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Swiss Agency for Development
and Cooperation SDC

Swiss Cooperation Strategy Mozambique 2017–2020



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Abbreviations and acronyms

ARI	Aggregated Reference Indicators	MZN	Mozambique, Metical
BICA	Agenda Nacional de Integridade nos Negócios	NGO	Non-governmental organisation
CHF	Swiss franc	ODA	Official Development Assistance
CIP	Center for Public Integrity	OECD	Organisation for Economic Co-operation and Development
CPI	Centro de Promoção de Investimentos	OHCHR	Office of the High Commissioner for Human Rights
CSO	Civil society organisation	OMR	Observatorio do Meio Rural
CSPM	Conflict-Sensitive Programme Management	PES	Annual Economic and Social Plan
DFID	Department for International Development	PESS	Health Sector Strategic Plan
DNAAS	Direcção Nacional de Abastecimento de Água e Saneamento	PFM	Public Financial Management
EC	European Commission	PIPED	Plano de Implementação de Política e Estratégia de Desenvolvimento
SENAP	Southern Africa, East and North Africa, Occupied Palestinian Territory Division	PQG	Plano Quinquenal do Governo 2015–2019
EU	European Union	PROGOAS	Programa de Governação de Água de Saneamento Rural
FDI	Foreign Direct Investment	PROSAUDE	Health Sector Common Fund
FRELIMO	Frente da Libertação de Moçambique	P4H	Social Health Protection Network
GDP	Gross domestic product	QAD	Quadro de Avaliação de Desempenho
GoM	Government of Mozambique	RENAMO	Resistência Nacional de Moçambique
GoTAS	Governance, WatSan and Health Project SDC	SADC	Southern African Development Community
HDI	Human Development Index	SAM	Social Accountability Monitor
ICS	Internal Control System	SDC	Swiss Agency for Development and Cooperation
IMF	International Monetary Fund	SECO	Swiss State Secretariat for Economic Affairs
INE	Instituto Nacional de Estatística	SERI	Swiss State Secretariat for Education, Research and Innovation
INOVAGRO	Private Sector Project SDC	SME	Small and medium-sized enterprises
ItC	Iniciativas de Terras Comunitarias	TA	Technical Assistance
LGMI	Local Governance Monitoring Initiative	TVET	Technical vocational education and training
MBFM	Microbanco Futuro Mozambique	UN	United Nations
MEF	Ministry of Economy and Finances	UNFPA	United Nations Population Fund
MERV	SDC Monitoring System for Development-Relevant Changes	UNICEF	United Nations Children Fund
MISAU	Health Ministry	WASH	Water, sanitation and hygiene
MITADER	Ministério da Terra Ambiente e Desenvolvimento Rural	WatSan	Water and sanitation
MOPHRH	Ministry of Public Works, Housing and Water Resources	WHO	World Health Organization
MSD	Market Systems Development Approach (former M4P)		

Foreword

The development partnership between the governments of Switzerland and Mozambique goes back to the mid-1970s. Since the first peace agreement in 1992, Switzerland has continuously increased its development cooperation. The combined competences and resources of the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (SECO) have helped national partners bring about important achievements in the areas of economic development, health, water and sanitation, governance and civil society empowerment. Poverty has declined over time.

The new Federal Council's Dispatch on Switzerland's International Cooperation 2017–2020 reconfirms Mozambique as a priority country for Swiss development cooperation. Indeed, the deteriorating economic landscape, the rekindled conflict between the main political parties and the inability to cope with the rapidly growing population are obvious threats to social cohesion and stability, giving rise to inequalities, a growing mass of jobless youth, corruption, and unequal access to natural resources and public services.

The coming years are crucial for Mozambique's peace and sustainable development. In line with the values of Swiss foreign policy and comparative advantages, Switzerland is ready to assist the government of Mozambique in fulfilling its responsibility to foster inclusive growth and to reduce poverty further.

To this end, guided by the 2030 Agenda for Sustainable Development and within the framework of Mozambique's five-year plan, Switzerland will help strengthen governance at the local level. It will contribute to more equitable, efficient and accountable access to and use of financial and natural resources; it will help create market and income opportunities for young people and women and strengthen economic management; and it will strive to improve the health conditions of vulnerable people. Besides activities with a national reach, the focus on the rural areas of the three northern provinces of Niassa, Namapula and Cabo Delgado will remain.

This publication begins by providing an overview of Mozambique's political, economic and social context. It subsequently discusses the rationale for Swiss-Mozambican cooperation and goes on to outline achievements during the previous strategy cycle and to identify lessons learned. Building on this analysis, implications for the new Swiss Cooperation Strategy are drawn. Chapter 5 describes the goals and expected outcomes for Swiss cooperation with Mozambique for the 2017–2020 period.

I am confident that the priorities set out in the present strategy are particularly relevant to peace, stability, sustainable development and the well-being of the Mozambican people.

Bern, February 2017

Manuel Sager
Ambassador
SDC Director-General



1 Development context

Mozambique faces its greatest test since the end of the civil war in 1992. Despite its enormous potential, Mozambique remains one of the poorest countries in the world, and one with significant economic, political, social and environmental challenges. Armed confrontations with the former rebel group, the potentially disastrous impact of undisclosed loans and debt on the macroeconomic conditions, and severe drought in the south and centre of the country threaten Mozambique's stability and the well-being of its people.

Confrontational politics in an already fragile and violent situation...

Mozambique is one of 56 countries and economies identified as having fragile situations, using the OECD's States of Fragility Framework.¹ Its fragility lies especially in the political dimension.

Two major and closely interlinked developments threaten the country's stability, inclusive growth, and sustainable, socially equitable development: **First**, structural inequalities remain high due to weak rule of law, the way that natural, human and financial resources are managed, and the country's vulnerability to external shocks. In particular, the divide between the prosperous city of Maputo in the far south and the rest of the country persists. Formal participatory spaces are largely controlled by the ruling party FRELIMO with limited access for opposition members, specifically at district and provincial levels. State institutions remain highly centralised in spite of an ongoing decentralisation process. Replication of roles and institutions at central and local levels is impeding efficiency. Government and state institutions at all levels are mainly accountable to the ruling party. The political and economic spheres overlap and the state

remains vulnerable to corruption and other criminal practices. Formal oversight and control is limited.

Second, tensions have persisted between FRELIMO and RENAMO, both struggling for power, since the General Peace Agreement in 1992. Decentralisation of political and economic authority to the provinces has been one of the fundamental disputes. In 2012, armed violence resurged and, in August 2015, dialogue between the two parties broke off completely. Within weeks, the situation markedly deteriorated. The ruling party FRELIMO keeps holding on to its centralist and non-inclusive policy direction, which the opposition RENAMO considers a breach of key elements of the Peace Agreement and the more recent 2014 Cease Fire. Both parties have agreed to international mediation, but circumstances remain very tense with escalating rhetoric and violent confrontations and assassination of political opponents.

However, there are first signs of hope, as at the end of 2016 RENAMO announced a 60-day ceasefire and parliamentarians from both sides began appraising models of administrative decentralisation. A possible deal – at best only partial – will be fraught with challenges.

Large and rapidly growing deprived population...

The Republic of Mozambique has a population of 28 million; almost half of the people are below the age of 15. Projections indicate that the population will almost double by the year 2040, and that the proportion of working-age people will grow to around 60%. While life expectancy at birth has increased to 55, it is still ten years less than in neighbouring Tanzania, for instance.

Mozambique belongs to the group of least developed countries despite massive aid flows from the international community in the last 20 years. Poverty declined sharply from a very high 70% in 1998 to 54% in 2002. In 2014, still half of the population lived below the national poverty line. A national household expenditure survey in 2015 revealed modest improvements in living conditions, mainly in access to services and durable goods, but also demonstrated that inequalities in terms of wealth distribution have increased, as has the rural-urban gap.

¹ OECD States of Fragility 2016 HIGHLIGHTS.



Liquidity crisis and a downward-spiralling economy...

Mozambique has been one of the most rapidly growing economies in Africa. Annual GDP growth rates surpassed 7% over the past five years, enabled by large-scale foreign investments in the capital-intensive industrial sector as well as significant ODA. This impressive economic expansion was not inclusive, however. The major part of the rapidly growing population did not experience tangible benefits in terms of public services or income opportunities. Official unemployment stands at 23% (25% for women); youth unemployment at a staggering 41%. Tens of thousands of Mozambicans migrate each year to South Africa to find work. The low skills level of the labour force remains a significant concern: employers cannot hire qualified workers; a critical mass for promoting a culture of entrepreneurship is lacking. Three quarters of the population (87% of whom are women) work in smallholder farming, which is under great pressure from land concessions for industrial farming and from frequent natural disasters. The industrial sector employs a mere 6% of the workforce. Mozambique suffers from extreme climate events. It endures adverse impacts of droughts in the centre and south while devastating floods regularly hit in the north. Even if climatic conditions were favourable, the government's interest in commercial agriculture distracts from much-needed efforts to improve the productivity and resilience of smallholder farmers.

In 2015, Mozambique ranked a very low 180th out of 188 countries on the United Nations Development Programme – UNDP Human Development Index. Equitable access to quality health, water and sanitation services is at the core of poverty reduction, especially in the vast rural areas, but remains an enormous challenge. The percentage of the population using safe sources of drinking water and adequate sanitation infrastructure has increased, but still only reaches 49% and 21%, respectively. HIV prevalence among adults is the eighth highest worldwide, namely an estimated 10.6%. Despite comparatively high female representation in the national parliament (39.6% in 2015), women and girls remain confronted with manifold disadvantages and violations of their rights, particularly in rural areas. Mozambique is among the countries with the highest percentage of child marriage and there is a lack of respect for women's power over their own lives. The number of primary and secondary schools tripled between 1992 and 2010, but illiteracy remains comparatively high at 21% for males and 42% for females. Since 2003, maternal mortality has persisted at 408 deaths per 100,000 live births, which is among the highest in the world and the second highest in the region.

The economic growth rate recently declined to 3.7%. In 2016, the revelation of previously undisclosed external public loans seriously undermined donors' trust, led to a suspension of vital ODA, and plunged the economy in a downward spiral. Mozambique's already existing high debt burden is estimated to reach 112% of GDP, compared to a regional average of 41% according to the IMF. Mozambique faces significant budget shortages and risks losing its credit-worthiness, with an expected negative impact on public services and importation of goods such as fuel and medicines. Positive IMF expectations of 8% and more growth in the long-term, based on an assumption of massive investments in natural gas extraction and higher coal production, are compromised. Nevertheless, they are still within reach if Mozambique, together with its partners, manages to improve public funds management and fiscal transparency and restore economic stability.

2 Swiss and international cooperation with Mozambique

Switzerland has been active in Mozambique since the mid-1970s; formal development cooperation started in 1979. During the peace process, which led to the 1992 General Peace Agreement that ended the 16-year civil war, Switzerland made significant contributions to the demobilisation and rehabilitation of the war-torn country. Since then, it has continuously increased the level of its international development cooperation. Combining the competences and resources of the Swiss Agency for Development Cooperation (SDC), the State Secretariat for Economic Affairs (SECO), and the Human Security Division of the Federal Department of Foreign Affairs' Directorate of Political Affairs, its focus has been on economic development, health, water and sanitation, and governance and the strengthening of civil society.

Mozambique is among Africa's largest recipients of ODA. The donor landscape is complex with more than 60 bilateral and multilateral agencies. In 2014, ODA represented 25% of the national budget or 13% of GDP. The USA (18.8% of ODA) and the World Bank (15.1%) were by far the largest donors, followed by the European Union and UKAID. Switzerland (2%) figured in the midrange segment of donor contributions. During 2012-16, it channelled around 60% of its ODA through the public system.

Several Swiss NGOs and research institutions are also present in Mozambique: Helvetas, Swiss Intercooperation and Swisscontact are among the SDC's main implementing partners.

The future role and form of ODA to Mozambique is unpredictable for various reasons. First, OECD donors are cautious because of a series of disclosures around mismanagement of public funds, lack of fiscal transparency and corruption scandals. Second, the influence of traditional donors is gradually declining: an increase in importance of non-traditional donors who invest in the economy and infrastructure and operate outside coordination mechanisms can be observed; alternative income from natural resources is anticipated.

Represented by an integrated embassy, Switzerland is a recognised convenor and opinion leader, especially in decentralisation, health and public finance management. Government authorities and civil society organisations alike perceive Switzerland as an honest broker.

Swiss cooperation with Mozambique will continue to emphasise poverty reduction in line with the values of Swiss foreign policy and with the Federal Council's Dispatch on Switzerland's International Cooperation 2017–2020. Assistance will be guided by the 2030 Agenda for Sustainable Development and provided within the framework of Mozambique's five-year plan. Mozambique is an SDC priority country. The SDC will implement a full-fledged programme formulated as part of the present strategy and within the framework of SDC regional and global programmes. SECO will pursue complementary measures, including support for global initiatives implemented by international financial institutions.



3 Past achievements and lessons learned 2012–2016

An evaluation of the Swiss Cooperation Strategy 2012–2016 generally concluded that it was highly aligned with country priorities and policies and with the priorities of the Federal Council's dispatch, and that the Swiss portfolio demonstrated relevant achievements in all priority areas. At the same time, it pointed out important threats to sustainability, notably fragile political support for decentralisation, contested space for public deliberation and civil society engagement, and severe capacity constraints within the public sector and civil society.

Achievements in local governance

Selected accomplishments Governance

- Higher than usual female participation in local decision taking in Swiss-supported districts and municipalities
- More influential Mozambican civil society organizations
- Agricultural land security increased
- Increase in access to safe water in Cabo Delgado province from 35% in 2011 to 60%
- Increased efficiency and transparency in public financial management in all 153 districts leading to higher tax revenues

Switzerland has supported decentralisation and promoted accountability at municipal and district levels in the areas of public administration, land rights, and water and sanitation service delivery.

Swiss social accountability initiatives have contributed to greater citizen participation in decision-making. Participatory spaces supported by Switzerland at district and municipal level showed higher female participation than the national average. Furthermore, today's most renowned Mozambican civil society organisations were built up and supported by Switzerland. Their impact and relevance for policy dialogue on transparency, anti-corruption, natural resource and land management is heavily due to Swiss investments in their institutional capacities. In all 153 districts of Mozambique, Swiss support contributed to more efficient and transparent management of resources for service delivery. Addressing not only supply and demand sides, but specifically also working on the interface between the two, was relevant and led to higher tax revenues and better public service delivery.

Furthermore, promoting land governance, community land delimitation and land titling has increased land security for parts of the rural population. Special attention to land rights and gender equity increased public awareness about specific difficulties women and girls face in gaining access to and use of land. Land governance will gain additional relevance in the context of foreign investments in agricultural land and the extraction of natural resources.



Support for local water systems, including through common funds CFs, was more successful than for the sanitation sector. While more citizens of Cabo Delgado province now have access to safe water (60% in 2015 compared to 35% in 2011), and the spread of cholera was halted, sanitation coverage throughout the country remains low.

Achievements in economic development

In the area of economic development, Switzerland has developed a relevant and coherent portfolio at the local and national level.

In the north of Mozambique, where the private sector has traditionally been very weak, Switzerland facilitated the development of agricultural and horticultural value chains that have increased the income (by an average of 50% p.a.) of 18,000 poor smallholders, a quarter of whom are women, through access to quality inputs and services. In a complementary effort, a multi-stakeholder national association for the seed sector was established. In Nampula province, Switzerland supported the creation of one of the first fully-fledged regulated microfinance banks in Mozambique. Opened in September 2014, the Micro Bank Mozambique MBFM has served over 10,000 low-end clients, 90% of whom were women. This pioneering but challenging project has great potential to accelerate local private sector development.

Selected accomplishments Economic development

- Income of over 18,000 smallholders in the north of Mozambique increased by an average of 50% p.a.
- Access to microfinance for over 10,000 low-end, mainly female, clients in Nampula province
- National Tax Administration doubled nominal tax revenues
- Strengthened public financial management systems
- Allocation of more public funds to high-priority issues

Selected accomplishments Health

- Increase in institutional birth rates in Cabo Delgado province from 66% in 2010 to 76%
- Increase in availability of 15 essential medicines in Cabo Delgado from 52% in 2011 to 60%

At the macroeconomic level, the Swiss contribution to capacity building for the National Tax Administration has led to a twofold increase in nominal tax revenues since 2011. General Budget Support (GBS) combined with technical assistance, provided Switzerland an important entry point to engage in policy dialogue at the highest level, contributing in particular to strengthening Public Finance Management (PFM) systems. In 2014, an independent evaluation² found that GBS had contributed to macroeconomic stability and an expansion of public spending on high-priority issues; however, despite increasing access to public services, it had so far not translated into significant poverty reduction.

Achievements in health

An important accomplishment in the health sector is an increase in institutional birth rates in Cabo Delgado province from 66% in 2010 to 76%, also thanks to Swiss support for better public finance management in the health system. The availability of 15 essential medicines in Cabo Delgado increased from 52% in 2011 to 60%, but missed the ambitious 90% target due to challenges with the medicine logistics system. On the downside, the performance of the sectoral common fund and the health sector-wide approach in Mozambique was found to be behind expectations in terms of financial weight, impact on overall systemic change and accountability. This has led concerned development partners, including Switzerland, to initiate joint revisions of this particular aid mechanism.

Lessons learned

The evaluation of the Swiss Cooperation Strategy 2012-16 and the consultation process leading up to the present strategy have identified important lessons.

Overall, work in health, economic development and local governance was and remains highly relevant. Switzerland's long-term support and persistence, especially in light of political challenges; its partnerships with state institutions, local communities and civil society; and its knowhow and technical expertise were all highly valued. Its parallel work at the national level and in the districts and municipalities facilitated valuable knowledge transfer and central-level policy dialogue. Its careful choice and mix of aid modalities greatly helped to achieve desired results at the national and local level.

Switzerland's presence in Mozambique has been more significant than its relatively modest ODA contribution. It has been able to leverage its support thanks to its involvement in coordination mechanisms, general budget support (GBS) and common funds. However, the recent debt-crisis scandal and clear violation of underlying principles for the provision of budget support have once more demonstrated the need for a stable context, sound macroeconomic policies and an adequate regulatory oversight mechanism.

Given the size of Mozambique, the unpredictability of overall ODA, and the volatile political and economic situation, Swiss activities and resources need more strategic targeting. There is scope for Switzerland to work more on the underlying causes of conflicts and inequalities to strengthen social cohesion.

² Independent Evaluation of Budget Support in Mozambique Final Report Volume I 2014. Jointly managed by the European Commission, the Ministry of Planning and Development of Mozambique, and the evaluation departments of Ireland, Germany, Belgium, Italy, Finland, the Netherlands and France.



4 Implications for the Swiss Cooperation Strategy 2017–2020

Mozambique faces a critical period of political, economic and social transition. The most likely scenario is that tensions between FRELIMO and RENAMO will persist. Structural inequalities will remain high or even increase. Living conditions will stagnate or further deteriorate for the majority of the population. Four factors therefore significantly affect the design of the Swiss Cooperation Strategy 2017–2020: the changing economic landscape, the conflict between the main political parties, the role of the government, and the rapidly growing population.

The sheer size of the country, insufficient institutional capacities, political distractions and insecurity, and the low-skilled labour force will make it an enormous challenge for the government of Mozambique to respond to the projected population growth and accompanying increased demand for public services. Thus, further conflict-sensitive efforts to strengthen good governance, decentralisation and social accountability are called for, as is a dedicated engagement in peace- and state building. Building on its experience, the Swiss embassy is ready to play a facilitating role in the conflict between political parties should the opportunity arise.

A young dynamic workforce and better economic inclusion of women are opportunities to put the economy on a broader and solid footing. To harvest this potential and reduce unemployment, increased improvements to the business environment, employment opportunities, skills development, access to finances and productivity are in high demand. Agriculture lends itself as an ideal sector for creating widespread benefits and narrowing disparities, specifically gender inequalities.

Good governance will remain a priority area and at the heart of all Swiss support. Policy dialogue and

technical assistance for decentralisation, public resource management and social accountability will be intensified, with a stronger emphasis on change at the local level and for poor and vulnerable population groups. Support for civil society empowerment and participation in policy processes will be strengthened and include the private sector.

Switzerland will allocate considerably more funding to creating employment and raising incomes in the agricultural sector in the northern provinces. To this end, it will pay more attention to skills development than until now. It will also address the resilience of smallholder farmers and SMEs to climate change, environmental degradation and natural hazards, thereby also contributing to better food security. De-



pending on progress in responding to and managing the debt crisis, Switzerland will continue to work with central-level partners to improve transparency in public financial management, including domestic revenue management, especially in view of increasing challenges related to taxation of natural resources wealth. It will explore possibilities for supporting fiscal decentralisation.

Future Swiss cooperation will aim to improve the health situation of the growing population, and especially rural women and young people. Striving for greater impact, the health programme will be implemented through multi-sectoral interventions in health and sanitation. Through the revised health sector common fund, Switzerland will continue to engage in results-oriented policy dialogue and coordination where it will focus on primary healthcare, governance and decentralised service delivery.

Seeking to maximise impact and scale, Switzerland will use lessons learned at the local level to feed national policy dialogue in all its areas of work.

5 Priorities and objectives



Overall goal

The overall goal of the Swiss Cooperation Strategy Mozambique 2017–2020 is to contribute to poverty reduction by building a more equitable society and facilitating inclusive growth.

The three Swiss portfolio priorities are: (1) good governance, by contributing to equitable, efficient, transparent and accountable access to and use of financial and natural resources; (2) market and income opportunities, in particular for youth and women, and economic management for inclusive growth; and (3)

improved health conditions. National policy dialogue and decentralised interventions will reinforce support for service delivery in districts and municipalities with a focus on the three northern provinces where Switzerland is already active.

Governance

Switzerland will contribute to national cohesion and stability by improving capacities to manage financial and natural resources at national and local levels. To this end, it will pursue two closely interlinked approaches in partnership with other development actors. On the one hand (outcome 1), it will:

- › Strengthen the competences of municipalities and districts in public financial management to ensure efficient and transparent management of resources at the local level;

- › Strengthen the organisational capacities of Mozambican CSOs to improve their internal governance and their capacities to advocate for equitable resource management;

- › Engage with private sector stakeholders on due diligence measures and generate understanding of conflict-sensitive business management as well as business integrity.

On the other hand (outcome 2), Switzerland will continue to promote inclusive and efficient spaces for governmental and non-governmental actors to engage in dialogue on transparent, accountable and inclusive management and use of resources. Switzerland will continue its successful support for equitable access to and use of land, which will reinforce interventions and results in the area of income and economic development.

Analyses of the realities of women and young people will ensure that their needs are better included in programme planning and implementation as well as multi-stakeholder dialogue. Research and analyses will also provide a better understanding of particular inter-group tensions and divisions with potential for conflict.

Governance outcome 1:

Decentralised, equitable and transparent management of resources by local government/state institutions and civil society organisations as well as enhanced business integrity

Governance outcome 2:

Socially accountable, inclusive and transparent access to and use of resources thanks to constructive multi-stakeholder dialogue between government/state institutions, citizens/CSOs and private sector stakeholders

Governance

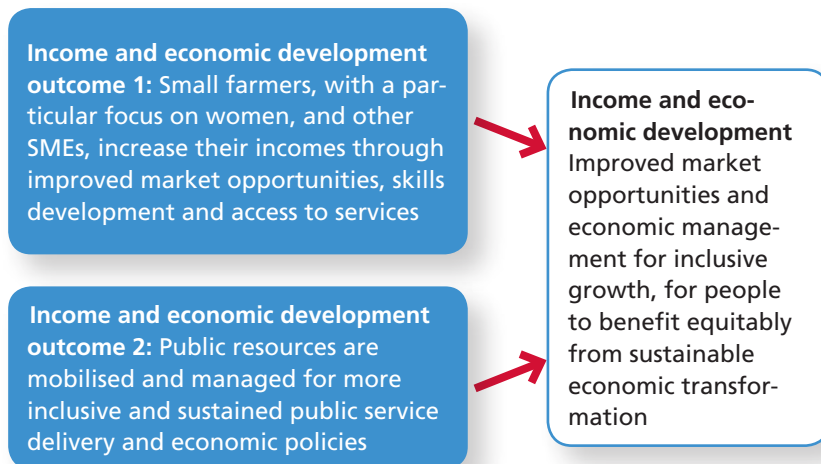
More equitable, efficient, transparent and accountable access to and use of resources

Income and economic development

Switzerland through the SDC and SECO will contribute to inclusive growth and equitable sustainable economic transformation. To this end, it will considerably expand its support for market opportunities and services. (outcome 1) Following a market system development approach, Switzerland will improve employment and skills development, productivity and competitiveness in agriculture (including access to land, financial services, improved agricultural inputs and irrigation). It will target skills development interventions in agriculture, financial education and

other relevant areas. Given their particular vulnerability, interventions will benefit young smallholders and women in northern Mozambique. The resilience of farmers facing adverse weather conditions and climate change will also be addressed.

To enhance synergies between the economic micro- and macro levels, Switzerland will promote a sustainable and balanced macro-economic environment (outcome 2), with a strong focus on improving the business environment and growth opportunities for micro- and small enterprises. To sustain previous development results, and complementary with the governance pillar, the focus on public financial management reforms will be maintained - both at the central and decentralised levels - in particular in the area of tax policy and administration to support domestic revenue mobilisation. In addition, Switzerland will support economic research and advocacy work by CSOs and academic institutions in critical areas of economic management with a focus on the main determinants of inclusive growth, such as managing natural resources wealth.

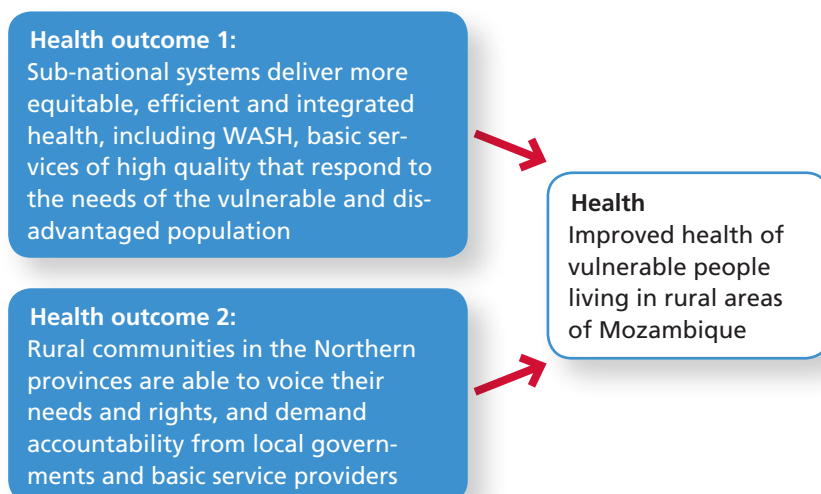


Health

Switzerland is well positioned to make a difference in the health sector. At the national level (outcome 1), Switzerland will lead the finalisation of a revised MoU between development partners and the ministry of health with the objective to strengthen the sector-wide approach mechanism. It will actively contribute to policy dialogue in support of a more effective

national health system. It will back decentralisation efforts by promoting decentralised systems that are capable of delivering equitable, efficient and integrated quality basic health services that respond to the needs of the population.

At local level (outcome 2), Switzerland will contribute to improved health of vulnerable people living in rural areas of Mozambique by supporting supply and creating demand. It will achieve this through a new multi-sectoral approach to health and its determinants (water and sanitation). To influence access to and the quality of health and water and sanitation services, Switzerland will empower communities in the northern provinces - especially women and young people - to know and voice their rights and demand accountability.





Gender objectives

Switzerland will contribute to closing the gender gap in Mozambique by:

- Ensuring that quality water and sanitation and health-related services and care are offered to men and women without discrimination
- Increasing support for women to overcome difficulties they have in accessing land, finance services and markets
- Strengthening women's access to information and the voice of women and girls in formal and informal decision-making processes
- Ensuring that social accountability processes and the media better reflect women's needs and concerns

Transversal themes

Governance and gender will be strengthened as crosscutting themes. Besides targeted programmes within the governance domain, good governance will be also a fundamental feature of the health and the income and economic development and economic development domains. Governance as a transversal theme will emphasise transparency, anti-corruption, social accountability as well as (financial) decentralisation and local governance. A gender analysis of each priority area will be conducted and key gender issues/ challenges will be part of the overall monitoring and reporting system.

Culture

The Swiss Cultural Programme in Mozambique aligns itself with the Swiss Strategy for Culture and the Mozambican government's plan to strengthen national identity and unity and promote (self-) employment. The Cultural Programme builds on the acknowledgement that values, beliefs, arts and cultural practices are key influences on political, economic and social development processes and more generally vectors of societal dynamism. Arts and culture matter for development. The programme aims to involve youth in cultural activities as a means to boost their self-esteem, confidence, sense of responsibility and initiative.

Due to its relevance and highly negative bearing in Mozambique, HIV/AIDS remains the third transversal theme. Support will be provided for implementing the SADC HIV/AIDS Strategy in close coordination with the SDC Regional Programme Southern Africa as well as the SDC's global and multilateral programmes.

In addition, reflecting risks and opportunities of the development context, Switzerland will apply a conflict-sensitive approach and address climate change and disaster risk reduction, the latter particularly in the income and economic development pillar.



6 Programme management and implementation

Swiss integrated embassy in Mozambique

Switzerland benefits from a privileged and credible position in Mozambique thanks to a trustful and long-lasting relationship. The integrated embassy is active on the political stage where it makes efficient and effective use of opportunities to increase political coherence, create synergies with Swiss international development cooperation and other foreign priorities, and to safeguard Swiss interests. The embassy of Switzerland also engages in the economic sphere where it promotes the principles of fair economic development. The interest of the Swiss private sector in doing business with Mozambique, with some exceptions, is modest, but growing. In 2013, the Swiss embassy supported the foundation of the Swiss Mozambican Business Network.

Aid modalities and partnerships

Switzerland will apply a mix of aid modalities. While continued attention will be given to central level policy dialogue, the need for external funding of sector common funds is expected to decrease given anticipated growing domestic revenues. Switzerland will pay more attention to strengthening local government institutions. Similarly, it will intensify its work with CSOs at the local level. In addition, it will initiate spaces for multi-stakeholder dialogue, including entrepreneurs. To achieve its objectives, Switzerland will coordinate and work with selected national and international organisations and Swiss partners, through strategy-relevant formal working groups and other types of alliances. It will lead those sector groups linked to its priority areas of engagement. It will scale up and seek new synergies with multilateral organisations and multi-stakeholder initiatives such as UNFPA, P4H and the Global Facility for Disaster Reduction and Recovery (GFDRR). It will increase the level of interaction and collaboration with the SDC global programmes for food security and health and the SDC Regional Programme Southern Africa.

Geographical orientation

Beside activities with a national outreach, the current focus on the three northern provinces of Niassa, Nampula and Cabo Delgado will be maintained and even intensified. Extending parts of the programme to a central province (Zambezia) remains an option depending on how the context evolves.

Human resources

The current embassy staffing is adequate for managing and implementing the Cooperation Strategy 2017–2020. Cost-effective management will be emphasised, including the option of increasing the responsibilities of local staff and a possible reduction of the number of expatriates. An active involvement in the political process may require additional resources.

Budget

The total indicative budget (excluding operating expenses) for the four-year Cooperation Strategy 2017–2020 amounts to about CHF 94 million. The SDC budget of CHF 89 million will be almost equally allocated between the three pillars. The income and economic development domain will see a doubling of its share to scale up interventions. The health pillar, despite the integration of WASH interventions, will decline, reflecting the anticipated reduced importance in financial terms of sector common funds. SECO's complementary measures will contribute to the income and economic development pillar (approximately CHF 5 million). Moreover, Mozambique will benefit from additional Swiss funding - i.e., through SDC global and regional programmes as well as Swiss contributions to international and multilateral organisations/initiatives and Swiss NGOs active in the country.



7 Programme steering

Monitoring the Cooperation Strategy serves the three-fold objective of (1) programme steering for ensuring relevance, effectiveness and efficiency of the Swiss programme; (2) accounting for results (for SDC headquarters and stakeholders); and (3) continuous learning.

Monitoring of the Cooperation Strategy is within the responsibility of the Swiss cooperation office (SCO). The implementation of the Cooperation Strategy for Mozambique 2017–2020 will be monitored at four different levels:

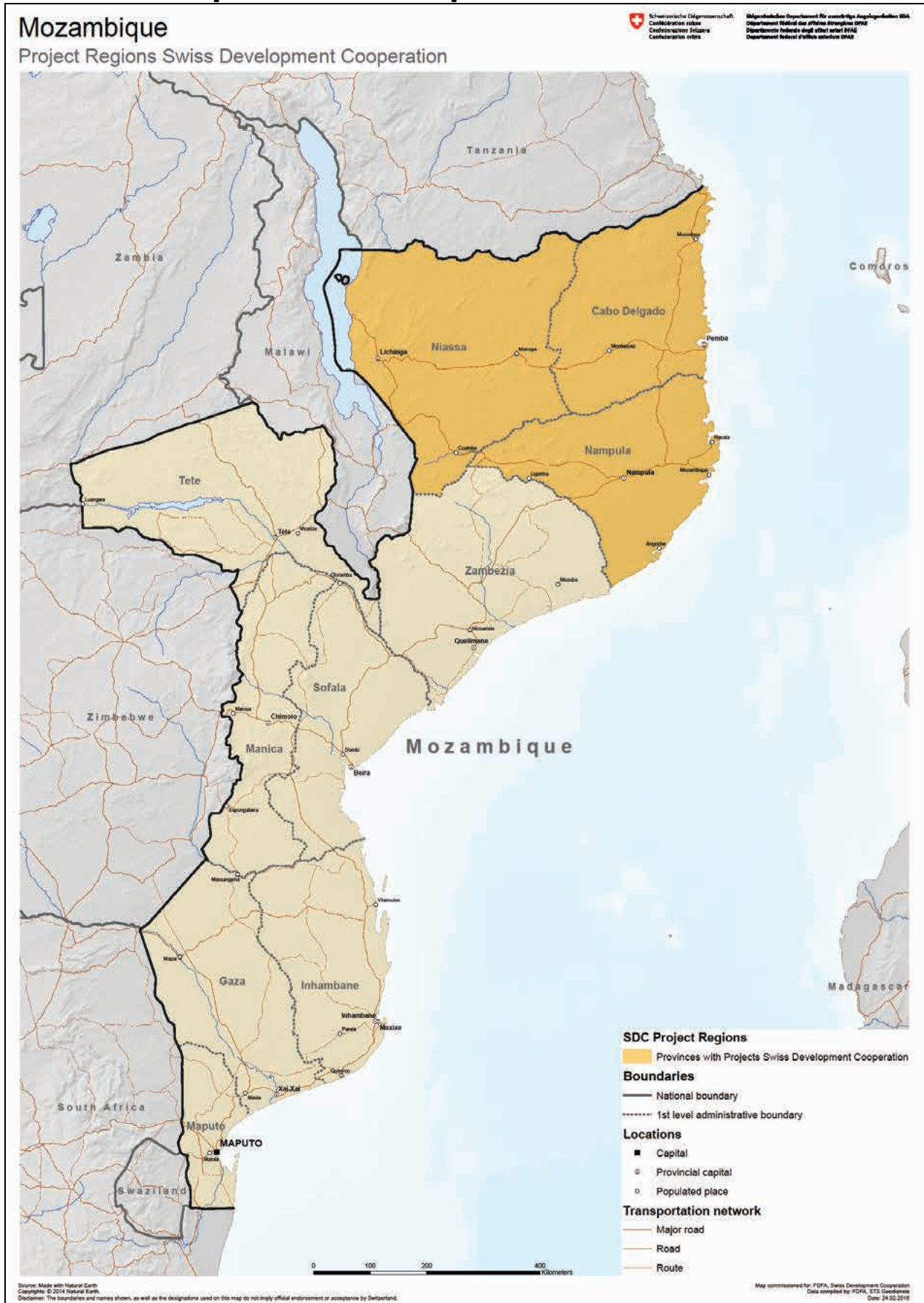
- › Development of the wider country context and sector-specific relevant contexts on a (bi-) annual basis to cover context changes with the MERV instrument
- › Relevant changes at the level of national objectives: progress made in achieving expected results as stipulated in the framework plans for Mozambique and other national sector strategies
- › Swiss portfolio results per domain of intervention to keep track of achievements in the different domains, including using Aggregated Reference Indicators (ARI) that allow the SDC to communicate on achievements across different countries
- › Portfolio management of the embassy to verify performance in terms of application of aid modalities, cooperation with partners, allocation of financial resources, gender and other management dimensions

The Swiss Cooperation Strategy is subject to regular monitoring in order to keep track of the effectiveness and relevance of the Swiss programme portfolio and to decide on corrective measures. The results frameworks and the monitoring system are built on a perspective of emphasizing national objectives while achievements of the Swiss Cooperation are understood as a contribution to achieving these results. The approach aims to integrate the observations at country and Swiss portfolio level and to focus on monitored results at outcome (effect level) in all operations.

Level	Focal Area	Instrument	Periodicity
Country context	› Overall country context relevant for the Swiss Cooperation Strategy	› MERV › Political report, › Economic report › HR-report	› At least annually: September/October › (more frequently if required)
Country development results	› Country development results per domain of intervention › Overall context changes relevant for the Swiss programme › Specific domain context changes	› Annual report	› Every year in autumn
Swiss portfolio results	› Effectiveness of interventions in achieving (annual) targets and contributing to country objectives	› Annual report › Domain and/or programme reviews, evaluations and studies	› Mid-year review (May) › Annual review (October)
Portfolio management	› Effectiveness and efficiency of the Swiss Cooperation Office in supporting the programmes to reach the stipulated cooperation strategy objectives	› Annual report › Office management report (OMR) › Financial reports / audits › ICS Report › Gender Mainstreaming Plan – GEMP and SENAP (Gender)	› Every year in autumn



Annex 1: Map of Mozambique



Annex 2: Financial planning in Swiss francs

The table shows only project fund expenses. Operating expenses are not included.

Domain/ Financial Year:	2017	2018	2019	2020	Total 2017-20	in %
Income and economic development (SDC and SECO*)	5 750 000 1 250 000*	7 000 000 1 250 000*	7 500'000 1 250 000*	8 000 000 1 250 000*	28 250 000 <u>5 000 000*</u> 33 250 000	35%
Governance	7 000 000	7 000 000	7 500 000	8 000 000	29 500 000	31%
Health	8 000 000	7 500 000	7 000'000	6 500 000	29 000 000	31%
Other interventions						
<i>Culture programmes; small credits, etc.</i>	750 000	500 000	500 000	500 000	2 250 000	3%
Total indicative SDC Budget Allocation	21 500'000	22 000'000	22 500'000	23 000'000	94 000 000	100%
General Overview of the projected funds by Swiss Federal Offices:						
Financial Year:	2017	2018	2019	2020	Total 2017-20	in %
Federal Department of Foreign Affairs FDFA-SDC	21 500'000	22 000 000	22 500'000	23 000'000	89 000 000	94,5%
SECO* (complementary measures)					(approx. 5m)*	5,5%
Total funds by Federal Offices					94 000 000	100%

Besides funds reported in the table, Mozambique will benefit from additional Swiss funding - i.e., through SDC global and regional programmes as well as Swiss contributions to international and multilateral organisations/initiatives and Swiss NGOs active in the country.

Annex 3: Results framework

1 Governance

Domain objective: More equitable, efficient, transparent and accountable access to and use of resources that contribute to national cohesion and stability.		
Swiss portfolio outcomes	Contribution of Swiss programme	Country development outcomes
<p>Outcome statement 1: decentralisation</p> <p>Decentralized, equitable and transparent management of resources by local government/state institutions and civil society organisations as well as enhanced business integrity</p> <p><u>Local government</u> 1.1 % of annual increase in municipal revenues from municipality's own resources in 26 SDC supported municipalities</p> <p><u>Source:</u> Prodem (Reporting N-1) <u>Baseline 2015:</u> 11 out of 26 municipalities with less than 5% annual increase <u>Target 2020:</u> at least 21 out of 26 municipalities with a minimum annual increase of 5%</p> <p>→ Reference ARI G02/SDG 16, 17: Budget resources</p> <p><u>Civil society</u> 1.2 Number of SDC supported Mozambican civil society organisations with increased capacity to foster transparent and gender equitable resource management at the national level and in Cabo Delgado, Nampula and Niassa (capacity level 3 or more according to SDC CSO capacity building concept)</p> <p><u>Source:</u> LGMI, Land-use rights, SA in health, Wiwanana, <u>Baseline:</u> 0 out of 10 <u>Target:</u> 2020 8 out of 10</p> <p>→ Reference ARI G03/SDG 16, 17: Illicit financial flows- capacities</p> <p><u>Business integrity</u> 1.3 Qualitative observation of adherence and adoption of business integrity instruments by companies (national and local level) and improve their monitoring and reporting by business associations</p> <p><u>Source:</u> CIP, Transparency International, Confederation of Economic Associations of Mozambique CTA, Swiss embassy <u>Baseline 2015:</u> BICA Business Integrity Score: 25 <u>Target 2020:</u> BICA Business Integrity Score: 50 or more</p> <p><u>Gender equitable resource management</u> 1.4 % of land-use titles attributed to the SDC land-use rights programme to women in Cabo Delgado, Nampula and Niassa</p> <p><u>Sources:</u> Land-use rights programme <u>Baseline 2015:</u> 40% of 450 land delimitations/demarcations attributed to women <u>Target 2020:</u> 53% of 1800 land delimitations/demarcations attributed to women</p>	<p>Improved government/state capacities to manage financial resources at decentralised level as an important dimension of good governance. Increased organisational capacity of Mozambican civil society organisations to advocate and lobby for equitable resource management. Enhanced business integrity and transparency of private sector stakeholders in the management of natural resources. Improved national policies and strategies regarding decentralisation and resource management to guarantee democratic rule of law and good governance. More sustainable and transparent management of natural resources and environment.</p> <p><u>Assumptions</u></p> <ul style="list-style-type: none"> The government continues to implement decentralisation policy and strategy according to the established and approved action plan. Continuous existence and political space for manoeuvre for drivers of decentralisation within government. Improved business integrity supports at the same time pro-poor and pro-profit development. At least status quo of space for civil society at national and local levels regarding freedom of expression, freedom of association and freedom of peaceful assembly. Private sector stakeholders recognise that corruption is a major challenge and an obstacle to good business. <p><u>Risks</u></p> <ul style="list-style-type: none"> No political solution to tensions between RENAMO and government and continuous escalation of armed conflict. Reduction of space for civil society organisations at national and local levels due to armed confrontations and increased political tensions. No or little interest of private sector stakeholders to comply with basic principles of business integrity. Decentralisation is one of the issues spurring the conflict between the political parties. 	<p>Country development outcome 1</p> <p>Sustainable and transparent management of natural resources and the environment</p> <p>Consolidation of democratic rule of law, good governance and decentralisation</p> <p><u>Local government</u> 1.1 No. of municipalities where harmonised municipal financial management system is used</p> <p><u>Source:</u> PIPED (DNDA - Direcção Nacional de Desenvolvimento Autónomo) <u>Baseline 2015:</u> 0 <u>Target 2019:</u> 15</p> <p><u>Civil society</u> 1.2 Qualitative observation of space for civil society and freedom of the press at the local level and at the national level:</p> <ul style="list-style-type: none"> Freedom of expression and opinion/freedom of the press Freedom of association/peaceful assembly Non-discrimination (based on OHCHR practical guide for CSO space) <p><u>Sources:</u> Qualitative: UN Country reports (OHCHR), International Non-Governmental Organisations - INGO reports (Human Rights Watch - HRW) Quantitative: freedomhouse.org / rsf.org Freedom house: 44 / Reporters without borders: 85 Qualitative: Increased space for civil society Quantitative: Annual improvement of freedom of the press scores</p> <p><u>Business integrity</u> 1.3 Rank and score of Mozambique in Corruption Perception Index of Transparency International</p> <p><u>Sources:</u> Transparency International CPI report <u>Baseline 2015:</u> Rank 112 out of 187 / Score 30 out of 100 <u>Target:</u> Improvement of Rank and annual improvement of CPI scores</p> <p><u>Policies</u> 1.4 Qualitative observation of policy improvement and elaboration and implementation of action plans in the thematic areas of decentralisation and gender equitable resource management</p> <p><u>Sources:</u> Governance Platform, Decentralization working group, Gender working</p>

<p>Outcome statement 2: Social Accountability</p> <p>Socially accountable, inclusive and transparent access to and use of resources thanks to constructive multi-stakeholder dialogue between government/state institutions, citizens/CSOs and private sector stakeholders</p> <p><u>National level</u></p> <p>2.1 Number and quality of multi-stakeholder conferences/dialogues/platforms on key development issues for Mozambique supported/initiated directly by Switzerland</p> <p><u>Source:</u> SDC Maputo <u>Baseline 2015:</u> 1 per year <u>Target 2020:</u> minimum 2 per year</p> <p><u>Municipal level (urban spaces)</u></p> <p>2.2 No. and quality of interactions (public auditions) between local government/state institutions, citizens/CSOs and private sector stakeholders in 26 municipalities in central and northern Mozambique</p> <p><u>Source:</u> Municipal Social Accountability Programme - MuniS- am/Prodem <u>Baseline 2015:</u> 6 out of 26 <u>Target 2020:</u> 21 out of 26 → Reference ARI GO1/SDG16: Citizen participation</p> <p><u>District/provinces (rural areas)</u></p> <p>2.3 Number of communities in Cabo Delgado, Nampula and Niassa benefiting from tax revenues established by law (20%) on forestry and fauna exploitation (community-government) and number of communities in Cabo Delgado, Nampula and Niassa supported in the negotiation with private sector stakeholders (community-private sector)</p> <p><u>Source:</u> Land-use rights programme ITC Reports <u>Baseline 2015:</u> No. of communities benefitting from tax revenues: 61 out 115 No. of communities supported in negotiation with private Sector stakeholders: 03 out 15 <u>Target 2020:</u> No. of communities benefitting from tax revenues: 244 out 244 / No. of communities supported in negotiation with private sector stakeholders: 12 out 60</p> <p><u>Gender</u></p> <p>2.4 <u>Qualitative:</u> Observation of effectiveness of women's participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life in Cabo Delgado, Nampula and Niassa. <u>Quantitative:</u> No. of supported Mozambican CSOs with gender policy/action plan in implementation</p> <p><u>Sources:</u> LGMI, land-use rights, Wiwanana <u>Baseline 2015:</u> 2 out of 10 with gender policy / 0 in implementation <u>Target 2020:</u> 10 out of 10 with gender policy in implementation</p>	<ul style="list-style-type: none"> - Improved quality of citizen participation and increase quality and quantity of exchange of information between government/state, business sector and citizens/CSOs. - Increased community benefits from natural resources thanks to multi-stakeholder engagement in its use. - Decreased tensions thanks to constructive dialogue between all involved parties at the local and the national level. - Citizen participation in decision-making processes at municipal, district and national levels will be more effective and gender and age equitable. - More inclusive, transparent and sustainable management of natural resources and environment. <p><u>Assumptions</u></p> <ul style="list-style-type: none"> - Government effectively implements law on access to information at all levels. - The government continues to implement policies and strategies regarding community participation and involvement in natural resource use (public auditions before investments etc.). - Private sector stakeholders recognise that engagement with communities increases their benefit. - Communities interested to engage with business sector. - Further improvement of existing participatory spaces and openness for dialogue and debate at all levels (consultative councils, development observatories, public audition etc.). - Communities continue to recognise value added of participatory spaces and multi-stakeholder dialogue. <p><u>Risks</u></p> <ul style="list-style-type: none"> - No political solution to tensions between RENAMO and government and continuous escalation of armed conflict/armed tension and conflict limits confidence of stakeholders in effective, independent and transparent multi-stakeholder dialogue. - Participation fatigue of citizens or CSOs in multi-stakeholder dialogue due to lack of responses or concrete results. - Status quo regarding (separation of state and party?) the government. - Further decrease of commodity prices. - Political interference, co-optation of spaces for dialogue undermines credibility and possibility of voicing diverse opinions. - Decentralisation is one of the issues spurring the conflict between the political parties. 	<p>Country development outcome 2</p> <p>Sustainable and transparent management of natural resources and the environment</p> <p>Ensure effective participation of citizens in decision-making processes on district and municipal development</p> <p><u>National level:</u></p> <p>2.1 % of requests for access to information by citizens received satisfactory response within the timeframe established by law</p> <p><u>Source:</u> QAD <u>Baseline 2016:</u> 30% <u>Target 2018:</u> 45%</p> <p><u>Municipal level (urban spaces)</u></p> <p>2.2 Number of municipalities with published budgets and expenditure reports (26 municipalities in the north)</p> <p><u>Source:</u> Prodem (Reporting N-1) <u>Baseline 2015:</u> tbd <u>Target 2020:</u> each municipality publishes at least once</p> <p><u>Districts/provinces (rural areas)</u></p> <p>2.3 Number of provincial and urban land-use plans elaborated and implemented</p> <p><u>Source:</u> POG (MITADER) <u>Baseline 2014:</u> Province 4 / Municipalities 30 <u>Target 2019:</u> Province 10 / Municipalities 53</p> <p><u>Policies</u></p> <p>2.4 Qualitative observation on policy improvement for citizen's participation and inclusive resource management with a focus on policies facilitating women and use participation and their access to resources</p>
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(4) Lines of intervention (Swiss programme)

Ref. outcome 1:

National level:

- Systematic policy dialogue: as lead of the decentralisation working group, the SDC organises at least 4 annual meetings of the group with participation of all relevant government stakeholders and donors engaged in decentralisation programmes in order to exchange on insights from the interventions at the local level and possible adaptations on national policies and politics on decentralisation.
- 2 annual steering group meetings of the municipal development programmes chaired by the Ministry of Public Administration and with participation of all relevant national and local stakeholders where progress of the programme, policies and politics in the framework of decentralisation at the municipal level are discussed.
- The SDC provides technical advice to the joint commission in the peace negotiation on possible agreements and reforms on decentralisation.

Local government:

- Urban areas/municipalities: increase public financial management capacity of 26 municipalities in central and northern Mozambique through capacity building of municipal procurement units in 26 municipalities and introduction of simplified financial management system combined with municipal grants for small and medium size investments.
- Rural areas/districts/provinces: promote continuous implementation of district performance monitoring system (District Development Monitoring - Smood), implementation of national strategy and policy for decentralisation and its action plan (PIPED), and support elaboration/formulation of a national program for district development.

Civil society:

- Core contribution to strategic plans of 8 Mozambican CSOs at national level and 2 at provincial level working in the thematic areas of natural resource and land management, gender equity, transparency and anti-corruption, Public Resource Management.
- Technical assistance to Mozambican CSO partners in the elaboration, application and monitoring of their institutional development plans including specific capacity building on gender equity, CSPM, and risk analysis.

Business integrity:

- Promote growing adherence and the adoption of business integrity instruments by companies, and improve their monitoring and reporting by business.
- Continuous analysis of the drivers, constraints, actors, opportunities, incentives and risks for business integrity in Mozambique.

Gender:

- Promote equal access to and use of land for women
- Advocacy meetings with women's leagues, women leaders, women parliamentarians and office network of women mayors.
- Roundtables on leadership, political participation and power.

Ref. outcome 2

National level:

- Promote, finance and actively participate in the organization of conferences and debates on key development issues for the country (anti-corruption, decentralisation, transparency, resettlement, natural resources etc.).

Municipal level:

- Create, train and institutionalise municipal social accountability monitoring committees (SamComs) in 26 municipalities in central and northern Mozambique.
- Support preparation and organization of public audits to facilitate participatory debate on municipal budgets plans and their implementation in 26 municipalities.

District/provinces:

- Training of paralegals at community level to ensure organization of community consultation on land and natural resources according to the law.
- Training of district administrations on legal framework on land, resettlement and social accompaniment of community land delimitations.
- Civic education and strengthening of local spaces for peaceful multi-stakeholder dialogue.
- Research and debate on the impact and conflict potential of business, extractive industries, and resettlement.

Gender:

- Specific training for women in leadership, political participation and monitoring of public policies at local level in order to increase effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
- Document and replicate best practice to promote dialogue between local government institutions (district services for economic activities - SDAE) and women associations in decision-making processes.
- Document and visualise women's success stories in leading the fight for improvement of women's lives at local level.
- Roundtables with women on leadership, political participation and power.

(5) Resources, partnerships (Swiss programme)

Overall domain budget: CHF 29,5 m

Partnerships with:

Danish International Development Agency (DANIDA), Ireland, Sweden, Finland, Education para o Desenvolvimento - IBIS, CIP, Institute for Economic and Social Studies - IESE, OMR, Centro de Terra Viva (CTV), Forum Mulher, Foundation to support and strengthen civil society in Mozambique (MASC), IIC, Ministry of State Administration and Public Function - MAEFP, MITADER, Ministry of Planning & Development - MPD, MEF, 26 Municipalities (center-north), National Association of Municipalities of Mozambique ANNAM, Provincial governments.

Modalities:

- People-centred, equity-oriented and rights-based approach.
- Multi-level/systemic approach (municipalities, districts/provinces and national level).
- Focus on decentralised and socially accountable use of resources.
- Do no harm, CSPM and working on conflict.
- Working in partnership with other development actors at local and central levels.
- Co-financing of government programmes and core funding of CSOs.
- Focus on Mozambican CSOs.

(6) Management/performance results, including indicators (Swiss programme)

- Work through a common fund or basket fund modality to mitigate political risks related to some programmes and increases cost benefit thanks to a coordinated approach of several donors with the same objective.
- Ensure proper and continuous internal knowledge management in key areas of intervention in order to maintain the SDC's governance domain as a pool of experts within the donor community and well received adviser from government at all levels.
- As lead of decentralisation working group, the SDC is able to improve the efficiency of the donor coordination and dialogue on this sensitive topic and increases efficiency of partner ministries.
- Decentralisation programmes (municipal development) will be upgraded into a national decentralisation programme considering lessons learned, and expertise form longstanding expertise and collaboration in this area.
- Continue to build on the SDC's systemic approach to civil society capacity building as innovative approach within Mozambique and proactive sharing of lessons learned and experience with major civil society strengthening programmes of other donors (EU, DFID, USAID, AGIR, etc.).
- Elaborate innovative approaches and interrelations between business integrity and conflict sensitive land and natural resources management.
- Continue to build synergies between the SDC's interventions in land governance and private sector interventions in agriculture and agribusiness (NOVAGRO).
- Continue to build synergies with the Human Security Division (HSD), regional governance adviser and SDC thematic network on conflict & human rights for the SDC's interventions and work on national and social cohesion, conflict and stability.
- Strengthen coherence and synergies with economic development domain; with the embassy regarding business integrity and policy coherence.
- Regular exchange on best practice and lessons learned with SDC thematic networks on gender, democratisation, decentralisation and Local Governance Network (DDLGN) and conflict & human rights.
- Consequent application and integration of CSPM into programme implementation as working modality.

2 Income and economic development (I&ED)

Overall domain objective: improved market opportunities and economic management for inclusive growth, for people to benefit equitably from sustainable economic transformation (SDG 8).

1) Swiss portfolio outcomes	2) Contribution of Swiss programme	3) Country development outcomes
<p>Outcome 1: employment and income</p> <p>Small farmers, with a particular focus on women, and other SMEs increase their income through improved market opportunities, skills development, and access to services</p> <p>1.1 Net income¹ increase (million MZN) for 25 000 smallholder households (disaggregated by sex) and SME in the north of Mozambique and supported by the SDC.</p> <p>Source: INOVAGRO, HortiSempre and SME² <u>Baseline 2016:</u> 0 <u>Target 2020:</u> 140 million MZN → Reference ARIE1/SDG8: Income</p> <p>1.2 Number of men, women and SMEs gained access to formal or informal financial services provided or facilitated by SDC supported institutions/projects in the north of Mozambique.</p> <p>Source: MBFM and INOVAGRO <u>Baseline 2016:</u> 8'000 <u>Target 2020:</u> 20'000 → Reference ARIE2/SDG8: Financial inclusion</p>	<p>Switzerland contributes to:</p> <ul style="list-style-type: none"> Improvement of production factors (e.g. secured landholding, access to and use of improved seeds, irrigation and access to financial services as well as climate-related risks management) that will fasten agricultural transformation, increase productivity, and hence farmer's income and food security; Improvement of the regulatory framework (e.g. TVET regulations, better rules and regulations for rural markets, seed sector regulation and services, secured landholding) and facilitation of systemic changes supporting the inclusion of the poor in the market system. <p><u>Assumptions:</u></p> <ul style="list-style-type: none"> The government of Mozambique recognises the important role of the private sector in agriculture development and poverty reduction. The private sector exists and is willing to support smallholders following a market systems development approach. Infrastructure is sufficiently good for the private sector to reach out to beneficiaries. The Mozambican central bank improves the regulatory framework related to financial inclusion. The national TVET law is implemented and the government engages proactively in promoting vocational training. Beneficiaries embrace the market systems development approach. <p><u>Risks:</u></p> <ul style="list-style-type: none"> Conflicts of interest by government bodies and officials. Government favours large commercial investments that are not inclusive and deprive small farmers of their land. Climate related risks negatively affect production in Northern Mozambique. Political tensions discourage private sector investment in rural areas. Increase of violence against women because of increased incomes which challenge male-chauvinist attitudes and the subordinate role of women. Challenges to implementing skills development in light of the current legislation, business environment and low employment rate. 	<p>Outcome 1:</p> <p>Employment is promoted; productivity and competitiveness are improved, with an emphasis in agriculture (PQG priority 3)</p> <p>1.1 Percentage of farmers assisted by extension using new agriculture technologies (conservation agriculture, animal traction, improved seeds and fertilizers).</p> <p>Source: PQG/PES <u>Baseline 2014:</u> 17% <u>Target 2019:</u> not finalised</p> <p>1.2 Proportion of adult population with physical or electronic access to financial services³ provided by a formal financial institution.</p> <p>Source: Bank of Mozambique – National Strategy for Financial Inclusion BoM ENIF 2016-22 or MITADER <u>Baseline 2015:</u> 14.5% of the adult population <u>Target 2022:</u> 40% of the adult population</p>

¹ additional income" as a result of the intervention

² SME supported by MBFM financing or Skills Development initiative. Focus on rural areas where the projects operate.

³ Includes all financial services provided by formal financial institutions in Mozambique

<p>Outcome 2: Public resources are mobilised and managed for more inclusive and sustained public service delivery and economic policies</p> <p>2.1 Increased capacity for domestic revenue collection, by improved AT administration capacity, measured by increased overall scores in the Tax Administration Diagnostic Assessment Tool (TADAT)</p> <p><u>Sources:</u> i) Annual reports from Technical Assistance (TA) on revenue management; ii) AT and TADAT follow-up reports on indicators – improved taxpayers services for friendly business environment (reduced tax compliance costs); iii) TA and IMF-TA report on extractive industries unit improved capacity.</p> <p><u>Baseline 2015:</u> Performance scores – A-1, B-4, C-10, B-11 <u>Target 2020:</u> Performance scores: significant reduction in scores C, D (annual qualitative assessment of progress in core areas of lowest performance scores)</p> <p>2.2 Policy and priority actions for strengthened PFM at national and sub-national levels are implemented, measured by improved scores in public investment, debt and fiscal management and fiscal transparency, transparent inter-government fiscal relations</p> <p><u>Source:</u> PFM diagnostics such as Public Expenditure & Financial Accountability - PEFA, Public Investment Management Assessment - PIMA, Fiscal Transparency Evaluation (FTE); ii) PFM Strategic Plan implementation reports 2017-19.</p> <p><u>Baseline 2015:</u> PFM scores <u>Target 2020:</u> Improved PFM scores (annual qualitative assessment of progress)</p>	<p>Switzerland contributes to:</p> <ul style="list-style-type: none"> Strengthened mobilisation of domestic resources that maximises the potential and is coherent with the objective of improved business environment and growth promotion; Efficient and transparent public spending, with a special focus on investment spending as necessary condition to avoid the resource curse and to generate development returns; Inclusive growth through economic transformation towards a more diversified and productive economy, including the extractive industry sector; Strengthened PFM capacity at national and subnational level; Increased capacities for economic analysis crucial for sound macro-economic management and policy making. <p><u>Assumptions:</u></p> <ul style="list-style-type: none"> Government continues to be open for PFM reforms and increasing accountability for more efficient public service delivery. Policy dialogue on key PFM reforms can effectively influence significant management improvements Technical assistance in key areas of PFM and revenue management is demanded from partner institutions and contributes to enhanced institutional capacity. <p><u>Risks:</u></p> <ul style="list-style-type: none"> GoM is not willing to change economic policies and processes related to public financial management PFM and a more transparent public resource allocation. Corruption cases are ignored and focus on transparency and good governance does not form part of ongoing PFM reforms. Policy dialogue space with limited access for CSOs and academic institutions. No political will for significant fiscal decentralisation reforms. 	<p>Outcome 2: A sustainable and balanced macroeconomic environment is promoted (PQG pillar 2)</p> <p>2.1 PQG priorities:</p> <ul style="list-style-type: none"> Improved coordination in managing fiscal and monetary policies in order to ensure the objectives of economic growth and macroeconomic stability Ensure resource allocation to budget in accordance with development priorities (social and economic) and increased public investment, ensuring effective management by improving selection criteria for efficiency Improved fiscal transparency and debt management Proceed with fiscal decentralisation <p><u>Source:</u> PQG- Annual PES implementation reports <u>Baseline 2015:</u> Qualitative summary of public resource allocation and PFM <u>Target 2019:</u> Improved results based on qualitative assessment</p> <p>2.2 Sustained increase in domestic revenues mobilisation:</p> <ul style="list-style-type: none"> % fiscal ratio % extractive industries contribution to tax base and collected revenues (increasing) <p><u>Source:</u> Annual PES implementation and AT reports <u>Baseline 2015:</u> Fiscal ratio 26.1% (overall); 25.2% (excluding extractive industries) <u>Target 2019:</u> Fiscal ratio 27% (overall); TBD for extractive industries</p> <p>2.3 Reduced poverty incidence levels (PQG and global strategic matrix)</p> <p><u>Source:</u> Household survey results and poverty assessment data <u>Baseline 2015:</u> Poverty Incidence results to be published October/2016 <u>Target 2020:</u> Reduced from 2015 incidence level</p> <p>2.4 Increased per capita GDP, real growth rates and sectoral composition: focus on agriculture and labour intensive sectors</p> <p><u>Source:</u> IMF Country reports; INE data national accounts, annual PES reports. <u>Baseline 2015:</u> GDP per capita 544 USD (IMF); GDP real growth 6.6%; agriculture 3.1% (INE) <u>Target 2020:</u> GDP per capita 722 (IMF); real growth TBD (increased from 2015)</p>
<p>(4) Lines of intervention (Swiss programme)</p> <ul style="list-style-type: none"> Increase annual yield for specific crops (kg/ha) through the development of market linkages between farmers (disaggregated by sex) and private sector actors (MSD approach) - *ARI FS4 (outcome 1). Support the seed sector both at district and national level (with the involvement of private and public stakeholders) to ensure the availability of and access to improved seed for smallholders (outcome 1). Improve access to financial services for clients excluded from the formal market in northern Mozambique, through the support of financial institutions, savings groups at project level, innovative financial products and policy work that eventually will foster the development of financial institutions in rural areas (outcome 1). Improve resilience of agriculture to climate variability by supporting best practice in disaster risk management and management of agriculture systems (outcome 1). Contribute to training young people, with a particular focus on women, to acquire basic skills to benefit from market and entrepreneurship opportunities - Reference ARI EV3/SDG 4.8: Vocational Skills Development and Employment (outcome 1). Support farmers' economic security through improved access to land and provide farmers with instruments to enable them to voice their rights (outcome 1 & Governance). Support to Revenue Authority contributing to strengthened financing capacity for economic development objectives through mobilisation of domestic resources and sound management of natural resources wealth- covering key dimensions - Reference ARI G02/SDG 16,17: Budget resources *ARI G03/SDG16, 17: illicit financial flows: capacities (outcome 2). Budget financing, policy dialogue and complementary TA, supporting improved public financial management PFM capacity, contributing to more efficient and transparent public spending. Possibilities to be explored for transition to stronger support for PFM at decentralised/decentralised level. Increased coordination, cross learning and maximise synergies with governance and service delivery domains (outcome 2). 		

<ul style="list-style-type: none"> – Support economic policy analysis, research and discussion in government, academia and CSOs, contributing to improved policy making for inclusive growth, including the transparent management of natural resources (outcome 2) (focus on constraints for inclusive growth: agriculture transformation, economic diversification, sustainable use of natural resources wealth, gender determinants of poverty). – Agriculture dimension for inclusive growth crucial for stronger link between outcomes 1 and 2. Gender dimension of inequalities and inclusive growth to be enhanced. – Explore possibilities for project financing or co-financing bilateral or multilateral initiatives for strengthening business environment and conditions for private sector development based on SMEs, in order to strengthen synergies between outcomes 1 and 2. 	
(5) Resources, partnerships (Swiss programme)	
Overall domain budget: CHF 28,25 m	
<u>Partnerships outcome 1:</u>	
–	MASA (Ministry of Agriculture and Food Security) through Inovagro, DFID, Helvetas Swiss Intercooperation, The Beam Exchange Network, SAM programme (seed) supported by the SDC in Zimbabwe, APROSE (National Association for Seed Sector Promotion).
<u>Partnerships outcome 2:</u>	
–	Ministry of Economy and Finance (MEF), Mozambique Revenue Authority (AT), Mozambican academic institutions (economic research centres), CSOs working in the Extractive Industries Transparency Initiative - EITI- Multi-Stakeholder Group - EITI-MSG, Development Partners (GBS partners and other donors), IMF and WB (under multilateral TA projects), and possibly provincial governments.
<u>Modalities:</u>	
–	Implement market systems development projects through mandates (outcome 1).
–	Work in close synergy with the governance domain in issues related to land use rights (outcome 1 & Governance).
–	Explore future modalities for directly supporting local agriculture departments to improve service provision to farmers (extension, irrigation, etc.) or do it through existing mandates (Outcome 1).
–	Explore opportunities for contributing to improved business environment for micro, small and medium-sized enterprises - MSMEs development (strengthened links existing Swiss finance to multilateral initiatives, or new contributions to other initiatives) (outcome 1 and 2). Main modalities can be through mandates, co-financing with donors or contributions to multilateral initiatives.
–	For outcome 2 comprising support to government and CSOs: contribution to common fund or other forms of donor basket funding (for PFM area including taxation); targeted support under global initiatives (macroeconomic management and PFM) and project support to government institutions, CSOs and academic institutions.
(6) Management/performance results, including indicators (Swiss programme)	
–	Ensure synergies between agribusiness projects working in the same geographical areas (complementarity between cash crops and horticulture) (outcome 1).
–	Explore future modalities of support to CSOs or contributions to multi-donor initiatives or single projects (outcome 1).
–	Capitalise on lessons learnt from the implementation of MSD projects and longitudinal evaluations of programmes in order to assess the merits of the methodology and benefits to the population (outcome 1).
–	Participate in donor coordination platforms such as the Agriculture Working Group (AWG), Financial Sector Working Group (FSWG) and National Seed Dialogue Platform (APROSE) (outcome 1).
–	Use the policy dialogue space to advocate for tax policy coherence with the development of micro and small enterprises and economic diversification (outcomes 1 and 2).
–	Explore possibilities to bring experiences and bottlenecks from the field to policy fora for enhanced financial sector growth (outcomes 1 and 2).
–	Lessons learnt and analysis of 2016 debt crisis to be used for policy dialogue and discussion of opportunities for further PFM and economic governance reforms, as well as for feeding into future programme adjustments in support to PFM strengthening and government sustainable financing.
–	Possible engagement for extending strengthened PFM and revenue mobilisation at sub-national level for budget support (economic and political conditions allowing for) to be initiated on pilot basis, in joint partnership with other donors and possible replication to other provinces with potential.
–	Policy dialogue and donor coordination are crucial for outcome 2: Swiss maintaining influence PFM and tax reform areas and possibly lead functions in PFM, gradually shifting to focus on taxation.
<u>Gender:</u>	
–	Contribute to narrowing the gender gap by supporting the creation of employment and income generation opportunities specifically to (young) women and particularly supporting women to overcome additional difficulties they traditionally have in accessing and controlling land, financial services and markets. This is measured through the following output indicator: % of women accessing inputs and technology (seeds, irrigation, land, finance) and controlling/making decisions on the use of their income.
–	Support analysis and capacity strengthening on the gender dimensions of expenditure and economic policy and systems and contributing to strengthened capacity and awareness on gender budgeting.
–	Indicators: a) number, quality and debates of economic policy research on gender determinants of poverty and inclusive growth; b) annual analysis of public expenditure trends affecting women and children to be included in inputs for debate on budget allocations, execution and efficiency analysis.

3 Health

Domain objective: improved health of vulnerable people living in rural areas of Mozambique.

1) Swiss portfolio outcomes	Contribution of Swiss programme	Country development outcomes
<p>Outcome statement 1: strengthened system</p> <p>Sub-national systems deliver more equitable, efficient and integrated health, including WASH, basic services of high quality that respond to the needs of the vulnerable and disadvantaged population</p> <p>1.1 Number of births attended by skilled health personnel (in Cabo Delgado)⁴</p> <p>Source: QAD MISAU Baseline 2015: 69'172 (80%) Target 2020: 90'228 (85%)</p> <p>→ Reference ARI H2/SDG 3: Health systems</p> <p>1.2 % of PROSAUDE funds allocated to decentralised level - provincial</p> <p>Source: REO, MISAU Baseline 2015: 35% Target 2020: 80%</p> <p>1.3 % of districts submitting complete sex-disaggregated information within the DIS deadline</p> <p>Source: (PESS and - Joint Annual Review report ACA XV) Baseline 2015: 64% (DIS) Target: 2020: 95% (DIS-2019)</p> <p>1.4 % of health facilities with water and sanitation at the district level (in Swiss intervention regions)</p> <p>Source: MOPHRH - Integrated WASH programme⁵. Baseline 2015: 10% Target: 2020: 15%</p> <p>1.5 % of WASH and health budget executed at the provincial level (in Swiss intervention regions)</p> <p>Source: Health MISAU (REO); WASH: ProGoas and GoTAS Health Baseline 2015: Niassa 2.1%, Cabo Delgado 3.35% Health Target 2020: 5% WASH Baseline 2015: 20 Target 2020: 40</p>	<p>Through improved health system, Switzerland contributes to a better and more equitable and integrated basic health and WASH service delivery at local level (Swiss intervention regions). This leads to better access for vulnerable people to basic health and WASH services.</p> <p>Switzerland will actively contribute to policy dialogue aimed at supporting the government of Mozambique in its reform efforts and at strengthening the performance of the healthcare and WASH systems. Systems are reformed and decentralised.</p> <p>PFM mechanisms are in place.</p> <p><u>Assumptions</u></p> <ul style="list-style-type: none"> Ministry of Health (MoH)⁶ and MPW⁷ are committed to developing and implementing a reform agenda focused on decentralisation and to a multi-sectoral approach. Decentralisation remains high on the agenda of GoM and receives the necessary political support for implementation. The concerned ministries actively support the expansion and secure funding for maintenance of health and WASH. <p><u>Risks</u></p> <ul style="list-style-type: none"> Resistance of central GoM with recentralization tendencies increases, negative consequences for fiscal decentralisation. The GoM does not adopt a long-term perspective of financing development. Health including sanitation remains low on the agenda of the GoM. 	<p>Country development outcome 1: decentralisation reforms</p> <p>A holistic institutional reform agenda with a focus on the system decentralisation process is developed and implemented (source: QAD)</p> <p>1.1 Maternal Mortality Rate</p> <p>Source: PESS Baseline 2011: 408/ 100'000 live births Target 2019: 190/ 100'000 live births</p> <p>1.2 % of funds under MISAU management allocated to decentralised level- provincial and district</p> <p>Source: REO, MISAU Baseline 2015: 53% P (41%) D (12%) Target 2020: 60%</p> <p>1.3 % and number of districts submitting complete information within the DIS and National Water and Sanitation Information System - SINAS deadline</p> <p>Source: (DIS) Baseline 2015: 64% 87 Target 2020: 95% (DIS-2019) 137</p> <p><u>Policies</u></p> <p>1.4 Qualitative observation of gender-sensitive policy improvement and elaboration, implementation of action plans in the thematic areas of health and WASH decentralisation and equitable access to health and WASH services</p> <p>Source: Policies addressing health and WASH Baseline 2015: Gender Strategy in the Health Sector 2009; no rural sanitation strategy Target 2020: Updated Gender Strategy for the Health Sector; elaborated gender-sensitive rural Sanitation Strategy</p>

⁴ Calculation based on population projections at 4.5% according to 2007 census. The population base for 2015 is 85'192, the projection for 2020 is 106'151.

⁵ This is a multisectoral group responsible for the plan led by the Ministry of Public Works, Housing and Water Resources and Direcção Nacional de Abastecimento de Águas e Saneamento (National Directorate for Water Supply and Sanitation) (MOPHRH / DNAAS), with the participation of MISAU, MITADER, MAE, MEDH).

⁶ Ministry of Health.

⁷ Ministry of Public Works.

<p>Outcome statement 2 - community empowerment</p> <p>Rural communities in the northern provinces are able to voice their needs and rights, and demand accountability from local governments and basic service providers</p> <p>2.1 Proportion of women in Conselho Consultivo at district level (Swiss intervention region)</p> <p>Source: (PROGOAS/GoTAS) Baseline 2015: 26% Target 2020: 30%</p> <p>2.2 yy people (M/F) gained new access to safe and affordable drinking water (Swiss intervention region: 3 Provinces; Niassa, Nampula, Cabo Delgado)</p> <p>Source: ProGoAS e GoTAS Baseline 2015: 4'268 men and 4'442 women Target 2020: 43'553 (average of 8'710 M/F per year)</p> <p>→ Reference ARI W3/SDG6: Basic Services/ Water</p> <p>2.3 yy people (M/F) gained new access to adequate and equitable sanitation and hygiene (Swiss intervention region: 3 provinces; Niassa, Nampula, Cabo Delgado)</p> <p>Source: ProGoAS e GoTAS reports Baseline 2015: 5'910 men and 6'151 women Target 2020: 60'305 (average of 12'061 M/F per year)</p> <p>→ Reference ARI W4/SDG6: Basic Services/Sanitation</p>	<p>Switzerland contributes to:</p> <ul style="list-style-type: none"> Strengthen empowerment of citizens and civil society in order to have an effective participation for improving the services at local level. Enabling them to influence effective use of public resources for health and WASH services at local level (Swiss intervention region); To reduce geographical inequalities in healthcare and WASH services coverage, access and use are increased through targeted support like technical assistance and financial investment at decentralised level. <p>Assumptions</p> <ul style="list-style-type: none"> Decentralisation remains high on the agenda of GoM and receives the necessary political support for implementation. Citizens and CSOs are active and committed to claiming their rights and promoting inclusive development. GoM maintains sufficient and credible spaces for CSO participation in development planning processes. Local authorities strengthen their capacities in participatory planning for engaging in dialogue with communities. <p>Risk</p> <ul style="list-style-type: none"> Participation fatigue among citizens or CSOs due to lack of responses or concrete results. Political conflicts undermine credibility and possibility of voicing diverse opinions. 	<p>Country development outcome 2 - Service delivery</p> <p>Expanded access to and improved quality of healthcare & WASH services (source: PQG B2/PQG B3)</p> <p>2.1 Number of health facilities with WASH (source: Integrated Sanitation Plan)</p> <p>Source: LOLE e Regulamento. Baseline 2015: 30% Target 2020: 45%</p> <p>2.2 % and number of men and women having access to water infrastructure in rural areas</p> <p>Source: DNAAS⁸ Baseline 2015: 54 Target 2020: 64</p> <p>2.3 % of people who use adequate sanitation infrastructure in rural areas</p> <p>Source: DNAAS Baseline 2015: 15% (5,5 M – Inhabitants) Target 2020: 50% (9,2 M – Inhabitants)</p> <p>2.4 Mortality rate of children below 5 years (per 1000) live births (PESS 2014-2019)</p> <p>Source: DHS (Demographic Health Survey) Baseline 2011: 97 Target 2019: 55</p>
<p>(4) Lines of intervention (Swiss programme)</p> <p>Ref. outcome 1:</p> <ul style="list-style-type: none"> Policy dialogue in collaboration with the governance domain on decentralisation of budget and lessons learnt from the local level for improved gender sensitive policies, strategies and plans. Technical assistance, including PFM, at all levels. Strengthen coordination and co-funding mechanisms at all levels that include the private sector. Building capacities of consultative committees to address health and WASH in planning and budgeting at district level. Build the skills of youth to construct and rehabilitate health and WASH facilities. Investments in WASH infrastructure and equipment. 		

⁸ Declaração dos ODS do Sector de Aguas 2015 - 2030

<p>Ref. outcome 2:</p> <ul style="list-style-type: none"> Capacity development of civil society organisation, health workers. Promote community participation in health, hygiene and sanitation. Develop basic health skills of adolescents and youth, including sexual and reproductive health. Build capacities of local CSOs to conduct analysis and advocacy. Building capacities of consultative committees to address health and WASH in planning and budgeting at district level. Acceptability and use of health and WASH provision through facilitation of inclusive public debate at local level. Strategic information generated by the Monitoring and Evaluation M&E system is used for evidence-based planning, management, advocacy and policy. <p>Gender:</p> <ul style="list-style-type: none"> The health domain contributes to narrowing the gender gap in Mozambique by ensuring that quality healthcare and WASH services are offered to men and women without discrimination. Access to healthcare depends on a number of supply and demand side factors. From the supply side perspective, the SDC will use policy dialogue to ensure that health programmes are gender sensitive, addressing root causes of gender inequalities in the design and implementation of the policies. From the demand side perspective, the SDC interventions will promote/influence equal access to health and WASH services by providing opportunities for women and men to constructively engage in changing existing gender roles and exercise their rights equally. Special attention will be paid to women's and men's participation in decision making on local health and WASH related policies and projects and for reducing the barriers to access to healthcare for women. 	<p>(5) Resources, partnerships (Swiss programme)</p> <p>Overall domain budget: CHF 29 million</p> <p>Partnerships with:</p> <ul style="list-style-type: none"> Ministry of Health, Ministry of Public Works, Housing and Water Resources, Ministry of Finance. At the local level: provincial and district health, finance and water offices. Mozambican research organisations such as the Centro de Investigação em Saúde de Manhiça (Manhiça Health Research Center (CISM)) ; NGOs (CIP, Wiwanana, Civil Society Learning and Empowerment Center (CESC, Comunicação para a Saúde - NIWETI, Amasi, Ama, Concern Universal, Netherlands Development Organisation - SNV); Swiss partners: SolidanMed and Helvetas. Partners in the health sector in Ireland, Denmark, Canada, Spain, Italy, USA (USAID), Netherlands, and multilateral institutions (WHO, UNICEF, UNFPA, UNAIDS, Global Fund to Fight Aids, Tuberculosis and Malaria - GFATM, Global Financing Facility). Partners in WASH and Programa Nacional de Planificação e Finanças Descentralizadas - common Fund UNICEF, DFID, Austria, local level partners: Spain, UNFPA, DFID. Exchange with the SDC Regional Programme Southern Africa regarding health policies within the SADC and HIV/AIDS programme. Exchange with the SDC Global Programmes Health and Water. Participation and contribution to networks such as the SDC Health and Water Network, P4H and Community of Practice HIV/AIDS. <p>Modalities:</p> <ul style="list-style-type: none"> Sectoral budget support / sectoral common funds. Mandates / contributions. Co-financing. Systemic people-centred, equity, gender-oriented and rights-based approach. System development through a multi-sectoral approach integrating health and WASH. Support for both supply and demand side of health and basic WASH services. Mainstreaming governance and gender equality.
	<p>(6) Management/performance results, including indicators (Swiss programme)</p> <ul style="list-style-type: none"> Lessons learnt and study from the local level able to improve policies, strategies and plans. Sound health financing strategy for PROSAUDE, P4H and Global Financing Facility, PROGOAS and GOTAS, Cabo Delgado Health, and new projects. Synergies and complementarity between local and central levels have an impact on systemic reform on decentralisation and allocation criteria for resources. Coordination and lead in health working group in order to promote decentralisation agenda. Replication and scaling up: GOTAS with DFID WASH programme in Nampula and Zambezia, Cabo Delgado Health to cover WASH in partnership with other donors in order to promote decentralisation agenda. Participation and contribution in face-to-face thematic workshops - F2F and thematic national working groups, WASH and Health SDC networks, conferences in order to exchange knowledge and lessons learnt for better beneficiary impact.

Annex 4: Context scenarios, consequences and programme adaptations

Best-case scenario: From potential to reality	Most likely scenario: No war – No peace - No justice	Worst-case scenario: Payback, exclusion and vulnerability
Economy		
Economic growth is vibrant or positive over the next 5 years and translates into improvement of living condition for the majority. 2016 public debt crisis is a driver for a process to fundamentally reform economic management and governance. Economic governance is strengthened in a sustained and credible way, allowing for continued inflows of FDI, ODA and increasing investment for economic growth.	Economic growth is still positive over the next 5 years but does not translate into improved living conditions for the majority. Main concerns resulting from current setback on debt management, fiscal transparency and PFM reform are partially addressed, covering only crucial issues, mainly to allow for continued FDI inflows into extractive industries. Crisis taken as opportunity for reform, in particular for addressing public spending efficiency, given trend of reducing ODA flows.	Economic growth is stagnant or negative over the next 5 years, possibly worsening the living conditions of the majority. No government commitment to PFM reforms, integrity and transparency. Limited access to international financial markets and limited productive investment, concentrated on high profit and capital-intensive sectors.
Increasing capital inflows, higher national income and improvement in HDI.	Very slow recovery of balance of payment and debt crisis inflation, depreciation of the MZN and no improvement in HDI.	Inflation and depreciation of the MZN. Withdraw of capital, unsustainable public debt and decrease of HDI.
Decrease of corruption and improved business environment for SMEs.	Ongoing corruption contributes to unfavourable business environment.	Deteriorating economic governance and increase in corruption.
Inclusive and equitable socio-economic development across the country and increase in employment.	Socio-economic conditions remain unchanged, with trend to increasing inequality and continuous high unemployment rates.	Increasing inequality, deteriorating socio-economic conditions and soaring unemployment.
Increasing investments for economic diversification and increasing productivity. Increased public spending across priority sectors for development and improved quality of services.	Potential increase in investments and public services in marginalised regions. Public spending pattern in social sectors is maintained and protected and key determinants of efficiency are tackled.	Drop in productivity and access to public services. Reduced public spending on social and economic priority sectors due to restrictive fiscal policy and debt payments. Deteriorated policy dialogue.
Politics		
Peace agreement between FRELIMO-RENAMO leading to sustained political settlement, inclusive political system with representation of opposition parties, demobilisation and integration of RENAMO military wing into police and armed forces.	Continuation of current pattern of underlying tense situation as it has been since 1992 with government/FRELIMO keeping a centralist and non-inclusive policy direction and rhetoric and sporadic armed violence between FRELIMO and RENAMO.	Outbreak of armed conflict between FRELIMO – RENAMO because of failed peace negotiations. Loss of political legitimacy, systematic violation of human rights and state failure.
Effective multiparty system at national and decentralised levels with calm, free, fair and inclusive elections.	De-facto one-party system with limited possibilities for opposition parties to influence policy decisions at national and local levels. Increase of violence and unrest before, during and after elections.	Consolidation of one-party-system, increased inter-party frictions, threats and targeted killings of political opponents. Widespread violence throughout the country before, during and after elections.
Broad multi-party, multi-stakeholder debate on key issues for peace and inclusive development leads to constitutional reform and a more effective decentralisation process.	Continuous implementation of current decentralisation policy and strategy with piecemeal reforms of the legal and political framework after consensus in intra-party (FRELIMO) debate.	Complete rollback of existing policies and strategies for decentralisation with full central control of most functions and competencies of government and state.
Independent CSOs and media able to express their opinions and debate key questions for the development of the country publicly and without fear.	Steady pressure on civil society organisations, including threats to leading figures and only few independent media.	Increased and systematic limitation of rights to freedoms of expression, peaceful assembly and association. Exposed opinion leaders leaving the country.

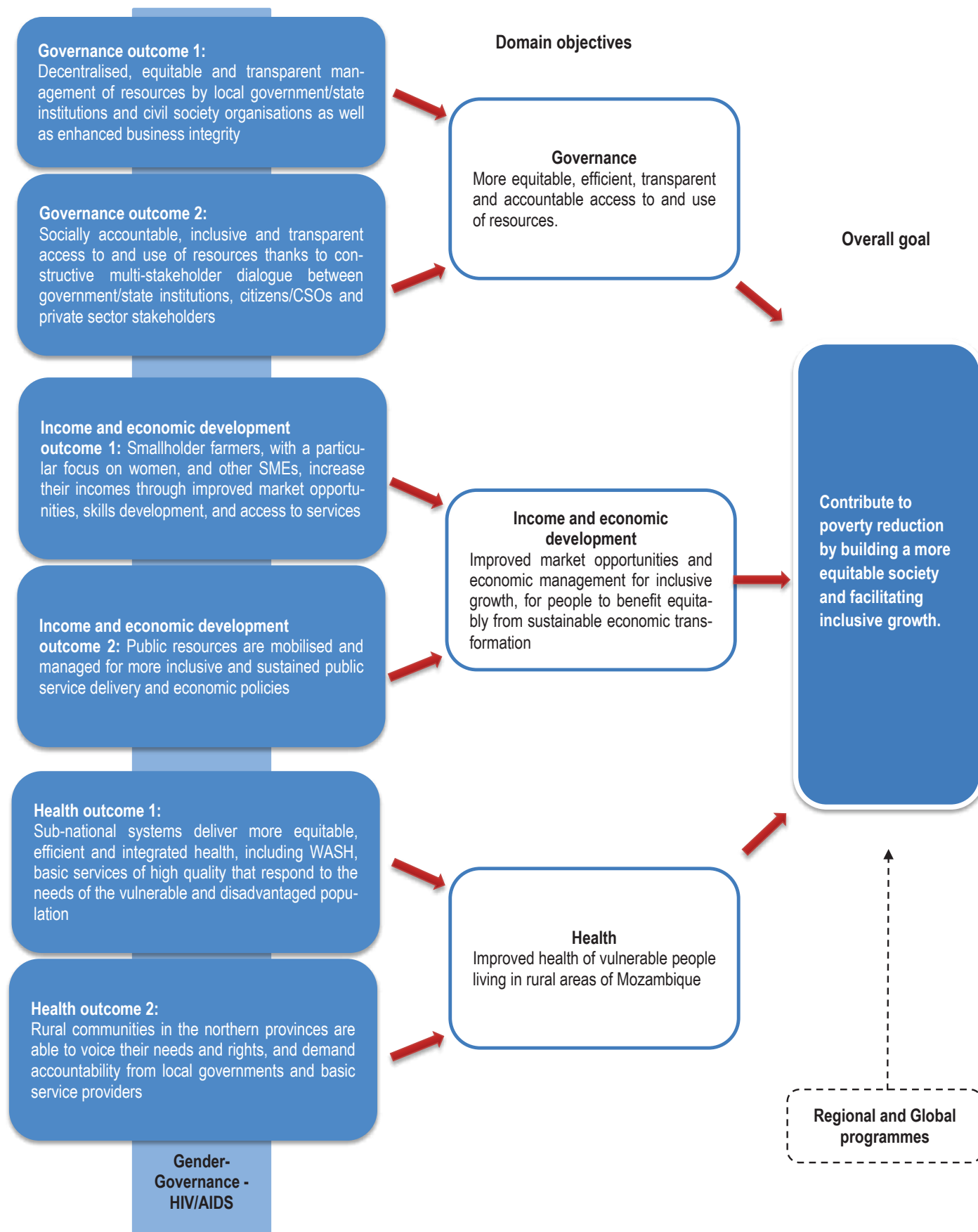
Social / humanitarian		
Structural inequalities decreased due to good management of resources, improving rule of law and more resilience to external shocks.	Structural inequalities remain high due to mismanagement of resources, lack of rule of law and continuous vulnerability to external shocks.	Structural inequalities increase due to mismanagement of resources, lack of rule of law and increased vulnerability to external shocks.
Safe and sustainable return of refugees and displaced people to their communities of origin.	Displacement of populations to neighbouring countries and urban areas due to pockets of violence, food insecurity and lack of basic services (WatSan, health, education).	Major population displacements - refugees and internally displaced persons (IDPs) - within country (rural to urban) and to neighbouring countries due to armed clashes.
Increased resilience to external climate shocks thanks to improved resilience of population and increased preparedness and response capacity of government.	Seasonal and regionally concentrated humanitarian emergencies with temporary increases of health hazards, limited food security and limited access to WatSan and low response capacity of government.	Humanitarian emergency with increase in food insecurity, health hazards and limited access to WatSan due to heavy floods in the north, droughts in the south, decrease of agricultural productivity and decrease in food imports.
Increased geographical coverage and improvement in quality of basic service delivery in rural and urban spaces (WatSan, health, education). Reduced inequalities in service provision and access.	Increasing inequalities in access to and use of basic services with increased vulnerability of women and children, especially in rural and peri-urban areas, due to limited availability and utilisation in rural areas and increased pressure on urban service delivery. Logistics of medicines and medical supplies hindered or halted.	Limited or no possibility of accessing basic services and extreme levels of vulnerability of women and children, especially in rural areas, due to external and internal shocks. Destruction of social infrastructure leads to collapse of service delivery in rural areas and pressure on urban areas where provision of basic services worsens greatly.
Improved access to markets and trade.	Conditioned access to markets increased.	No access to markets and basic services.
Security		
With the political settlement, peace agreement, reinforced institutions and gradual development of underprivileged areas, security situation will gradually improve.	Level of criminality and insecurity remains similar due to lack of enforced rule of law and high levels of poverty; political stalemate contributes to pockets of violence.	With escalation of armed conflict due to unsuccessful peace negotiations immediate deterioration of security situation countrywide.
State acting according to the rule of law and able to prevent social unrest and riots thanks to good governance.	Social and political control and use of repressive mechanisms by state with social unrest and sporadic riots.	Deterioration of law and order with military/opposition checkpoints, threats by police and security forces, control of communication and media and social networks.
Full humanitarian access to all technically accessible areas and proactive collaboration with main human right NGOS, UN agencies and donors.	Limited humanitarian access to conflict zones and areas hit by natural disasters, and limited collaboration with UN human rights agencies, humanitarian actors and NGOs.	No humanitarian access to main conflict zones or areas hit by natural disasters with political and military pressure on human rights NGOs and humanitarian agencies, including threats and targeted killings.
Decrease of crime due to enforced rule of law and decrease in inequalities. Decreased space for criminal networks and drug trafficking.	Continuous high levels of theft and crime, and existence of illicit networks for drug trafficking and kidnapping.	Increase in crime and insecurity in urban spaces with strengthened illicit crime networks, kidnapping, drug trafficking and politics.
Decrease of inequalities with improved economic opportunities in urban and rural spaces and equitable access to basic services.	Increased rural-urban migration due to lack of opportunities for development in rural environment putting pressure on basic services in urban areas.	Social unrest in urban environments due to social and economic inequalities and lack of access to basic services.

Programme adaptations

Best-case scenario	Most likely scenario	Worst-case scenario
Governance domain		
<p>Support effective implementation of peace agreement, eventual constitutional reforms and effective decentralisation.</p> <p>Increase systemic work with political parties, judiciary system and parliaments.</p> <p>Align all programmes with government 5-Year Plan and use state systems for the majority of interventions.</p>	<p>Domain objective:</p> <p>Improved governance systems for a more equitable, efficient, transparent and accountable access to and use of resources.</p>	<p>Systematic monitoring of political economy and security context.</p> <p>Maintain humanitarian space, protection of civilians and promote human-rights based approaches through political dialogue and with international NGOs and agencies such as the UN, the International Committee of the Red Cross - ICRC, Médecins Sans Frontières (MSF), and the International Organisation for Migration (IOM).</p> <p>Improve synergies with international partners on human rights, natural resource governance, anti-corruption and illicit financial flows.</p>
<p>Full alignment with state systems with all financial transfers on state accounts (central and decentralised levels).</p> <p>Work with provincial parliaments.</p>	<p>Outcome 1 (decentralisation):</p> <p>Decentralized, equitable and transparent management of resources by local government/state institutions, citizens/CSOs and private sector stakeholders.</p>	<p>Focus on programmes in decentralised and accessible urban areas. In accessible rural areas, work directly with a small number of selected districts on local governance.</p> <p>Increased policy dialogue and work on transparency, anti-corruption and business integrity at central and local levels.</p> <p>Enhance risk awareness and improve security management of local CSO partners.</p>
<p>Institutionalize participatory spaces at urban levels.</p> <p>Fully institutionalise natural resource management committees at decentralised levels.</p> <p>Focus on efficiency of upwards and downwards accountability.</p>	<p>Outcome 2 (social accountability):</p> <p>Socially accountable, inclusive and transparent access to and use of resources thanks to constructive multi-stakeholder dialogue between government/state institutions, citizens/CSOs and private sector stakeholders.</p>	<p>Enhance CSPM capacity of implementing partners including monitoring the implementation of the 'do-no-harm' approach.</p> <p>Promote multi-stakeholder dialogue at national and local levels with an increased focus on social cohesion, civic education and conflict resolution.</p>
Income and economic development domain		
<p>Expand domain activities with exploration of interventions for improving business environment and PFM strengthening (including sub-national level), towards economic conditions for inclusive growth.</p>	<p>Domain objective:</p> <p>Improved market opportunities and economic management for inclusive growth, for people to benefit equitably from sustainable economic transformation.</p>	<p>Possible phaseout/stop of some interventions due to limited/no access or increased risk of misuse of funds.</p>
<p>Scale up and replication with increased number of beneficiaries.</p> <p>Decreased management costs with decreased field presence.</p>	<p>Outcome 1:</p> <p>Smallholder farmers, with a particular focus on women, and other SMEs, increase their incomes through improved market opportunities, skills development, and access to services.</p>	<p>Remote monitoring of activities due to limited access to project areas.</p> <p>Shift to humanitarian approach resp. food security approach to avoid farmers selling their basic assets and ensure that they maintain basic buying/productive capacity.</p>
<p>More focus on and support for specific needs of TA on public financial management (management of fiscal risk, extractive industries, wealth and revenues mobilisation).</p> <p>Stronger support for economic analysis and research.</p> <p>Explore and expand activities on investment, trade and business environment conditions for private sector development (PSD).</p>	<p>Outcome 2:</p> <p>Public resources are mobilised and managed for more inclusive and sustained public service delivery and economic policies.</p>	<p>Immediate halt or suspension and phase out from complementary TA projects to be assessed (focus on PFM), depending on political economy analysis.</p> <p>Define more specific indicators/outcome on policy analysis, natural resource management (NRM) or others. Shift to more support for CSOs demanding accountability and improved economic governance.</p>

Best-case scenario	Most likely scenario	Worst-case scenario
Health domain		
Scale up and replication with increased number of beneficiaries. Decreased management costs with decreased field presence.	Domain objective: Improved health of vulnerable people living in rural areas of Mozambique.	More frequent context assessments and more control of programme implementation Redesign programmes. Offer humanitarian response.
Less frequent context assessments. More on budget support.	Outcome 1 (system governance): Sub-national systems deliver more equitable, efficient and integrated health, including WASH, basic services of high quality that respond to the needs of the vulnerable and disadvantaged population.	More frequent context assessments. Humanitarian approach/service provision through NGOs in substitution of national system (WatSan and health).
Replication of best practice. Explore working more with the private sector.	Outcome 2 (community empowerment): Rural communities in the northern provinces are able to voice their needs and rights, and demand accountability from local governments and basic service providers.	No more funds are channeled through government systems, make NGOs/CSOs as primary and sole direct recipients of funds.
Culture		
Acknowledgement of weaknesses of local institutions; focus on individual initiatives/entrepreneurs in arts (income generation for poverty reduction); focus on children and youth (transmission of skills and experiences).	Objective: To strengthen institutions and platforms that can act as providers of cultural and artistic services to their surrounding communities; as providers of knowledge, space and services to cultural agents; and/or as advocates and promoters of arts and culture in general.	Maintain focus on support for local initiatives.
Provide training and opportunities to test acquired skills. Support new projects and initiatives.	Outcome 1: Vulnerable people are involved in cultural activities as a means of boosting their self-esteem/confidence, sense of responsibility and initiative.	Maintain support for small actions by local agents.
Acknowledge that it is a long-term objective, and thus support mid-/long-term projects.	Outcome 2: Arts and cultural activities promote debates and critical thinking.	Set up a fund for arts in a context of conflict.

Annex 5: Swiss Cooperation Strategy 2017-2020 at a glance



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