strengthening of the roll-out of home-based care services (optimising links between stakeholders, i.e. National Aids Council (NAC), Ministry of Health, and implementing partners at national and provincial levels).

Through engagement in the monitoring and evaluation group of the NAC, Irish Aid will advocate for better pro-poor targeting in the delivery of a comprehensive range of services. In addition, it will monitor the establishment and implementation of the Grant Management System in the NAC advocating for more resources for the periphery. Support to two networks, MONASO (network of national NGOs working in the area of HIV/AIDS) and RENSIDA (network of organizations of people living with HIV/AIDS) will be continued so as to strengthen their capacity in advocacy and in monitoring the government's response.

Home-based care has been identified as a focus area for Irish Aid, building on its engagement in the Partners Forum (the coordination mechanism between the NAC, donors and civil society organizations) and the HIV/AIDS working group of the health sector to advocate for a significant scaling-up of these services. Irish Aid will maximize linkages with its support to the community health strategy to ensure a comprehensive approach linking prevention, care, and treatment.

Irish Aid will streamline its approach to HIV/AIDS at national and provincial levels. In its engagement with the National AIDS Council, it works to ensure effective input and to improve local and community response. To rationalise the management burden, Irish Aid will explore potential modalities for support to the NAC such as the establishment of a silent partnership with a like-minded donor to the common fund. At provincial level, Irish Aid will identify opportunities to facilitate the monitoring of the national response and the improvement of the uptake and use of resources at local level.

Establishing linkages across the programme at national and sub-national levels as well as across sectors will be crucial to monitoring the national response. Irish Aid will continue to encourage other partners to look for opportunities for similar synergies within their own programmes.

3.5.3 Health

“The entitlement of everyone to the enjoyment of the highest attainable standard of physical and mental health is a fundamental human right.” White Paper on Irish Aid 2006

Support to the health sector will continue with overall funding growing from €15.5 million in 2007 to €20.5 million in 2010. This includes the funding guaranteed through the partnership with the Clinton Foundation for which Irish Aid will allocate an additional €12 million per year to the health sector in Mozambique.

Irish Aid will continue to support the health sector strategic plan (PESS II), the key objectives of which are the strengthening the national health system and improving service delivery to provide wider and more equitable access to quality health care. Irish Aid will focus on a limited number of priority areas giving greater emphasis to monitoring of service delivery and equity of access, strengthening financial management and accountability of the health sector to its clients, capacity strengthening, community-based health care, and HIV/AIDS.

Irish Aid will use its position as chair of the sector's monitoring and evaluation working group to improve health information systems to assess the extent to which health care services are reaching the poor and the capacity of the Ministry to deliver quality programmes. Irish Aid will also support the development of a comprehensive monitoring and evaluation framework aligned with the new sector strategic plan. At provincial level emphasis will be on ensuring that the authorities are able to feed their experiences in these areas into sector review and planning processes.

To strengthen accountability, Irish Aid will continue to participate in the health sector finance and audit working group. The priority will be on strengthening financial management systems in the Ministry and increasing transparency to donors and to civil society. Irish Aid will continue to advocate for greater civil society participation in the health sector. In relation to improved aid effectiveness, Irish Aid will promote the harmonisation of donor conditionality around a core set of annually-set indicators. It will support the development of the Medium Term Expenditure Framework (MTEF).

In relation to capacity strengthening, Irish Aid will work towards adoption of appropriate strategies for human resource expansion aligned with the new sector strategy. Its input will be informed by its engagement at provincial and international levels and by linkages with the national reform processes.

Irish Aid will pursue its objective of increasing access to pro-poor services by participating in the task force for the development of a national strategy on community health. In particular, it will work with provincial health authorities to promote effective models of community health and will use this link to monitor the equitable delivery of improved services.

3.5.4 HIV/AIDS in the Health Sector and the Clinton Foundation Partnership

Irish Aid has developed its engagement in this area through its partnership with the Clinton Foundation. It will continue to adopt a systems-strengthening approach to ensure that HIV/AIDS is a core priority in the health sector.

As current chair of the HIV/AIDS working group, Irish Aid will assume a prominent role in the revision of the health sector HIV/AIDS strategy, and will advocate for scaling-up equitable access to a comprehensive range of services. Irish Aid will focus in particular on rural access to HIV/AIDS services and access to treatment by vulnerable groups as the strategy enters into its second phase. Irish Aid will support the linkages between the Ministry of Health and the National AIDS Council to improve the availability of timely, good quality data. It will participate in the multi-sectoral working group chaired by the Ministry of Science and Technology, for the development of a research agenda and evidence-base for HIV/AIDS.

The development of a strategy for dissemination and communication of research findings both nationally and internationally will be central to this effort.

THE CLINTON FOUNDATION

In agreement with the Clinton Foundation, started in 2003 and renewed in 2006, Ireland has significantly increased its contribution to the health sector programme in order to ensure that there is adequate investment in basic health systems so that they can deliver care and treatment for HIV/AIDS through counselling, anti-retroviral medication (ARVs), treatment for other AIDS related illnesses, and home-based care, while at the same time sustaining a broad health service for all in need. The additional funding from Irish Aid is channelled through the Ministry of Health common funds together with the remainder of the Irish Aid funding to the health sector. Between 2003 and 2006 a total of €28 million was allocated and the new agreement signed with the Foundation in 2006 will bring Irish funding to Mozambique for HIV/AIDS in the health sector to a total of €76 million by 2010. Mozambique was one of the first countries for which the Clinton Foundation secured agreement from the main generic pharmaceutical companies for the lowest priced ARVs, test kits, and other diagnostics. The Foundation also engages on the ground in an advisory role, as an implementing partner to the Ministry, and in assisting with procurement of ARVs, diagnostics, and the provision of improved nutrition. It maintains its focus on scaling-up rural access to care and treatment services and on paediatric treatment.

A mid-term review undertaken of the Irish Aid-Clinton Foundation partnership in early 2006 validated the approach undertaken to date and recommended that both organisations continue with this approach for future resource commitments. It highlighted the fact that the partnership has played a positive role in strongly supporting the Ministry of Health in its leadership position, encouraging the buy-in of other stakeholders to the sector harmonisation and partnership structures, thereby ensuring that HIV/AIDS has been dealt with as a core priority within and across the health sector.

Waiting at an HIV clinic in Mozambique.





3.6 Economic Development Pillar

Irish Aid will strengthen pro-poor growth through its engagement in the Economic Development pillar areas of agriculture, private sector development, and support to de-mining.

3.6.1 Agriculture

“We are committed to providing increased assistance to rural development and agriculture, including to agricultural research and extension services through effective partnerships.” White Paper on Irish Aid 2006

The development of the agriculture sector is a high priority of the Government of Mozambique and is essential to pro-poor growth. However, progress has been slow and poor farmers have benefited little from the donor partnership and the significant investment to date.

In the medium term Irish Aid will continue its assistance in support of the Government’s objectives. It will focus on promoting the provision of pro-poor agricultural services and on improving market opportunities for smallholders. It will focus support on the development of an effective agricultural extension service to meet the needs of all producers with a specific focus on smallholders, particularly women.

It is proposed to increase the contribution to the sector programme, ProAgri, from €1.75 million in 2007 to €2 million in 2008. It will review this commitment in the second half of 2008. In light of that review a decision will be taken on whether to remain in the sector programme.

Irish Aid will continue its current level of support to the community land registration fund¹⁴ to promote community ownership and management of land resources. This will contribute towards the strengthening of government accountability in the management of the country’s land resources.

TECHNOSERVE

The mission of the NGO TechnoServe is to build businesses that create jobs, income, opportunity and economic growth in developing countries. Its strategy is based on a market-driven, business-oriented approach. The current partnership with Technoserve, in support of employment generation in the agribusiness sector, began in 2005. This support to the private sector, to date, has been in the area of agribusiness (the refinement and processing of agricultural produce), supporting Technoserve to research and support potentials for private sector growth. Through an initial cash crop potential study in Inhambane province, Technoserve identified a number of cash crops that potentially had ready markets and that would have a positive impact on the lives of smallholders. The two main crops identified were cashew and citrus fruits. Through supporting potential agri-processing investors Technoserve set up 3 new cashew processing plants in Inhambane and Gaza, and established the country’s first bio-diesel operations in Inhambane and Quelimane provinces. In addition they worked with the Ministry of Energy to develop new legislation to regulate the production and sale of bio-fuels. The cashew processing plants have created around 750 new jobs in rural communities. Work is also underway in exploring the economic and jobs potential of citrus fruit, coconut and pineapple production. With regard to coconut potentials, in addition to bio-diesel there are a number of other uses of coconut fibre and shell that are being researched, including identification of niche markets.



Farming, Mozambique.

¹⁴ In partnership with other donors, Irish Aid has helped to establish a community land registration national pilot programme to address the issue of community access, management and sustainable development of natural resources.

3.6.2 Support to the Private Sector

“The role of the private sector is demanding increased donor attention... We will provide increased support for the private sector in our Programme Countries.”

White Paper on Irish Aid 2006

Irish Aid’s increased focus in this area is in line with the Government’s of Mozambique’s prioritization of economic growth and expansion of the private sector.

Over the period of the CSP, Irish Aid will develop a specific strategy for its private sector engagement. This will explore options for support to job creation and will examine the scope for assisting in delivering market access for smallholders. The budget is proposed to rise from €0.5 million in 2007 to €1.5 million by 2009. Support will also continue for the Business Confidence Index¹⁵.

Irish Aid will work with the NGO Technoserve to strengthen the capacity of private sector firms and entrepreneurs in the agri-processing sector. There will be a focus on ensuring a pro-poor impact. With Technoserve, Irish Aid will promote more enterprises in the cashew processing sector and will explore options in other agricultural commercial areas. Crops such as cashews and coconuts are central to contributing to improved sources and diversity of income for smallholders. Most of the jobs created to date have benefited low skilled rural populations.

3.6.3 De-mining

Irish Aid will continue its support to de-mining to improve access to land, natural resources and markets for the rural poor. It will provide a total of €1.05 million to Halo Trust over the period of the CSP which, with the national de-mining institute, will assess the remaining mined areas in the country to prepare and deliver a programme to help Mozambique achieve “mine impact free” status by 2009.

3.7 Provincial Programmes

“We will engage with regional authorities to build official capacity to deliver improved and efficient services across a number of sectors. Area Based Programmes also act as an important barometer of realities on the ground, as they inform our understanding of issues at national level.” White Paper on Irish Aid 2006

Irish Aid also continues to provide support to its provincial programmes in Niassa and Inhambane. This engagement provides a barometer of realities on the ground and strengthens Irish Aid input in the implementation of national policies.

An important feature of the CSP will be the elaboration of a new partnership agreement with the governments of Niassa and Inhambane which will articulate a shared vision including principles of effectiveness, accountability and participatory pro-poor development. While the provincial governments will continue to be key partners, Irish Aid will maximise the contribution of civil society and private sector organisations.

The CSP Evaluation highlighted the need for a sharper focus in Irish Aid’s work at provincial level. Support to the provinces will be restructured to ensure coherence between national and sub-national levels and will focus on a limited number of sectors in each province. Irish Aid will also address the capacity constraints of the Provincial Governments.

The provincial programmes provide important entry points in supporting the decentralisation process and monitoring how it works. Irish Aid will strengthen the new roles for the provincial authorities to support district management and implementation of district budgets. Irish Aid, through implementing partners (e.g. IBIS), will strengthen the capacity of communities to engage effectively in the evolving decentralisation process.

Total support for the two provinces will increase incrementally from €5.96 million in 2007 to €7.5 million in 2010.

¹⁵ The Business Confidence Index measures the perception of a representative sample of national and foreign companies involved in the Mozambique economy in relation to a group of factors that influence the business environment.

3.8 General Budget Support (GBS)

“General Budget Support can be an effective means of aid delivery when the conditions are right...donors should plan their activities in ways that maximize overall efficiency and efficacy, for example through common arrangements in planning funding.” White Paper on Irish Aid 2006

Ireland has provided Programme Aid (General Budget Support) to Mozambique since 2001. This increased from €14.3 million in 2001-2003 to €18 million from 2004-2006. However, in line with Irish Aid policy of retaining a balanced mix of modalities, the contribution to General Budget Support will remain at approximately 20% of the budget, rising from €9 million in 2007 to €13.5 million in 2010. In this CSP period 2007 – 2010 it is planned to provide a total of €44 million.

The importance of GBS as an aid modality in Mozambique has continued to increase. In 2004, there were 15 donors providing budget support, but this group has now expanded to 19 (known as the G19), indicating the general confidence in Mozambique’s development strategies. The level of funds being disbursed has increased by over 55% from \$240 million in 2004 to \$370 million in 2007. The Joint OECD/DAC evaluation of GBS¹⁶ concluded that Mozambique represented a *“very successful case of donor-government collaboration, and that GBS had contributed positively to conditions for economic growth and poverty reduction”*. It also stated that GBS has had a positive impact on macroeconomic performance; reduced the cost of financing the budget; improved public financial management; strengthened planning and budgeting; improved access to services; improved donor harmonisation and alignment and achieved short term predictability of donor funding.

During the last CSP, GBS supported poverty reduction and economic growth through the public expenditure programme, focussing on improving the effectiveness of public expenditure and strengthening domestic accountability. The focus in this CSP will be on improving equity in the allocation of resources; assisting in publishing plans and budgets in ways that are accessible to local people; strengthening national capacity to lead the GBS process and promoting medium term predictability.

The operational foundation for the GBS mechanism is set out in a Memorandum of Understanding signed between the Government and donors in April 2004. This provides for an annual Joint Review of progress on PARPA implementation.

3.8.1 GBS “Troika+”

From April 2007 to March 2010 Ireland will be a member of the GBS coordinating group, the “Troika+”, a group of three bilateral donors, plus two multilaterals, together representing the interests of the G19. The other Troika members are Norway and the Netherlands, while the European Commission and World Bank represent the multilateral agencies. This will give the Irish programme unique oversight, insight and input into the high level political dialogue which directs the engagement.

Successive members of the group take the lead role. Ireland assumes the coordinating role in April 2008 for a twelve month period. As leader of the Troika, Ireland will coordinate the work of all 29 working groups involved in GBS and sector aid; oversee an assessment of performance and lead the donors in their engagement with government. The Joint Review (held annually) will provide a separate assessment of the donor performance against the Paris Principles on harmonisation and alignment. This culminates in a political dialogue with senior ministers followed by a public event at which an assessment of performance is published. In addition there is a mid-year review in which donors and government revise targeting for the coming year. A provision of €300,000 is being set aside to meet the administrative costs which arise from this role.

¹⁶ OECD/DAC Joint Evaluation of General Budget Support 1994-2004

3.9 Proposed Programme by Pillar

	PARPA II			GBS and Provincial Support
	Pillar 1	Pillar 2	Pillar 3	
Programme area	Governance	Human Capital	Economic Development	
Ireland's support to Government	Continued support for the Government's PSR programme Contribution to the national programme of decentralization common fund when established	Increased support to both the Education and Health sector basket (due to become sector budget support during the period) and moderate support to the NAC common Fund	Continued support to PROAGRI, contingent on a review post 2008	Sector Budget/ Baskets
Complemented by	Funding for the Civil Society Support Mechanism Other targeted civil society funding	Support to two key HIV/AIDS networks Continued advocacy for greater civil society participation in sectors	Continued support for Technoserve Final phase of support to Halo Trust	Individual Grants
Position of influence on working group	Currently chairing PSR group.	Chair of HIV/AIDS WG in health sector Chair of M&E Group in Health Sector Chair of Gender WG	To be decided	

Building a road with a hand-operated roller, Nr. Lugela, Mozambique.





4. CSP 2007–2010: How Irish Aid will work

Irish Aid works with a number of partners in Mozambique.

Donors are committed to the Paris Declaration principles on harmonisation, alignment, joint-ventures and effective and efficient ways of managing aid. There is a growing awareness of the high costs on the Government and, over the period of the CSP, there will be realignment by donors in how they deploy resources.

Sector partnerships in which Irish Aid is involved are well developed and are evolving towards budget support type operations with one government partner, one plan, one fund and one monitoring and evaluation process. The Embassy Development Specialists and Sectoral Advisors participate in working groups, specifically in health, education, agriculture, HIV/AIDS, public sector reform and decentralisation.

There is a well developed relationship between the Irish programme and the authorities in two provinces, Niassa and Inhambane. The provincial programmes have been in existence for over a decade. The presence of programme staff in provincial capitals and the regular visits from staff at the Embassy in Maputo assist programme implementation and provide valuable evidence of the issues on the ground for input at other levels.

Both in the provinces and centrally, Irish Aid works with individual donors to promote shared interests. In Niassa, Irish Aid works closely with Swedish SIDA, the other significant donor in the province. In Inhambane, it works with Germany's GTZ and with Canadian CIDA.

Irish Aid has also entered into a partnership with the DFID for the Civil Society Support Mechanism.

Irish Aid works with civil society partners in support of their objectives and in some instances with NGOs acting as implementing agents. For instance, financial support is provided to umbrella organisations working in the HIV/AIDS area and funds have been given to MSF (Switzerland) to roll-out ARV treatment in Niassa. Quarterly meetings are held with the MAPS partners in Mozambique.

To improve coherence in Ireland's partnership with the UN, the Embassy will report twice yearly on perceptions and experience of UN activity at country level, including the operation of ONE UN.

The programmatic approach will have implications for the way that Irish Aid works internally. Teams will be established reflecting the three core pillars of the CSP. In addition to individual programme activities, individual staff members will work with pillar team members and across pillars to address common issues. This will strengthen work cross-sectorally and Irish Aid's approach to cross-cutting priorities.

5. Monitoring

A monitoring framework has been developed which is drawn from the PARPA Strategic Performance Matrix and an Irish Aid-specific matrix which outlines the planned actions for each of the pillar areas under the four objectives of the CSP.

Participation in the monitoring and evaluation groups in a number of sectoral areas (e.g. health and HIV/AIDS) provides Irish Aid with opportunities for supporting improved monitoring and data collection systems.

The monitoring framework for the CSP is based on the following:

- > **PARPA monitoring processes:** Monitoring the implementation and impact of the national poverty reduction strategy is a joint process involving Government, donors and civil society. This is based on the targets and indicators identified in the PARPA Strategic Matrix. Irish Aid participates in and supports the mechanisms for monitoring implementation of the PARPA and the changes in poverty in Mozambique.
- > **Joint monitoring with other Donors:** Irish Aid participates in joint monitoring activities with other donors, particularly at sectoral and provincial level. In health, education and agriculture, as well as within the National AIDS Council, a joint donor/government review process has been established and has been aligned with the PARPA monitoring process. This process includes visits to the sub-national level. Also in its provincial programmes, in line with aid effectiveness objectives, Irish Aid has established joint monitoring mechanisms with other donors operating in Niassa and Inhambane. In Niassa, Swedish SIDA and Irish Aid consult regularly with government.
- > **Irish Aid specific indicators:** Irish Aid has selected specific indicators under each strategic objective for each programme area. These will be used to measure Irish Aid 'value added' in the development process and to track progress on its strategic objectives.
- > **Developing an evidence-based approach:** Experience to date has shown that effective monitoring of development programmes in Mozambique is limited by the scarcity of reliable information. Irish Aid will develop an evidence based approach and engage in/support specific research and analysis to provide reliable information on which progress can be verified.
- > **Business Planning and PMDS process:** The CSP monitoring framework is closely aligned and integrated with the Embassy's business plan and PMDS process. They form the basis of annual planning for all development staff, and progress will be assessed through the PMDS process. The Business Plan will prioritise and sequence CSP targets across the programme and provide the basis for annual reviews of overall progress in advance of the annual report.

6. Management

The responsibility for implementation of the programme in Mozambique rests with the Head of Mission supported by the development management team, which includes the Head of Development, Development Specialists, Second Secretary, Advisors, Provincial managers and support staff.

The Head of Finance oversees all expenditure. The Internal Auditor is responsible for management and oversight of the audit of Irish Aid funds disbursed through the programme. The Internal Auditor will also have a role in dialogue with partners on strengthening their financial management capacity.

The provincial programmes will each have a technical staff complement of three officers based in the provincial capitals: a Programme Coordinator, a monitoring officer and an accountant.

7. Risk

The risk register, which is updated regularly, will chart the evolution of risks in the political, social, and economic environment, providing information on the overall context for the aid programme at country level.

Over the period of the CSP, the major risks to the success of the programme are perceived to be:

- A. Weak capacity of implementing partners at all levels.
- B. Deterioration in standards of governance; flawed elections.
- C. Potential breach (by either GoM or donors) of underlying principles as detailed in GBS MoU.
- D. HIV/AIDS – reversing poverty reduction gains at a national level and impacting on Irish implementation capacity.
- E. Vulnerability to natural disasters.
- F. Failure by GoM to tackle culture of endemic fraud and corruption.

We estimate the overall risk to be between medium to high. Irish Aid will identify and take into account both internal and external factors which threaten the effectiveness and efficiency of programme implementation. Irish Aid will work closely with other development partners to ensure that mitigation measures are put in place. Joint response strategies will be used as appropriate.

In addition formal meetings are held in the main sectors of engagement involving the relevant Minister and officials to review progress and address issues arising. Development Specialists, Advisers and staff in the provinces use their contacts with government, donor and other partners (sector meetings, budget meetings, annual review processes etc) to keep apprised of all developments.

8. Budget

Description	Area	2007 €	2008 €	2009 €	2010 €	Total €
GBS	General Budget Support	9,000,000	10,000,000	11,500,000	13,500,000	44,000,000
	GBS Troika*	0	300,000	0	0	300,000
	Sub-total	9,000,000	10,300,000	11,500,000	13,500,000	44,300,000
Governance	PSR/Gov/Civil Society	1,830,000	2,100,000	2,700,000	2,900,000	9,530,000
	Sub-total	1,830,000	2,100,000	2,700,000	2,900,000	9,530,000
Human Capital	Health	3,500,000	5,000,000	6,500,000	8,500,000	23,500,000
	HIV/AIDS	1,960,000	2,250,000	2,500,000	2,750,000	9,460,000
	Education	5,750,000	6,500,000	8,500,000	11,000,000	31,750,000
	Sub-total	11,210,000	13,750,000	17,500,000	22,250,000	64,710,000
Economic Development	Agriculture	1,950,000	2,000,000	2,000,000	2,000,000	7,950,000
	Private Sector Dev.	500,000	800,000	1,500,000	1,500,000	4,300,000
	De-mining	300,000	375,000	375,000		1,050,000
	Sub-total	2,750,000	3,175,000	3,875,000	3,500,000	13,300,000
Provincial Programmes	Inhambane & Niassa	5,960,000	6,500,000	7,000,000	7,500,000	26,960,000
	Sub-total	5,960,000	6,500,000	7,000,000	7,500,000	26,960,000
Programme Development		250,000	250,000	250,000	250,000	1,000,000
	Sub-total	250,000	250,000	250,000	250,000	1,000,000
Programme Totals:		31,000,000	36,075,000	42,825,000	49,900,000	159,800,000
Clinton Foundation:		12,000,000	12,000,000	12,000,000	12,000,000	48,000,000
Grand Totals:		43,000,000	48,075,000	54,825,000	61,900,000	207,800,000

Abbreviations

ABP	Area Based Programme	DPC	Directorate of Planning and Cooperation	IMF	International Monetary Fund
ADP	Accelerated Demining Programme	DPAC	Prov. Directorate- Support and Control	IND	National De-mining Institute
AMODER	Mozambican Ass'n for Rural Dev.	DPE	Prov. Directorate for Education	INGC	National Institute for Disaster Management
ANFP	National Authority for Public Administration	DPPF	Prov. Directorate of Planning and Finance	JA	Joint Agreement
ART	Anti-Retroviral Therapy			JDR	Joint Donor Review
ARV	Antiretroviral (drug)			JR	Joint Review
ASDI	Swedish International Dev. Agency	DPOPH	Prov. Directorate for Public Works/ Housing	LDH	Human Rights League
BCI	Business Confidence Index	DPS	Prov. Directorate of Health	LDP	Local Development programme
CBO	Community Based Organisation	DWG	Donor Working Group	MADER	Ministry of Agriculture and Rural Dev.
CCS	Sectoral Coordination Committee	EFA	Education for All	MAE	Ministry of State Administration
CDC	Centre for Disease Control	ESSP	Education Sector Strategic Plan	MAP	Multi-sectoral AIDS Program (WB)
CIDA	Canadian International Dev. Agency	FAO	UN Food & Agriculture Organisation	MDGs	Millennium Development Goals
CF	Clinton Foundation	FASE	Education Sector Common Fund	MICOA	Ministry of Environment and Coordination
CFMP	Mozambique's MTEF	FINNIDA	Finnish International Dev. Agency	MINEC	Ministry of Foreign Affairs
CIRESP	Inter-Ministerial Committee for PSR	FMR	Financial Management Report	MEC	Ministry of Education and Culture
CNE	National Council for Elections	<i>Frelimo</i>	Governing Political Party	MISAU	Ministry of Health
CNCS	National AIDS Council	FOPROI	Inhambane NGO Forum	MoH	Ministry of Health
COPA	Education Consultative Committee	FTI	Fast Track Initiative for Education	MoPH	Ministry of Public Works & Housing
CP	Cooperating Partner	GAS	Water and Sanitation Working Group	MoU	Memorandum of Understanding
CSO	Civil Society Organisation	GDG	Gender Donor Group	MPF	Ministry of Planning and Finance
CSP	Country Strategy Paper	GDP	Gross Domestic Product	MTEF	Medium Term Expenditure Framework
CTA	Chambers of Commerce and Industry Association	GFATM	Global Fund for HIV/AIDS, TB, & Malaria		
DAF	Directorate of Admin. & Finance	GFP	Program Facilitation Group	NAC	National AIDS Council
DAG	Directorate of Admin. & Management	GoM	Government of Mozambique	NGO	Non-Government Organisation
DANIDA	Danish Development Assistance	GTZ	German Agency for Technical Development	NORAD	Norwegian Aid
DER	Department for Rural Roads		Co-operation	OGE	State Budget
DFID	U.K Dep't for International Development	HAI	Health Alliance International	PA	Programme Aid
DNS	National Directorate of Health Services	HIPC	Heavily Indebted Poor Countries	PAAO	Annual Agriculture Plan and budget
DPA	Prov. Directorate of Agriculture	HRD	Human Resource Development	PAEG	Projects Appraisal and Evaluation Group
		IBIS	Danish NGO	PAEI	Agrarian Policy and Implementation Strategy

PAF	Performance Assessment Framework	PO	Poverty Observatory	SIP	Personnel Information System
PAP	Programme Aid Partner	PROAGRI	Agricultural Sector Public Expenditure Programme	SISTAFE	Mozambique's Financial Management System
PARPA	Mozambique's Poverty Reduction Strategy	PROSAUDE	Health Common Funding Mechanism	STAE	National Elections Body
PEM	Public Expenditure Management	PRSC	Poverty Reduction Support Credit (WB)	SWAp	Sector Wide Approach for development
PEN	National HIV/AIDS Strategic Plan	PRSP	Poverty Reduction Strategy Paper	TA	Technical Assistance
PEN-Saude	HIV/AIDS Strategic Plan for Health Sector	PSD	Private Sector Development	ToR	Terms of Reference
PEPFAR	President's (Bush) Emergency Plan for AIDS Relief	PSIA	Poverty and Social Impact Assessment	TVET	Technical and Vocational Education and Training
PER	Public Expenditure Review	PSR	Public Sector Reform	UNDP	United Nations Development programme
PES	Economic and Social Plan	RENAMO	Main Opposition Party	UNESCO	United Nations Education, Science, and Cultural Organization
PESS	Health Sector Strategic Plan	SADC	Southern African Community Development	UNICEF	United Nations Children's Fund
PFM	Public Finance Management	SDC	Swiss Development Corporation	UTRESP	Technical Unit for Co-ordinating Public Sector Reform
PIPS	Provincial Investment Plan for Health	SIDA	Swedish International Development Agency	USAID	US Agency for International Development
PIS	National Investment Plan for Health	SIFAP	Training System for Public Administration	WB	World Bank

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