



**Executive Board of the
United Nations Development
Programme and of the
United Nations Population
Fund**

Distr.: General

[Date]

Original: English

[session] 200X

[Date of session], [Place]

Item [] of the provisional agenda

UNDP: COUNTRY PROGRAMMING AND RELATED MATTERS

COUNTRY PROGRAMME DOCUMENT FOR MOZAMBIQUE 2007-2009

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INTRODUCTION

1. The UNDP Country Programme (CP) is the result of intensive reviews and consultations with the Government, the UN system, international partners and civil society organizations (CSOs) on the most appropriate support to be provided to Mozambique's second Action Plan for the Reduction of Absolute Poverty (PARPA II). The CP is anchored in the United Nations Development Assistance Framework (UNDAF) aligned with the PARPA II, both of which provide the basis for achievement of the Millennium Development Goals (MDGs).

2. The CP is founded upon several conceptual frameworks. It reflects national priorities as defined in *Agenda 2025*, the *Five Year Plan and PARPA II*. It is premised upon the *New Partnership for African Development (NEPAD)* principles, *UN Reform* priorities, UNDAF and UNDP core values and goals as given in its *multi-year financial framework (MYFF)*.

3. To foster harmonisation and alignment, the UN Country Team has opted not to undertake a Common Country Assessment (CCA) but to align the UNDAF, its priorities and cycle with PARPA II.

Part I. SITUATION ANALYSIS

4. Mozambique's 2002/2003 nationwide household survey indicated that poverty has declined from 69.4 percent in 1996/7 to 54.1 percent in 2002/3. The National Report on the Millennium Development Goals (2005) further states that significant progress in a number of key areas has been achieved over the past few years. From 1997 to 2003, under-five mortality reduced from 219 to 178 per 1,000 live births and maternal mortality from 1,000 to 408 per 100,000 live births.

5. However, Mozambique heavily depends on foreign aid and its achievements mask significant regional variations as more than half of the population still lives in absolute poverty. Estimates show that income inequality has increased – the Gini coefficient deteriorated from 0.40 in 1997 to 0.42 in 2003. The poverty profile also shows that 62.5 per cent of families headed by women are poorer compared with the 51.9 per cent headed by men (INE 2004).

6. The country's Human Development Index (HDI) still remains one of the lowest in the world, 168 out of 177 (HDR 2005). *Per capita income* averages \$210; *life expectancy* at 41.9 years is among the lowest in Africa, due largely to the impact of HIV & AIDS; and the *adult literacy* rate is 46.5 per cent, although *primary education* has improved

considerably with net enrolment rate increasing by more than 25 percentage points between 1997 and 2003. In addition, Mozambique ranks 133 out of 140 countries in the Gender Development Index.

7. The combined effects of *HIV & AIDS* (with a prevalence rate among 15 to 49 year-olds having risen from 8.2 percent in 1998 to 16.2 percent in 2004); *food insecurity* and *weakened governance capacity* for service delivery - also known as Triple Threat - compounds existing problems of extensive rural poverty, inequalities, high illiteracy, especially among women and girls and the rural population.

8. These challenges are aggravated by lack of adequate technical capacity at all levels of government and civil society. The private sector is weak and constrained by the absence of an effective regulatory framework to promote growth of local small and medium-sized enterprises.

9. To attain the MDGs the country must increase efficiency of service delivery to the poor, generate employment, increase state revenues, improve natural disaster preparedness and management and reverse the high incidence of HIV & AIDS.

10. In response to these challenges, the Government has adopted a number of well-articulated plans for poverty reduction and growth. These include "Agenda 2025" that was the basis for the current Five-Year Plan (2005-2009) and the second PARPA (2006-2009).

11. PARPA II is derived from the Five-Year Plan and integrates the Millennium Declaration principles and goals. Its main targets are to reduce poverty from 54 per cent in 2005 to 45 per cent by 2009 and achieve an average real annual growth rate of 8 percent.

12. PARPA II has three pillars: (i) *Governance*; (ii) *Economic development*; and (iii) *Human capital* and eight cross-cutting issues of HIV & AIDS, gender, environment, science and technology, food security and nutrition, de-mining, disaster management and rural development. PARPA II is the reference framework for design of sector and provincial strategies, policies and plans such as the Economic and Social Plan (PES) and the State Budget.

13. International cooperation has and will continue to play a crucial role to support the country's development priorities, especially poverty reduction in a setting of insufficient public infrastructure and lack of adequate national expertise, basic technical capacity and financial resources to address complex and multiple challenges of successful implementation of the Five Year Plan and PARPA II.

14. In the period 1997-2003, net Official Development Assistance (ODA) averaged \$1.1 billion, around 31.4 percent of GNI or \$61.8 per capita. Around three-quarters of ODA were provided under bilateral programmes, whilst the balance originated from multilaterals such as the World Bank, the African Development Bank (AfDB) and the European Commission (EC).

15. In line with such international commitment, UNDP together with the UN family and other partners will support national efforts for the attainment of PARPA II objectives, building on its longstanding trusted partnership with Mozambique and lessons learned from the past.

II. PAST COOPERATION AND LESSONS LEARNED

16. UNDP role in Mozambique has changed significantly over the years as UNDP supported the Government transition from war to peace and later from crisis-response to long-term development through a multi-party constitutional democracy. During the first Country Cooperation Framework (CCF) (1996–2001), UNDP focused on poverty eradication; environment and natural resource management; economic and financial management; and good governance. The 2002-2006 CCF supported poverty reduction initiatives and democratic governance, focusing on the promotion of participatory local governance, public sector efficiency and strengthening of key institutions.

17. During the first CCF, UNDP/UNCDF piloted the local governance and decentralization programme in the Nampula Province. Lessons learned from the pilot experience include the recognition that achievement of successful development outcomes requires long-term stakeholders' commitment; close monitoring and broad-based participation and partnerships.

18. UNDP assistance to the development of the information, communication technology (ICT) policy framework in the second CCF confirmed its importance as a tool for poverty reduction. Additionally, a well coordinated and integrated national ICT platform reduces fragmentation and supports design of sector-specific ICT-based policies.

19. UNDP support to the Poverty Observatory has enabled wide stakeholder active involvement in poverty monitoring, evaluation, and development planning and formulation. Civil society engagement in this process has demonstrated the potential for improving citizens' ownership and participation.

20. Furthermore, UNDAF and CCF Mid-Term Reviews indicate that greater integration across development interventions is needed. Another important lesson is that development effectiveness demands a coherent human development strategy premised upon capacity development to ensure national ownership and sustainability of results.

21. Overall, it is fully recognized that UNDP provided catalytic support in building institutional capacity in government and engendered democratic transitions. However, during both CCFs, UNDP and other partners concentrated on central level skills development and institutional building in a post-conflict context. At present, as the enabling environment and national institutions are in place, support to local development through decentralised structures is needed. PARPA II's focus on poverty reduction and accelerated growth through decentralization will thus require capacity development at local level to speed up progress towards the MDGs.

22. In addition, under a direct budget support (DBS) environment, inflows of funds to the state budget and local level government administrations can lead to "absorptive capacity" constraints due to limited institutional and administrative capacity. While government ownership may increase under DBS, additional aid coordination and management skills are required to ensure development effectiveness.

23. Therefore, the overriding theme of UNDP's Programme is capacity development for both government and non-governmental actors to ensure that the growing economy and enabling institutional environment benefit the population at large.

III. PROPOSED PROGRAMME

24. In view of the prevailing challenges, the present Country Programme Document (CPD) is guided by five main drivers: (i) development of national capacity to ensure the achievement of the MDGs; (ii) strengthening of decentralised structures for local development; (iii) promotion of civil society empowerment; (iv) mainstreaming of cross-cutting issues; and (v) results-based orientation with increased efficiency and effectiveness of UNDP interventions.

25. The proposed programme is based on a number of key principles, namely: (i) *Alignment* with national plans and strategies; (ii) *Harmonization* within the framework of the Development Partners' Group (DPG) and UNDAF; (iii) Application of a *rights-based approach* in the various sectors, focusing on *women* and *vulnerable groups*.

26. With an existing joint programme on HIV&AIDS, the UN, under the joint programming process, will support the PARPA II *Governance* pillar with the development of an enabling institutional environment for effective service delivery and consequently contribute towards interventions under the UNDAF *Human Capital* and *HIV & AIDS* pillars.

27. The CPD will aim at achieving the *MDGs* and more specifically contribute to priority areas of (a) *Governance*, with UNDP as lead agency; (b) *Economic Development* (subsumed under *Governance in the UNDAF*); and (c) *HIV & AIDS*. UNDP will prioritize support to local level structures based on a territorial approach, local specificities and endogenous potentialities for formulation of provincial and district based strategies.

28. Under the proposed programme, UNDP will support capacity building of provincial, district and municipal administrations in coordination, planning, monitoring and evaluation and implementation of their development strategies in line with the public sector reform process and e-government strategy. It will further promote Poverty Observatories and legislative bodies at local level, through the Provincial Poverty Observatories and Assemblies respectively. In all these activities, enhancing the role of civil society will be critical so that they become full-fledged development agents in promoting human development.

29. Capacity development will be spread over the course of the CPD duration as an integral part of all interventions. Given the decentralised focus, sub-national MDG-based development plans will be elaborated ensuring the adequate MDG localisation and integration of cross-cutting issues as defined in PARPA II. The main expected results from UNDP's contribution to the broader UNDAF outcomes are as follows.

ACHIEVING THE MDGs

1. Improved MDG-based development planning and policy management.

30. UNDP aims to improve development planning and policy management to attain the MDGs. Its support to the Ministry of Planning and Development (MPD) will enable elaboration of an MDG-based national development framework with MDG-based diagnostics, costing and planning. This will allow for the progressive incorporation of MDG-based national development planning and management approaches into local level strategies and processes. It will also strengthen national ownership and leadership in aid coordination and management, resulting in greater aid

effectiveness and furthering the Paris Declaration and UN Reform implementation processes.

31. The increased priority given in PARPA II to the participation of civil society in decision-making and monitoring processes and the valuable experience gained with UNDP's support to the Poverty Observatory also provide for enhanced UNDP cooperation with CSOs as important resource, partners and constituents in MDG and PARPA II monitoring. Additional monitoring of progress will be undertaken through regular MDG and Human Development Reports at national and sub-national levels.

FOSTERING DEMOCRATIC GOVERNANCE

2. Promotion of local development through decentralization.

32. UNDP will consolidate and expand its ongoing support to the decentralization process. In collaboration with partners it will contribute to (i) service delivery improvement; (ii) de-concentration and strengthening capacities of local state organs, including harmonization of sector and local plans; and (iii) strengthening of municipal governments. It will also provide an enabling policy environment for application of the *e-Government* strategy via establishment of a national e-government "platform" for service delivery and empowerment in provinces, municipalities and districts.

33. UNDP/UNCDF will build upon the successful decentralised planning and finance strategy applied in Nampula and Cabo Delgado and scale up the model to all other provinces where the programme is not in place, including five (5) government-selected priority districts per province and at least 1 municipality. This will contribute towards nation-wide implementation of the decentralization strategy as well as the elaboration of the decentralization policy.

34. As part of the decentralization process, UNDP will target capacity building in local state organs and governments to ensure increased coordination and partnership development, as well as increased local government capacity in public finance management. Sub-national administrations will be empowered through restructuring, streamlined functions and legal mandates.

35. Support to local level integrated service delivery will be enhanced. This entails strengthening the capacities of both government and CSOs as service providers and reengineering key service delivery processes to ensure greater access to and better quality of essential services to citizens.

3. Democratic governance ensured as a basic requirement for peace, security and sustainable political development.

36. UNDP will support the strengthening and establishment of mechanisms for the expression of popular will and effective oversight over areas of public interest. This will include support to electoral processes by facilitating the first provincial elections in the country. It also includes support to the legislature, through Provincial Assemblies, and operationalization of the African Peer Review Mechanism (APRM) of NEPAD.

4. Increased access to justice, violence prevention and promotion of rule of law.

37. The continued need to build capacity of national authorities to ensure continued peace, stability, law and order is the basis for UNDP's renewed support in a number of areas as follows.

38. UNDP in collaboration with partners will continue to support citizen's access to justice by strengthening the administration of justice at the local level with the establishment of justice field offices; unifying and reforming of the correctional system; and strengthening crime prevention through the Attorney General's Office and investigation police. UNDP will advocate for human rights focusing on: (i) women's rights – combating violence against women; and (ii) HIV & AIDS – anti stigma and anti-discrimination measures.

SUSTAINABLE ECONOMIC DEVELOPMENT

5. More efficient use of available resources to promote equitable and sustainable economic development.

39. The need to strengthen civil society organizations and communities' capacities to effectively advocate and participate as development agents for poverty reduction and growth provides for the justification of UNDP assistance in sustainable economic development. UNDP will support sustainable livelihoods interventions through capacity development of grassroots communities; provision of business and financial services for small and medium-sized enterprises; and support to the government in trade-related issues.

40. UNDP will support CBO and CSO capacity building interventions to address the root causes of vulnerability within the Triple Threat environment. It will continue its collaboration with UNIDO and UNCDF to support increased access to business and financial services for communities and private sector, with special emphasis on rural communities and SMEs development. In addition to improving the

processes of registration and licensing of new businesses and increasing community access to micro-finance and other services, UNDP will promote establishment of innovative public-private partnerships, under the Global Compact and other mechanisms.

41. Support to the Government in trade-related issues will also be provided under the global project "*Integrated Framework for Trade-Related Technical Assistance to LDCs*". It is expected that by the end of the proposed cycle the Integrated Framework will be fully operational so that trade issues are mainstreamed into development plans and a more coordinated delivery of trade-related technical assistance is in place.

HIV & AIDS

6. Mainstreaming HIV & AIDS and gender.

42. As international funding for AIDS increases, the key challenge is ensuring that resources are spent effectively, targeting those most vulnerable to HIV as well as those living with and affected by AIDS. Thus, stronger coordination of efforts by the Government, development partners and civil society to fight the epidemic is needed. The UN's response in this area follows the "Three Ones" principles and livelihoods approach. This will result in actions at household, community, local and national levels to address HIV&AIDS and mount a multi-sectoral response to the epidemic under the Triple Threat.

43. UNDP will therefore continue its support for development of mechanisms and systems to strengthen Government and civil society capacities in mainstreaming HIV & AIDS and gender into all national planning instruments, working closely with other UN agencies. Following the recommendations of the Global Task Team on HIV&AIDS, a clear division of labour among UN Agencies was defined under the joint-programme.

44. As lead agency in mainstreaming, capacity building and partnerships, UNDP will built upon its support to national participatory planning exercises to ensure effective mainstreaming of HIV&AIDS and gender. It will also support CSOs as implementing agents of HIV&AIDS local level interventions. In accord with the GTT division of labour, other UN Agencies will take leadership on prevention, mitigation, treatment and monitoring and evaluation.

Partnership and cooperation strategy.

45. In view of the changing aid environment, the UN has repositioned itself to better support the Government and complement the work of other partners in reducing poverty. Based on the

collectively identified niches UNDP will focus on (i) capacity development; (ii) technical advisory role; (iii) strengthening implementation of services; (iv) facilitation of development partnerships.

46. UNDP will strengthen coordination under the Development Partners Group (DPG), a UNDP/World Bank co-led donor forum, and join efforts with the Programme Aid Partners Group (DBS group of donors). UNDP will also continue to chair the Paris Declaration Implementation and the Decentralization Working Groups and participate in various other technical *fora* pertaining to the proposed programme.

IV. PROGRAMME MANAGEMENT, MONITORING AND EVALUATION

47. Results-based management arrangements will be established to ensure that:

(a) *Capacity development* is given high priority in the design and implementation of all UNDP interventions;

(b) *Systematic and regular M&E* take place for all country programme results. This will be anchored in the UNDAF M/E framework and include joint M&E activities with other UN Agencies and partners, in conformity with the Paris Declaration;

(c) *Maximum coordination, harmonisation and alignment* of UN and other partners is sought using, among other, existing coordination instruments, such as the PAP performance framework; and

(d) New and potential joint programming possibilities are fully exploited in all UNDAF areas.

48. With regard to execution modalities, most programmes will be carried out under national execution for which appropriate capacity building will be reinforced to enhance efficiency and timely delivery of results. Direct execution could also apply as necessary. The new CO Service Centre will support capacity building interventions by strengthening service delivery of national institutions. Internal capacity of UNDP will also be improved by enhanced usage of corporate tools (ERP/ATLAS, etc.). The Regional Service Centre will provide substantive support to the UNCT, and expert advice to the CO based on its regional knowledge.

49. In line with the UN Triennial Comprehensive Policy Review and Harmonization and Simplification Agenda, UNDP will promote greater coordination to ensure gains in efficiency, reduction of transaction costs and optimal use of available resources. Partnerships will be pursued and maximised to ensure the creation of synergies and increased impact of

UNDP interventions. Resource mobilization efforts will be driven by mutually reinforcing interests and complementary roles vis-à-vis the International Financial Institutions and other multilateral and bilateral partners. UNDP will continue to work under cost-sharing modalities and explore cooperation under different aid modalities, funding mechanisms and innovative partnerships.

ANNEXES:

1. RESULTS AND RESOURCES FRAMEWORK
2. UNDAF RESULTS MATRIX
3. RESOURCE MOBILIZATION TARGET TABLE