



REPUBLIC OF MOZAMBIQUE

**ACTION PLAN FOR THE REDUCTION OF  
ABSOLUTE POVERTY (2001-2005)  
(PARPA)**

**(STRATEGY DOCUMENT FOR THE REDUCTION OF POVERTY AND  
PROMOTION OF ECONOMIC GROWTH)**

(Translated from original text in Portuguese)

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# **ACTION PLAN FOR THE REDUCTION OF ABSOLUTE POVERTY (2001-2005)**

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PROMOTION OF ECONOMIC GROWTH)**

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# I. INTRODUCTION

1. The Government of Mozambique, in order to provide continuity to its strategy to combat absolute poverty, hereby presents the *Action Plan for the Reduction of Absolute Poverty* (PARPA) 2001-2005. The PARPA 2001-2005 explains the strategic vision for reducing poverty, the main objectives, and the key actions to be pursued, all of which will guide the preparation of the State's medium-term and annual budgets, programmes, and policies. The PARPA 2001-2005 is also Mozambique's first Poverty Reduction Strategy Paper (PRSP).
2. This document is based on prior Government plans, including the *Lines of Action for the Eradication of Absolute Poverty* (1999), the PARPA 2000-2004 (Interim PRSP), and the *Government Programme 2000-2004*, as well as the sectoral and inter-sectoral plans, policies and strategies developed by organs of the State.
3. Production of the poverty reduction strategy has benefited from a process of consultations with relevant groups and segments of society outside the public administration. The sectoral strategies and programmes, the provincial poverty profiles, and the previous PARPA, all benefited from a broad and extended process of participation by civil society and external financiers. This document itself has also benefited in form and content from contributions resulting from the broad participation of civil society. Deeper discussions on the document as a whole, and on various parts, will continue, since planning is an iterative process of continuous improvement.
4. Given its medium-term focus, the PARPA is a rolling and dynamic programming instrument. This will enable the plan to incorporate new elements arising from changes in society and the economy. The key objective – the reduction of absolute poverty – will not be altered, but the tools, policies and targets may change as our knowledge of different variables improves. Therefore, the PARPA is an instrument defining policies and actions that will be periodically reviewed and perfected, involving an ongoing process of consultations.

## Central Objective

5. The central objective of the Government is a substantial reduction in the levels of absolute poverty in Mozambique through the adoption of measures to improve the capacities of, and the opportunities available to all Mozambicans, especially the poor. The specific objective is to reduce the incidence of absolute poverty from 70% in 1997 to less than 60% by 2005 and less than 50% by the end of this decade.

## Context

6. The fight against poverty has been going on since the first days of Independence, when high priority was given to expenditure on health and education, to improve human development. Significant investments were also made in rehabilitating basic infrastructure. Starting in 1987, the Government adopted a stabilisation and structural adjustment programme with the objective of

re-establishing production and improving incomes through deep reforms aimed at creating an economy based on private initiative and market forces.

7. There have been notable successes. Over the last five years Mozambique achieved annual economic growth rates of around 8% in real terms, in the context of economic and political stabilisation. Democracy and peace were strengthened, and the Mozambican people continued their struggle for progress. With stability and reforms, GDP per capita grew to US\$ 230 in 2000, significantly improving incomes compared to five years earlier.
8. Nevertheless, these achievements have not resolved our grave social and economic problems. The country remains one of the poorest in the world, and poverty clearly remains as the key challenge facing the country. Our ability to address this challenge is still limited by a severe scarcity of resources resulting from a serious structural weakness of the economy.
9. Analysis of data from the Household Survey (IAF) of 1996/97 has provided a detailed profile of poverty in Mozambique. Nearly 70% of the population lives in absolute poverty, and there are notable urban-rural and regional imbalances. The IAF data also permitted an identification of the main determinants of poverty in Mozambique, namely: (i) slow growth of the economy until the beginning of the 1990s; (ii) low levels of education of working age household members, particularly women; (iii) high dependency rates in households; (iv) low productivity in the family agriculture sector; (v) lack of employment opportunities within and outside of the agricultural sector; and (vi) poor infrastructure, especially in rural areas.
10. Besides suffering from acute material poverty, the poor in Mozambique also suffer from a high degree of vulnerability to natural disasters and economic shocks. This was made clear by the tragic floods, which afflicted the country in 2000 and 2001, as well as the privations caused in recent years by low prices in the international markets for the country's main agricultural products.
11. To deal with this situation of poverty, its determinants, and economic constraints, the government decided to develop a comprehensive and integrated poverty reduction strategy and establish a detailed process for preparation of the PARPA.

### **Strategic Vision for Poverty Reduction in Mozambique**

12. The poverty reduction strategy in Mozambique depends critically on the basic assumption of the maintenance of **peace and socio-political stability**.
13. The previous PARPA (2000-2004) emphasised measures that benefit the poor in the short term. The new PARPA (2001-2005) broadens the strategic vision by also recognising the crucial importance of medium and long-term measures to fight poverty through policies to sustain rapid and broad-based economic growth.
14. For a poor country such as Mozambique, rapid growth is an essential and powerful tool for poverty reduction in the medium and long-term. Without growth, the objective of increasing the capacities and expanding the opportunities

for the poor will continue to be severely constrained by the lack of public and private resources. Therefore, the strategy contains policies aimed at creating a favourable climate for stimulating investment and productivity, and achieving an average annual GDP growth rate of 8%.

15. The strategy also includes policies and programmes to ensure that growth is inclusive, so that the poor will benefit integrally. This, in the final analysis, will occur through greater access to assets (including improvements in human capacity) and the more efficient use of such assets by individuals, families and other institutions, especially in rural areas. A pro-poor growth strategy also requires a policy climate which stimulates the private sector to accelerate job creation and increase income generating opportunities through self-employment. In addition, components of the programme will be implemented taking into account the need for a better regional balance, with special attention given to regions with the greatest concentration of poor people.
16. The dynamics of human development and broad-based growth are interdependent. Thus, a strategy combining programmes that benefit the poor in the short-term, with policies that deliver benefits in the medium and long-term by promoting rapid and balanced growth, provides the best chance for creating a “virtuous cycle” of accelerated and sustainable progress in the fight against poverty.
17. In concrete terms, the poverty reduction strategy in Mozambique is based on **six priorities** aimed promoting human development and creating a favourable environment for rapid, inclusive and broad-based growth. The “fundamental areas of action” are: (i) education, (ii) health; (iii) agriculture and rural development; (iv) basic infrastructure; (v) good governance; and (vi) macro-economic and financial management. These areas for action are considered as “fundamental” because they are absolutely essential for reducing poverty and stimulating growth, and also because their impact is both deep and broad. The selection of priorities was based on the diagnosis of the poverty determinants in Mozambique, as well as studies on the issue of poverty reduction (in light of international experience), and consultations with civil society and the private sector.
18. **Education** is a basic human right. Its fundamental role for poverty reduction is universally recognised. Access to education contributes directly to human development by improving capacities and opportunities for the poor, promoting greater social, regional and gender equity. Without a doubt, knowledge is an indispensable means for improving the living conditions of Man. Education is also essential for rapid growth, as it expands the quantity and quality of human capital available for productive activities, and the ability of the nation to absorb new technologies. The main objectives in the area of education include achieving universal primary education, while rapidly expanding secondary education, informal education, and technical-vocational training. The programme also includes a commitment to combat HIV/AIDS through schools. Given the serious scarcity of technical and management capacity, which is an impediment to economic growth, the programme takes into account the necessity of expanding and improving the system of higher education. Thus, a programme for each level

of education is required, though the largest share of resources will be allocated to primary education.

19. The **health** sector also plays a fundamental role in directly improving the well-being of the poor, while at the same time contributing to rapid economic growth by improving the quality of human capital. The main objectives in the field of health include an expansion of, and improvement in, the coverage of primary health care through special programmes geared towards target groups such as women and children, a campaign to reverse the current growth of the HIV/AIDS epidemic, and greater efforts in the fight against endemic diseases such as malaria, diarrhea, tuberculosis and leprosy. The strategy also includes initiatives in related areas linked to health, such as the provision of water (infrastructure) and food security (agriculture).
20. More than 70% of the population is concentrated in rural areas, and an even higher proportion depends on agriculture for survival. Agriculture contributes around 30% of GDP, with most production coming from the family sector, which covers more than 3 million families. For this reason, **agriculture and rural development** is a priority in the strategy for poverty reduction and broad-based growth. The principal objective of rural development is to increase income-generating opportunities, especially for the family sector. The generation of income depends on agronomic advances to raise productivity, but also, and fundamentally, on access to markets. Rural development will benefit from actions to develop human capital and infrastructure, amongst others. It is also promoted through increased rural production, especially in agriculture. The expansion in production of the agricultural sector will be carried out with the support of rural extension programmes based on specific crops and technologies, as well as improvements in the financial system, whose role will be analysed. The strategy for rural and agricultural development will also focus on food security policy, which is fundamental to reducing poverty and risks to the poor.
21. A fundamental role of the State in stimulating a market economy and expanding opportunities for the poor lies in the **development of basic infrastructure**. Improvements in the road network will permit better access to markets and a reduction in costs, and will facilitate communication and mobility, especially for those who live in rural areas and depend on agriculture. In parallel, the provision of water and energy is fundamental to the development of human capital and the expansion of national output. Priority in the rehabilitation and construction of basic infrastructure will be given to those areas of the country with the largest populations and highest levels of poverty.
22. **Good Governance** is a fundamental condition for success of the poverty reduction strategy. The quality of State institutions is very important for the provision of public services benefiting the poor. It is also a critical factor for achieving rapid and sustained growth. The current programme includes policies for promoting good governance in various forms, including: decentralisation and devolution of public administration, to bring government closer to the people; reform of public institutions so they can better respond to the needs of the people, starting with the simplification of bureaucratic procedures to eliminate “red tape”; programmes aimed at strengthening the capacity and efficiency of the legal and

judicial system, improving public safety, protecting the rights and freedoms of citizens, ensuring contract enforcement and facilitating the resolution of disputes; and developing a programme to reduce and contain corruption at all levels.

23. The last fundamental area of action is **macro-economic and financial management**. Experience internationally, and in Mozambique, shows that macro-economic management and financial development are basic requirements for creating an environment to stimulate rapid growth and poverty reduction. Principal priorities in this area include: (i) Fiscal, monetary and exchange rate policies to maintain low inflation and increase competitiveness of the economy. (ii) Policies to mobilise additional budgetary resources equitably and efficiently. (iii) Policies to improve the management of public expenditure. (iv) Policies to secure and expand financial markets, including a careful analysis of opportunities to expand financial services to rural areas and extend them to small and medium enterprises. (v) Policies to promote international trade. (vi) Policies to strengthen the management of domestic and foreign debt.
24. The strategy and action plan also cover, in less detail, **complementary activities** to those viewed as fundamental areas of action. The “other areas of action” include: selected social programmes (targeted social welfare programmes)<sup>1</sup>, housing; sectoral policies and programmes that contribute to income generation and job opportunities (business development, fisheries, mining, industry, tourism); programmes to reduce vulnerability to natural disasters; and policies that support sustainable growth (transport and communications, technology, environmental management).
25. It may be noted that the poverty reduction strategy focuses on the principal determinants of economic growth – investment and productivity – through the creation of a favourable environment. In a market-driven development strategy, the main role of government in promoting investment and increasing productivity is covered by the priority areas cited above, in particular through investment in human capital, the development of infrastructure, programmes to improve the quality of public institutions, and policies for efficient macro-economic and financial management. Many of the complementary actions will also improve the investment climate and promote efficiency in specified areas. The critical issue of job creation is also dealt with through the priority programmes, in conjunction with measures to be taken in other complementary areas.
26. The strategic vision emphasises the reduction of absolute poverty defined in terms of material needs and lack of capacity and opportunities. At the same time, the strategy contains important features covering other basic dimensions of poverty, namely **vulnerability and empowerment**.
27. The need to reduce vulnerability is addressed in various ways, including: all of the education and health programmes; the programme for agriculture and rural

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<sup>1</sup> In principle, the social action plan should be a “fundamental area” of the poverty reduction strategy. In the current PARPA, however, it is classified as an “other action area” because resources available are still very limited and the number of beneficiaries remains relatively small in relation to the size of the problem. This situation should change as additional resources became available as a result of economic growth.

development; the programme to improve access by the poor to basic infrastructure and improve the quality of public institutions, especially in regards to the legal and judicial systems and public safety; the management of macro-economic and financial policies, to minimise the risk of economic shocks; a profound commitment to preserving peace; and subsidiary activities in the areas of social action, management of natural disasters, and environmental protection.

28. The emphasis on education and health also has a direct bearing on *empowerment* of the poor. Other features of the programme that contribute to *empowerment* include the development of farmer associations, the decentralisation and devolution of Public Administration, a commitment to increase transparency and deepen the process of participation in Public Administration, and a fundamental commitment to consolidate democracy and respect for human rights.

### **Budgetary Implications**

29. The medium-term fiscal scenario (CFMP) is a tool for identifying priorities and allocating budgetary resources to critical programmes to achieve the objective of poverty reduction. The CFMP has a prioritisation of activities reflecting detailed work carried out by the sectors. Budgetary expenditure focuses, firstly, on education and health, roads, water, rural development and agriculture, strengthening of the legal and judicial systems and public safety, and on capacity-building for public administration. Expenditure will focus on regions with the greatest population and highest levels of poverty.

### **Consultations**

30. Consultations carried out after the elaboration of the 1<sup>st</sup> draft of the PARPA contributed significantly to the final version, in the following ways:
- (a) Confirming the choice of the fundamental areas of action.
  - (b) Emphasising the importance of Good Governance, in particular the issues of deconcentration and decentralisation to allow for participatory planning at the local level, in the districts. In participatory district planning lies the hope of a more effective consultations, involving a decisive process geared towards concrete action. This process will be more effective in involving the most disadvantaged strata of society in the determination of priorities to be pursued.
  - (c) Highlighting the need for the State to be more effective in delivering on the options taken and the programmes, plans and commitments adopted.
  - (d) Highlighting the importance of the fight against corruption and the need to change attitudes of the public institutions and their agents in relation to the citizens and their institutions.
31. In relation to the process of consultation referred to above, the following are worthy of note:

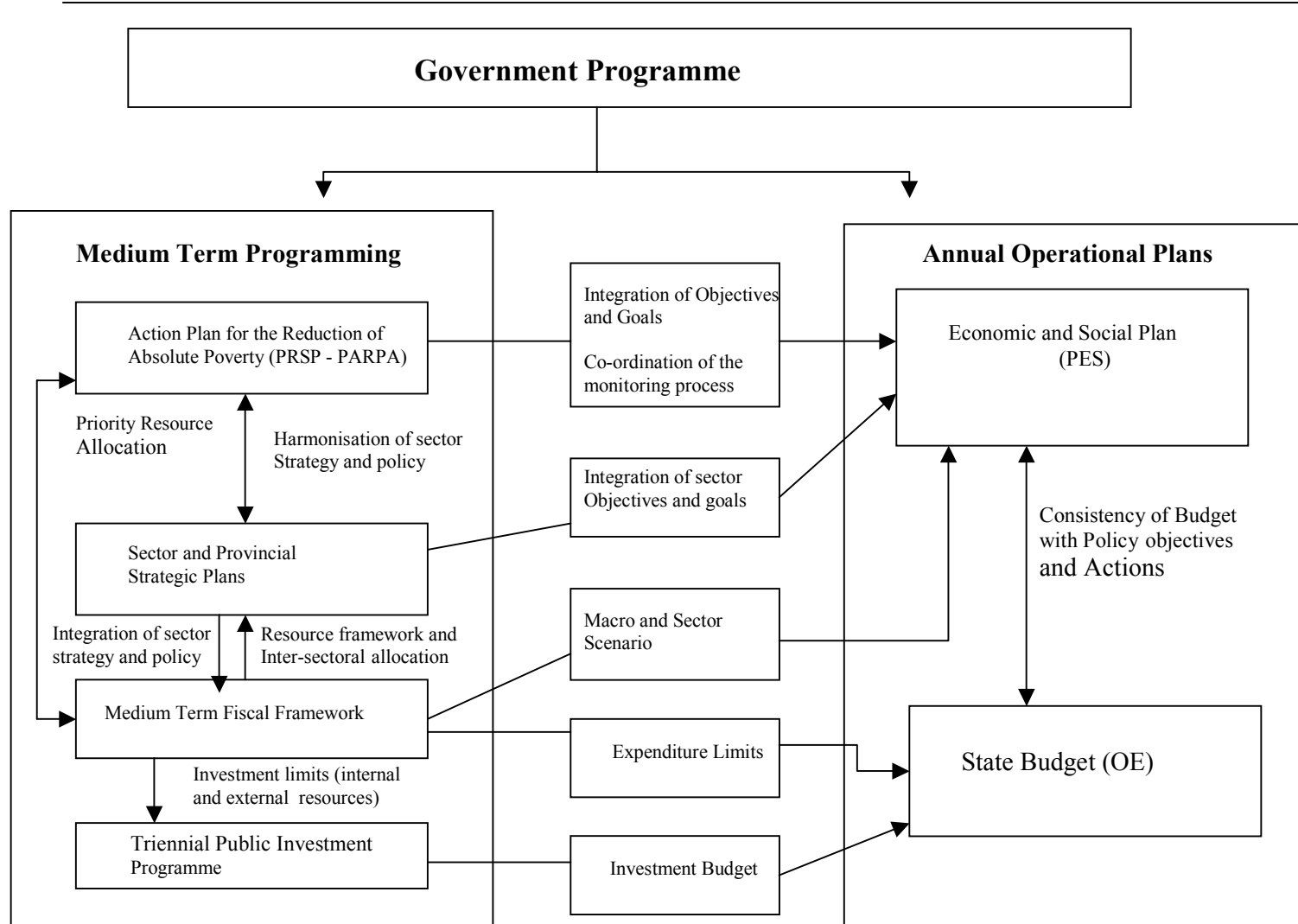


- (a) A degree of fatigue was noted about the frequency of consultations on various issues. As a corollary, the consultations made clear that priority must be given to the implementation and delivery of action by the State.
- (b) Objections were raised about public policies in areas such as agricultural marketing, the promotion of agro-industries, the nurturing of a national entrepreneurial class, and the development of financial services (to reach the rural areas, the poorest and the nascent national entrepreneurial class). There was an appeal for greater State intervention in these fields. The issues raised deserve the attention of the State in the context of seeking to ensure the adequacy of the policies being pursued.

### **Institutional framework of the PARPA**

- 32. The PARPA is a medium-term programming instrument of the public planning system. The institutional framework is given in the tables on pages 8 and 9 that follow.

## Public Planning System: Articulation of Instruments



<b>INSTRUMENTS OF THE PUBLIC PLANNING SYSTEM</b>	<b>TIMEFRAME</b>	<b>PREPARATION</b>	<b>APPROVAL</b>
<b>MEDIUM-TERM PLANNING</b>			
SECTORAL/PROVINCIAL STRATEGIC PLANS	FIVE/THREE YEARLY	Sectoral ministries and coordinated by the MPF	Council of Ministers
ACTION PLAN FOR THE REDUCTION OF ABSOLUTE POVERTY	FIVE YEARLY	Sectoral ministries and coordinated by the MPF	Council of Ministers
MEDIUM-TERM FISCAL SCENARIO	FIVE YEARLY	Sectoral ministries and coordinated by the MPF	Economic Council, Council of Ministers
THREE YEAR PUBLIC INVESTMENT PROGRAMME	THREE YEARLY	Sectoral ministries and coordinated by the MPF	Council of Ministers, Assembly of the Republic
<b>OPERATIONAL PLANS</b>			
ECONOMIC AND SOCIAL PLAN	ANNUAL	Sectoral ministries and coordinated by the MPF	Council of Ministers, Assembly of the Republic
STATE BUDGET	ANNUAL	Sectoral ministries and coordinated by the MPF	Council of Ministers, Assembly of the Republic

## II. CHARACTERISTICS OF POVERTY: CONCEPTS AND PERCEPTIONS

### 33. What is poverty?

- 33.1 The reduction and elimination of poverty is the principal objective of development policies in the medium and long term. However, in discussing poverty, different ideas often arise as to its meaning. This is because poverty is a complex, multi-dimensional phenomenon with diverse characteristics.
- 33.2 As one can surmise, there has been a long debate about how to define poverty, and how to measure it. In the literature, poverty was defined for many years in terms of a lack of income (in money or in kind) necessary to ensure access to a set of “basic needs”. With the passage of time the concept of poverty has been redefined to mean not only the lack of income, but also the lack of access to health, education and other services. In recent decades the definition of poverty has expanded to include aspects such as powerlessness, isolation, vulnerability, and social exclusion, amongst others.

### 34. Poverty as a multi-dimensional phenomenon

34.1 In the study on the poverty situation in Mozambique (Understanding Poverty and Well-being in Mozambique, First National Assessment: 1996-97), and in subsequent official documents (PARPA 2000-2004), poverty was defined as *the inability of individuals to ensure for themselves and their dependants a set of basic minimum conditions for their subsistence and well-being in accordance with the norms of society*. This same studies used *consumption per capita* (the total consumption of the family household divided by the number of members) as the basic measure of individual well-being for the following reasons:

- Consumption is the most appropriate indicator or measure of actual wellbeing (while income is a measure of potential wellbeing given that it may or may not be used for consumption);
- Consumption is a more precise and stable indicator since it is less subject to fluctuations over time.<sup>2</sup>

Therefore, individuals are classified as poor or not poor in terms of a poverty line defined in terms of per capita consumption.<sup>3</sup>

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<sup>2</sup> For more details on this question see the baseline study *Understanding Poverty and Well-being in Mozambique: First National Assessment (1996-97)* (MPF, 1998).

<sup>3</sup> A poverty line is arrived at by defining a particular level of income or value of consumption, such that those who fall below the line are considered poor. Households with incomes or consumption above the line are considered not poor. A monetary value is therefore assigned to this poverty line.

### **Box 1. What is poverty?**

Definition in Mozambique: “inability of individuals to ensure for themselves and their dependants a set of basic minimum conditions necessary for their subsistence and well-being in accordance with the norms of society.”<sup>4</sup>

Other definitions: “the lack of income necessary to satisfy basic food needs or minimum calorie requirements” (*Absolute or Extreme Poverty* in terms of income); “Lack of sufficient income to satisfy the basic essential food and non-food requirements given the average income of the country” (*Relative Poverty*); “Lack of basic human capacities, such as illiteracy, malnutrition, low life expectancy, poor maternal health, prevalence of preventable diseases, together with indirect measures such as access to the necessary goods, services and infrastructures necessary to achieve basic human capacities – sanitation, clean drinking water, education, communications, energy, etc.” (*human poverty*).

34.2 Despite consumption per capita being used as a measure of well-being, one must recognise the importance of indicators that are not based on consumption, such as rates of illiteracy, mortality rates, and percentage of population with access to clean drinking water, amongst others which are normally taken into account in broader definitions of poverty (see Box 1). These indicators, which together are used to determine the Human Poverty Index in accordance with UNDP methodology, are essential for highlighting various dimensions of poverty complete the poverty profiles. Studying the correlation between these and other variables contributes to a clearer picture of the aspects most relevant to the case of Mozambique.

### 35 Qualitative perceptions

35.1 Poverty surveys often focus on defining poverty lines and profiling on the basis of data collected through conventional surveys, with an emphasis on quantitative aspects and averages derived from a sample of households. However, it is also very important to determine how these profiles correspond to what the people understand as constituting poverty, and their perceptions, obviously subjective but based on direct experience, of what it means to be poor. Other qualitative and participatory survey methods take into account these dimensions of poverty that are frequently overlooked. Participatory Poverty Diagnoses and Participatory Rural Appraisals, based on quick and low-cost surveys, are normally used to carry out this kind of research.

35.2 In Mozambique a Participatory Poverty Appraisal (APP) was undertaken, based on a series of participatory qualitative studies carried out in 18 districts, which preceded the National Poverty Assessment based on the Household Survey (IAF) of 96/97. These studies, organised by the Population Studies Centre at Eduardo

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<sup>4</sup> Official definition adopted from the poverty analysis study.

Mondlane University (CEP-UEM) in collaboration with the Ministry of Planning and Finance and other institutions, were carried out between 1995 and 1996. In January 2001, a series of participatory diagnoses of poverty, organised by the MPF in collaboration with the UEM, were carried out. 21 districts in 7 provinces (Cabo Delgado, Nampula, Zambezia, Sofala, Tete, Inhambane, and Maputo province). Only the preliminary results of these diagnoses are currently available. The final results will be analysed and taken into account in the development of future profiles and poverty reduction plans. At the moment, it is possible to state that no significant differences were found between the first and the latest evaluations. Some results of the participatory studies follow.

35.3 The development of a poverty profile was complicated by the existence of a widespread hegemonic discourse that “*all were poor*”. However, in terms of **perceptions of poverty**, variations were found depending on those being surveyed. The factors mentioned in determining whether a person was considered poor or not may be divided into three groups: material goods; sources of income; and social relations/civil status. Distinctions were also drawn between the poverty of individuals, families, villages and regions/districts. Communities frequently referred to three groups (the poor, the middle group and the rich), though the material possessions characterising each group varied significantly between different communities. Hence, the perceptions of stratification and poverty were related to the surrounding socio-economic and cultural context. In terms of the frequency of the factors mentioned, for most people the poor are those who are unable to work because of physical handicaps, age or illness or civil status (widows); in other cases poverty is seen to be a case of working very hard but suffering from low income due, for example, to adverse climatic conditions and lack of means, or to be associated with one or another extreme symptom such as famine. In addition, there were views of poverty based on family origin, as a kind of predestination. But there is also a more materialistic understanding of poverty, seen as the lack of essential goods such as sufficient food or clothing, or not having children, or not having an alternative source of income. In the most recent diagnoses, the aspects most frequently mentioned as contributing to social status (poverty/wealth) were, amongst others, the following (in descending order): ownership of livestock; employment (working for others); ownership of a bicycle; ownership of a car; ownership of clothing and its quality; ownership of money, access to credit and goods to sell; ownership of a shop or stand; access to foodstuffs (quantity and quality). On the other hand the target groups, when discussing the poverty of *communities* (and not of individuals), also pointed out the lack of basic infrastructure, (roads, markets, transport), low agricultural productivity and the lack of welfare organisations as both symptoms and causes of poverty.

35.4 With regard to **causes**, in the 1996 assessments there was frequent reference to the war as a determining factor in explaining the current conditions of the poorest segments of the population. “Ignorance” and adverse climatic conditions were also considered to be causes of poverty. In the most recent diagnoses, less emphasis is given to the war, and more reference is made to the lack of support (social support, support from the Government and other institutions), the lack of employment opportunities, limited access to financial services, problems with marketing, or inability (due to physical or mental factors) to work, as the principal causes of poverty. The phenomenon of displacement (a result of the war) and the closing of

factories were also highlighted. The latter was particularly raised in areas where employment in factories was until recently the major source of cash income. In both sets of diagnoses other explanations were put forward, such as divine will, which meant that a person was predestined to be either poor or rich. At the same time there appeared to be concentric circles of poverty and misery. In fact, the closer one is to the administrative headquarters there is more infrastructure, a greater government presence, more food aid and the further away one is from the administrative headquarters the less infrastructure, shops, less government presence, in sum greater abandonment.

35.5 Finally, in terms of **priorities**, differences in established priorities may be linked to the age of those interviewed, their gender, wealth, and position in the power structure. The poorest tend to give priority, in terms of development activities or problems that need to be dealt with as a matter of priority, to the following in descending order of importance: transport, roads, prices, marketing of products, access to land and water and the introduction of motorised flour mills. These are, in sum, activities that increase the returns from their agricultural production, improve their terms of trade or their chances of participating in the market, and reduce the need for labour, which is always a limiting factor. The most recent diagnoses emphasise the need for basic social services, in particular the lack of accessible health posts, the lack of means to transport the seriously ill (ambulances), and the lack of personnel. There were accusations of corrupt practices amongst school teachers in some areas. The importance of water supply was constantly referred to in the districts visited. In many cases this problem is a result of the non-functioning of existing infrastructure due to the lack of maintenance of the equipment (such as pumps) and the lack of fuel.

### 36 Why and how to measure poverty

36.1 The measurement of poverty is one of the first steps, which should guide the definition and implementation of policies, and allow comparisons to be made between areas and over time. Comparisons between poverty levels can be made between two different moments in time (for example, compare 1995 and 1985) or the effects of poverty on two sub-groups of the population (for example rural and urban) or between two different situations in terms of policies adopted (for example, with or without subsidies).

36.2 In the National Assessment, basic minimum conditions were identified in terms of an absolute poverty line, constructed as the sum of a food poverty line based on nutritional standards of approximately 2,150 calories per person per day, plus a modest amount of non-food expenditure based on consumption by households that suffer from food insecurity. In monetary terms, the national poverty line was fixed at 5,433.00 MT per person per day, after weighting the various provincial poverty lines and adjusting them to reflect variations in the cost of living.<sup>5</sup> In addition, the concept of *destitution* (or abject poverty) was considered, characterising those who are unable to satisfy their daily calorie requirements (representing 60% of the base poverty line) (MPF 1998).

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<sup>5</sup> For example, a person living in Maputo city needs to spend 2.5 times more on daily consumption (for the basket of goods chosen for the poverty line) than a person who lives in a rural area in Nampula.

36.3 Three measures were used in the assessment studies on absolute poverty in Mozambique:

- Headcount index
- Poverty gap index
- Squared poverty gap index

The *headcount index* measures the proportion of the population defined as poor, i.e. those whose consumption (or any other indicator used to measure living standards) is below the poverty line. The *poverty gap index* is defined in terms of the average distance below the poverty line expressed as a proportion of that line, where the average is based on the total population, and counting the non-poor as having a poverty differential equal to zero. With this second index it is possible to measure changes in the income of the poor (increases or decreases) even when the headcount index remains unchanged. The third measure, the *squared poverty gap index* is defined as the average of the square of the proportional poverty deficits, and is sensitive to inequalities between the poor and to changes in these inequalities.

## THE PREVALENCE OF POVERTY

37. Results of the analysis of data from the IAF of 96-97 indicate that poverty levels in Mozambique remain extremely high. As one can see in Table 2.1, the average monthly per capita consumption was estimated at 160,780.00 MT, or around US\$ 170 per annum using the prevailing exchange rate at the time of the survey. The rate of absolute poverty stood at 69.4%, which meant that more than two-thirds of the Mozambican population was living below the poverty line. There was a greater incidence of poverty in rural areas (71.2%) where 80%<sup>6</sup> of the population lives, as opposed to 62.0% in urban areas.

38. As one can see from Table 2.2, given the concept of poverty used, the incidence of poverty at the provincial level is most marked in Sofala (87.92), Inhambane (82.60) and Tete (82.27). The prevalence of destitution (abject poverty)<sup>7</sup> follows the same pattern, being highest in Sofala (65.19), Tete (53.60) and Inhambane (53.73). Maputo city shows the lowest levels of both poverty and abject poverty, while the least poor province in terms of per capita consumption is Cabo Delgado.

39. Table 2.3 presents non-consumption welfare indicators that are important in themselves. These indicators show that three out of every four Mozambican women are illiterate, that the vast majority of the population does not have access to clean drinking water, and that infant and maternal mortality rates remain high. There is substantial inequality between the welfare levels in urban and rural areas, given that the welfare indicators are significantly lower in the latter.

40. Table 2.3 also presents comparisons between the prevalence of absolute poverty based on average consumption per capita, and the prevalence of human poverty based on other indicators of wellbeing (life expectancy, education, sanitation, clean

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<sup>6</sup> This percentage is based on the IAF figures. According to the Population Census, the percentage of the rural population is 71.42%.

<sup>7</sup> The abject poverty line (or destitution) is defined as 60% of the poverty line, and reflects a minimum level of subsistence.



water, etc). In fact, some provinces show large differences in terms of their position in relation to the *consumption poverty index* and the *human poverty index* (see Box 1 for definitions). For example, Cabo Delgado is the only province where the human poverty index is higher than the consumption poverty index, while Sofala, Inhambane, Tete and Maputo provinces show the highest relative differences between the index based on consumption and the human poverty index (between 25-35 percentage points higher in terms of consumption). Logically, these differences may be partly explained by the existence of, and access to, social infrastructure (education and health) and in the proportion of the urban population.

## THE POVERTY PROFILE

41. Decision-makers and planners need trustworthy and up to date information on poverty – for example, the number of households living in poverty, their composition in terms of age and sex, their geographic location and their employment situation, amongst other aspects.
42. The poverty profile provides a quick synthesis of the situation to politicians and those responsible for planning, as well as other interested persons. It has proved to be a useful instrument for the development of effective policies and programmes. Therefore the profile of characteristics identifying the poor includes location (rural or urban), occupation (farmers or workers), gender (households headed by men or women), and employment situation (employed, unemployed, casual workers).
43. National Profile

The profile presents the scale of poverty and its distribution amongst various socio-economic groups, and provides information on the characteristics and heterogeneous nature of the poor.<sup>8</sup> In general there are important differences between urban and rural areas, with the latter being poorer and less endowed with basic infrastructure. In brief, the profile highlights the following principal points (see Table 2.4):

- 43.1 **Demographic characteristics.** Poor individuals tend to live in larger households than the non-poor. The poor have more children than the non-poor and start having children earlier. Poor households have approximately twice as many dependants as the non-poor, and so their dependency rates are significantly higher than non-poor households. In regards to the feminisation of poverty, data from the IAF does not support this hypothesis *a priori*, given that there is not a higher proportion of female-headed households amongst the poor when compared to non-poor households.<sup>9</sup> Only in the case of widows and divorcees in urban areas is there a significant difference, which supports the gender hypothesis. Nevertheless, multiple regression analysis does tend to indicate that the link between the gender of the household head and consumption per capita (controlling for other variables)

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<sup>8</sup> This analysis is based on bivariate correlations between poverty and each of the variables taken into consideration.

<sup>9</sup> In fact, estimates of the incidence of poverty by group, according to the gender of the head of household, indicate that households headed by men have a poverty prevalence rate of 69.9%, while those headed by women have a slight lower rate (66.8%), which is principally due to their relative presence in rural areas (72.1% for male-headed and 66.9% for female-headed).

is negative in the case of female-headed households. Gender disparities, above all in rural areas, are a notable feature in many countries. This implies the need to deepen the analysis of the poverty profiles in Mozambique through a gender perspective, hopefully producing information that will improve policies for fighting against poverty.<sup>10</sup>

**43.2 Education.** The relationship between education and poverty is significant. However, differences between the poor and non-poor are often less significant than between sexes and between place of residence. Women and rural areas tend to be worse off. This means that a poor child in an urban area has a better chance of attending school than a non-poor child in a rural area; and in rural areas, a poor boy has a stronger probability of attending school than a non-poor girl. There is also a strong relationship between the level of education of the household head and the state of poverty of the household: households headed by those with a higher level of education tend to be less poor. This relationship is particularly strong in urban areas and in female-headed households.

**43.3 Health and nutrition.** In rural areas, access to health services is approximately the same for the poor as the non-poor. However, in urban areas the non-poor have better access to formal health services than the poor. The proportion of children between 6-11 months who have not been vaccinated is significantly higher in rural than in urban areas. Chronic malnutrition amongst children below the age of 5 is also higher in rural areas.

**43.4 Agriculture and land ownership.**<sup>11</sup> Almost all rural households have access to at least a plot of land to farm (*machamba*), compared to less than half of urban households. The poor and non-poor have approximately the same amount of land per household, but the non-poor tend to use more equipment (inputs) and to have more irrigated land than the poor. Nevertheless, the use of equipment and inputs is very low and this is reflected in *low levels of agricultural productivity* in the country. Land is not, therefore, a limiting factor for poor peasants, but rather their capacity (and therefore means of production) to work the land which they have, and achieve acceptable levels of productivity. Maize and cassava are the most common crops for both the poor and non-poor, while cash crops are of relatively marginal importance: the non-poor tend to cultivate more cotton and cashews, but nevertheless only low percentages of the non-poor do so (6.1% and 26% of the non-poor, respectively). This is reflected in the *low levels of marketed output* with, in general, less than 10% of households in each category (poor and non-poor) selling surpluses of maize, cassava or cotton.

**43.5 Employment.** While in urban areas the non-poor tends to work more for wages than the poor, in rural areas there is difference in this respect. In these areas it is not so much employment itself, but other factors such as the amount of wages or the number of dependants, that are the main determinants of poverty. In rural areas

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<sup>10</sup> The current state of knowledge allows objectives and measures to be defined specifically for girls and women, especially in the fields of education and health.

<sup>11</sup> One should exercise caution in regards to agricultural data, particularly as concerns output per area, given the limitations of the IAF 96/97 in this respect. To evaluate with greater precision the current situation, it is necessary to wait for results of the Agro-Animal Husbandry Survey currently under way. More concrete targets, and a more detailed evaluation of the situation, will then be possible.

almost everyone works in the agricultural sector, but this is especially so in the case of the poor. In urban areas less than one third of the non-poor work in agriculture, and this group is most present in “trade and services” and “public services”.

43.6 **Access to basic social services:** In rural areas there is no substantial difference between the poor and non-poor in the type of water source and sanitation used, since the population as a whole is dependant on wells, rivers and lakes, and latrines. In urban areas, however, the non-poor tends to have access to piped water and a health network, while the poor depend more on standpipes and public wells. In rural areas the distance from various services (e.g. schools, doctors, nurses, markets, telephones etc) is the same for the poor and non-poor.

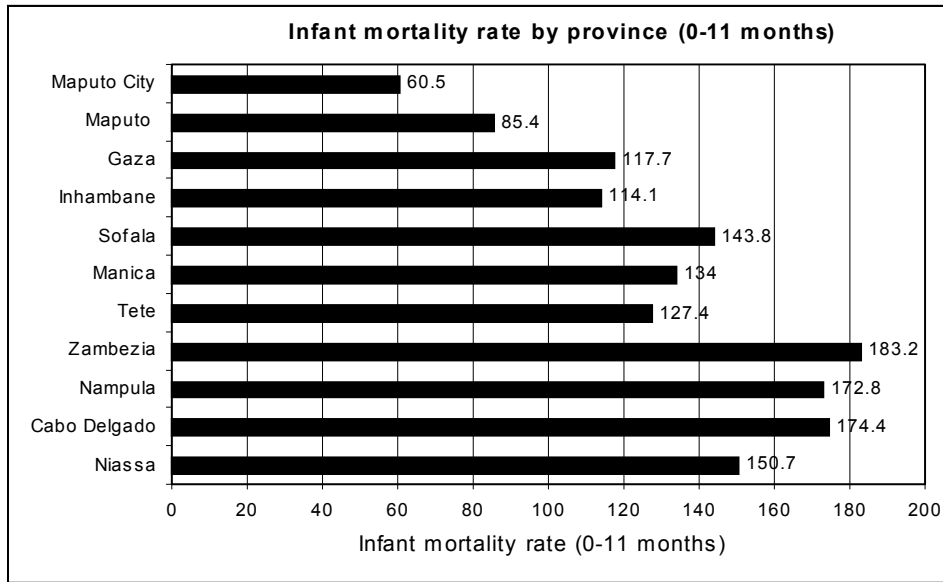
#### 44. Provincial profiles

44.1 The provincial profiles fill the need to reflect the regional diversity of Mozambique. Regional and provincial differences in various socio-economic indicators (consumption per capita, the relative weight of the economic sectors, infant mortality rates, access to clean water, health, levels of education, etc) are often important, though there is still an *overall deficit* for all provinces and in terms of the various indicators.

44.2 Among the main similarities, the dependency rate and household size should be noted as the most evident characteristics of the poorest households. In practically all provinces, the poorest households support a larger number of dependants without sources of income.

44.3 Graph 2.1, for example, illustrates the existing differences as regards infant mortality rates, which is a good indicator of living conditions, especially for health, in various areas of the country. Zambezia, Cabo Delgado and Nampula, which have the highest population densities in the country (in total they represent nearly 50% of total population), have the worst infant mortality rates, three times higher than Maputo city.

**Graph 2. 1: Infant Mortality Rate by Province**



Source: INE (1999)

These provinces also show the highest illiteracy rates and gender disparities in access to basic education and health services (see Table 2.3). As a result, they also have the highest rates of human poverty (UNDP, 2000). However Sofala province, which has the highest rates of prevalence and depth of poverty in terms of per capita income, nevertheless in terms of education, access to piped water and levels of child malnutrition is significantly better than the northern provinces and Zambezia.<sup>12</sup>

44.4 In terms of the marketing of agricultural produce, in those provinces with the greatest agricultural potential such as Nampula, Zambezia and Cabo Delgado, the poorest households have much lower rates of marketing their output than do the less poor (see poverty profiles for these provinces). The use of agricultural inputs is extremely low in all provinces and in the country as a whole, but the poorest households apply almost none of the main inputs, nor do they contract labour. This directly results in particularly low agricultural productivity.

44.5 Obviously, one of the clearest similarities relates to the fact that the poorest households suffer more from unemployment and underemployment, including those in rural areas with the best agricultural potential. On the other hand the importance of the various productive sectors varies a great deal, with agriculture constituting the most important activity in the northern provinces and Zambezia and being less so in provinces such as Sofala and Maputo (province and city).

44.6 In general, poverty levels are considerably higher in rural as opposed to urban areas, with the exception of Cabo Delgado, where the incidence of poverty in terms of per capita consumption is higher in urban areas. There are various explanations

<sup>12</sup> However, gender inequalities in education are particularly high in Sofala when compared to other provinces. It should also be remembered that the situation in rural areas of Sofala in regards to education and other basic rural infrastructure is not very different from that prevailing in the provinces in the North. Therefore it is probably the case that Beira city weighs heavily in the aforementioned results.

for this, running from the definition of what constitutes an urban area to the importance of self-consumption of the most readily available agricultural products in rural areas, amongst others. However, the incidence of *human* poverty in the rural areas of Cabo Delgado is amongst the highest in the country, which reflects again the various dimensions of poverty, which must be taken into account.

- 44.7 In terms of all comparisons, the situation of Maputo city is very different, having as it does significantly lower poverty rates (in all dimensions) than the rest of the country. Job and income opportunities are greater, and in many cases the best social infrastructures are concentrated in the capital city. However, the question of poverty does not lose its importance in the case of Maputo city and, despite its urban nature and its specificity, many aspects reflected in other profiles are still present: high rates of dependency, low productivity, gender inequalities in education, poor infrastructure in peri-urban areas, etc.

## **DETERMINANTS OF POVERTY IN MOZAMBIQUE**

45. The poverty profiles represent a first attempt at understanding the potential causal factors underlying poverty. Such analysis may be strengthened with the use of multivariate regression techniques combining quantitative and qualitative variables. On the basis of the data of from IAF 1996/97, the following determinants of poverty in Mozambique were identified (MPF 1998):

- Slow economic growth until the beginning of the 1990s.
- Poor levels of education of economically active members of households, especially women.
- High dependency rates in households.
- Low productivity in the family agricultural sector.
- Lack of employment opportunities in the agricultural sector and elsewhere.
- Poor development of basic infrastructure in rural areas.

46. Other studies (World Bank 2000) also emphasise factors such as the isolation of communities due to lack of adequate roads, and therefore poor integration of rural markets to allow for the sale of agricultural surpluses.

47. Sufficient data is not available to determine the *evolution of poverty* over the last few years, and the extent to which the changes that have taken place and the rapid economic growth over the last few years have influenced trends in the prevalence of poverty. Table 2.5 presents a forward and backward simulation based on data from the IAF 1996/97, taking into account the poverty line and changes in real consumption per capita. The period 1987-1997, which was one of weak growth (an cumulative increase of only 6% in real consumption per capita) probably saw a very modest fall in the prevalence and depth of poverty (4.4% and 8% respectively). In contrast, for the period 1997-2001, if the projections are correct, there will be a considerable reduction in the prevalence of poverty (7.3% cumulative) over only four years. Besides these simulations, which suffer from well-known methodological and statistical limitations, there are other indicators, which also indicate a positive trend since 1994, which coincides with a period of accelerated economic growth. These indicators may well reflect, in themselves, relatively

positive changes in the average living conditions of the population, including the poorest (see Table 2.6).

### **Specific Aspects and more recent studies**

48. Following the presentation of results from the first national and provincial poverty assessment in Mozambique, research continues with a view to deepening knowledge and filling the gaps in existing information.. At this time, research is being carried out in three main areas:

- (a) Alternative methods for measuring poverty, the selection of poverty lines, and the implications in terms of prevalence rates;
- (b) Analysis of the incidence of basic services in health and education, and public expenditure in these areas for various income groups, to evaluate progressivity of the supply of these services;
- (c) Poverty mapping, to identify with greater precision the location of the poor.

#### 49. Alternative methodologies for establishing poverty lines

49.1 The choice and establishment of poverty lines is one of the most complex and problematic tasks in the development of provincial profiles. There are various methodologies, each with its own problems and advantages. In general, the principles of consistency and specificity are vital to ensure that comparisons are acceptable, particularly in the case of Mozambique, a vast country with inter-regional and inter-provincial differences.

49.2 In the study on alternative methodologies for defining poverty lines (FEI or CBN)<sup>13</sup>, data from the IAF 1996/97 was used to test six different measures to establish the extent to which the choice of one or another affects rural-urban and inter-provincial comparisons. The following results may be highlighted:

- The choice of methodology affects the profiles and geographical distribution of poverty (rural/urban, provinces), but the Cost of Basic Needs methodology is more robust;
- The characteristics of the poor (size of household, dependency rate, education, access to land) are, in general, constant with respect to the choice of various poverty lines;
- The measured characteristics of poor households are more reliable when averaged, in that geographical distinctions are more sensitive to the choice of method used to define the poverty line.

#### 50. Analysis of the incidence of health and education benefits in Mozambique

50.1 The purpose of this study is to determine the progressivity of health and education benefits, that is, of basic services provided and expenses incurred to reach the population. The study combines the costs of providing basic services with data on utilisation of the various services by the population. Studies carried out in other African countries show that the distribution of public expenditure on these services

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<sup>13</sup> FEI= Food Energy Intake; CBN = Cost of Basic Needs

is highly unequal, and that the poor benefit much less from this expenditure than the non-poor.

50.2 The main conclusion of the in Mozambique is that the benefits of education and health are distributed with a view to improving the living conditions of the poor, or in other words, the poor tend to benefit relatively more than the non-poor. In terms of primary education, the benefits curve is progressive, so there is discrimination in favour of the poorest, while in terms of secondary education the distribution is slightly in favour of the less poor (precisely because of the lack of secondary school infrastructure in rural areas). In regards to health services (vaccinations and consultations) the benefits per capita curve tends to be either equal or progressive, to a certain extent due to the large number of household members that use these services (as in the case of primary education). Therefore, investments in health and education can have a significant direct impact on the poor population due to existing deficits on the one hand and the progressive distribution of benefits on the other.

## 51. Poverty mapping

51.1 The mapping of poverty is underway and aims to bring together data from the IAF 1996/96 with the Census of 1997, to identify pockets of poverty in the country down to the *district* level. In fact, one alternative for public intervention in the fight against poverty is to select some areas with disproportionate levels of poverty in relation to the national and provincial averages. Participatory diagnoses of poverty at community level normally show the existence of pockets of poverty, distributed throughout various provinces and independent of the *aggregated* differences from one province to another. In order to reach down to the level of local communities, it is necessary to know the situation of each district and the absolute poverty prevalence levels in each case. Therefore, thanks to the mapping of poverty, it will be possible to identify with greater precision those areas of the country, which suffer from the greatest poverty and to direct priority actions to those areas.

**Table 2.1. Average consumption and poverty estimates by zone and region**

	Portion of the population (%)	Average value of real consumption Total (Mt)	Head Count index (%)	Poverty gap index (%)	Distribution of the poor (%)
Rural	79.7	150,740	71.3	29.9	81.8
Urban	20.3	202,685	62.0	26.7	18.2
North	32.5	167,834	66.3	26.6	31.0
<b>Centre</b>	<b>42.6</b>	<b>141,990</b>	<b>73.8</b>	<b>32.7</b>	<b>45.3</b>
South (incl. Maputo)	24.9	183,718	65.80	26.8	23.6
South (excl. Maputo)	18.8	161,036	71.7	30.2	19.4
National	100.0	160,780	69.4	29.3	100.0

Source: (GOM 2000:13)

**Table 2.2. Average consumption and estimates of poverty and destitution by province, 1997**

Province	Proportion of the population (%)	Average consumption (Mt/person/month)	Head Count Index	Abject-poverty Head Count Index 1/	Depth of Poverty (%)
Niassa	4.85	147,841	70.64	40.48	30.1
Cabo Delgado	8.16	194,448	57.40	23.10	19.8
Nampula	19.47	161,668	68.92	37.11	28.6
Zambezia	20.34	154,832	68.10	34.35	26.0
<b>Tete</b>	<b>7.30</b>	<b>117,049</b>	<b>82.27</b>	<b>53.60</b>	<b>39.0</b>
Manica	6.19	191,608	62.60	26.96	24.2
<b>Sofala</b>	<b>8.77</b>	<b>97,906</b>	<b>87.92</b>	<b>65.19</b>	<b>49.2</b>
<b>Inhambane</b>	<b>7.06</b>	<b>128,219</b>	<b>82.60</b>	<b>53.73</b>	<b>38.6</b>
Gaza	6.57	183,233	64.66	26.54	23.0
Maputo Province	5.14	177,774	65.60	35.37	27.8
Maputo City	6.14	253,102	47.84	17.03	16.5

(Source: MPF 1998)

Note 1: Abject poverty corresponds to destitution, i.e. those whose per capita consumption is 60% below the poverty line.



**Table 2.3. Non-consumption indicators of Well-being: Human Poverty Index**

Province	Absolute Poverty Rate (%)	Incidence of Human Poverty (%)	Illiteracy Rate (% men and women over age 15)	Female illiteracy rate (+15) (%) A/	Population without access to Potable Water (%)	Infant Mortality Rate (Under 12 months of age/ 1000 live births)
Rural	71.2	-	72.2	85.1	99.1	160.2
Urban	62.0	-	33.3	46.2	68.9	101.2
Cabo Delgado	57.4	67.8	75.0	88.5	96.6	174.4
Nampula	68.9	63.6	71.7	85.9	93.4	172.8
<b>Niassa</b>	<b>70.6</b>	<b>61.6</b>	<b>69.0</b>	<b>84.2</b>	<b>97.1</b>	<b>150.7</b>
<b>North</b>	<b>66.3</b>	<b>64.3</b>	<b>71.9</b>	<b>85.3</b>	<b>95.7</b>	-
Zambezia	68.1	65.3	70.3	85.2	98.5	183.2
<b>Tete</b>	<b>82.2</b>	<b>62.1</b>	<b>66.8</b>	<b>81.0</b>	<b>95.8</b>	<b>127.4</b>
<b>Sofala</b>	<b>87.9</b>	<b>55.2</b>	<b>57.7</b>	<b>74.8</b>	<b>85.4</b>	<b>143.8</b>
Manica	62.6	57.5	56.2	73.9	96.5	134.0
<b>Centre</b>	<b>73.8</b>	<b>60.0</b>	<b>62.8</b>	<b>78.9</b>	<b>94.1</b>	-
<b>Inhambane</b>	<b>82.6</b>	<b>51.7</b>	<b>54.2</b>	<b>66.4</b>	<b>96.3</b>	<b>114.1</b>
Gaza	64.7	49.1	52.7	63.0	89.8	117.7
Maputo Province	65.6	37.3	34.3	45.9	68.8	85.4
Maputo City	47.8	21.1	15.0	22.6	51.0	60.5
South	65.8	39.8	39.1	-	76.5	-
National	69.4	56.8	60.5	74.1	91.5	145.7

Source: (GDM 1999, INE 1997, INE 1999, PNUD 2000) The data refers to 1997. A/ data for the regions (North ,South, Centre) are from UNDP 2000).

**Table 2.4: Selected variables showing poverty levels and area of residence.**

Sector	Variable/ Group	RURAL				URBAN				MOZAMBIQUE			
		Very poor	Poor	Non-poor	All	Very Poor	Poor	Non-poor	All	Very Poor	Poor	Non-poor	All
<b>A. Demography</b>	Average size of household	6.1	5.5	3.3	4.6	6.2	6.0	4.7	5.4	6.1	5.6	3.6	4.8
	Average dependency rate <sup>1</sup>	60.5	58.8	47.7	55.5	61.4	57.6	47.9	53.9	60.7	58.6	47.5	55.2
	Had first child between age of 12-15 (%)	21.1	21.0	16.9	19.7	20.3	16.5	7.88	13.1	21	20.2	14.9	18.4
<b>B. Education</b> (of Head of Household)	Completed Primary education or higher	9.8	11.1	17.0	13.4	25.4	28.7	58.4	41.9	12.6	14.1	25.3	18.6
	Schooling of children under age 11)												
	Matriculated (7-11) M	48.2	50.1	55.9	51.5	52.7	57.9	77.6	65.6	49.1	63.0	75.2	54.5
	F	29.1	32.9	34.4	32.3	47.2	51.8	75.1	61.4	32.3	50.5	66.3	40.3
<b>C. Health</b> (Utilisation of health services) (Vaccinations)	Had a consultation <sup>2</sup>	56.3	56.3	59.2	57.4	64.2	69.5	81.0	74.2	57.8	58.6	63.4	60.5
	None (5-12 months)	31.2	32.4	42.9	35.1	6.5	4.1	0.0	2.7	26.0	27.1	32.1	28.5
	Prevalence of chronic malnutrition (%)	48.0	47.4	49.9	48.0	33.1	30.6	21.5	27.6	44.6	43.7	41.9	43.2
<b>D. Agriculture and Land Ownership</b> Inputs	Have a machamba	98.7	98.9	97.6	98.5	72.8	62.5	41.3	54.4	94.0	92.2	83.4	89.5
	Use pesticides and fertilisers	1.1	1.4	1.5	1.4	1.7	3.1	6.0	4.0	1.2	1.6	2.1	1.8
<b>E. Employment</b> Poverty Situation by type of employer	- Public administration	0.74	0.73	1.2	0.89	6.15	6.64	16.29	10.46	1.39	1.44	3.50	2.14
	- State/ public company	1.67	1.59	1.67	1.62	10.02	12.52	17.59	14.53	2.68	2.90	4.10	3.31
	- Private sector	1.94	1.99	1.88	1.95	8.06	11.65	15.96	13.36	2.68	3.14	4.03	3.45
	- Self employed	43.2	45.19	53.10	47.81	46.48	45.54	37.04	42.17	44.14	45.23	50.64	47.07
	- Family (no income)	51.56	50.23	41.67	47.40	29.93	21.44	9.75	16.81	48.66	46.78	36.80	43.39
	- Other <sup>3</sup>	0.17	0.27	0.47	0.34	2.36	2.22	1.74	2.77	0.42	0.50	0.91	0.64

<sup>1</sup> The dependency rate is the sum of those members of the household that are less than 16 years old or older than 59, plus those with physical or mental deficiencies, divided by the total number of individuals in the household.

<sup>2</sup> Only for those who were sick.

<sup>3</sup> Other =cooperative sector, employer and domestic servant.

**Table 2.5: Implications of economic growth for poverty reduction (1987 – 2001) on the basis of simulations <sup>1</sup>**

	1987 (simulated)	1996/7	2001	1987-1997	Long term Changes (% accumulated) 1997-2001 <sup>2</sup>
<b>Average consumption (MT per person per day at 1996/97 prices)</b>	4963	5292	5817	6.5	9.9
<b>Prevalence of Poverty (%)</b>	72.6	69.4	64.3	-4.4	-7.3
<b>Depth of Poverty (%)</b>	31.8	29.3	23.4	-8.0	-20

Notes:

1. The simulations are based on the assumption of a growth in private per capita consumption with a neutral distribution, that is, it is equal on average for the whole population. This assumption will especially affect the results of the depth of poverty (differential poverty).
2. For the years 2000 and 2001 the most recent projections of the IMF were used.

*Source: MPF 1998 and IMF*

**Table 2.6: Evolution of social and welfare indicators 1994-2000**

		1994	1995	1996	1997	1998	1999	2000
<b>Macro economy</b>	<b>Real GDP growth (%)</b>	7.0	3.3	6.8	11.3	11.9	7.3	3.8
<b>Demographics</b>	<b>Life expectancy at birth (years)</b>	-	-	42.1	42.3	42.9	43.5	N/a
<b>Education</b>	<b>Gross rate of schooling (EP1)</b>	54.2	56.9	68.6	74.8	77.8	84.1	90.7
	<b>Gross rate of schooling (EP2)</b>	13.5	14.2	18.3	19.5	20.4	21.1	23.2
	<b>Net rate of schooling (EP1)</b>	31.6	33.0	35.9	43.0	44.8	49.3	54.0
	<b>Drop out rate (EP1)</b>	10.7	9.6	8.5	8.3	7.9	7.8	n/a
	<b>(EP2)</b>	7.6	10.2	7.4	4.5	7.4	5.4	n/a
	<b>Repetition Rate (EP1)</b>	25.7	25.7	24.9	25.2	27.4	23.9	22.8
	<b>(EP2)</b>	30.3	30.9	29.5	29.3	31.5	24.9	22.8
<b>Health</b>	<b>Infant mortality rate (x 1000)</b>	-	-	-	145.	-	-	-
	<b>Low birth weight rate (%)</b>	14	13	12.6	7	12.3	12.2	12
	<b>Maternal mortality rate</b>	2.3	1.8	2	12.1	1.6	1.5	n/a
	<b>Ratio of Inhabitants to trained health staff</b>	-	-	2450	1.8	1986	1730	1118
	<b>Ratio of Beds per 10,000 inhabitants</b>	-	-	7.7	2296	8.6	9	n/a
	<b>Total health units (number)</b>	-	-	-	6.4	1107	1155	n/a
	<b>Vaccination coverage rate for DPT 1<sup>st</sup> to 3<sup>rd</sup> dose(%)</b>	55	57	59	1053	80	81	85
	<b>Vaccination coverage rate VAS (%)</b>	65	66	67	73	89	90	95
					80			

*Source: INE (Various annuals, 1997 Census, Statistics and Social Indicators); MINED; UNDP 2000, IMF 2000*

### III. THE DEMOGRAPHIC, MACRO-ECONOMIC AND TERRITORIAL CONTEXT

#### THE DEMOGRAPHIC CONTEXT OF POVERTY

52. The demographic context provides a framework for harmonising the national objectives and targets for poverty reduction with those at a regional, sectoral, provincial and local levels. With an understanding of the demographic and economic dimensions, one can assess the efforts needed to realise the objective laid down in the *Action Lines* for reducing by 30% the incidence of absolute poverty during the first decade of the new millennium.<sup>14</sup>
53. Before factoring in the impact of AIDS, Mozambique's population may reach around 19.4 million inhabitants by 2004, distributed on a regional basis as follows: 34% in the North, 45% in the Centre, and 21% in the South (including Maputo city). This population growth reflects a combination of the main components of demographic dynamics, namely forecasts of population growth and birth and death rates.
54. Taking into account the impact of AIDS over the same period (up to 2005), the population may reach 18.1 million, i.e. a loss of around 1.3 million as a result of AIDS. In regional terms, it is expected that the Central region will be most affected. Of the total of 1.3 million probable deaths, around 69% will be in the Central region, 18% in the North and 13% in the South (including Maputo city).
55. Developments in terms of life expectancy during the five-year period 2000-2005, before factoring in the impact of AIDS, would be in the order of 4 years, i.e. an increase from 42.3 years in 1997 to around 46 years in 2005. With the impact of AIDS, estimates indicate that life expectancy, rather than increasing by 4 years, might in fact fall to 35.2 years by 2005.
56. High fertility and dependency rates are two other important indicators that have an impact on the levels of poverty in Mozambique. A reduction of around 7% in the fertility rate in relation to 1997 is forecast (from 5.9 children per woman to 5.3 in 2005). It is assumed that this reduction will result from socio-cultural mechanisms of population reproduction.
57. Regarding dependency rates, economic and social policies have to take into account the very young age structure of the Mozambican population. The high proportion of dependants, above all children and young people, is typical of a developing country. This young age structure of the Mozambican population predetermines the supply of labour, as well as the size and proportion of school age children, specific requirements for health services and a range of other consumption and welfare requirements. These aspects should be taken into account by all relevant sectors to ensure that sectoral plans take into account the tendencies and dynamics of the demographic structure and its variables.

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<sup>14</sup> As already mentioned, the incidence of poverty in Mozambique currently stands at around 70%. A 30% reduction in the incidence rate during the first decade of the new millennium would translate into a reduction in the number of poor from 70% to around 50%.

## THE MACROECONOMIC CONTEXT

### Macroeconomic performance

58. Between 1996 and 1999 Mozambique registered very positive macroeconomic performance. Inflation fell to single digit figures and the annual growth rate of real GDP was above 10%, while investment reached an average of around 27% of GDP. The growth was broadly-based, including 9% growth in agriculture and animal husbandry (led by the family sector) and 18% in industry (excluding mega-projects). The annual average growth in private consumption was around 7%. These favourable tendencies were the result of two key changes: the transition since 1992 to a period of peace and stability; and the economic reforms begun in 1987, which substituted an economy driven by market forces and private enterprise for one previously based on central planning. Through these reforms, policies were pursued to correct the principal domestic and external imbalances.
59. This macroeconomic performance suffered a setback in 2000 as a result of the floods at the beginning of the year, which particularly affected the centre and south of the country. Despite reconstruction efforts, preliminary estimates indicate that economic growth will fall to 2.1% for 2000, while inflation will rise to 11% (also due to oil price rises and a rapid growth in money supply). An additional consequence of the floods can be seen in the fact that 2000 and 2001 are exceptional in terms of the availability of budgetary resources. This is a reflection of the extraordinary level of donor support for the emergency and post-flood reconstruction programmes.
60. These deviations from the general trend are, in principle, temporary, since a growth of around 10% in GDP is forecast for 2001, while the target for inflation stands at between 5%-7%. In the medium term, the objective is to maintain a broadly-based GDP growth rate of not less than 8% per annum, increasing national income per capita and private consumption by at least 5%, with an inflation rate of between 5%-7% per annum. Total budgetary resources will drop to normal levels, with a greater mobilisation of domestic resources and less dependency on external financing (as a percentage of GDP). The main features of the macro-economic scenario are summarised in table 3.1.<sup>15</sup>
61. These macro-economic objectives are ambitious but achievable under the following scenario:
- Peace and political stability;
  - Prudent macroeconomic and financial management;
  - Strong investment in education, health and infrastructure;

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<sup>15</sup> These estimates are based on a macroeconomic consistency model, which takes into account the real economy, the government budget, and the balance of payments. The model will be refined during 2001 by the MPF. The consistency of the 8% growth rate is supported by two sources. First, by the general equilibrium multi-sectoral model developed by the MPF. Second, by a recent World Bank study (*Mozambique: Growth Performance and Reform Agenda*, draft 2000), which concludes that the economy may achieve an average growth rate of between 5% and 7% in the context of current policies, and may possibly achieve double digit growth if deeper reforms are carried out, many of which are included in the current program.

- Substantial productivity gains in agriculture, particularly in the family sector, resulting in an average annual growth rate for the whole sector of around 8% (with low capital input requirements);
- Strong improvement in the functioning of market-supporting public institutions, including legal/judicial reform and the reduction of red tape;
- Deeper structural reforms in other sectoral programmes;
- Continued support from international partners, maintaining the recent high level of net transfers;
- Phased implementation of mega-projects that are at an advanced stage of planning and have a high probability of being implemented, involving new investments estimated at US\$ 6 billion.<sup>16</sup>
- A rapid growth in exports, starting from a low base (see Table 3.1), rooted in an expansion in the production of cash crops (in particular cashew nuts and cotton), a large boost from the mega-projects, and maintenance of a competitive exchange rate;
- Continued liberalisation of foreign trade, in particular within the SADC region, and expansion of trade flows through the main transport corridors;
- Rapid and inclusive growth of trade, transport and non-government services (including construction), boosted by agriculture, foreign trade and public works.

62. An important factor that has not been included in the current analysis is the macroeconomic impact of HIV/AIDS. Two studies on the issue will be finalised this year and the results taken into account in future projections. On the basis of recent studies in other countries of the region (where the rates of infection are higher than in Mozambique) the effects here in the medium-term may be a fall of 1% per annum in the GDP growth rate. The per capita growth may fall by less than 0.5% per annum over the period 2000-2010.<sup>17</sup>

63. In addition to the impact of HIV/AIDS, economic growth may also be lower than projected in the programme as a result of risks arising from natural disasters or from irregular or unpredictable flows of external finance. On the other hand, growth could be higher than 8% if the effective implementation of the programme successfully encourages foreign investment at higher levels than those projected. In light of these uncertainties, macroeconomic projections will be revised annually to incorporate the best and latest information, as well as changes in the key macroeconomic variables.

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<sup>16</sup> The quantitative analysis includes detailed projections for the following mega-projects: MOZAL I and MOZAL II; the Mepanda Uncua project; the Temane and Pande natural gas project, including the pipeline to South Africa; the Maputo iron and steel project; the Gaza heavy sands project. It is expected that these projects will add 2 % of GDP to budgetary revenues, particularly from those projects based on use of natural resources. The quantitative analysis makes a clear distinction between the impact of these projects on GDP and national income. A number of other large projects were not included in these projections, given that discussions are still at an early stage. These include: the port project in Ponta Dobela, Sasol's petrochemical project in Beira; the iron project in Beira; the Moatize coal project, the aluminum project in Beira; and the heavy sands project in Morna.

<sup>17</sup> Analysis of the impact of HIV/AIDS in terms of GDP growth provides only a partial insight into the social and economic costs of the disease. It is, however, an appropriate indicator for the purpose of adjusting the macro-economic projections.

**Table 3.1. Mozambique: Selected Economic and Financial Indicators, 1999-2010**

	1999	2000	2001	2002	2005	2010
	<i>(Annual percentage changes, or otherwise indicated)</i>					
<b>Output and prices</b>						
GDP nominal (billions of meticaís)	52,079	60,102	70,178	81,900	124,029	223,855
GDP nominal (millions of U.S. dollars)	4,104	3,947	3,309	3,548	4,604	6,383
Real growth rate	7.3	2.1	9.6	9.8	9.3	7.9
GDP deflator	2.0	13.1	6.6	6.3	5.0	5.0
GDP per capita (U.S. dollars)	250	240	200	210	260	330
GNP per capita (U.S. dollars)	240	230	180	170	220	290
<b>External sector</b>						
Exports of goods		28.3	98.9	3.3	24.2	24.9
Mega projects		0.0	282.9	0.4	27.2	28.4
Others		13.9	0.1	9.1	10.2	9.6
Imports of goods		-3.5	18.0	57.8	6.3	2.4
Mega projects		-65.4	119.1	185.6	3.7	-2.5
Others		43.2	-0.4	6.4	8.3	6.9
	<i>(In percentage of GDP)</i>					
<b>Investment and savings</b>						
Investment						
Gross investment	23.6	19.9	26.6	41.8	20.6	18.8
Private investment	14.2	8.3	11.5	29.2	8.7	7.9
Public investment	9.3	11.5	15.0	12.5	11.9	10.9
Savings						
National savings	5.0	12.6	11.6	-5.0	17.1	18.9
Domestic savings	1.2	0.6	5.7	0.4	22.2	25.0
Private savings	2.3	2.2	9.8	4.0	22.0	22.3
Public savings	-1.1	-1.6	-4.1	-3.6	0.2	2.7
External savings	22.4	19.3	20.9	41.4	-1.6	-6.1
<b>Budget</b>						
Revenue	12.0	12.4	12.4	13.2	15.4	16.7
Total expenditure and net lending	22.9	27.7	35.4	29.6	27.1	25.0
Overall balance before grants	-11.0	-15.3	-23.1	-16.3	-11.7	-8.3
Grants	7.1	10.7	14.2	12.0	8.7	6.3
Overall balance after grants	-3.9	-4.6	-8.9	-4.4	-3.0	-2.0
Domestic primary deficit	-3.1	-5.8	-10.3	-5.0	-3.5	-2.6
Domestic primary deficit, exc. mega projects	-3.1	-5.8	-6.4	-4.3	-3.5	-2.6
Domestic financing	0.2	1.0	1.2	0.0	0.0	-0.2
<b>External sector</b>						
Current account before grants	-29.1	-21.6	-28.9	-58.7	-12.2	-6.1
Current account before grants, exc. mega projects	-9.8	-16.7	-22.9	-22.4	-17.7	-15.9
Current account after grants	-18.6	-7.3	-15.0	-46.7	-3.5	0.1
Current account after grants, exc. mega projects	0.7	-2.5	-9.0	-10.4	-9.0	-9.6
Capital account	19.5	1.8	6.4	35.9	-0.8	-2.6
Foreign borrowing (net)	10.2	-1.7	0.8	12.6	-3.4	-4.4
Foreign borrowing	16.0	8.0	11.6	22.8	5.7	3.3
Public	2.7	4.1	7.6	4.9	3.5	2.8
Private	13.3	3.9	4.0	17.9	2.2	0.5
Amortization	-5.9	-9.7	-10.8	-10.2	-9.1	-7.8
Direct investment (net)	9.3	3.5	5.6	23.3	2.6	1.8
Overall balance	-5.7	-9.9	-14.7	-10.8	-4.3	-2.5
	<i>(In millions of U.S. dollars, or otherwise indicated)</i>					
Current account before grants	-1,196.2	-852.2	-955.2	-2,082.4	-559.9	-390.9
Current account before grants, exc. mega projects	-403.5	-661.1	-756.9	-793.0	-815.8	-1,012.6
Current account after grants	-762.2	-288.3	-496.6	-1,657.4	-159.9	9.1
Current account after grants, exc. mega projects	30.5	-97.1	-298.3	-368.0	-415.8	-612.6
Capital account	798.6	71.8	213.1	1,272.6	-37.4	-168.2
Overall balance	-235.8	-390.6	-487.7	-384.8	-197.4	-159.1
Gross international reserves	669.0	745.4	679.9	694.7	651.4	1,074.8
In months of GNFS imports	5.9	6.9	5.2	3.5	3.3	4.0
Ratio of external public debt service						
<i>After expected debt relief</i> <sup>4/</sup>	15.5	4.8	5.0	6.2	2.4	1.6

**Note:** GNFS = Goods and non factor services.

<sup>4/</sup> In percentage of exports of goods and non factor services.

## **The connection between economic growth and poverty reduction**

64. A basic premise of the present strategy is that rapid, sustained and broad-based growth is essential for the reduction of poverty. Therefore the strategy incorporates policies and reforms necessary to stimulate growth, as well as direct measures aimed at providing better opportunities for the poor.
65. The target 8% average annual growth rate will create conditions for reducing the incidence of absolute poverty from around 70% to less than 50% by 2010. In this scenario, the average level of consumption for poor families will double in 12 years, and quadruple by 2025. This growth has a similar affect on the provision of public services to the poor. Currently, public expenditure on education, health agriculture and roads represents 42% of the State budget and around 10% of GDP – around US\$24 per capita. Only modest improvements can be achieved through a reallocation of public expenditure and efforts to increase revenue. Only with rapid economic growth is there the possibility of doubling resources for essential public services over the next decade. In sum, rapid growth can provide material benefits and better public services to the poor, which would otherwise be impossible to achieve.
66. These linkages reflect lessons from international experience. Countries, which have been unable to sustain significant growth in income per capita, have also failed to reduce poverty. By contrast, each of the 7 countries which sustained high rates of growth between 1970 and 1995 - including our regional neighbours Botswana and Mauritius – also achieved significant reductions in absolute poverty, and corresponding improvements in the quality and coverage of public services. With appropriate policies, Mozambique is in an excellent position to emulate these extraordinary achievements.
67. It is obvious that the poor do not automatically benefit from good “macroeconomic statistics”. Therefore, the strategy must ensure that the structure of growth favours the poor. This will be achieved by increasingly allocating public resources to programs, which strengthen the capacities of, and opportunities for, the poor.
68. It is important to take note of the fact that the link between growth and poverty reduction works both ways. Rapid growth contributes to human development, and at the same time, measures to develop capacities and opportunities for the poor contribute to rapid growth. Since the relationship works both ways, a well conceived strategy to achieve human development and economic growth can produce a “virtuous cycle” of accelerated progress in the urgent fight against poverty. In many ways policies to promote economic growth and human development are one and the same thing.

## **Achieving rapid and sustainable growth**

69. The fundamental macro-economic determinants of growth are: first, a high rate of investment in physical and human capital; and second, rising productivity.



*Physical investment* includes both public and private capital formation. It is private investment that will serve as the main engine of growth. However, growth also depends greatly on complementary public investment in productive infrastructure. In addition, private investment is influenced by government policies and institutions, which affect the risks and the returns on doing business in Mozambique. Therefore, the Government plays a vital role in providing goods and services, and creating a favourable environment for private investment in the economy. Investment in *human capital* consists primarily of expenditure on education, health and training, and involves both public sector programmes and private initiatives. Finally, *productivity gains* (increases in efficiency) arise as a result of a complex process involving technical, organisational and managerial changes and innovations at the level of firms and other institutions; structural changes which reallocate factors of production to more efficient activities and sectors; financial institutions which channel savings to those investments with the highest rates of return; and learning activities, involving education and training, research and information technology. These processes are decisively influenced by government policies and institutions.

70. International research provides strong evidence that certain aspects of public policy are particularly important for fostering rapid and sustainable growth through their impact on investment and productivity. One basic condition is the maintenance of peace and political stability. Other fundamental factors include:
- Investments in education, health and infrastructure. Special attention must be paid to the fight against HIV/AIDs and the promotion of gender equity.
  - The quality of market-supporting public institutions, including an effective regulatory, legal and judicial system, the elimination of red tape, effective efforts to eliminate corruption, and the transformation of public administration to be more effective in facilitating private initiatives.
  - Macro-economic policies such as prudent and consistent fiscal and monetary management; outward-looking trade policy, with an emphasis on the promotion of exports; and the development of healthy and efficient financial markets.
71. Besides an effective collaboration between the State and the private sector, the strategy for rapid and sustainable growth also depends on maintaining a constructive partnership between domestic and foreign resources. The people of Mozambique are the main agents of growth, and the only beneficiaries of importance in the process of developing the government programme. However, international partners play a key-supporting role in complementing our capacity and increasing our chances of success through the provision of aid, investment, technology, qualified workers and managers, and access to vast potential markets.

### **Ensuring that the poor are involved and will benefit**

72. To ensure that growth will favour the poor, the strategy involves two basic components. Firstly, the measures adopted to promote rapid growth will be designed and implemented with a strong focus on involving and benefiting the poor. This applies not only to education, health and infrastructure – where the programme emphasises the importance of the balance between regions and the need to focus

service provision on areas with a high concentration of poverty – but also to institutional reforms and the development of financial markets. Even the issue of macroeconomic stability is vital for the poor, since families struggling for subsistence are the most vulnerable to adverse effects of an economic crisis.

73. Secondly, the strategy gives priority to structural policies that stimulate equitable growth. Four critical components of this approach are policies aiming to:

- Raise the productivity of, and develop markets for, small producers in rural family agriculture (given that around 89% of the population are involved in agriculture, including a significant segment of the urban population according to the IAF 96/97).
- Accelerate job creation and increase opportunities for non-agricultural income generating activities, stimulating investment in labour-intensive industry and services, and improving conditions for the development of micro and small enterprises.
- Establishing a more participatory process, particularly at local level.
- Through economic growth, ensuring that additional resources will be available for social safety net programmes for the most needy and vulnerable groups.

74. In addition to these equitable public sector policies, there is an extensive network of NGO programmes that benefit the poor throughout the country. These NGOs are particularly active in the fields of basic education, primary health care, rural extension, the training of farmers, micro-finance, social services for the most vulnerable groups, human rights and defending the poor.

## **Macroeconomic scenarios**

75. The importance of the macroeconomic strategy for poverty reduction can be seen in Table 3.1, which shows the impact on poverty incidence of various economic growth scenarios, and associated distributive effects.<sup>18</sup>

76. Under the scenario of 5% growth in per capita consumption per annum, with a neutral effect on income distribution, the incidence of absolute poverty (headcount index) would fall from 69.4% of the population in 1997 to 51.9% in 2005 and to 36.1% by 2010. For the average poor household (using IAF 96/97 definitions), real per capita consumption will increase by 71% by the end of the decade. In contrast, an annual growth rate of only 2% in consumption per capita would leave more than half the population below the poverty line by 2010. In this slow-growth scenario, a similarly unacceptable outcome would still come about even with in the scenario of a pro-poor bias to growth, in which per capita consumption for the poor grows 1.25

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<sup>18</sup> This table serves to update and revise the analysis presented in chapter 3 and Table 3.10 of the study on *Poverty and Wellbeing in Mozambique – First National Assessment*, MPF, 1998. The calculations are based on IAF 96/97 data, with levels of consumption adjusted to 2001, based on INE estimates of private consumption expenditure until 1999, and estimates from DNPO for the period 2000-2001. The adjustment presupposes a population growth rate of 2.3% for this period, and a neutral distribution of growth (taking into account the fact that the agricultural sector grew at approximately the same rate as real GDP).

times faster than for the non-poor. Thus, slow growth means slow progress in terms of poverty reduction under any of the scenarios about income distribution.

77. Nevertheless, the *structure* of growth does have a significant impact on the dynamics of poverty when growth is more rapid. For example, if 5% growth of consumption per capita has a *pro-poor* bias, the incidence of poverty could fall to 33% by 2010, whereas the incidence of poverty would remain above 50% if the same growth rate has a strong *anti-poor* bias. The *anti-poor* scenario assumes that per capita consumption for the non-poor grows three times faster than for the poor.
78. In evaluating these alternative scenarios, it is important to note that recent international research indicates a considerable degree of inertia in the income distribution within a given country. This means that, on average, the growth in incomes of the poor tend to mirror closely the national per capita figures. However, if access to assets (including human capital) is very unequal and development strategies favour elite groups, the poor will not benefit from growth. Thus, poverty reduction is accelerated by government policies that promote a structure of growth which benefits the poor. This emphasis is central to the macroeconomic strategy for poverty reduction in Mozambique.

### **Implications of the Programme for the State Budget**

79. The macroeconomic framework for reducing poverty and promoting economic growth is the basis for the medium-term fiscal scenario (framework). The budget medium-term analysis assumes that domestic revenue will rise to 15% of GDP by 2005, and 17% by 2010. The increase in revenue will be achieved through the tax reforms cited in chapter IV and, in particular, through the reform of tax administration, as well as the natural growth in revenue from rising incomes. In addition, it is forecast that the mega-projects, particularly those based on the exploitation of natural resources, can contribute two percentage points in additional revenue over this period. Budgetary expenditure is determined by the availability of financial resources. Those sectors, which are most important for the success of the strategy – especially education, health, infrastructure and agriculture and rural development, and good governance, – have priority in terms of the allocation of public expenditure (while maintaining consistency with their sectoral plans). Details are presented in Part VII of this document.

**Table 3.2 Relationship between economic growth and the reduction of poverty**

Scenarios	Incidence of Absolute Poverty (% poor population)			Average consumption of poor household <u>a/</u> (Average / person/ day, % of the poverty line)			Average consumption of poor household (Index 1997 = 100)		
	1997	2005	2010	1997	2005	2010	1997	2005	2010
<b>A. Various growth rates, neutral distribution <u>b/</u></b>									
A1 2% growth, real consumption per capita	69.4	59.4	52.9	57.8	68.8	76.0	100.0	119.0	131.4
A2 3% growth, real consumption per capita	69.4	56.7	46.9	57.8	71.5	82.9	100.0	123.8	143.5
A3 4% growth, real consumption per capita	69.4	54.2	41.8	57.8	74.4	90.5	100.0	128.6	156.5
A4 5% growth, real consumption per capita	69.4	51.9	36.1	57.8	77.3	98.6	100.0	133.7	170.6
A5 6% growth, real consumption per capita	69.4	49.3	31.6	57.8	80.3	107.4	100.0	138.8	185.7
A6 7% growth, real consumption per capita	69.4	46.7	26.1	57.8	83.3	116.9	100.0	144.1	202.1
<b>B. 5% growth per capita, not neutral</b>									
B1 Pro-poor: Gr (poor) = 1.25 x Gr (non-poor)	69.4	50.4	33.3	57.8	79.2	104.2	100.0	137.0	180.3
B2 Anti-poor: Gr (non poor) = 1.25 x Gr (poor)	69.4	53.4	39.9	57.8	75.4	93.2	100.0	130.4	161.3
B3 Anti-poor: Gr (non poor) = 2 x Gr (poor)	69.4	56.5	46.5	57.8	71.8	83.6	100.0	124.2	144.6
B4 Anti-poor: Gr (non poor) = 3 x Gr (poor)	69.4	58.9	51.8	57.8	69.4	77.4	100.0	120.0	133.9
<b>C. 2% growth per capita, not neutral</b>									
C1 Pro-poor: Gr (poor) = 1.25 x Gr (non-poor)	69.4	58.9	51.5	57.8	69.5	77.8	100.0	120.2	134.5
C2 Anti-poor: Gr (non poor) = 1.25 x Gr (poor)	69.4	60.	54.3	57.8	68.1	74.2	100.0	117.8	128.4
C3 Anti-poor: Gr (non poor) = 2 x Gr (poor)	69.4	61.2	57.4	57.8	66.8	71.1	100.0	115.5	123.0
C4 Anti-poor: Gr (non poor) = 3 x Gr (poor)	69.4	61.9	59.4	57.8	65.9	68.9	100.0	114.0	119.2

<sup>a</sup> Average consumption is family income divided by the number of members of the household, adjusted for regional price differences and regional sample ratios. The data presented shows changes in the average consumption of households which were below the poverty line in the IAF of 96/97, as a percentage of the poverty line at 1997 constant prices (MT 5432.9 per person/day)

<sup>b</sup> “Neutral distribution” means the distribution of income remains stable, which implies that consumption levels grow in equal proportion for all income groups.

Source: Ministry of Planning and Finance (Research office). The data base is the IAF 96/97, with consumption levels adjusted until 2001 to the INE statistics on private consumption, 1997-99 and to the DNPO estimates on private consumption for 2000 and 2001, on the assumption of neutral distribution (given that agricultural growth was approximately equal to GDP growth). The projections from 2001-2010 are based on the assumptions of the scenarios, as indicated.

## **The Territorial Context**

80. The most noticeable characteristic of Mozambique's territory is the economic and social inequality between the Maputo-Matola conurbation area and the rest of the country. This inequality is a result of various factors, including the war, which served to speed up processes already underway. This will be a permanent problem for Mozambique. Dealing with regional disparities is one of the priority objectives of the Government's Programme for 2000-2004.
81. A second characteristic, linked to the first, is the poor economic integration between various parts of the country. Two main factors account for this. The first is the difference between the economic structure of the Maputo-Matola conurbation and the economic structures of the rest of the country. The second has to do with the weak transport and communications infrastructure.
82. A third aspect is the fact that Mozambique has one of the lowest urbanisation rates in the world. This means that there is an inevitable tendency for migration to urban areas, and great pressure on the non-agricultural job market in the near future.
83. Though in-depth studies on the spatial distribution of Mozambique's economy are lacking, some data have been published based on the country's division into 11 administrative provinces.

## **Outline of the existing socio-economic regions**

84. The process of developing economic regions in Southern Africa transcends the political-administrative borders of nation states. It is important to understand that an important element in the development of Mozambique's current territorial make-up is the role of cities such as Maputo, Beira and Nacala as ports for the export of products from, and as points of contact with the outside world for neighbouring countries.
85. In the case of Maputo, there is the added role of being the capital of the country. This in itself would help to account for the differences in terms of the allocation of investments in basic infrastructure, schools and hospitals. In contrast to the other two port cities, Maputo is tied to the zone of influence of the largest economic and industrial zone in Southern Africa, namely Johannesburg. Its growth dynamic is also largely a reflection of the South African dynamic. To these differences may be added the inflow of migrants displaced by the war. All together, this has resulted in a process of cumulative concentration of factors, which serve to accelerate the development of this area in a way that differs from the rest of the country.
86. The other two port cities, Beira and Nacala, have undergone similar processes. They are in less dynamic economic regions, in both international and domestic terms. Besides this, Beira was profoundly affected by the war. The case of Nacala is similar. Although Nacala is a port city, its reference point is Nampula, which is a transport hub and the city where the effects of the process are reflected. The economic base of

the regions in which these cities are located is weak, and they are unable to stimulate the growth of the cities.

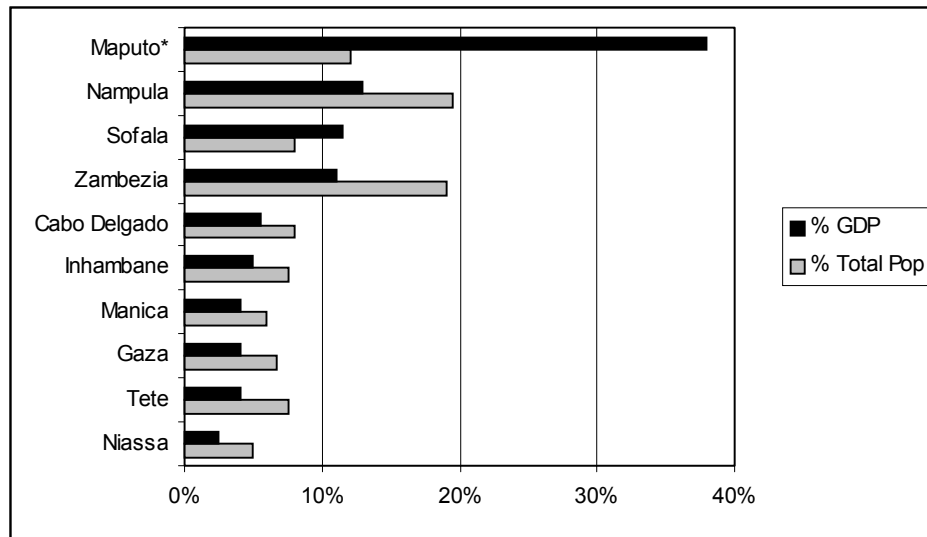
87. Besides being tied to less dynamic economic hinterlands, their links with Maputo are made difficult as a result of the long distances separating them from the capital city and poor transport and communications infrastructure. As a result, it is very difficult for them to benefit from the dynamics of the capital city. Even more importantly, the weak economic structures make economic integration more difficult.
88. On the other hand, the very weakness of their economic base results in a deep dichotomy between the urban areas and their respective rural surroundings. In addition, large tracts of the national territory remain outside the zone of influence of the country's few urban areas.
89. The current state of knowledge on these processes does not allow one to go beyond this outline. It is also not known what other sub-regions are in the process of being developed in Mozambique. Studies would contribute to more refined intervention strategies.

### **A preliminary interpretation of the available data**

90. The ranking of provinces according to their performance in terms of the Human Development Index (HDI) indicates the lowest figures for Zambezia, Nampula and Cabo Delgado. The poor performance of these three provinces is repeated in terms of the other indicators that make up the HDI, namely life expectancy, levels of schooling, and GDP per capita (see Table 3.3 and Graph 3.1). These provinces also suffer from the highest rates of human poverty. Maputo province and Maputo city, on the other hand, have the best results.
91. Information on GDP allows for a broader analysis. While the information takes into account the 11 provinces, references to Maputo include both Maputo city and province. This is because Maputo and Matola as well as the province of Maputo may be viewed as part of a single economic zone.
92. A summary of the data shows that:
  - As a general trend, the further one is from Maputo the poorer the indicators.
  - The country is not economically integrated.
  - There is a high concentration of economic activity in Maputo:
    - 40% of GDP and only 10% of the population;
    - The GDP per capita of Maputo is six times higher than that of Niassa.
  - Agriculture accounts for more than 50% of economic activity in most provinces.
  - There is a concentration of activities in certain regions:
    - 50% of agricultural production is in Zambezia and Nampula;
    - 40% of livestock production is in Nampula;

- 60% of industry is concentrated in the Maputo conurbation.
- One of the lowest rates of urbanisation in the world.

**Graph 3.1: Mozambique 1997  
Regional Distribution of GDP and Total Population**



\* Includes Maputo City and Province

Source: RNDHM UNDP

### **Implications for the policy of poverty eradication**

93. Many of the actions foreseen in this plan are directed in one way or another towards factors that have been identified in the literature on regional development. According to international research, the key factors that explain regional differences in terms of competitiveness are: economic structure; the level of innovations; the region's accessibility; the educational level of the workforce.
94. From the perspective of government policies, targeted investments can alter the indicators of the last three objective factors. The first of these, changes in the economic structure, will depend on a better understanding of local economies in order to be able to devise specific transformation strategies.
95. Other factors noted in the literature are subjective ones: capacity to organise; creativity; attitudes towards work; spirit of enterprise; cultural values. These are more difficult to target, though they are often decisive. Nevertheless, one factor, which is always present and decisive, is the role of the Government.
96. It should also be borne in mind that in most cases, comparative analyses of regional policies suffer from the problem of geographical scale. The size of Mozambique's provinces are equal in some cases to the size of some European states. As a result, the

success of territorially-based interventions will be improved if sub-provincial units are targeted, which in the current political-administrative make-up of the country means districts.

97. Nevertheless, it is not enough to intervene at district level. It is also necessary for this level to have a certain degree of autonomy, which in turn implies a certain degree of financial autonomy. One requirement for including territorial issues in the fight against poverty in Mozambique is that of expanding the ongoing process of administrative decentralisation, particularly in respect of the lower levels of government.
98. The government already has begun to work in this direction. Administrative decentralisation is underway, as is the process of preparing provincial plans, and there are currently experiments underway for the development of district plans prepared with the broad participation of local populations.
99. In addition, there are specific territorially-based initiatives, such as the export corridors (Maputo, Beira and Nacala), the Zambezi River Valley initiative, and the Libombos Spatial Development Initiative.
100. The emphasis on local initiatives does not, however, mean that regional development depends only on this factor. As is well known, most forces that impact on regions are external. The development of regions depends on how they manage to relate to the wider development process of the country.

**Table 3.3: Provincial Indicators - 1998**

Human Development Index IDH		Life Expectancy Index		Education Index		Human Poverty Index IPH-1 (1997)	
Zambezia	0.176	Zambezia	0.208	Nampula	0.219	Cabo Delgado	67.8
Nampula	0.2	Cabo Delgado	0.248	Zambezia	0.238	Zambezia	65.3
Cabo Delgado	0.204	Nampula	0.257	Cabo Delgado	0.263	Nampula	63.6
Niassa	0.227	Niassa	0.295	Niassa	0.315	Tete	62.1
Tete	0.287	Sofala	0.297	Sofala	0.393	Niassa	61.6
Gaza	0.303	Tete	0.322	Inhambane	0.416	Manica	57.5
Sofala	0.305	Manica	0.325	Tete	0.422	Sofala	55.2
Inhambane	0.306	Gaza	0.367	Gaza	0.438	Inhambane	51.7
Manica	0.34	Inhambane	0.375	Manica	0.553	Gaza	49.1
Maputo Province	0.41	Maputo Province	0.452	Maputo Province	0.645	Maputo Province	37.3
Maputo City	0.605	Maputo City	0.567	Maputo City	0.787	Maputo City	21.1
Mozambique	0.285	Mozambique	0.298	Mozambique	0.374	Mozambique	56.8

Source: RNDHM – UNDP



## **IV. ACTION PLAN FOR THE REDUCTION OF ABSOLUTE POVERTY AND THE PROMOTION OF ECONOMIC GROWTH.**

### **A. INTRODUCTION**

101. This chapter presents the Action Plan for the Reduction of Absolute Poverty and the Promotion of Economic Growth. The text is sub-divided into two main units. The first deals with fundamental areas for action. This includes issues and sectors that merit special attention in light of the critical role they play, the broad and deep impact they have for efforts to reduce poverty and promote equitable economic growth for society as a whole. The second unit addresses other complementary areas of action that are also important, and which depend largely on the success of initiatives in the fundamental areas. Given the links between them, an effort is made to highlight connections between fundamental areas and the others.
102. The treatment of specific sections, for both the fundamental areas and other areas of action, seeks to concisely convey the basic philosophy by listing principal objectives and the main measures to be undertaken.
103. In the accompanying operational matrix, greater detail is sought through a presentation of specific priority projects in the fundamental areas and respective timeframes for their implementation.
104. The Action Plan does not exhaust the vast and complex set of areas, programmes, and actions of the Government. The areas, programmes and actions selected here are those, which are best suited for the efforts to be undertaken for substantially reducing absolute poverty by promoting rapid, inclusive, broad-based and sustainable economic growth. As a result, the selected areas, programmes and actions are not limited to those with an immediate impact in reducing poverty. It is necessary also to include areas, programmes and actions with a medium-term impact to ensure that the reduction of poverty is sustainable and substantial.
105. The selection and classification of areas for action, the determination of objectives and activities to be taken, and their prioritisation, were based on four fundamental assumptions. Firstly, it is the initiative and broad action of citizens themselves and their institutions (families, enterprises of all sizes, religious institutions, associations, clubs, NGOs and others) that will lead to a significant reduction in absolute poverty. These initiatives and actions are the source of expanded employment, investment, and the supply and demand for goods and services, as well as in the satisfaction of material and spiritual needs: in sum, improvements in the overall welfare of society, and concrete progress in reducing poverty through socio-economic development and inclusive, broad-based and sustainable economic growth. Secondly, the State is responsible for continuously redirecting and recasting its efforts in order to effectively facilitate and support the initiatives and actions of the citizens and their institutions.

To this end, the State will act to meet the following challenges: (a) carry out necessary changes in attitudes of public institutions and their workers towards citizens and their institutions; (b) rapidly build capacity to carry out the necessary decentralisation, in a permanent process of interaction with other partners in society; (c) significantly raise the effectiveness and efficiency of the actions to be taken; raising the State's capacity to deliver is what will ensure the provision of necessary services that are expected; and (d) exercise control to reduce corrupt practices amongst State employees in their dealings with citizens and their institutions. Thirdly, given that this is a long-term challenge, measures to preserve the environmental balance and minimise the risk from natural disasters are important. In short, it is necessary to identify strategies for rapid, broad-based and **sustainable** economic growth. Fourthly, it is worth highlighting the fact that the ongoing search for ways to reduce poverty and promote sustainable economic growth cannot be separated from the need to systematically promote a healthy climate of social, political and macro-economic stability.

## **A. FUNDAMENTAL AREAS OF ACTION**

106. This section concentrates on areas/sectors that merit special attention due to the critical role they play in their impact on poverty reduction, socio-economic development, and inclusive, broad-based economic growth. Besides, these fundamental areas constitute the foundation for success in other areas. Success in the fundamental areas of action will unleash a virtuous cycle for the whole society.
107. The following are considered as the fundamental areas of action: education, health, infrastructure (roads, energy and water); agriculture and rural development; good governance, legality and justice; and macroeconomic and financial policies. There is considerable convergence of thinking in regards to the following:
- (a) Human capacity is the primary contributing factor to the initiatives and actions of citizens and all social institutions. This capacity must be continuously raised. To this end, education and health are unarguably vital areas for action. Through these areas one may pursue policies for redistributing wealth and income, improving the welfare of the population, improving labour efficiency, expanding the people's capacity to achieve and act, and ensuring sustainability for the long term. In this sense, with regard to education, in addition to the importance attached to basic primary education and literacy, technical training and higher education also gain relevance.
  - (b) The availability of adequate infrastructure (in particular, roads, energy and water) is another basic factor to facilitate the initiatives and actions of citizens and their institutions. Amongst other considerations, infrastructure contributes to the availability and mobility of factors of production, makes possible the process of work, innovation and structural change needed in the

medium and long-term, and ensures the functioning and expansion of markets.

- (c) A large majority of the population, of the producers and of the poor, is living in rural areas and engaged in agriculture, forestry and livestock rearing. These areas therefore deserve priority. Initiatives and actions of these populations and producers should be facilitated and subjected to the necessary long-term structural changes as a means to substantially reduce absolute poverty and vulnerability. Action in the area of agricultural and rural development, as such, is also intimately linked to human development, and the development of infrastructure, markets, and financial services.
- (d) As already mentioned, the initiatives and actions of citizens and their institutions requires appropriate measures from the public sector in carrying through the necessary change in the attitudes of State institutions and workers. Therefore, actions in the field of good governance, legality and justice are of the highest importance. This in turn requires the identification of important measures for institutional development that are compatible with the objective of ensuring that state institutions serve the public. Deconcentration, and administrative and financial decentralisation to the provinces and districts are vital, since they will contribute to better interaction at local level between public institutions and the population (including the poor) in the fight against poverty through socio-economic development.
- (e) Macroeconomic and financial policies are fundamental public policies, to ensure a greater mobilisation of domestic resources and a more transparent, effective and efficient budgetary process, in accordance with the established priorities. In the area of financial policies, there is a particularly important demand for new initiatives to ensure greater availability of financial services (savings and credit) in rural areas, for the poorest, and for micro and small-scale enterprises.

108. Within these fundamental areas of action, the principle objectives having a clear connection to the aims of poverty reduction and economic growth are included in the programme. The identification of principal measures is more selective, with the selection of priorities taking into consideration three criteria: importance for the area/sector programme; expected impact (direct or indirect) in terms of poverty reduction and growth; and institutional and financial viability.

## EDUCATION

### Introduction

109. The social sector occupies a central place in Government activity, given the objective of poverty reduction. Public activities in the social sector have a direct redistributive effect on income and wealth. They also foster the development of human capital, which is a fundamental asset in all spheres of society, with an unlimited demand on the part of individuals and institutions (public and private).<sup>19</sup> Education has an important place in this context, directly impacting on the creation and expansion of human capacities and abilities and contributing decisively to inclusive and broad-based economic growth.
110. The concept of education is used here in the sense of a broad and complex system containing formal and informal elements. Management of the educational system operates through a number of sub-systems: primary education; literacy programmes and adult education; general secondary education; technical training (elementary and arts and crafts; basic secondary; medium); the training of teachers; higher education; and vocational training. Despite their relative autonomy, these sub-systems interact; consequently they require a holistic approach over the medium and long term.
111. At least four main problems are identified in the education sector, namely: limited access to educational opportunities (in the various sub-systems); poor and deteriorating quality of teaching and of human resource creation in general; a high rate of inefficiency (with resultant waste) which translates into high repetition and drop-out rates; high costs of expanding access and improving the quality of education on offer. These problems determine the basic objectives of the overall education strategy, which are: to expand access; improve quality; improve efficiency; and reduce costs. At the same time, the importance of increasing access is underlined, paying particular attention to the promotion of social equity, and equity between the regions, the cities and rural areas, and on the basis of gender.
112. The public policies and management of education are implemented through comprehensive strategies, which include: the Strategic Plan for Education; the Strategic Plan for Technical-Vocational Education (to be finalised), the Strategy for Higher Education (to be finalised).
113. Through the National Policy on Education and the Strategic Plan for Education, the Government has given priority to primary education with a view to the central objective of rapid progress towards universal primary education. This priority is part of the objective of promoting greater social, gender and regional equity, both within and outside the educational system. It is linked to the acquisition of basic skills, including literacy, and an improvement in access to employment and livelihood opportunities in a sustainable manner.

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<sup>19</sup> This includes families, enterprises, associations, religious institutions, NGOs, clubs, etc

114. In working towards universal primary education, a significant improvement in the gross admissions rate at EP1 level has been evident. From 54% in 1994, this rose to 79% in 1998 and 114% in 2000. The gross rate of schooling at this level stood at 91% in 2000. In EP 2, the gross rates of admission and schooling remain low, being 21% and 23% respectively in 2000. Enormous effort is still required to reach the objective of ensuring places in school for all Mozambican children. In order to consolidate and build on the achievements in primary education, during the period 2001-2005 the building of 1,500 classrooms and the training of 1,650 teachers annually are planned.
115. Primary education retains its vital importance. However, the need to expand access to opportunities for employment and generate higher income levels, the challenges of sustainability within the educational system itself, and the overall process of socio-economic development (in particular the requirements to improve in technical and scientific fields), imply that it is also necessary to pay attention to other types and levels of education, in particular technical and higher education. This fits the necessity of taking a systemic view of education, which is facilitated by the relative success already achieved in primary education.
116. The problems referred to above are felt in various sub-systems, raising enormous challenges to be overcome. For example, there are linkages and critical problems affecting higher education, technical-vocational training and general secondary education.
- 116.1 Mozambique suffers from a dramatic deficit of professionals with higher education in all fields. By way of example, the primary, general secondary and middle technical sectors operated in the year 2000 with only 752 teachers who have higher education (bachelors degrees and honours degrees). In 1998, less than 3% of the national staff for the whole Public Administration had a higher education.<sup>20</sup> It is imperative to overcome the current situation of poorly qualified human resources at all levels and in all areas, including the vital field of evaluation, design, implementation and monitoring of strategies, policies, programmes and projects of both the state and non-state sectors. This is a fundamental aspect of the concept of ownership, essential to the successful prosecution of appropriate strategies and policies
- 116.2 What is most serious is that this problem has no short-term solution. The present number of students in all establishments of higher education in Mozambique totals around 11,600, for a population exceeding 16 million. This figure is insignificant when compared, for example, with more than 9,000 students at the University of Botswana (a country with a population 10 times smaller) or 50,000 students at the University of Abidjan, in a country with a population of 14 million inhabitants.
- 116.3 The constraints, which cause this deficit in higher education, arise from the small number of places available, coupled with poor quality of the courses offered. The

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<sup>20</sup> Only 12% of workers in the Public Administration completed the first or second level of secondary school.

high cost of higher education translates into an inability on the part of significant numbers of potential candidates to take up places.

- 116.4 On the other hand, a significant change in the university student population depends on an increase in the number of candidates, i.e. those who have graduated from secondary schools with good pre-university qualifications. But there is also a deficit in the supply of high school graduates. The number of students registered in the 12<sup>th</sup> grade in 2000 throughout the country, including repeaters, is only 4,161. If this figure were to remain constant, even if all the students graduated and had access to higher education, and even if all the remained in school (i.e. so that the number of students in higher education constantly grew), it would take 10 years to reach the current number of students at the University of Abidjan, or nearly twenty years before it reached the proportionate number of students at the University of Botswana. This clearly illustrates the effort needed to in secondary education as a pre-requisite for the nurturing of higher education.<sup>21</sup> An enormous effort is required in order to adequately increase access to, and graduation rates in, the secondary education system in order to meet the demands of the market, the training of teachers and the expansion of higher education.
- 116.5 Technical-vocational training is responsible for the training and supply of highly qualified labour and technicians (at their respective levels and specialisations) according to the needs of the market. The demand for technical education also includes the need for skills for self-employment and as entrepreneurs (as employers and businessmen).
- 116.6 The inherent merits of technical education at all levels are substantially increased when one views them against the negative background of higher education mentioned above. While not a substitute for higher education, a good supply of medium-level technicians can contribute to filling the gaps left by the existing shortfall in higher education.
- 116.7 However, the three levels of technical-vocational training have been neglected until recently. By the end of 1998, only three technical schools remained open at the elementary level with a total of 400 students registered. At the same time, current graduation rates for intermediate level technical-vocational training also makes for sombre reading. For example, the number of students registered in the third year of the intermediate technical courses throughout the country in 2000 was 852. Furthermore, according to one analysis, “The curricula are of doubtful relevance to the current needs of the labour market. The equipment and infrastructure (and libraries) are obsolete and in bad condition. The quality of teaching and the technical knowledge of students are not, in general, sufficient to meet the requirements of employers or to meet the standards needed for self-employment.”

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<sup>21</sup> It should be remembered that the high school system also provides graduates for the labour market, as well as candidates for the training of primary, secondary and other teachers.

117 The scope of action needed in the education sector means that success will only come about if there is broad participation by other social actors besides the public sector. At the same time, the needs of the public sector are high and require large expenditures at the same time, as there are resource constraints.<sup>22</sup> Therefore, the need to establish a system of partial cost recovery must eventually be faced.

118 Finally, reference must be made to the fact that the educational system is criticised by users and communities as suffering from ethical problems. This issue was raised during the consultation process. There is alleged corruption in the admissions process, in the demand by teachers for illicit payments for proper instruction outside the classroom, and in the classification of students. There is also a problem of sexual assaults on female students by professors, and cases of professors coming to class drunk. This is a serious educational problem, due to the negative influence of such actions and behaviours by professors on the personality formation of children and future adult citizens. One must ensure that the example of citizenship presented to new generations of Mozambicans are based on sound ethical values. Measures required include greater and more effective school inspections and an increase in the participation and power of communities in School Councils.

### **The Programme in the field of Education**

119 The education programme has ten components: primary education; literacy and adult education; general secondary education; technical-vocational education; teacher training; ethical training and raising of the quality of services delivered by the educational system; higher education; professional training; special education; and the fight against HIV/AIDS in the education sector.

#### 120 Primary Education<sup>23</sup>

120.1 Main Objectives: To provide universal schooling; improve the quality and efficiency of teaching

120.2 Principal actions to be undertaken:

- Review targets and projections of the education programme in the context of achieving universal primary education by the year 2004 with around 3 million students in EP1, of which 49% in first grade should be girls.
- Revise and reformulate the primary school curriculum<sup>24</sup>.
- Ensure availability of basic school materials for individual and collective use, maintaining a coverage rate of at least 75%, for children from poor households, of the free textbook programme in primary education via the

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<sup>22</sup> In prosperous Sub-Saharan African countries such as Botswana, Mauritius and South Africa, annual state expenditure on education ranges from 6%-9% of GDP.

<sup>23</sup> This includes pre-school education.

<sup>24</sup> This includes those aspects, which would give it a more practical character, with an emphasis on “knowing how to do something”. Introduce subjects on “basic arts and crafts”.

School Fund. Ensure that District and Provincial Directorates of Education apply the exemption from social welfare taxes for the poorest households.

- Train annually 1,680 primary school teachers, ensuring an increase of 2% per annum in female teachers (through a programme of scholarships for this purpose).
- Build annually 1,500 new schools, taking into account the need to reduce provincial and regional disparities (rural/urban).
- Improve the qualifications and training of School Directors (train every year 1,300 directors and 1,300 deputy directors) and ensure an increase in the number of women occupying these positions from the current figure of 6% to 35 %.

Other key measures include: the progressive integration of EP1 and EP2 schools so as to offer complete primary education in the same establishment; encourage alternative suppliers of education.

#### 121 Adult literacy and Education

121.1 Main objectives: To reduce the high rates of illiteracy, particularly in rural areas, reduce adult illiteracy (currently estimated at 60%), overcome the problems of poor access by children and young people to the primary education sub-system.

121.2 Principal measures to be taken:

- Produce and print teaching material for non-formal and adult education.
- Train 5,000 voluntary literacy teachers per year.

Other key measures include: Develop and implement the adult literacy programme, geared especially towards women, and rural areas; involve religious institutions, NGOs and civil society in general in this programme; reactivate and strengthen the body in charge at the national level of Literacy and Adult Education.

#### 122. General Secondary Education

122.1 Main objectives: Significantly expand access to general secondary education to meet the needs of the labour market, teacher training and the expansion of higher education; raise the quality and efficiency of this sub-system.

122.2 Key measures to be taken:

- Train annually 100 general secondary education teachers.
- Gradually establish schools at this level in districts currently not covered (build 25 ESG1 and 4 ESG2 schools).



Other key measures include: introduce distance education as an additional way of expanding access; carry out a revision of the curriculum with a view to its simplification and the introduction of new subjects of a vocational nature.

### 123. Technical-Vocational education

123.1 Main objectives: Substantially expand access to technical-vocational training; raise the standard of education on offer, and ensure that it meets the needs of the market; ensure the availability of commercial, agricultural and industrial specialisations involving a necessary partnership with the private sector and other interested actors.

#### 123.2 Principal measures to be undertaken:

- Rehabilitate (9), build (8) and equip elementary agricultural and arts and craft schools.
- Carry out the revision of the curriculum<sup>25</sup>.
- Rehabilitate, equip and rationalise the elementary, basic and intermediate technical school network (i.e. implement a programme for re-equipping all existing schools at these levels in human and material terms, their laboratories, offices, and libraries).

Other activities include establishing elementary level technical institutions in all provinces that currently do not have them, namely Niassa, Nampula, Tete, Sofala and Gaza; adopt a programme aimed at offering specialised agricultural, industrial and commercial courses at the basic and intermediate levels, starting with the most heavily populated provinces.

### 124. Teacher training

124.1 Main objectives: Continue with investment in the training of more and better teachers to meet the needs of the expansion programme and improve the quality of teaching in various sub-systems and levels, as well as the promotion of equity, including gender equity.

#### 124.2 Principal measures to be undertaken:

- Training primary school teachers: (see section on primary education).

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<sup>25</sup> Amongst other aspects of the process of curriculum reform, it is important to ensure that industrial and agricultural technical courses contain elements of business and commercial accounting and financial management. These subjects are vital to graduates, apart from the purely technical and technological knowledge they acquire. In effect, technicians should be capable of dealing with questions related to the management of production and businesses when they embark on self-employment or as entrepreneurs (as businessmen and employers). For this group of workers, the marriage of technical and managerial capabilities constitutes, in principle, an important basis for a spirit of innovation that is essential for the success and survival of businesses. From these professionals, a new wave of local businessmen may emerge.

- Training general secondary school teachers (see section on secondary education).
- Include material on professional ethics in the teacher training curricula, and ensure that these are rigorously taught.

Other activities include: design and implement additional professional and deontological training for secondary level teachers through a system of traineeships monitored by more experienced teachers; raise to at least 45% the proportion of women in teacher training courses.

## 125. Ethical improvement and raising the quality of services in the educational system

125.1 Main objectives: Systematically promote the strengthening of ethical values within the educational system; revive and impose respect for the spirit of service and norms in educational institutions; exert pressure in order to reduce corrupt practices in schools and the system as a whole.

### 125.2 Principal measures to be undertaken

- Revise internal regulations of the School Councils in order to strengthen the role and participation of communities.
- Strengthen the school inspection service.

## 126. Higher education

126.1 Main objectives: Expand access to higher education; raise the standard of the courses given; extend higher education opportunities to citizens from regions outside Maputo; contribute to the viability of expanding the number and size of higher education institutions and the resultant increase in the number of places available.

### 126.2 Principal measures to be undertaken:

- Develop, evaluate and implement a project to create a higher education loan scheme for Mozambican students<sup>26</sup>;
- Carry out a feasibility study, and establish two higher education institutions in two provinces that are currently not covered by the higher education network;

Other key activities include involving non-public institutions in the provision of higher education services.

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<sup>26</sup> The expansion of higher education can be promoted through cost recovery by institutions at this level, to increase the number of places available and improve quality. The eventual solution will be for students to pay adequate fees at the institution of their choice. This would lead to competition between institutions in offering more places and better teaching at a lower cost. The feasibility of students paying fees to cover costs may come from the establishment of a scholarship foundation. Eventually, this fund could also be used for the expansion of intermediate technical education.

## 127. Professional training

127.1 Main objectives: To facilitate the expansion of investment and job creation in all regions of the country through an improvement in the supply of qualified labour; increase employment opportunities for citizens.

### 127.2 Principal measures to undertaken:

- Restart and expand vocational training activities in the North (operationalise the vocational training centre in Nampula and establish and operationalise the vocational training centre in Lichinga).
- Use the network and capacities of the technical training schools to provide vocational training services.<sup>27</sup>

Other measures include: involving the private sector and trade unions (acting separately, in partnership with each other, or with the State) in the provision of vocational training. (Build on existing good practices in vocational training, for example in the construction sector and road building, with participation of the private sector).

## 128. Special Education

128.1 Main objectives: Provide opportunities for special education for children with handicaps, as well as those who are gifted.

### 128.2 Principal measures to be undertaken:

- Rehabilitate 4 and build 3 special education schools.

Other key actions include: adopting a programme to effectively accommodate these special cases in their classrooms or in specialised institutions.

## 129. Combating HIV/AIDS in the education sector

129.1 Main objectives: In the context of the overall effort of the national AIDS programme, carry out specific measures in this sector.

### 129.2 Principal measures to be undertaken:

- Include material on education and prevention of HIV/AIDS in school curricula.
- Produce and disseminate informational material on HIV/AIDS for students and teachers;

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<sup>27</sup> This could contribute to a certain amount of cost recovery and improve the financial viability of these schools and technical institutes.

- Undertake an impact assessment of HIV/AIDS on the education sector and incorporate the results into educational planning.

## **HEALTH**

### **Introduction**

130. Health, like education, occupies a vital place in the social sector given its role in promoting and preserving the health of the population. The health sector contributes directly and in the short-term to improving the welfare of the population, while also playing a role in the redistribution of income and wealth. It also contributes to the creation and preservation of human capital, as a key element in a strategy for accelerated economic growth and poverty reduction. Measures in the health sector contribute directly to the reduction of morbidity and mortality rates. The health sector thus contributes also to higher productivity.
131. It is currently estimated that the coverage rate of health service stands at around 50%. The most important causes of morbidity and mortality continue to be the transmittable diseases such as malaria, parasites, tuberculosis, acute respiratory infections, and diarrhea etc. The HIV/AIDS pandemic, (which is a risk factor for economic growth and national survival in the long term), is rapidly expanding and constitutes an enormous challenge to a health system already overburdened with diseases attributable to HIV/AIDS.
132. Programmes for the health sector are drawn from the Strategic Plan for Health (to be finalised) and its antecedents. The health programmes are consistently in search of: improved quality of health care services; expanded health care coverage; and improved planning and management of the health sector. These programmes pay special attention to the needs of underprivileged segments of the population. The Primary Health Care strategy (CSP) remains the key axis for the sector, given the high rates of morbidity and mortality in general, and among high-risk groups in particular, namely women of childbearing age, children, the population of rural areas, and those who live in absolute poverty.
133. The supply of clean drinking water and sanitation is also a basic factor in improving the health and quality of life of the population. (See section on Water/infrastructure, provision of clean water and sanitation.)
134. The health sector faces a great challenge in terms of coverage and effectiveness throughout the country. Progress in this direction should unequivocally take into account the need to increase the integration of traditional medicine into the national health service. Bringing together these systems raises the possibilities for interchanges and joint training of health sector personnel; for medical research; for pharmaceutical research and development; and for the future development of a drugs industry.

135. The scope of measures to be implemented in the health sector means that success will only result from the broad participation of other social actors besides the public sector. At the same time, for the public sector, the needs are enormous and require vast expenditures against a background of resource constraints.<sup>28</sup> Therefore, the eventual need for some form of partial cost recovery must be considered.

136. The management of scarce resources may imply that a proper regional orientation is necessary, paying attention to the most highly populated provinces, and those, which in the past suffered most from destructive effects of the war.

### **The Programme in the area of Health**

137. The programme integrates six components: primary health care, combating epidemics, the fight against HIV/AIDS; the health network; the development of human resources; and planning and management of the health sector.

138. Primary health care

138.1 Women's health

138.1.1 Main objectives: Improve access and the quality of health care for women.

138.1.2 Principal measures to be undertaken: Operate services to achieve the following targets:

- Reduce the institutional maternal mortality rate to <100/100,000 live births.
- Expand coverage of institutional births to 50%.

Other important targets include: reaching a coverage rate of 98% for ante-natal consultations, with an effective diagnosis of High Risk Pregnancies; increase coverage of post-delivery consultations to 60%; increase the coverage of family planning to 18%.

138.2 Child health care

138.2.1 Main objectives: To improve child health care and prevent the main epidemics, which affect children through vaccinations.

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<sup>28</sup> In the prosperous countries of Sub-Saharan Africa, such as Botswana, Mauritius and South Africa, annual health expenditure in the budgets varies between 3%-4% of GDP.

138.2.2 Principal measures to be undertaken: Operate services to achieve the following targets:

- Raise the rate of first consultation for children between 0-4 years from 60% to 68%.
- Ensure that at least 75% of children born over the next ten years are completely vaccinated before the end of their first year of life (eight vaccines), especially in rural areas.

Other important targets include: reducing the child (0-5) mortality rate to <200/1000 live births; maintain the rate of first consultation for children between 0-11 months at 98%; maintain 98% coverage rate for the vaccination against tuberculosis in children aged below 1; achieve national coverage of 98% for polio and DTP for children between 0-23 months; achieve national coverage of 98% for measles vaccination for children between 9-23 months; achieve national coverage of 35% in tetanus vaccination of women of child-bearing age.

### 138.3 Health care for youth and adolescents

138.3.1 Main objectives: Improve health, and knowledge of health issues amongst young people and adolescents, through school health activities.

138.3.2 Principal measures to be undertaken:

- Train personnel to work with adolescents in Family Planning, complications arising from abortion, and the prevention and treatment of HIV/AIDS.

Other key measures include: creating health services that serve the reproductive health needs of adolescents.

### 138.4 Nutrition

138.4.1 Main objectives: To contribute, in partnership with other agents, to an improvement in Food and Nutrition Security in the country; to reduce the prevalence of micronutrient deficiencies in children and women of childbearing age.

138.4.2 Principal measures to be undertaken:

- Distribute vitamin A capsules to all children between the ages of 5-59 months who attend consultations.
- Run the LOA programme (milk, oil and sugar) in training, equipment and products.

Other key actions include: promote the availability and consumption of iodised salt; contribute to the reduction of cases of food poisoning resulting from the use of bitter cassava in Zambezia and Nampula.

## 139. Health care in the fight against serious epidemics

### 139.1 Diarrhoeal diseases

139.1.1 Main objectives: Reduce the epidemiological impact of diarrhoeal diseases.

139.1.2. Principal measures to be undertaken:

- Promote better co-ordination and the more effective implementation of health activities targeting children, contributing to a reduction in the mortality rate of children below 5 years.

### 139.2 Malaria

139.2.1 Main objectives: To reduce deaths from malaria amongst vulnerable groups.

139.2.2 Principal measures to be undertaken: Operate services to achieve the following targets:

- 60% of the sick in Health Units treated according to the correct protocol, and 50% of malaria cases in communities treated in accordance with community-based treatment and prevention norms.
- Promote the Integrated Management of Childhood Diseases (GIDI) and the antenatal treatment of women in at least 80% of the health posts in 20 districts.

Other important targets include: 80% of households in the priority districts in the provinces of Gaza and Zambezia to use treated bed nets; 80% of houses in the target areas to be fumigated with insecticides; implement a programme of malaria prevention in pregnant women (prophylactics or intermittent treatment) in 50% of the health posts in 10 districts.

### 139.2 Tuberculosis

139.2.1 Main objectives: To reduce mortality and morbidity rates and the transmission rates of tuberculosis.

139.2.2 Principal measures to be undertaken: Operate services to reach the following targets:

- Improve the geographical and functional coverage of the programme so that 100% of existing health posts, as well as communities with trained volunteers, have the ability to correctly treat tuberculosis (control phase).
- Achieve a success rate of at least 75% in the treatment of new confirmed cases of tuberculosis.

Other important objectives include: detect 90% of new cases; reduce the prescription non-compliance rate for short-term treatment to less than 10%, and for multi-drug treatment to less than 10%.

### 139.3 Leprosy

139.3.1 Main objectives: To reduce the prevalence of leprosy to <1 case per 10,000 by the end of 2005.

139.3.2 Key measures to be undertaken: Operate services to achieve the following:

- Improve the geographical and functional coverage of the programme, so that 100% of all existing health posts, and communities with trained volunteers can correctly treat leprosy.
- Achieve a success rate of at least 85% in the treatment of cases.

Other important targets include: early detection of leprosy cases so that the number of patients with deformities within the group of new cases is below 10%; reduce the percentage of leprosy patients whose deformities worsen in the course of treatment to less than 10%.

### 140. The fight against HIV/AIDS

140.1 Main objectives: Prevent HIV infections; assist people with HIV/AIDS; reduce the impact of AIDS.

140.2 Principal measures to be undertaken:

- Carry out essential and high quality preventive measures, targeting the 2,310,000 people estimated to have sexual relations with irregular partners, and which includes: treatment of STDs, counselling and voluntary testing, controlling blood transfusions, testing for syphilis.
- Set up and operate confidential counselling and voluntary testing centres in Maputo, Chimoio, Beira, Nampula, Tete, Quelimane; establish and operate day care units in Maputo, Chimoio, Beira, Nampula, Tete and Quelimane.
- Carry out education and information campaigns on STDs/HIV/AIDS, to include theatre shows for 3,900,000 people.
- Distribute condoms to 4,500,000 HIV positive persons.

Other key measures include: provide partner education to 1,250,000 vulnerable people; ensure access to essential health care services: 30,000 clinical treatments and home care for 9,500 cases of people living with HIV/AIDs, as well as their families; ensure the provision of psychological, medical and social care in all health centres in district headquarters along the corridors in the South, Centre and North of the country; ensure the availability of voluntary and confidential testing for 32,000 people with HIV/AIDs.



## 141. The Health network

141.1 Main objectives: To improve access to health care services through an expansion of the network with the following targets in mind: (a) reduce the index for primary health units to 10,000 inhabitants per unit; (b) reduce the direct and indirect zone of influence distances for primary health units to 8kms and 100kms, respectively. Improve the quality of primary service provision through equipping health units and making available funds to achieve the following targets: increase the availability of hospital beds to 1/1000 inhabitants, and 1/1000 women of child-bearing age in the provinces where the needs are greatest (Zambezia, Nampula and Cabo Delgado).

### 141.2 Principal measures to be undertaken:

- At the primary level, build 65 new health centres, and rehabilitate and extend at least 16.
- Rehabilitate and expand 6 rural hospitals in the provinces of Sofala, Zambezia and Cabo Delgado and transform 8 health centres into rural hospitals in Zambezia, Tete, Manica and Sofala.
- Equip all health units at primary and secondary level.
- Increase annually the provincial funds from recurrent budgets, taking into account regional inequalities in requirements of the health network, activities developed, levels of poverty, and local conditions.

Other key measures include: establishment of an efficient primary level referral system in all districts, with flowcharts for patients; rehabilitate, expand and equip 5 provincial hospitals at the tertiary level (Pemba, Quelimane, Tete, Chimoio and Xai-Xai); rehabilitate, expand and equip the central hospitals in Nampula, Beira and Maputo.

## 142. Development of human resources

142.1 Main Objectives: To ensure the training of essential personnel to meet the expected requirements for expanded and improved health care services; create a balance between primary and secondary level health teams. Pursue the targets of raising the ratio of health personnel per 1,000 inhabitants to 1/1,000, with 100% of the primary health units staffed by qualified personnel.

### 142.2 Principal measures to be undertaken:

- Training 3,000 basic and elementary level health technicians; training 900 middle level technicians; training 75 specialist doctors in priority areas.

## 143. Planning and management of the health sector

143.1 Main objectives: To improve planning and management methods with emphasis on the development of information, planning and financial management tools for primary level health services.

### 143.2 Principal measures to be undertaken:

- Finalise and approve the Health Sector Strategic Plan.
- Develop and approve the provincial health strategic plans.
- Develop a provincial financial information system and develop evaluation and management tools for primary level care.

Other key measures include: study the cost of primary level care and review expenditure at the provincial level; develop an integrated health information system consisting of:

(1) health information system for levels 1 and 2; (2) information for levels 3 and 4; (3) epidemiology for epidemics and serious endemics (malaria, etc); (4) priority programmes (STDs/HIV/AIDS, ELAL and ELAT (leprosy and TB control); (5) human resources; (6) pharmaceuticals; (7) infrastructure; (8) financial and administrative aspects, including maintenance, transport, and supplies; and (9) surveys.

## **INFRASTRUCTURE – ROADS, ENERGY AND WATER**

### **Introduction**

144. The analysis of the macroeconomic context, above, as well as the process of consultation, show that the availability of infrastructure is an essential factor for the rapid expansion of economic activities, and thus for the reduction of poverty. The development of the private sector as an engine of growth depends on the availability of basic infrastructure. Likewise, the section on agriculture and rural development, which affects millions of small family producers (who play a critical role in ensuring a broad-based and poverty-reducing economic growth), underscores the fact that success depends on measures to provide infrastructure and services, not just on agricultural programmes as such. Besides water and energy (which are essential for agro-industrial activities), transport and communications infrastructure and services, including roads, railways and ports, coastal shipping, postal services and telecommunications, are vital for the agricultural sector. Infrastructure, as a whole, is vital for increasing productivity, reducing costs and expanding markets, to make economic activities more viable and improve welfare.

145. The present section of “fundamental areas of action” deals with roads, energy and water. Other infrastructure is dealt with in later sections, especially in transport and communications.

### **Roads**

#### 146. Background

146.1 The National Road Network (classified roads) totals 26,000 kms. The scarcity of resources imposes restrictions on rehabilitation and expansion programmes. The

question of maintenance requires even greater realism and the need to prioritise the programmes that are adopted

- 146.2 In view of the resource constraint, questions of road quality, construction and maintenance technology, the inspection of works, and finances are critical elements of the roads programme.
- 146.3 The National Roads Programme has covered around 55% of the National Road Network. Since 1992, this has been financed through the ROCS (Roads and Coastal Shipping Programme). ROCS I was completed by 1999, with priority given to studies and projects, planning and institutional capacity-building. The execution of ROCS II has started, focusing essentially on works. This is expected to end in 2001. Through the ROCS programmes, around 95% of the financing has been executed, corresponding to a 60% completion rate of the planned works.
- 146.4 After 2001, ROCS II will be followed by the ROADS III Programme, with a timeframe of 10 years and a cost of around US\$1.2 billion. Amongst the priorities are some of the feeder roads, and support to municipalities by the National Roads Authority for urban roads.<sup>29</sup> Under the ROADS III programme, special attention is given to critical points along roads, in particular the bridges.
- 146.5 The Government's programme for 2000-2004 has a section on roads composed of elements from the aforementioned past programmes.
- 146.6 The execution of the ROCS programme (particular ROCS I) laid the foundations for making choices about the technology to be utilised. At the same time, priorities have been determined by composite criteria, which include the impact on poverty reduction, economic potential, and rates of return.
- 146.7 The future viability of the roads programmes will depend on the development of, and choices made for the financing of road maintenance. There would appear to be two possible solutions at hand, which are ultimately compatible: the channelling of fuel tax to the Road Maintenance Fund; and the granting of concessions for the management of roads or stretches of roads, with the introduction of tolls. Depending on the circumstances, the granting of concessions might allow for more sophisticated building techniques and the construction of better quality roads. Nevertheless, resource constraints will continue to exist. As a result, the mechanisms for defining priorities for the road construction and rehabilitation programme need to be improved, especially at the provincial and local level.

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<sup>29</sup> The municipalities are responsible for urban roads

## 147. The Roads Programme<sup>30</sup>

147.1 Main objectives: To contribute to the expansion of markets, especially agricultural markets; ensure access by road to those districts that have the greatest economic potential (particularly in agriculture, forestry and animal husbandry), granting the necessary priority to the most highly populated provinces and those with the highest concentrations of the poor; establish road access between the principal regions of the country and develop the main corridors; improve the mechanisms for defining priorities in the road construction and rehabilitation programme, especially at the provincial and local level; improve the quality of construction, rehabilitation and maintenance of roads.

### 147.2 Principal measures to be undertaken:

- Reduce to less than 5% the number of impassable roads; reduce to 25% the percentage of poor quality roads (through labour intensive maintenance).
- Connect the districts with the greatest economic potential to provincial capitals (and/or port cities) through roads that are passable all year round (carry out the necessary rehabilitation and maintenance); connect localities with the greatest economic potential to district headquarters through roads that are passable all year round (rehabilitate tertiary roads); rehabilitate feeder roads, with greater responsibility given to local authorities and increased participation of the local population.
- Continue with the rehabilitation and reopening of roads and bridges that contribute to the reestablishment of the North-South link, namely the stretches connecting Gorongosa - Caia, the bridge over the Zambezi, Zambezi river-Nicoadala, Namacurra-Ligonha river, Nampula-Namialo, Namapa-Metoro-Sonate, Macomia-Awasse, Mocimboa da Praia-Palma-Rovuma river, and to the development of the main transport corridors.
- Extend and consolidate, at the provincial/local level, the work of the National Roads Authority (ANE), allowing priorities to be determined in conjunction with other actors in society (establish the Provincial Roads Councils).

Other key measures include: improve the inspection of works; take decisions on the financial feasibility of the construction and rehabilitation of roads; implement the decision to grant autonomy to the Road Maintenance Fund.

## **Energy**

### 148. Background

148.1 The country has great potential in energy production, particularly hydro-electric power. Large-scale production of energy has, in the medium and long term, guaranteed markets both domestically and externally.

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<sup>30</sup> The objectives of the roads programme are to be achieved in conjunction with activities for coastal shipping, as dealt with in the section on transport.

148.2 The availability of electricity is essential because it widens opportunities for initiatives and activities by which the people can improve their welfare. It is also critical factor in promoting the structural changes necessary for rapid economic growth. Investment in complementary economic activities and alternatives to agriculture (agro-industries, other branches of industry and services) depend on the availability of electric energy. These activities are necessary for raising productivity and production in the agricultural sector, and for absorbing the labour surpluses that will arise in agriculture as productivity increases.

148.3 Investment in complementary activities and alternatives to agriculture tend to take place in areas/regions with dependable sources of energy. As a result, the availability of energy is a major factor determining the existence or elimination of regional imbalances in economic and social development.

148.4 The poorest segments of the population (above all, in rural areas) depend almost exclusively on firewood and charcoal as energy sources. With a growing population, the danger arises of environmental degradation, especially in the most densely populated areas. For this reason, it is very important to pursue research and development on alternative energy sources.

148.5 The domestic production and distribution of energy are areas where the private sector can potentially be involved, which could contribute to an expansion in the availability of energy to areas not currently covered.

148.6 The policy on energy is based on a regulatory framework, of which the most important component is the Strategy on Energy approved by Decree 24/2000.

#### 149. The energy programme

149.1 Main objectives: Expand the population's access to energy sources, reducing the environmental impact of using of non-renewable sources; contribute to the supply of dependable energy in the main regions of the country, strengthening their economic growth and reducing regional imbalances; promote the use of new and renewable energy sources in the electrification of remote areas; electrification of districts with economic potential; promote the participation of the private sector in the field of energy.

#### 149.2 Principal measures to be undertaken:

- Electrify 25 administrative posts, through the use of solar energy systems.
- Install power plants in 42 district headquarters.
- Expand the national grid through the building of new lines: 110 KV, Xai-Xai Lindela; 110 KV, Nampula-Nacala; 110KV, Nampula-Chiure-Pemba; 110KV, Gurue-Lichinga; 400 KV, Songo-Nacala.

Other measures include supplying electricity to 60,000 new domestic consumers.

## **Water**

### 150. Antecedents

150.1 Water has great social importance, being a matter of human survival in both rural and urban areas, which is also linked to the question of sanitation. With regard to the economy, the availability of water has similar effects to those mentioned for energy. It is a basic factor for agriculture, linked to the survival of plants and animals. At the same time, regularity in the supply of water directly influences the stability of the output growth in this sector. Herein lies the importance of irrigation, which is dealt with as a specific component in the section on Agriculture and Rural Development. Obviously water is also indispensable to diverse industrial process that may or may not be linked to agriculture.

150.2 In the specific case of Mozambique, with its various international waterways, the issue of water should take regional factors into account within the framework of the SADC.

150.3 In addition, irregularities in the availability of water are a source of floods to drought.

150.4 Issues related to water are dealt with by the Governmental through the National Water Policy.

## **The Water Programme**

151. The Water programme has two main components: the management of water resources, and the supply of water and sanitation.

### 152. Management of Water Resources

152.1 Main objectives: Promote the sustainable use of water through the adequate maintenance of existing infrastructure and the construction of new small and medium-sized dams; introduce planning mechanisms for the management of water basins and the sustainable, economic use of inland and coastal waters with a view to preserving environmental balance.

### 152.2 Principal measures to be undertaken:

- Rehabilitate the hydro-meteorological network and establish the flood warning management office.
- Promote waterway management through water storage schemes that limit the negative impact of floods and drought (carry out feasibility studies for dams in

Moamba/Major, Bué/Maria on the Pungué river and at Mapai on the Limpopo).

- Ensure supervision of and compliance with regional agreements on the management of international waterways (proceed with the agreements on sharing the waters of the Maputo and Inkomati river basins).

Other key actions include: promote the building of infrastructure for irrigation and the support of animal husbandry (see section on agriculture); pursue measures to implement and adjust the tariff policy in order to mobilise the private sector in the building of waterway management infrastructure.

### 153. Water supply and sanitation

153.1 Main objectives: Increase the supply of clean drinking water and the provision of sanitation in both urban and rural areas and reduce costs.

#### 153.2 Principal measures to be undertaken:

- Raise the coverage level of water supply to urban and peri-urban populations to 50% through rehabilitating water supply systems and reducing losses;
- Raise the coverage levels of water supply to the rural populations to 40%, encompassing 6 million people by 2004, and ensuring the sustainability of local management of infrastructure; (implement water supply programmes in Zambezia, Nampula and Niassa provinces);
- Strengthen the improved latrines programme so that it reaches the same coverage as the supply of water.

Other key measures include: initiate implementation of the plan for providing rural water based on demand (Rural Water Transition Plan) in all provinces; ensure the rehabilitation and conservation of urban sanitation infrastructure for both waste and rain water in the largest cities, encouraging the participation of the private sector in the provision of these services; update the legislative framework and strengthen the strategy for involving the private sector in the management of water supply and sanitation in urban areas.

## **AGRICULTURE AND RURAL DEVELOPMENT**

### **Introduction and principles of the strategy**

154. Rural areas encompass the majority of the country's population (around 71%); and the largest number of productive units, around 3 million households, of which the majority are small producers. At the same time, the highest prevalence of poverty is in the rural areas, affecting around 71% of the rural population (as against 62% of the urban population), and representing 82% of the poor of the country. The rural population lives largely from agriculture, forestry and animal husbandry. With current levels of productivity (though low) they could supply the present needs of the

country for basic foodstuffs, though the diet would be insufficiently diversified and deficient in key micro-nutrients, and a significant degree of food insecurity would still exist at the household level. In recent years, besides contributing around 40% of the raw materials needed by the local manufacturing sector, the agricultural sector has also been responsible for 80% of the country's exports.

155. These facts serve to underline the key role of agriculture and rural development in any strategy for poverty reduction and rapid economic growth. There is a great potential for the agricultural sector to contribute to rising incomes, and achieve an average annual sectoral growth rate of around 8%, to meet projected domestic demand as well as the growth in exports. This expansion of the agricultural sector must be on an inclusive basis, resting fundamentally on “family sector” production, but also drawing on the “commercial sector”.
156. The strategy to be pursued involves two main pillars:
- Empowering producers to increase the productivity of their activities;
  - Transforming the role of public institutions, to facilitate and support producers through the provision of essential services, to ensure growth of the sector and reduce absolute poverty in the family sector.
157. It is necessary to recognise that success depends on measures to provide infrastructure and services outside the field of agriculture, as such. Transport and communications infrastructure, including roads, railways and ports, coastal shipping services and postal services and telecommunications, are vital. The expansion of markets to furnish inputs and absorb agricultural surpluses is vital to impel and maintain rising productivity and innovation in the sector. It is likewise essential that there be an adequate rural financial system, to create incentives for saving and provide credit. In order to ensure an increase in productivity, in light of the expected technological and structural changes in agriculture, the availability of, and access to, education is very important, particularly technical training at all levels. Finally, the availability of health and nutrition services is another fundamental factor in raising the productivity of rural workers.<sup>31</sup>
158. On the basis of these principles, a comprehensive strategy and programme has been elaborated for developing the agricultural sector, namely PROAGRI. Its objective, in combination with other initiatives, is to create the conditions needed for sustainable and equitable growth in agriculture, forestry and livestock, contributing to poverty reduction and greater food security, while protecting the physical and social environment. With a five-year timeframe, the principal objective of PROAGRI is to: *Create improved institutional mechanisms to finance and provide agricultural, forestry and animal husbandry services to the family sector, as well as the capacity to provide efficiently and effectively the essential public goods functions of the Ministry of Agriculture and Rural Development.*

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<sup>31</sup> Those programmes connected to infrastructure and services are dealt with in other sections of the poverty reduction and economic growth strategy.



159. To have the desired impact, the Ministry of Agriculture and Rural Development (MADER) will focus on priority activities, taking into account differences in the ten distinct agro-ecological zones in the country, and promote the role of the private sector wherever appropriate in order to reduce costs to the State.
160. The effective implementation of PROAGRI began in 1999, supported by a system of planning and operational annual budgets (PAAO), with provincial level specificity. The monitoring <sup>32</sup>of PROAGRI's progress is based on the evaluation of MADER's success in implementing activities in accordance with eight basic principles. Six of these are directly linked to the potential for poverty reduction.<sup>33</sup>
- Promote increased productivity in agriculture and animal husbandry and higher monetary income of rural households.
  - Decentralisation and empowerment.
  - Policies, programmes and activities designed with greater attention to the rights and needs of small farmers respecting access to land, inputs, and markets (reflected in an increase in the use of inputs, rate of commercialisation, and access to extension services, and the implementation of the new land law).
  - A framework for agrarian policies directed towards the market (reflected in an improvement in the markets for inputs and products and institutionalisation of an information system on prices and markets).
  - Policies, programmes and activities designed with special attention to gender aspects (reflected in greater access for women to improved technologies).
  - Policies, programmes and activities designed with special attention to issues of social and environmental sustainability (reflected in the incorporation of findings from relevant studies at the planning stage).
161. The contribution of PROAGRI to the objective of food security, as laid out in the Food and Nutritional Security Strategy (adopted by the government in 1998), is through: (1) an increase in the quantity and quality of nationally produced foods; (2) an increase in the capacity to import products in line with the principle of liberalising markets; and (3) a focus on the development of the family sector, with emphasis on diversifying the sources of monetary income and diversifying diets to minimise risks to this sector. MADER has a Technical Secretariat for the Food and Nutritional Security Strategy (SETSAN), which is responsible for multi-sectoral

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<sup>32</sup> Unfortunately, the most relevant quantitative indicators are not yet available. The nationally representative baseline information, which will allow for the monitoring of progress in the agricultural-animal husbandry sector (monetary income, use of inputs) will come from the Agricultural Survey Work (TIA 2001) and may be incorporated in the next revision of the PARPA in 2002.

<sup>33</sup> The other principles are indirectly linked to poverty reduction to the extent that they deal with the restructuring of the MADER in order to improve its capacity to deliver appropriate services in an effective manner. These are: (1) the activities of MADER are limited to key functions, with strengthening of MADER to carry them out, and (2) Good Governance.

coordination at the national and provincial level of activities concerned with reducing vulnerability to chronic food insecurity.

162. Besides vulnerability to chronic food insecurity, many Mozambicans are vulnerable to the negative impact of natural disasters. In addition to the activities of SETSAN, the MADER is responsible for improving the early warning system to reduce the risk of an increase in absolute poverty from losses due to natural disasters.
163. Given the basic principles of PROAGRI and the main objectives of SETSAN, four key strategic objectives have been identified as the contribution of agriculture to poverty reduction:
- (1) Raise the productive capacity and productivity of agriculture, forestry and animal husbandry in the family sector and the private sector using labour-intensive technologies, and sustainable management of natural resources.
  - (2) Guarantee rights of access to land and reduce the bureaucracy associated with land registration.
  - (3) Promote the marketing of agricultural and livestock products, and facilitate the marketing of surpluses and access to markets (for factors of productions as well as credit).
  - (4) Reduce the vulnerability of households and chronic food insecurity.

These objectives permit the organisation of activities and targets for institutional components of PROAGRI in shared areas of action, to facilitate understanding of the overall Operational Matrix for Agriculture and Rural Development in the PARPA 2001-2005. Below are presented aspects of the programme (specific objectives and priority activities) to be pursued in the area of agriculture, forestry, animal husbandry, and rural development.

### **The Agricultural and Rural Development Programme**

164. The programme has ten components: extension services; research; support to agricultural production; animal husbandry; forestry and wildlife; land management; irrigation; micro-finance; rural communications; and institutional development.
165. The greatest contribution to poverty reduction will be through increased access to services, leading to a corresponding rise in production. With the direct impact of measures in the area of extension services, research, support to agricultural production, animal husbandry and forestry, and wildlife, the following results are expected at the end of the five-year PROAGRI period:
- 460,000 producers from the family sector will adopt improved technologies;
  - An increase of above 200% in returns per unit of land;<sup>34</sup>
  - Average annual increase in production of food items of around 240,000 tons;

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<sup>34</sup> This refers to producers in the family sector who, in the context of the programme, will adopt new technologies.

- Average annual increase of around 53,000 tons of vegetables, 16,800 tons of sugar, and 6,800 tons of rice through irrigation systems;
- 300,000 livestock producers will adopt improved animal husbandry technologies;
- An average annual increase in livestock production of around US\$ 18 million;
- An average annual increase in the lumber, firewood, charcoal and eco-tourism businesses of around US\$ 130 million;
- A significant rehabilitation of the cashew sector, with an expansion of pilot projects to improve productivity and achieve a production of 100,000 tons per year by 2005.

Each component of the programme contains priority actions, which will contribute directly to the basic objective of poverty reduction, as well as indirect actions, which contribute to the immediate and final objectives. These actions are summarised below by component:

#### 166. Rural extension services

166.1 Main objectives: Together with research and support for production, the extension services aim to raise the level of productivity in agriculture, animal husbandry, forestry and wildlife, increasing incomes and ensuring food security for rural families. At the same time, it seeks to prevent the degradation of natural resources.

#### 166.2 Principal measures to be undertaken:

- Disseminate information on technology options for the various productive systems, and train producers to apply these technologies through a widening of the rural extension network. This will require the consolidation of 36 rural extension networks covering 64 districts, strengthening the human resources, material and equipment necessary to carry out the functions of the extension agents, supervisors, and technical specialists.
- Promote producers organisations to take on the responsibility of managing available resources.
- Establish ties between suppliers of agricultural inputs and users (producers and associations).
- Establish clear ties with private companies and NGOs involved in providing extension services, strengthening the rural extension networks through outsourcing.

Other measures include: (1) organise the extension network on vertical lines with the main operational co-ordination at the provincial level and basic execution at the district level; (2) carry out information/extension campaigns based on participatory diagnoses; and (3) develop methodologies for community participation in the use of natural resources.

## 167. Research

167.1 Main objectives: (1) Conduct applied and adaptive research on available and imported technologies and know-how which can provide immediate results in improved productivity in agriculture, animal husbandry, and forestry, with emphasis on priority areas for the family sector, especially women involved in agriculture. (2) Develop cultural and management practices that contribute to the restoration and conservation of natural resources and technology, reducing the risk of soil erosion, degradation of soil fertility and the excessive use of chemical products. (3) Use of simple storage, conservation, and local processing methods for agricultural products. (4) Effective methods for the prevention and control of livestock diseases and control of foodstuffs derived from animals. (5) Technology to promote, protect and develop the sustainable use of forest and wildlife resources. The priority crops are: maize, cassava, rice, beans, cashews and cotton, given their importance to the family sector. In geographical terms, priorities in terms of their potential contribution in agriculture are: the interior of Maputo province, the south of Gaza, the coastal areas south of the Save river; the medium altitude areas of Zambezia, Nampula and Tete, the south of Cabo Delgado and Niassa, the coast of Zambezia, Nampula and Cabo Delgado.

### 167.2 Principal measures to be undertaken:

- Develop improved cultivation methods for the priority crops (tests and multiplication) as rapidly as possible, increasing effective collaboration with extension services, universities, NGOs and the commercial sector.
- Participate in the integrated control of pests and diseases linked to the other components (extension services, support to production, etc).
- Strengthen research capacity through the provision of infrastructure and equipment to permit effective research in each agro-ecological region<sup>35</sup> and the training and development of human resources for research.

An additional measure with a direct impact is the establishment of an Agricultural Research Council for joint operational planning of research to be conducted by the various institutions (INIA, INIVE, IPA, CEF).

## 168. Support to agricultural production

168.1 Main objectives: Continue interventions to facilitate entry, action, and growth of agricultural producers (including the private sector). Focus will be on promoting priority crops (cereals, legumes, and traditional cash crops).

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<sup>35</sup> In this sense, decentralisation is critical for the priority areas.

## 168.2 Principal measures to be undertaken:

- Improve the access of small farmers to quality seeds through the following actions: (1) establish and strengthen the national seeds committee; (2) promote the participation of the private sector in the production and marketing of seeds; (3) promote the local production of seeds; improve the seed certification service.
- Participation in the integrated control of pests for priority crops.
- Improvements in post-harvest management and access to markets, to ensure that the increased production contributes to an increase in monetary income and reduction of food insecurity. Key activities include: (1) encourage farmer associations to become involved in marketing of produce; (2) disseminate information on markets; (3) disseminate techniques to increase the storage capacity for agricultural products amongst producers; (4) promote private investment in marketing systems; (5) promote the establishment of mills and other agro-industries (e.g. peanut, sunflower and sesame seed oil extraction) and (6) strengthen measures to build up emergency stocks of cereals and legumes.
- Privatisate state holdings in productive units.

## 169. Animal husbandry

169.1 Main objectives: Pursue measures to facilitate the activities and expansion of producers (including the private sector) in animal husbandry, given the importance of livestock as a reserve of wealth, a source of animal traction and transport to increase productivity in the sector, and as a source of diversification of diets and income.

## 169.2 Principal measures to be undertaken:

- Promote the rearing of small animals, especially by women, as a means of diversifying income-generation opportunities.
- Continue the family sector restocking programme with priority to cattle in the provinces of Maputo, Gaza, Inhambane, Tete, Manica and Sofala, and to goats for Cabo Delgado, Tete, Sofala, Nampula, Inhambane and Gaza.
- Rehabilitate the infrastructure for animal husbandry, with priority to drinking and dipping tanks, laboratories for analysis and diagnosis, and animal husbandry promotion posts;
- Train peasants in the use of animal traction, in coordination with the rural extension services.
- Promote the participation of producers and private businesses in the management of infrastructure and the provision of support services to animal husbandry, through out-sourcing.

## 170 Forestry and wildlife

170.1 Main objectives: Continue with interventions to facilitate the activities and expansion of communities, the private sector, and other producers in the forestry and wildlife sectors, paying due attention to the long-term sustainable use of natural resources.

170.2 Principal measures to be undertaken:

- Operationalise the national and local resources inventory system.
- Re-establish and rehabilitate, with the involvement of local communities and the private sector, the hunting reserves, forestry and wildlife reserves and national parks.
- Develop and adopt policies and programmes for reforestation and the restocking of wildlife, with the participation of communities and the private sector.

Other activities with a more indirect impact include: compiling and revising legislation and regulations to enable communities and the private sector to participate in the sector; develop and adopt policies and statutory instruments for the exploitation of forests and wildlife; training technicians in management, monitoring and evaluation skills at the provincial level.

## 171 Management of agricultural land

171.1 Main objectives: Contribute to the sustainable use of land and ensure the timely access of citizens and investors (also increasing the capacity of the family sector to consolidate and increase their agricultural activities).

171.2 Principal measures to be undertaken:

- Organise the national land register.
- Simplify the process of land adjudication.
- Strengthen and equip, with both material and personnel, the institutions responsible for managing and granting land concessions.
- Together with other institutions, inform peasants of their rights regarding land, including consultations with the communities.

## 172 Irrigation

172.1 Main objectives: Contribute to raising productivity and stabilising the supply of agricultural products, while mitigating any possible negative impact of the irrigation systems in terms of social and environmental sustainability.

172.2 Principal measures to be undertaken:

- Build small-scale irrigation systems and water depots with alternative technologies.
- Direct technical support to peasants for community management of irrigation schemes.

173 Micro-finance

173.1 Main objectives: Facilitate access by small rural producers to financial services.

173.2 Principal measures to be undertaken:

- Support the consolidation and creation of 30 rural micro-finance institutions. (See section on Policies to Develop Financial Markets, under Macroeconomic and Financial Policies).

174 Rural Communication

174.1 Main objectives: Expand horizontal communications in rural areas.

174.2 Principal measures to be undertaken:

- Expand the rural radio and television network to 15 more districts.

175 Institutional Development

175.1 Main objectives: To transform the Ministry of Agriculture and Rural Development into a modern agricultural management structure, focused on the formulation, regulation and implementation of sectoral policies for creating a favourable environment for development of the family sector and the consolidation of the enterprise sector. In the short-term, this institutional development will be carried out through the consolidation and improvement of existing institutions by reformulating their internal regulations, eliminating duplication, inconsistencies and ambiguities and filling gaps.

175.2 Principal measures to be undertaken:

- Administer and update key sub-sector policies (cotton, maize, cashews, etc) and regulations governing support to the productive sector.
- Develop and implement projects for capacity building in the units for policy analysis and formulation.
- Develop and implement systems for monitoring trends and evolution in the market (SIMA).

Other measures include: operationalise the task force on institutional reform; complete the analysis of MADER's functions; and develop and adopt the new organisational structure for MADER.

## **GOOD GOVERNANCE, LEGALITY AND JUSTICE**

### **Introduction**

- 176 The State is a fundamental actor in the quest for poverty reduction and economic and social prosperity. Thus, the State has special and inescapable responsibilities to other actors in society.
- 177 In all of its actions, the State is obliged to be effective and efficient. Only so will it be in a position to provide timely services, for which it is responsible, and economise on resources. These are essential prerequisites so the State will be a trusted partner on which other actors in society (citizens, families, economic units and other institutions) can rely, and therefore have greater access to resources for their activities.
- 178 The State must interact with other actors. Public institutions must be strengthened to be more open, closer to people and more friendly, in serving the public and their institutions. They should be capable of decentralised action on the ground. They should be strengthened to be more dynamic, flexible, capable of taking initiative, and effective and fair in dealing with other actors in society, given the challenges for fighting against poverty and promoting rapid economic growth. At the local level (principally districts and municipalities), the interaction with other actors in society should translate into deeper and more institutionalised processes and methods of participatory planning (with the involvement of the poorest strata of the population). The capacity of State bodies to take the initiative on decisions at local level is crucial to an effective fight against regional and inter-provincial imbalances, which are reflected in the existing distribution of poverty.
- 179 The State has the duty to ensure the maintenance of public order, to be fair in its actions, and promote justice between citizens and other social actors. More specifically, respect for citizens and for their property and institutions is vital to the survival of society and the expansion of economic activity and prosperity. This respect should be imposed by efficient forces responsible for maintaining public order (police forces in various special fields). At the same time, the maintenance of social stability, the punishment of crime and fraud, imposing respect for property and its disposition, inheritance rights and respect for contracts, are all key elements of an environment favourable to economic and social prosperity, of which the legal and judicial system are basic pillars. These requirements for the posture and action of the State constitute impose challenges for transformation, capacity-building and improvement of the legal and judicial system, and the forces responsible for maintaining public order. This transformation is imperative given that the justice, court, and public order systems are seen as extremely fragile. For example, according



to the *Africa Competitiveness Report 2000*, the business sector in Mozambique view this system as: non-operational, that it suffers from delays in the resolution of commercial disputes; it fails to enforce decisions that may be taken in commercial disputes; suffers from a legal code that is less than clear and susceptible to multiple interpretations, and which takes up a great deal of the time of company managers.

180 The State also has a duty to protect natural resources, exerting its power throughout the country.

181 The State has an obligation to promote and enforce the sustainable use of natural resources for the benefit of the country as a whole, to prevent its irreversible exploitation, and to encourage the cultivation of renewable resources. The State has the duty to impose respect for the rules for maintaining environmental balance in the course of developing economic activities by both private and public agents.

182 In their actions, public institutions should be transparent and act according to the law. Representatives of public institutions should behave in a manner compatible with the spirit of public service, and observe ethical standards. Workers must behave in such a way as to be above suspicion in terms of corruption. Corruption in public institutions acts as a constraint on the initiatives and development of citizens and their institutions (including companies). In other words, corruption acts as a barrier to social and economic progress, with nefarious effects on the poor. Therefore, in the fight against poverty and the promotion of economic growth, the reduction and control of the syndrome of corruption in the Administration and other public institutions is an important feature of the posture of the State in relation to the citizens and their institutions.

183 With a view to ensuring that the State meets the above expectations, the present strategy has opted for a multi-institutional programme for strengthening and improvement, rooted largely in ongoing activities.

## **The programme**

184 The programme consists of seven components: decentralisation and de-concentration; legality, justice and public order; transformation and strengthening of market-supporting public institutions; strengthening its negotiating capacity and capacity in granting concessions; protection of frontiers and inspections at sea; rationalisation and strengthening of the Public Finance system; and the fight against corruption.

185 Decentralisation and De-concentration

185.1 Main objectives: Impart greater dynamism and capacity to Provincial and District governments for the essential interaction with other social actors in facing the challenges of combating poverty and promoting economic growth; impel action, at

both local and regional levels, in combating poverty and promoting economic growth, facilitating genuine progress in terms of regional equity.

#### 185.2 Principal measures to be undertaken:

- Adoption of the Law and complementary legislation on Local Bodies of the State, (ensuring amongst other aspects that administrative and financial decentralisation and de-concentration take place, making participatory district planning possible).
- Institutionalise and expand participatory district planning (on the basis of existing good practices); training of personnel, with priority given to participatory district planning.

Other key measures include: proceed with administrative and financial de-concentration to make possible participatory district planning; proceed with administrative and financial de-concentration to strengthen the authority and competencies of Provincial governments, including in the area of provincial planning; continue with the process of consolidating municipalities.

#### 186 Legality, Justice and Public Order

186.1 Main objectives: Raise the capacity and efficiency of the legal system as a whole; raise the capacity and efficiency of the legal system with special reference to needs of the private sector; enforce observance of contracts; reform the criminal, procedural and penal legislation with a view to its simplification; promote greater transparency and speed in the resolution of legal cases; enhance the capacity of the police in protecting public order, preventing crime and pursuing criminals, improving respect for the integrity and property of citizens and institutions; improve the quality and efficiency of prison services.

#### 186.2 Principal measures to be undertaken:

##### In the field of justice

- Devise and adopt an integrated strategic plan for the justice sector (including the Ministry of Justice, Courts and the Attorney General's Office).
- Improve the workings of the Commission for Strengthening of the Legal System (Judicial tribunal, Attorney General's Office, Ministry of the Interior and Ministry of Justice).
- Revise, as necessary, the Penal Code and reform the Penal Process Code.
- Consolidate and expand the Community Courts (responsible for deliberating on minor conflicts of a civil nature and questions arising in the context of family law).
- Establish Labour Tribunals in the cities of Maputo, Matola, Beira, Nampula and Quelimane (in 2001) and in the remaining provinces (by 2004).
- Modernise the Civil Registry and Notary services.

- Strengthen the Institute for Judicial Assistance and Support (IPAJ).

Other key actions include: operationalise the commercial dispute arbitration services; training and capacity-building of legal assistants and technicians serving citizens who are “economically needy”.

#### In the field of police and public order

- Identify mechanisms, clarify functions, and build the capacity of the police services.
- Develop and implement a special programme for raising the quality of the police service in criminal investigation.
- Devise and adopt a programme for equipping police stations.

Other key actions include: devise and implement a training plan for recycling of police units and command structures; adopt a programme to improve the social benefits package for the police force, with a focus on health services and housing; devise and implement operational programmes for imposing and raising the quality of order and discipline in the Police of the Republic of Mozambique (PRM); devise and implement a programme to improve planning and budgeting and budget management in the Ministry of the Interior/ PRM.

#### In the field of prison services

- Proceed with a rigorous but rapid application of funds in the investment budget for the rehabilitation and improvement of living conditions in prison establishments (with priority given to those which are most degraded and suffer from the worst conditions in terms of hygiene and public health).
- Technical and professional training of prison staff; training for inmates.

Other key measures include: draft regulatory legislation covering procedures that deprive citizens of their liberty and apply alternative methods to the prisons in accordance with the “U.N.’s minimum rules on the Treatment of Prisoners” and the “Kampala Declaration”; create consistency between reform of the Penal Code and the introduction of alternative measures for sanctioning the deprivation of liberty; involvement of prisoners in productive activities.

### 187 Transformation and Strengthening of Public Institutions Dealing with the Private Sector

187.1 Main objectives: Promote the efficiency of institutions dealing with the private sector, making them more friendly and turning them into servants and facilitators for the expansion of this sector; contribute significantly to the elimination of “red tape”.

187.2 Principal measures to be undertaken:

- Transform and strengthen bodies responsible for licensing and inspection of economic activities at the central, provincial and local levels (including review of legislation, recruitment and training of new staff, and retraining of existing personnel).

Other key measures include: land concessions –see measures contained in section on agriculture; legislation and work inspection, regulating bodies – see measures in section on employment and business development and transport and communications.

188 Strengthening negotiation and supervision/inspection capacities in the granting of concessions

188.1 Main objectives: Ensure that contracts are properly negotiated, with fair benefits to the country, in the context of concessions for large-scale exploitation of natural resources; ensure the protection and maintenance of the environmental balance in granting large-scale concessions; ensure compliance with clauses agreed to in these contracts, as well as any other relevant legislation.

188.2 Principal measures to be undertaken:

- See specific measures in the section on mining.
- Develop, strengthen and consolidate the necessary technical teams in the areas of contract negotiation and granting concessions for mega-projects, to ensure compliance with existing legislation and requirements for protecting the environment; develop technical teams to carry out environmental inspections of mega-projects and other large undertakings.

189 Protection of frontiers and Maritime Inspection

189.1 Main objectives: Protection of natural resources through the control of frontiers; inspection of activities at sea to enforce contracts and regulations and prevent the depletion of resources and degradation of the environment.

189.2 Principal measures to be undertaken:

- Establish an effective system to protect and inspect maritime waters and activities.
- Establish an effective border guard system (re-equip and operationalise the border guards).

190 Rationalise and strengthen the Public Finance System

190.1 Main objectives: See section on macro-economic and financial policies.

190.2 Principal measures to be undertaken: Ibid.

191 The fight against corruption

191.1 Main objectives: To prevent the spread of corruption, to significantly reduce and control it amongst public sector workers; adopt regulatory mechanisms aimed at prevention, inspection, prosecution and sanctioning of corrupt practices.

191.2 Principal measures to be undertaken:

- Strengthen the institutional capacity of the General Inspectorate of Finances.
- Institutional strengthening of those bodies linked to the administration of justice.
- Institutional strengthening of the Administrative Tribunal.
- Institutional strengthening of the State's administrative inspection services.
- Launch anti-corruption campaigns through the media.
- Implement measures coordinated between institutions to minimise the risk of corruption along the country's borders, including international business deals.

## **MACRO-ECONOMIC AND FINANCIAL POLICIES**

### **Introduction**

192 Macro-economic and financial management is central to poverty reduction, given that it constitutes a crucial prerequisite for rapid growth, medium to long-term sustainability, and the creation of jobs. This part of the action plan outlines a programme which includes six main components:

- Fiscal and monetary policy
- Mobilisation of budgetary resources
- Management of public expenditure
- Development of financial markets
- International trade policy
- Management of public debt.

193 Besides the fundamental role, which they fulfil in promoting growth, many of these components also have a direct impact on the poor. For example, millions of poor families are extremely vulnerable to macro-economic instability, given that they live at the margin of subsistence and possess few means to protect themselves against

inflation or an economic recession. The poor also are affected by the tax system, the efficiency in managing public expenditure, and the structure of financial markets.

194 The problem of maintaining macro-economic stability is complicated by the fact that Mozambique faces significant internal and external imbalances, which are currently covered by extraordinary external support. The internal imbalance is evident in the difference between Government revenue and expenditure, while the external imbalance manifests itself in the enormous gap between the cost of imports and the revenue derived from exports. These dangerous and unsustainable imbalances must be gradually eliminated. To reduce the internal imbalance, the necessary measures include: (1) increase internal revenues; and (2) exercise prudent levels of budgetary expenditure. To reduce the external imbalance, the following are necessary: (1) expand and diversify export revenues; (2) promote efficient import substitution; (3) attract higher levels of direct foreign investment; and (4) provide incentives to prevent capital flight.

195 Conversely, it is worth mentioning that poverty reduction and economic growth also facilitate macroeconomic management, because as citizens and institutions (including families, companies and the State) become wealthier, the need to impose restrictive fiscal and monetary policies decreases. In this sense it is important that macroeconomic management, while maintaining due rigour, should also pursue the objective of fostering and facilitating poverty reduction and economic growth. In this context, one can justify the concern of the current strategy to develop the financial sector, with special attention to the needs of rural areas and the poorest segments of the populations, which must be included in efforts to raise the level of savings, and must benefit from financial intermediation and the availability of credit.

## **The Programme**

### 196 Fiscal and Monetary policy

196.1 Main objectives: Ensure macroeconomic stability, keeping inflation in single digits, while fostering the expansion of domestic credit and maintaining a competitive exchange rate; reduce the fiscal deficit through a more vigorous mobilisation of domestic revenue.

### 196.2 Principal measures to be undertaken:

- Limit budgetary expenditure to the resources identified in the Medium-term Fiscal Scenario (CFMP) and financial program (PF), observing the rule of not printing money to cover budgetary deficits.
- Establish capacity for financial programming within the Ministry of Planning and Finance and the Bank of Mozambique. The objective is to develop a systematic, comprehensive and consistent model of objectives, policies and targets to be reached by macro-economic management, based on detailed research and data. The first model for financial programming will be developed by the end of 2001.

- Strengthen the existing processes of monitoring of macroeconomic performance.

## 197 Mobilisation of budgetary resources

197.1 Main objectives: The primary objective is to mobilise budgetary resources, which should reach 16%-17% of GDP by 2010, and around 15% by 2005. In order to achieve this, a reform of tax policy will take place with the objective of: (1) creating a more efficient, broad-based, fair, simple and predictable tax system; (2) strengthening the capacity and efficiency of tax administration.

### 197.2 Principal measures to be undertaken:

- Widen the tax base by strengthening administrative capacity and reforming the system for controlling exemptions and tax evasion, and for granting incentives and fiscal benefits to investment. The restructuring and strengthening of tax administration will include the possibility of creating a central revenue authority over the next 3-5 years. A plan of action for this will be developed in the course of 2001.
- Ensure greater coordination and sharing of information and data between the tax services and customs, with the introduction of computerised systems to register and control the various forms of tax.
- Carry out an analysis of the tax code to evaluate the need for revision or alteration through reforms of tax policy.
- Ensure maximum collection of budget revenues from investments in the extraction of natural resources, particularly non-renewable resources, which should not benefit from Industrial Free Zone status.

Other measures include: (1) develop an action plan for recruitment and training, in order to strengthen the capacity of tax administration; (2) reduce the maximum import duty to 25% by 2002, and evaluate the need to carry out other reforms of customs duties to create an environment that stimulates growth as the principal means for reducing poverty; (3) ensure final approval of the strategy on participation of the State in private companies, which may constitute an important source of revenue for the budget; (4) strengthen coordination with international partners to ensure that the flow of external finance remains at US\$ 600 million per annum. These finances are crucial to the success of the poverty reduction strategy and the structural adjustment of fiscal policy in the medium to long term.

## 198 Management of public expenditure

198.1 Main objectives: Improve the programming, execution, control and transparency of the budget process, and ensure that public expenditure is more efficient in its impact on poverty reduction and the creation of favourable conditions for economic growth. Consolidate the role of the CFMP (medium term fiscal scenario) as an effective and sustainable instrument for annual budget programming. This should be strictly linked to the PF (financial programming) and overall objectives of the PARPA, and the process of annual revisions to which the PARPA will be subjected. Monitor efforts to deconcentrate and decentralise public administration.

### 198.2 Principal measures to be undertaken:

- Strengthen the public accounting process. This requires: (i) finalising and implementing the new law on Financial Administration of the State and its statutory instruments, in particular the statutory instrument on public accounting; (ii) developing computerised systems to control and register expenditure, in line with the new law, allowing for a more effective and timely control of expenditures, including the principal expenditure programmes for priority sectors; (iii) changing classifications used in the budget to allow for the registration and control of expenditure at the central, provincial and sectoral level, and by main expenditure programme; (iv) improving auditing and inspection of the accounts; and (v) recruiting and training personnel. An action plan should be finalised by the end of 2001.
- Incorporate off-budget expenditure and revenue into the budgeting process. Items that are the sole responsibility of the Government will be incorporated into the budgetary process during 2002. Develop an action plan to identify the various sources of revenue and expenditure, and necessary mechanisms so that the revenues and expenditure are totally integrated into the budgetary process. For resources and expenditure controlled by the donor community, an action plan will be finalised by the end of 2001 to identify measures to be taken by the Ministry and by the donors to integrate these flows into the budgetary process.
- Begin the process of preparing and carrying out annual expenditure reviews in priority sectors, including health, education, roads, water, justice, tribunals, public safety and public administration. The reviews will identify the amounts of sectoral expenditure, their geographical aspects, and allocation by main programme, and track the flow of resources from the central level to the implementation unit. The reviews will also provide information on policies, mechanisms and instruments that can improve the efficiency and effectiveness of expenditure. Given limitations in institutional capacity, this review of public expenditure will be carried initially in one or two sectors per year.

Other key actions include: Prepare the necessary budget adjustments in support of efforts to de-concentrate and decentralise Public Administration (see section on good governance/decentralisation and deconcentration); develop regular processes for



consultation and dialogue with various actors in the budget process, with a view to improving the efficiency of the budgetary process and public expenditure.

## 199 Policy on the development of financial markets

199.1 Main objectives: Minimise the risk of financial crises; promote the development of financial services, especially in the rural areas and poorest regions; encourage the development of financing for micro and small enterprises; create conditions for a reduction in domestic interest rates.

### 199.2 Principal measures to be undertaken:

- Strengthen supervision of the financial system, including banks, non-bank financial institutions in conformity with the Basle principles. An action plan should be developed by the end of 2001 and implemented immediately thereafter.
- Review and define prudential regulations for banks, non-bank financial institutions and the insurance and pensions sector. This will involve the Bank of Mozambique and the Ministry of Planning and Finance. The review should be completed by the end of 2001 for the banking sector, and by the end of 2002 for the insurance and pensions industry.
- Carry out a study on the policy options for the development of new institutions or approaches for developing accessible and sustainable financial services for small rural producers and micro and small-scale enterprises.

Other key measures include: (1) promote a reduction in interest rates and improve the payments system and the diversification of financial products; and (2) carry out legislative reforms to lower economic risk and expand the availability of collateral as ways of bringing down interest rates. These issues, amongst others, should cover the question of improving the efficiency of tribunals in resolving commercial and contractual disputes, and the need for better supervision of the banking sector to reduce the amount of non-performing loans in the system.

## 200 International trade and export promotion

200.1 Main objectives: Create conditions for export sector to be an instrument for sustaining rapid and broad growth. This requires maintaining a competitive exchange rate, eliminating trade barriers, and providing more effective export promotion services, for both traditional and non-traditional exports.

### 200.2 Principal measures to be undertaken:

- Manage monetary policy to guarantee not only a stable inflation rate but also the maintenance of a competitive exchange rate. This will require strong management of foreign exchange reserves. A real depreciation of the metical is

critical as an incentive for exports and import substitution, and for increasing national competitiveness in a globalized world.

- Develop procedures for rapid customs clearance (for exports and imports) and VAT refunds for registered and regular exporters. These procedures should be backed by a computerised system in both Customs and Taxes to allow rigorous control of taxpayers who benefit from the fast-track procedures.

Other key measures include: (1) pursue implementation of the SADC Trade Protocol; (2) implement options for establishing an export credit system, in particular for priority exports; and (3) promote exports to the USA and the European Union under the AGOA and ACP accords, respectively.

## 201 Debt Management

201.1 Main objectives: Develop a medium and long-term strategy for the management of both domestic and external debt; strengthen the system for control and management of the public debt.

201.2 Principal measures to be undertaken:

- Prepare a medium and long-term strategy setting overall parameters for debt policy and post-HIPC debt sustainability.
- Prepare a medium to long-term strategy on the capacity to incur and sustain domestic debt. This study should integrate the use of public debt as an instrument for monetary management, taking into account the link between issuing debt and the need to reduce domestic interest rates to stimulate investment and growth.

Other key measures include: (1) improving the management and control of public debt. With this in mind, there is a need to review existing procedures, update the database and upgrade existing software systems. (2) Carry out an evaluation of foreign debt of the private sector, to identify corresponding risks and vulnerability to fluctuations in the exchange rate.

## **B. OTHER AREAS OF ACTION**

202 This unit complements the previous section, which focused on fundamental areas of action. Herein, other important sectoral and multi-sectoral issues are treated, and objectives and actions are identified. It is recognised, however, that most of the actions presented in this section depend, for their maximum socio-economic benefit, on successful action in the fundamental areas described above. These other areas of action are necessarily presented in more summary form.

203 This section is divided into the following parts:

- **Employment and business development.** This section covers additional measures relating to the important role of private initiative in the basic strategy for poverty reduction through socio-economic development based on inclusive and broad-based growth. Critical complementary measures are presented for improving the environment for such initiative to flourish, to increase investment and employment.
- **Social Action.** The role of the State in promoting social justice has already been highlighted. Policies in the area of health and education are particularly important, as they represent the most fundamental social action efforts of the State. This section presents complementary measures in the area of social action.
- **Shelter.** The social and economic importance of this sector is summarised. Measures to develop the sector are presented.
- **Mines, fisheries, tourism and industry** (under four separate sub-headings). These sectoral policies in these areas are of high importance given their great potential for the expansion of investment and employment, and the consequent generation and expansion of income.
- **Transport and communications.** These are critical complementary policies in the field of infrastructure.
- **Technology and the environment** (two separate headings). These are important complements to the issue of sustainability, as dealt with in the section on fundamental areas of action.
- **Reduction of vulnerability to natural disaster.** Emphasis is placed on the vulnerability of the country, and the poor, to natural disasters, and additional measures are outlined to reduce this vulnerability.

## **EMPLOYMENT AND BUSINESS DEVELOPMENT**

### **Introduction**

204 The present strategy for reducing poverty and fostering economic growth is based on the assumption that private initiative by citizens, families, firms and other institutions, is the engine of development, with the State being responsible for the provision of services and infrastructure that are essential for the realisation of these initiatives. Employment derives essentially from the multiple initiatives of citizens, families, firms and other private institutions. Obviously, initiatives of public institutions also provide employment. However, activities of the private sector are increasingly the source of job creation and opportunities for employment.

205 The previous section on fundamental areas of action proposed ways to create the basic conditions for private initiative to flourish supported by essential public services. Especially important to the strategy are actions to raise human capacity in general (including human capital development), provide infrastructure and research and extension services for agriculture and rural development, and proposals for a

more effective, efficient, facilitative and service-oriented State to support initiatives of citizens and their institutions. There is a need to highlight the importance of measures to simplify procedures and regulations affecting the business sphere, to reduce the direct intervention of the State, and to improve its role as regulator. Also important are the proposals to pursue policies to maintain social, political and macro-economic stability, which are essential for establishing a conducive climate for the expansion of the private sector.

206 In referring to private initiative one tends to think in terms of firms. Here, the concept is used in its broadest sense to include individual producers of goods and services, families (as micro-economic units of great importance in the areas of agriculture, forestry and animal husbandry, artisans and urban informal activities), micro and small enterprises, as well as large companies.

207 The overall priorities set out in the present document translate into a broad and sustainable programme for job creation and entrepreneurial development (in the broader sense of private initiative). Clearly, special efforts and attention must be given to small-scale entrepreneurs, given that they are the mainstay of the entrepreneurial class, and that an inclusive approach is adopted.

208 The present section seeks to clarify some additional measures that can be taken which would contribute to the development of businesses and job creation.

### **Other measures which contribute to the promotion of employment and business development**

#### 209 Labour legislation

209.1 Main objectives: Update labour legislation, eliminating those aspects which unnecessarily increase labour costs and create difficulties in terms of flexibility of the labour market.

209.2 Principal measures to be undertaken: Carry out a review (and adopt revised versions) of the labour laws; draft additional legislation complementing the Labour Law.

#### 210 Commercial law

210.1 Main objectives: To update the Commercial code and eliminate those aspects, which contribute to red tape, ensuring that it meets the needs of the present marketplace (proposed new Code to be submitted to Parliament in 2001).

210.2 Principal measures to be undertaken: Conduct a review (and adopt the revised version) of the Commercial Code.

211 Improve the business environment

212.1 Main objectives: To make public institutions more effective, efficient and timely through the introduction of measures to improve the business environment; improve the utility of consultations with the private sector.

212.2 Principal measures to be undertaken:

- Evaluate recommended measures to improve the business environment, which arose from consultations with the private sector (in particular the private sector conferences) and develop an appropriate implementation plan. (To be carried out by the Inter-Ministerial Commission for the Removal of Administrative Barriers).

212 Deepen the restructuring State companies

212.1 Main objectives: Increase the participation of the private sector in the business sector, including their participation in public companies involved in infrastructure activities.

212.2 Principal measures to be undertaken: Develop and adopt a strategy on public companies and other assets of the State in the business sector.

213 Small Industry Support Fund (FFPI)

209.1 Main objectives: Restructure the FFPI, and expand its activities so that it will more effectively support micro, small and medium-sized enterprises.

209.2 Principal measures to be undertaken: Conclude the diagnosis; formulate and adopt recommendations.

## **SOCIAL ACTION**

### **Introduction**

214 Recognition of the strategic option to privilege private enterprise and market incentives as levers of economic and social progress is inseparable from (and carried out through) the unequivocal role of the State in promoting social justice. In this sense, the State is concerned with ensuring respect for the equality of rights and opportunities for all citizens and segments of society. The State has special responsibilities to those citizens and segments of society who, for various reasons (physical, mental or because of social status) may be classified as vulnerable, given the dynamics of organisation and options for social and economic management. The

State is responsible for providing: (a) support for their participation in the normal life of society and (b) protection for those at risk of falling into destitution and delinquency.

- 215 Social action by the State obviously is constrained by the scarcity of resources. As previously mentioned, these restrictions will diminish in the long term as a result of rising wealth and income of society and increased efficiency in revenue collection and budgetary expenditure.
- 216 In the specific case of Mozambique, the State's social policy should be seen largely in terms of the subsidised provision of basic health and education services to the population.
- 217 Yet it is worth highlighting the fact that other specific Social Action measures are based on the need, as far as possible, to empower vulnerable individuals/groups and minimise their dependence on subsidies/charity.
- 218 The main target groups for Social Action are children, women, the elderly and the handicapped.

### **The Programme for Social Action**

#### 219 Planning and management of Social Action

219.1 Main objectives: Improve the process of identifying priorities for Women and Social Action, and the management of these programmes.

219.2 Principal measures to be undertaken: Develop and adopt a strategic plan for the Ministry of Women and Social Policy Co-ordination.

#### 220 Defending the rights of target groups

220.1 Main objectives: Promote the defence of the rights of target groups.

220.2 Principal measures to be undertaken: Promote education, information and dissemination activities regarding rights of the Social Action target groups through the media, through written material, and other forms; promote the establishment of associations amongst vulnerable groups.

#### 221 Employment

221.1 Main objectives: Encourage income-generating activities amongst vulnerable groups.

221.2 Principal measures to be undertaken: Integrate trained people from the vulnerable groups into food for work programmes, micro-finance activities, income generation,

employment and self-employment etc; promote the establishment of occupational centres.

## 222 Education and training

222.1 Main objectives: Encourage special education for handicapped children.

222.2 Principal measures to be undertaken: See section on education.

## 223 Social protection

223.1 Main objectives: Ensure the protection of the most needy.

223.2 Principal measures to be undertaken: Co-ordinate and operationalise the social protection network.

## **SHELTER**

### **Introduction**

224. Houses are a highly sought after asset by all segments of society, and meet a basic need of all citizens. The ownership of homes by citizens and families is an important potential means of accessing credit, to the extent that it can be used as collateral in negotiations with banks.

225. Development of the housing sector, and the stimulus this provides to the construction industry, has a multiplier effect on the economy, particularly through the construction materials industry, contributing to economic growth.

226. The expansion in demand for housing by families depends on its availability at accessible prices and acceptable quality. Therefore, the critical challenge in the housing sector is that of cost reduction through rising productivity and innovation.

227. Self-construction and investment in modular houses are an important way to minimise costs and make building financially viable, to make housing accessible to the poorest strata of society.

228. Concerning innovation, there are two aspects to be considered: changing materials used in conventional construction, and introducing new housing products through innovations in traditional housing methods. These steps will require technological research, and promotion of these products. It should be noted that the building of innovative houses based on traditional patterns opens a vast field for research and development, for expansion of the construction industry and the building materials industry.

229. The expansion of housing construction depends on access to land. The availability of land for building is linked to the process of parcelling out plots, and territorial/urban planning to guarantee the expansion of construction and the necessary basic infrastructure.
230. Support to housing requires adequate financing mechanisms, including the expansion of building societies.

### **The programme in the area of shelter**

#### 231. Foster private initiative in the expansion of housing construction

231.1 Main objectives: Create an environment that facilitates the expansion of private initiative in housing, including self-construction.

231.2 Principal measures to be undertaken: Approve statutory instruments on the use of urban land, and speed up the process of granting land for building purposes; proceed with the demarcation of plots in areas subject to territorial/urban planning in localities, towns and cities, while maintaining a reserve stock of available plots for immediate concession; ensure accessibility in terms of prices to the poorest segments of society for standardised architectural plans for self-construction and modular housing; create the necessary legislation to promote financing schemes for private home building, including building societies; expand the territorial coverage of the Housing Support Fund; finance research and development on innovative, low cost building plans, including those based on traditional patterns.

## **MINING**

### **Introduction**

232. The mining sector offers vast potential in contributing to rapid economic growth, given the high value-added co-efficient for this kind of activity. In addition, the sector is traditionally linked to exports. It is a sector, which, through a well-managed process of expansion, can contribute significantly to reducing the grave resource constraints that the country is facing, allowing an effective exit from dependence on grants.
233. Growth in the participation of small national producers in this sector contributes to an increase in the national product and has a significant positive impact in raising incomes amongst poor segments of the population. Activities of small producers in the mining sector nevertheless suffer from a number of efficiency constraints, and possible negative environmental impact. There is thus a need to develop training mechanisms for small producers. These should include mining techniques, processing and transporting of minerals, and protection of the environment. Also of great importance, in the context of activities of small producers, is the question of improving access to means, in particular equipment.



234. Rapid economic growth in Mozambique also depends on the granting of concessions for the large-scale exploitation of mineral resources. This requires special attention to two aspects: (a) facilitating the entry of foreign investors, clarifying and simplifying the relevant laws and regulations, as well as engaging in risk management (above all in terms of research) to minimise risk; and (b) the need to properly conduct the negotiating process for the granting concessions, and create inspection mechanisms to ensure fair returns for the country from the growth of this sector.
235. Fair returns for the country from granting concessions for large-scale mining depend to a large extent on the following: the State's technical capacity and competence in negotiating skills for granting concession contracts (these include fiscal issues, the sharing of results, environmental issues, and mechanisms for supervision and inspection of contracts). It is normal for investors to push the State to make concessions in these areas, which may result in derisory, if not null benefits (or even negative effects) accruing to the country. Fair and acceptable contracts depend on the capacity and efficiency of the national teams for negotiation, oversight and inspection.

### **The programme for the mining sector**

#### 236. Stimulating small-scale mining

236.1 Main objectives: Encourage small-scale mining, organising and legalising the informal sector and giving it the means to be more efficient and sustainable.

236.2 Principal measures to be undertaken: Set up pilot training centres for operators in the provinces of Nampula, Tete and Manica.<sup>36</sup>

#### 237. Legislation on mining

237.1 Main objectives: Based on a study of comparative law, clarify and simplify the law and regulations on mining in order to attract the private sector; clarify and detail environmental regulations for the mining sector.

237.2 Principal measures to be undertaken: Review, redraft and adopt the law on mining and the relevant regulations; draft and approve necessary missing regulations, including those dealing with environmental issues.

#### 238. Prospecting and Cartography

238.1 Main objectives: Increase competitiveness of the country in attracting private investment in mining through minimising risks associated with prospecting.

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<sup>36</sup> The project includes selecting sites for the centers, recruiting and training local technicians responsible for the project; conducting a census of the operators to receive training; acquisition of equipment and machinery for training; training of operators with an emphasis on mining techniques, processing and transportation of minerals as well as preservation of the environment, and monitoring.

238.2 Principal measures to be undertaken: Continue with the process of drawing up inventories of mineral resources, prospecting, research into mineral resources, and mapping.

239. Capacity-building

239.1 Main objectives: Ensure an increase in benefits accruing to the country from the granting of concessions for large-scale mining, through competent negotiation of contracts and the necessary oversight and inspection.

239.2 Principal measures to be undertaken: Devise and implement projects to establish, train and operationalise national units/teams (a) to negotiate concession contracts in all their aspects, including environmental issues, and (b) oversight and inspection of contracts; devise and implement a project to establish, train and operationalise mining inspection.

## **FISHERIES**

### **Introduction**

240. Fisheries are an important sector in the struggle against poverty and the promotion of economic growth, particularly given the large involvement of small-scale producers. The sector has great potential to expand in both the domestic and foreign markets, with the participation of both the small and large-scale sub-sectors.

241. Sustainable development of the fishing sector depends largely on the protection of the country's territorial waters, and the inspection of activities at sea. The current situation of weak control of the country's territorial waters, coupled with the almost non-existence of inspection of activities at sea, is unacceptable.

242. Expansion of the fishing sector is subject to environmental constraints. Therein lies the vital importance of structural change in the sector, moving to aquaculture as a way of ensuring the sustainability of long-term growth. In the short to medium-term, environmental considerations require strict control of the process of granting licenses.

243. Development of the fisheries sector also depends on raising the standard of knowledge and the capacity of the workforce in both the small and large-scale sub-sectors.

244. Fishing activity is currently concentrated in 3 provinces, as can be seen in terms of output: Nampula 40%, Sofala 16% and Zambezia 15.7%.

245. Small-scale traditional fishermen have special needs in terms of support for marketing their surpluses, which would lead to increased productivity and quality, and consequently, incomes.

### **The Programme in the fisheries sector**

#### 245.1 Support to traditional fishing

245.2 Main objectives: Improve use of marketable surplus from traditional fishing; raise the quantity and quality of production and income derived from traditional fishing.

246.2 Principal measures to be undertaken: Build and operationalise infrastructure to support traditional fishing in 4/5 fishing centres to be established in 3/4 provinces to be identified: (a) carry out studies/projects for these centres; (b) mobilise resources and begin to implement the project.

#### 246. Support to Large-scale national producers

247.1 Main objectives: Increase the participation of national operators in large-scale fishing.

247.2 Principal measures to be undertaken: Transfer to private Mozambican citizens the State's stake in fishing companies; pursue an analysis and take consequent measures on the issue of using of foreign fishing fleets.

#### 247. Support to aquaculture

248.1 Main objectives: Bring about structural reform of the sector, stimulating aquaculture involving national operators and other large-scale operators.

248.2 Principal measures to be undertaken: Promote private investment to develop aquaculture; conceive a programme for developing aquaculture, including the mobilisation of financing from the local private sector, and initiate its implementation: (a) carry out studies and projects; and (b) mobilise resources and begin implementation of the project.

#### 248. Training of the labour force

249.1 Main objectives: To increase the supply of qualified labour in the sector.

249.2 Principal measures to be undertaken: Rehabilitate and modernise the Fisheries School in Matola: (a) develop a project (b) mobilise the necessary resources and begin implementation; develop projects for opening training centres in the areas with the greatest concentration of fishing activities.

#### 250. Protection of maritime borders and inspection of activities at sea

250.1 Main objectives: See section on good governance

250.2 Principal measures to be undertaken: Ibid.

## **TOURISM**

### **Introduction**

251. The growth in demand for locally-produced goods and services is an important factor in raising incomes of local producers, as well as for the expansion and improved efficiency of their productive activities. The tourism sector has the potential to contribute to this increase in demand, covering also small producers and communities. The sector therefore contributes to wider employment opportunities.

252. International tourism has received most attention, probably because it earns foreign exchange. However, it should be underscored that domestic tourism is equally important and also plays a role in expanding the demand for local goods and services. While domestic tourists as individuals have low incomes, their expenditure taken as a whole and their potentially high numbers may come to surpass that of foreign tourists. At the same time, in the short to medium term, domestic tourists may be less demanding in terms of infrastructure requirements, and are likely to demand a larger range of locally produced goods and services.

### **The programme**

253. Strategy and Action Plan for the Development of the Tourism Sector

253.1 Main objectives: Strengthen the sector's policy and strategy and adopt a plan of action.

253.2 Principal measures to be undertaken: Revise the sector's policy and strategy and prepare a plan of action for the sector.

254 Promotion of tourism

254.1 Main objectives: To advertise domestically the opportunities for opening new businesses in this sector; to systematically promote local tourist attractions to all segments of potential tourists with a view to expanding both domestic and foreign tourism.

254.2 Principal measures to be undertaken: Set up and operationalise Local Tourism Committees, covering in the first phase the provinces of Cabo Delgado, Zambezia, Sofala, Inhambane, Gaza and Maputo.

255 Facilitate tourist access to the country

251.1 Main objectives: To facilitate the entry and departure of foreign tourists.

251.2 Principal measures to be undertaken: Establish appropriate regulations to facilitate the issuing of visas to tourists, and ensure that the changes are implemented.

256 Professional training

256.1 Main objectives: To promote equitable development of the tourist industry, ensuring opportunities for the training of workers in regions outside the capital city.

256.2 Principal measures to be undertaken: Set up Hotel Training School in Pemba.

## **MANUFACTURING INDUSTRY**

257 The Manufacturing industry is an important sector in the strategy. From the point of view of priorities, the most important activities are in agro-industry and labour-intensive export industries (see sections on Agriculture and Rural Development, Infrastructure and Macroeconomic and Financial Policies/Foreign Trade and Export Promotion). The promotion of agro-industry is an enabling factor for agriculture and rural development and the growth of employment. It is a key element in the following ways: it expands the market for agricultural products, contributing to the expansion of agricultural investment and employment; it is a nascent sector, as a result of structural changes due to technological developments and rising productivity in agriculture, which can soak up surplus labour from agriculture; agro-industries, in themselves, can create many rural and urban jobs. Manufacturing industries geared to export markets are also levers for job creation, through their exploitation of foreign markets using labour-intensive technologies.

258 The development of manufacturing industry, and particularly the priority sub-sectors, depends on the expansion of private initiative and investment, including micro, small and medium enterprises. As already mentioned, the State has an important role in creating human capital, providing basic infrastructure, and establishing a propitious climate for private investors, fundamentally through adequate macroeconomic and financial policies. One area of emphasis is the effort needed to ensure the provision of adequate financial services to meet the needs of small producers. Other important measures involve simplification of legislation and administrative procedures (as relevant to the business world), as well the need for public institutions and their workers to respect these measures and provide services to facilitate private initiative and investment. (See sections on the fundamental areas of action, and the sections on employment and enterprise development and on transport and communications in this unit.)

## TRANSPORT AND COMMUNICATIONS

### Introduction

259 The transport and communications sectors provide essential infrastructures and activities contributing to poverty reduction and economic growth. The efficient and timely circulation of information and goods and services is a factor, which favours expansion and increasing dynamism of markets. This circulation and expansion affects both the domestic market (between rural and urban areas, intra and inter-regional) and the international market.

260 The roads sector was dealt in the section on infrastructure, in the unit on fundamental areas of action. The proposed programme for the remaining elements of the sector deals with restructuring by opening the sector to private enterprise in the provision of services, and strengthening institutions to foster competition in the marketplace.

### The Programme

#### 261 Coastal shipping

261.1 Main objectives: Complement the road transport services and the roads programme with a competitive coastal shipping service connecting main regions of the country.

261.2 Principal measures to be undertaken: Finalise and adopt the package to liberalise the entry of private operators in the coastal shipping sector; promote private investment in the sector; rehabilitate at least three tertiary level ports.

#### 262 Telecommunications

262.2 Main objectives: Encourage the development of a dynamic, efficient and competitive telecommunications sector, ensuring accessible services to companies and citizens.

262.3 Principal measures to be undertaken: Restructure Telecommunications of Mozambique. (a) Turn it into a public limited company; (b) open the sector to private capital. Liberalise the operation of cell phones and grant licenses to new operators; liberalise internet communications and direct access to international voice phone service.

## 263 Postal services

263.2 Main objectives: Ensure the provision of postal services to rural areas.

259.2. Principal measures to be undertaken: Restructure the postal services. (a) Develop a project; (b) mobilise the necessary means and initiate implementation.

## 264 Railways

264.1 Main objectives: Improve access from the interior of Sofala and Tete provinces to the port of Beira.

264.2 Principal measures to be undertaken: Rehabilitate the Sena railway line.

## 265 Institutional development

265.1 Main objectives: Facilitate participation of the private sector and encourage competition in the marketplace.

265.2 Principal measures to be undertaken: Restructure the Regulating Authority for the Communications Sector; establish the Regulating Authority for Ports and Railways; establish the National Civil Aviation Institute.

# TECHNOLOGY

## Introduction

266 The entire strategy for poverty reduction and economic growth (particularly the latter) is based on the assumption of a continual rise in efficiency/productivity of work processes. This, in turn, depends critically on the employment of specific technologies and adaptation and innovation over the long run. Technology involves know-how, the capacity to organise and put into operation work processes, specific techniques, material means of production, and the circulation of relevant information. The employment, adaptation, innovation and growth of technologies depends on formal and informal learning, on the job training, and research and development, as well as diffusion of the same throughout the economy and society.

267 The present strategy contains important elements that can contribute to the necessary technological development. It is worth highlighting the following: research and extension activities for agriculture and rural development, fisheries, mining, and housing, that involve millions of small producers; business development measures to support micro, small-scale and medium size enterprises; measures in the area of infrastructure, particularly in energy and communications; and measures relating to technical and higher education. It should also be noted that a key element in the

introduction and expansion of new technologies is the stimulus provided by direct foreign investment, an issue dealt with in the sections on macroeconomic policies.

## **Programme of Complementary Measures**

### 268 Information technology

268.1 Main objectives: To expand access to computers and the internet for the rural population; expand knowledge of computers through educational systems.

268.2 Principal measures to be undertaken: Install computer centres in rural areas; install computer laboratories in secondary and technical schools and universities.

## **THE ENVIRONMENT**

### **Introduction**

269 Poverty reduction and rapid growth must be pursued on a sustainable long-term basis. This requires the development of activities contributing to the rational use of resources and the maintenance of environment balance. Proposed measures for the environment seek to promote the ever-wider participation of various sectors of society, in particular local communities, public bodies and the private sector, in matters of environmental protection and management.

270 Important measures in the field of the environment are considered in other sections of the strategy. Worthy of note are the measures discussed in the sections on institutional capacity-building for good governance and mining, as well as in agriculture and rural development. Here, other measures in the field of the environment are presented.

### **The programme**

#### 271 Improvement of regulations

271.1 Main objectives: Create the necessary regulatory framework for the environmental institutions to operate.

271.2 Principal measures to be undertaken: Adopt the Regulation for the National Council on Sustainable Development; draft and adopt regulations on environmental standards, CFCs and marine pollution; draft and adopt legislation on (a) territorial planning and zoning and (b) environmental crimes.

#### 272 Capacity-building in environmental management at local level



272.1 Main objectives: To ensure the active participation of communities and local bodies of public administration and municipalities in the management of natural resources.

272.2 Principal measures to be undertaken: Carry out capacity-building programmes for communities in natural resource management, with priority given to rural areas at greatest risk from environmental degradation; carry out programmes of capacity-building for municipal bodies and local state administration in the management of the urban environment.

### 273 Environmental Protection

273.1 Main objectives: Improve and expand environmental protection measures in key areas.

273.2 Principal measures to be undertaken: Develop a programme to control and combat uncontrolled bush fires and deforestation; develop a strategy for waste management.

### 274 Environmental inspection

274.1 Main objectives: Carry out environmental inspections; ensure compliance with environmental regulations.

274.2 Principal measures to be undertaken: Train environmental inspectors and agents. (a) Develop a capacity-building programme; (b) mobilise resources and initiate programme.

### 275 Territorial planning

275.1 Main objectives: To promote planned land occupation, mitigating associated risks.

275.2 Principal measures to be undertaken: Develop territorial plans (regional, urban and the development of rural settlements).

## **REDUCING VULNERABILITY TO NATURAL DISASTERS**

276 The country continues to be vulnerable to shocks arising from natural disasters. This vulnerability is a fact, which should not be overlooked. The events of 2000, which principally affected the Centre and South of the country, and their social and economic consequences,<sup>37</sup> and the most recent events in the Centre and North, with consequences yet to be evaluated, are clear proof of this fact. Natural disasters are a risk factor, which affects the pace of economic growth, and destroy assets of the poorest segments of the population in affected areas, reducing them to a state of dependency, at least temporarily, on donations. In effect, natural disasters seriously

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<sup>37</sup> See section on macroeconomic context/Part III

affect the living conditions of affected populations, and constitute an obstacle to a definitive break with certain degrees and patterns of poverty. Therefore, measures aimed at managing this risk are of the utmost importance.

277 This section presents measures additional to those contained in sections on Infrastructure/water, and on the environment.

278 Natural disaster management

278.1 Main objectives: Strengthen the national capacity to respond to natural disasters; raise the standard of the national early warning system.

278.2 Principal measures to be undertaken:

- Promote and co-ordinate the establishment of a contingency plan for natural disasters.
- Strengthen the capacity of the National Meteorological Institute in terms of predicting extraordinary weather patterns: (a) develop a project; and (b) mobilise means and begin implementation of project.

## V. CONSULTATION PROCESS

### INTRODUCTION

279. Mozambique has a long tradition of consultations on national and sectoral priorities, developed in the course of producing various national and local development plans. As a result, the institutions have potentially useful attitudes that contribute to the success of the consultation process and dissemination of the interests of a wide range of *stakeholders*.<sup>38</sup>
280. The consultation process for the PARPA has four main components:
- (a) Consultations at the *sectoral* level on strategic plans, priorities, constraints, resources and actions planned as well as their effective implementation; these consultations are part of the regular consultation process for the key sectors.
  - (b) Consultations and dissemination (at the central and provincial level) of analytical documents and strategies for economic and social policy (poverty profiles, PARPA 200-2004).
  - (c) Meetings on general and specific issues during the more advanced phase of review of prior documents.
  - (d) Long-term consultations.

### CONSULTATION PROCESS AT SECTORAL LEVEL

281. Consultations on the PARPA<sup>39</sup> began at the sectoral level in co-ordination with the provincial and national (central) levels. Most sectors do not have a standardised and permanent model of consultations. Nevertheless, efforts are underway to make the process of consultations more systematic and permanent.
282. Consultations at the sectoral level are part of the *normal* process of developing sectoral strategic plans. The sectors have carried out consultations at various levels and involve technicians from the respective sectors, donors, and civil society in general, with a view to creating a consensus on objectives, priorities, specific targets and sectoral strategies to combat poverty, while taking into account the need to ensure that each sector plan is consistent with the overall objectives of Government policy, in particular sustainable economic growth and poverty reduction. The consensus reached at the sectoral level was then discussed at the central and provincial levels through meetings and seminars bringing together technicians from the various sectors, donors, and civil society. At this level, the overall objectives, priorities, and specific targets for the fight against poverty were defined. Of the priority sectors, Health and

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<sup>38</sup> Persons, groups or institutions who have an interest, responsibility, commitment to a particular issue or programme of action as players, implementers, beneficiaries/affected, financiers or simply listeners.

<sup>39</sup> This applies to both the PARPA 2000-2004 (which corresponds to the PRSP-I) as well as the current version.

Education carried out the most consultations in the course of preparing their development plans. Compared to other sectors, they have a larger network of agents at a national level (community animators) who were able to gather opinions at grassroots level.

283. The Education sector carried out consultations in developing the Strategic Plan for Education, and in the ongoing process of curriculum reform for various levels of education, especially EP1, EP2, and technical training. In this sector, the planning process starts at grassroots level (schools) bringing together school administrators and administrative staff. The proposed plans that arise from this process are then submitted to the district directorates of education who collate and analyse the information and ensure that it is consistent with sector policies and priorities at a district level. The district plans that are produced are submitted to the provincial directorates of education, who in turn collate and analyse the information and ensure their consistency with provincial priorities. The proposed provincial plans are submitted to the central level (Ministry of Education) and become the source of the national plan, after extensive consultations with sector technicians, donors, and stakeholders, with a view to reaching a consensus on objectives, targets, priorities and the strategy to be pursued for the development of education in the country. It is noteworthy, therefore, that at each stage in the preparation of the sector's development plan, consultations take place at various levels and involve various institutions, including the participation of communities (through School Councils) at the school level of planning.
284. The Health sector, in turn, also carried out consultations for its development plans: the Integrated National Plan for Community Health, the National Strategic Plan on STDs/AIDS, the National Plan on Food and Nutrition and the National Integrated Plan of the National Directorate of Health. Each sub-sector carried out consultations at all levels involving civil society, the private sector, and donors. The consultation methodology based on sectoral working groups of relevant players, technicians and experts in each area, which in turn resulted in the collation at central level of the consensus so reached.
285. In Agriculture and Rural Development, consultations were carried out using a set of methods judged appropriate for the target groups and the level of discussions that took place. These took the form of seminars, national meetings, and more informal meetings with beneficiaries of the programmes. For example, various consultations took place using the network of extension workers who are scattered throughout the country. The PROAGRI process, which is a public investment programme for the agricultural sector, was a participatory process, above all in terms of the extension component. It involved civil society, the private sector, and donors. At the same time, the Annual Action Plans and Budget (PAAO) of the agricultural sector at provincial level are likewise prepared with the participation of the programme beneficiaries. Consultations with development partners are carried out at central level, and in general focus more on the availability and management of funds. A process of ongoing consultations with regards to food security also takes place.

SETESAN, an inter-sectoral body, was created for this purpose. Besides consultations on overall strategies, the management of resources (PROAGRI), and inter-sectoral issues, meetings are also held to discuss priorities for specific sub-sectors, namely cashews, cotton, and sugar.

286. The infrastructure sector (public works and housing), given its specific characteristics, carries out consultations at greater intervals of time. Regarding roads, prioritisation is based on criteria such as: feasibility in terms of returns, priority districts, and viable technical alternatives. Beyond applying basic criteria of social and economic returns for each project, work is also done at grassroots level. This involves the presentation of potential construction and rehabilitation projects for roads, bridges, wells, etc, to meetings where representatives of the affected communities can express their views on the social relevance of these projects as well as possible alternatives, while keeping in mind question of technical and economic feasibility. To this end, Local Councils were established to evaluate priorities and requirements of the projected activities, while also taking into account the opinions of those who are affected, as well as the potential benefits of any alternatives that are presented.
287. Besides these specific sectors, the consultation process has also covered questions involving, for example, governance, taxation, financing of rural development, the commercial legal code, and higher education.

## **THE PARPA CONSULTATION PROCESS**

288. The ongoing sectoral consultations facilitated the process of identifying and discussing priorities for each sector, and this was reflected in the PARPA (2000-2004), which was drafted by a technical Inter-Sectoral Group created for this purpose, bringing together representatives from various sectors of Government.
289. The PARPA document served as the basis for the next phase of consultations at central and provincial level, to which representatives of civil society, international partners and provincial government delegation were invited.
290. The process began with meetings in every province held between 3<sup>rd</sup> April-30<sup>th</sup> May 2000. At these seminars, provincial directors for all sectors, the heads of planning in the provincial directorates, delegates of the INE and INGC, representatives from higher education, NGO forums, religious bodies, the private sector, and the media, were all present. The seminars had the following main objectives:
- To present and discuss the content of the first draft of the provincial profiles and human development profiles.
  - To gain an understanding of priorities and perspectives for provincial development.

- To listen to provincial bodies on issues which in their opinion should be included in the Provincial Poverty Profile.
- To disseminate the National Action Plan for the Reduction of Poverty (PARPA).
- To ensure coherence in the mechanisms used to prepare the integrated provincial action plans (in terms of incorporating the objectives laid out in the Population Policy, the Food Security and Nutrition Strategy, and the Strategic Plan for HIV/AIDS).
- Discuss the proposed methodology to be used for the development of provincial PARPAs.

291. The comments and suggestions which arose from the various provincial meetings were reflected in the report/summary and taken into account in the course of subsequent consultations, the revision of the PARPA as well as in the process of producing the provincial PARPAs.

292. These consultations culminated in the holding of meetings at central level, such as the National Dissemination Seminar on the PARPA and the Provincial Poverty Profiles (30<sup>th</sup> June 2000). The main objective of this meeting was to share conclusions and recommendations from the provincial dissemination seminars with various institutions (state and private bodies, donors, NGO forums), and to identify future actions and the role to be played by the various institutions inside and outside government.

293. Finally, meetings with NGO forums and sectoral meetings convened by the Ministry of Planning and Finance took place in August, 2000, the main objectives being to: discuss the monitoring and evaluation strategies for PARPA, the issue of institutional co-ordination, and the gathering of feedback on the ongoing consultation process.

## **CONSULTATION MECHANISMS IN THE FINAL PHASE OF PREPARATION OF THE PARPA (2001-2005)**

294. Consultations for developing the PARPA took place at the central, sectoral and provincial levels. The following mechanisms were used:

- Government sectors were requested to submit information on the consistency of the priorities and targets proposed in the PARPA, and to comment on their logic and possibly update them.
- They were also asked to provide more information on existing consultation mechanisms in their own sectors at various levels.
- The Ministry of Planning and Finance established a Consultation Technical Unit with a technical coordinator, whose job was to facilitate contacts between the central government and stakeholders with a role to play in the PARPA at all levels (national, provincial, rural, urban, sectoral, local communities), and

to prepare an record of all consultations carried out in order to ensure consistency and follow-up on any feedback.

- From the end of November 2000, onwards, general meetings were held with representatives of the Government at central, provincial and sectoral level, with the private sector, religious bodies, trade unions, NGOs and donors. In these meetings, the objective was to select priorities, to discuss the overall vision, the institutional coordination mechanisms for implementing the programmes, and the flows of information, as well as those areas of economic and social policy that were linked to economic growth, good governance and the legal context. An effort was made to gain an understanding of existing best practices in poverty reduction and the promotion of socio-economic development, and to seek ways of expanding these.
- More specific meetings with focused working groups were held to deal with the issues that were considered most important or that had not yet been adequately analysed and discussed, in order to fill specific gaps left by previous consultations the at sectoral, provincial and central levels.
- At the end of January 2001, Participatory Rural Diagnoses were carried out covering 7 provinces and 21 districts. The processing and analysis of the information collected is currently underway in order to prepare final reports. Results of these diagnoses will be taken into account in future refinements of the PARPA. (See Part II, on characteristics of poverty).

295. Therefore, this third and last phase of consultations, following previous consultations at sectoral level (where priorities for key sectors were arrived at) as well as the central and provincial levels, profited from the institutional synergies created, and broadened the participation of civil society institutions.

296. The whole process resulted in important inputs to the process of drafting the final version of the PARPA. In brief, the process made it possible to:

- (a) Reconfirm the selection of principal areas of action.
- (b) Emphasise the importance of Good Governance, especially in regards to the question of de-concentration and decentralisation for participatory planning at the local level, especially the district level. In participatory district planning lays the hope of a more effective and action-oriented process of consultation. In this process there will be a more effective participation of the less favoured segments of society in determining the priorities to be pursued.
- (c) Highlight the urgent need for the State to develop the capacity for more effective action, and the ability to be act on the choices made, the programmes and plans developed, and the commitments undertaken.
- (d) Highlight the need to fight corruption, and the need to change attitudes in public institutions and amongst public sector workers towards citizens and their institutions.

In relation to the process of consultations, the following observations are also worthy of mention:

- (e) A certain frustration was noted in relation to the frequency of consultation meetings on various issues. As a result, an emphasis was placed on the need to give priority to implementation and the execution of actions by the State.
- (f) Objections were raised to public policies in areas such as agricultural marketing, the promotion of agro-industries, the development of a national entrepreneurial class, the development of financial services for rural areas, for the poor, and for the nascent national business class. There was a call for greater State intervention in these areas. The questions raised will require the State to pay attention to these issues in order to ensure that the policies to be pursued are appropriate.

## **NEXT STEPS: THE CONSULTATION AND DISSEMINATION STRATEGY**

- 297. The objective of this strategy is to incorporate into the national development strategy, in a systematic and permanent way, a simple, agile, and effective model for carrying out consultations, disseminating information on public policies and development, and building consensus at the central, provincial and local levels.
- 298. Preliminary work has been carried out to develop tools and procedures for consultations as part of the process of preparation and implementation, monitoring and control of the poverty reduction programmes, and a strategy of disseminating information on the developments. To this end an external consultant was used and consultations were held with various actors in Mozambique. Amongst the sectors involved in the initial conceptualisation phase of the aforementioned strategies are the various entities linked to the State, including Government bodies, members of the Assembly of the Republic, as well as academic institutions, NGOs, trade unions and business organisations, representatives of the donor community, and others.
- 299. The next stage will involve the development of a proposed strategy for consultations and dissemination of information, which will then be subjected to a broad discussion with government institutions and the main economic and social actors, sounding out opinions of the various sectoral ministries and non-governmental players with a view to collecting inputs to improve the proposal, so that it can subsequently be sent to the appropriate governmental bodies for approval.
- 300. The guiding principle of the strategy for consultations and the dissemination of public information reflect the belief that the development of planning instruments (including the PARPA) should be based on a participatory process involving representatives of the sectors of Government, the private sector, trade union confederations, civil society in general, as well as funding agencies (including donors). Collective participation at the stage of diagnosis, formulation, implementation, monitoring and evaluation may result in greater co-operation, transparency and effective partnerships in the implementation of measures.



301. The main characteristic of the consultation and information dissemination strategy is unity of the process. This means that the gathering of views at the sectoral, provincial and district levels, as well as those of organised economic and social actors, should serve as a source of information for developing the respective plans and economic management instruments (government programme, strategic plans, sectoral and territorial programmes, the PARPA, CFMP, PTIP, PES, OE).
302. Other opinion gathering tools (e.g. direct consultations, participatory evaluations) constitute important auxiliary means for the planning and programming process.
303. The consultation process will be carried out through the following main avenues:  
(a) sectoral consultations; (b) consultations in the context of integrated participatory district planning; (c) gathering views of the organised sectors of society (economic actors – business associations and trade unions, social actors, associations, NGO’s, religious bodies etc); (d) opinion surveys involving both potential and direct beneficiaries.
304. The sectoral consultations incorporate both current practices and routines as well as others which may come to be adopted by Ministries and other parts of Public Administration as part of their routine work and in the process of developing sectoral programmes at central, provincial, district and local levels. Given their magnitude in terms of breadth (number of organisations and actor involved) and scope (in territorial terms, their vertical and horizontal dimensions), sectoral consultations have a preponderant role in the consultation system.
305. Integrated Participatory District Planning is an important tool for carrying out consultations and for the direct involvement of various participating actors such as government bodies, trade unions, social organisations, grass-roots associations, religious bodies, NGOs and others. Consultations through Integrated Participatory District Planning will expand as a result of the process of de-concentration and decentralisation of Public Administration and the resulting spread of this type of planning, as envisioned in the PARPA. This method of consultation has great potential given that it is predicated on concrete activities using resources identified for this purpose.
306. The gathering of views from social organisations, the donor community and other economic and social actors, includes direct consultations at the central and/or provincial levels through meetings and other formal and informal means of gathering and exchanging information and data. The establishment of useful consultations at this level implies the need for clarification of the following key issues: (a) adequate representation of the State in the consultation process; (b) adequate representation of the various segments/groups being consulted; (c) a process for selecting issues of interest shared by the participants; (d) regularity; and (e) expectations of the participants, and Governmental prerogatives in relation to the results of the consultations.

307. Opinion surveys and other similar methods are direct means of gathering the views of communities where potential and direct beneficiaries of plans, programmes and other forms of government intervention reside and work, primarily in rural and peri-urban areas, and can be carried out through participatory evaluations using appropriate techniques.
308. The consultations carried out at the central and provincial levels will seek to ensure that they are encompassing, covering both urban and rural areas. Meetings and seminars have been chosen as the consultation method to be adopted. There is a preference for meetings of the thematic/sectoral or multi-thematic/multi-sectoral type, depending on the level of consultation (national, sectoral or provincial) and the type of audience.
309. The strategy and corresponding consultation model to be formalised in light of the terms and timeframe contained in the operational matrix of the PARPA 2001-2005, will have the objective of establishing a single system for gathering opinions in order to increase the *efficiency* of meetings, discussions and partnerships between government bodies (the Government) and non-governmental actors (Society).

## VI. MONITORING AND EVALUATION STRATEGY

### Principles and mechanisms of monitoring and evaluation

#### 310. The process of elaborating a strategy

The first draft of the monitoring and evaluation strategy was finished and subjected to a process of consultation with various sectors of Government, donors, and representatives of civil society in July and August of 2000. In this strategy, a distinction was made between *monitoring* and *evaluation* given the different timeframes, objectives, and instruments used. A new draft of the strategy was finalised in October 2000 incorporating comments and suggestions that arose from the previous consultations. Since this last draft, minor changes have been introduced as part of the process of preparing the 2001-2005 PARPA.

#### 311. Fundamental principles

The PARPA's monitoring and evaluation strategy rests on three fundamental principles:

311.1 *Integration* of PARPA monitoring into the existing mechanisms for monitoring Government programmes;

311.2 Differentiation between *process* and *impact* indicators, and therefore between monitoring of activities and commitments of the Government, and changes in the most important variables for evaluating the poverty situation in Mozambique;

311.3 Use of the monitoring of the PARPA as a mechanism for continual revision of targets and plans, while retaining the key strategic objectives.

#### 312. Objectives

##### 312.1 Monitoring aims to fulfil the following principal functions:

- To allow the progress of poverty reduction programmes to be followed (in terms of effective implementation of planned activities);
- To periodically assess changes in the welfare of the population, and therefore the possible impact of public policies on an annual basis;
- To develop mechanisms to ensure the effective flow of information, as and when required, to all stakeholders in the PARPA.

##### 312.2 Evaluation seeks essentially:

- To measure the extent of changes in poverty levels (and other basic indicators) in various sub-groups of the population, attributable to specific public policies, while taking into account relevant external factors;

- To evaluate the effectiveness of the commitment of the Government and other participating institutions, in the fight against poverty.

### 313. Mechanisms and instruments

- 313.1 Integrating the PARPA monitoring into mechanisms for existing Government programmes avoids the duplication or multiplication of reports, and will not overburden the relevant institutions involved. At the same time, it will ensure that the PARPA is fully integrated into the overall programme of the Government and the various sectors involved. The monitoring strategy foresees that the monitoring of activities and programmes of the sectors involved in the PARPA will be reflected in the Economic and Social Plan (PES), which is the main monitoring tool for all the Government's activities. Table 6.1—see next page—contains a summary of those reports, which have been programmed for the monitoring exercise, as well as their main characteristics.
- 313.2 To the above will be added Execution Reports, produced quarterly by the National Directorate of Public Accounting of the MPF. These will aim to track the financial execution of priority programmes in accordance with the breakdown used for the interim or definitive system of budgetary indicators.
- 313.3 Besides the traditional monitoring mechanisms, which include the monitoring of available data from the sectors and the National Statistics Institute (INE), it is expected that use will be made of more qualitative and participatory methods to obtain information on living conditions of the target population, changes in same, the various perceptions of beneficiaries regarding the programmes, as well as the relations between public institutions and their partners. For this purpose, Participatory Poverty Assessments and Rural Participatory Diagnoses are planned, based on techniques that allow for a more active participation of the communities and more qualitative insight, to complement and enrich the information reflected in other monitoring and evaluation approaches. An overall qualitative impact monitoring system for households has yet to be developed, to integrate the various participatory surveys that will be conducted at intervals of 1 to 2 years. Results of these surveys could be incorporated in the *Annual Impact Reports*, consistent with the dates for carrying out the surveys and drafting the reports.
- 313.4 Therefore, the monitoring of the PARPA is organised around three processes: (1) the monitoring of sectoral results, process indicators, and programmed activities in accordance with the approved operational matrix; (2) monitoring of budgetary execution to track the allocation of resources to priority sectors; and (3) the monitoring of impact and welfare of households and communities through national statistical surveys and participatory qualitative evaluations.

**Table 6.1: Monitoring the PARPA. Programmed Products and publications**

<b>Monitoring product</b>	<b>Objectives</b>	<b>Format</b>	<b>Contents</b>	<b>Timeframe</b>
<b>Three monthly reports</b>	<ol style="list-style-type: none"> <li>1. Monitor the sectoral activities in terms of the PARPA targets</li> <li>2. Monitor and analyse the sectoral and global quarterly indicators that are relevant to poverty reduction</li> </ol>	<ol style="list-style-type: none"> <li>1. Retain the format of the Quarterly Balance of the PES, adding where necessary information on activities linked specifically to poverty reduction (or in other words, those contained in the PARPA matrices).</li> </ol>	<p>It is proposed that the following be included:</p> <ol style="list-style-type: none"> <li>1. Activities about to start and those which have ended in the context of the PARPA.</li> <li>2. Monthly or quarterly sectoral indicators.</li> <li>3. Constraints in terms of the implementation of programmes</li> <li>4. Prospects for the current year</li> </ol>	Quarterly (April, July, October, January)
<b>Annual Report</b>	<ol style="list-style-type: none"> <li>1. Monitor the annual activities and results in terms of the PARPA targets.</li> <li>2. Present the annual indicators and the annual monitoring matrix</li> <li>3. Reformulate the annual PARPA targets for the following year</li> </ol>	<ol style="list-style-type: none"> <li>1. Retain the general structure of the Annual balance of the PES, but it is proposed to add the annual PAPRA monitoring matrices as an annex to the PES.</li> <li>2. Sectoral analysis, specifying in each case the indicators and measures taken in the context of the PARPA, but always within the PES.</li> </ol>	<p>It is proposed that the following be included:</p> <ol style="list-style-type: none"> <li>1. Programmed activities and completion rate.</li> <li>2. Targets set and success rate.</li> <li>3. Constraints and problems encountered</li> <li>4. Proposed solutions.</li> <li>5. Revising of targets for the following year.</li> <li>6. When necessary, establish links with information from the Annual Impact Report.</li> <li>7. Annual indicators</li> </ol>	Annual (March-June)
<b>Annual Impact Report</b>	<ol style="list-style-type: none"> <li>1. Monitor the situation and changes in terms of wellbeing at the level of households.</li> <li>2. Present the annual impact indicators (annex 4-C).</li> <li>3. Analyse the situation of distinct sub-groups of the population in terms of welfare, poverty and access to basic social services.</li> </ol>	<p>The format should include:</p> <ol style="list-style-type: none"> <li>1. Introduction</li> <li>2. Sources of information</li> <li>3. Macro-economic and demographic context during the timeframe of the evaluation.</li> <li>4. Evaluate impact on wellbeing of households and poverty reduction.</li> <li>5. Qualitative Participatory evaluations when available.</li> </ol>	<p>It is proposed that the following be included:</p> <ol style="list-style-type: none"> <li>1. Demographic information</li> <li>2. Access to basic services- health, education, rural infrastructure</li> <li>3. Living conditions (shelter, property, land, other poverty indicators, etc)</li> <li>4. Situation of children from 0-5 years</li> <li>5. Qualitative perceptions on poverty, welfare, priority actions at community level (on the basis of participatory qualitative surveys)</li> </ol>	Annual (June)

## Process And Impact Indicators And Sources Of Information

314. The availability of good quality statistical information is a necessary pre-condition for the implementation of successful monitoring and evaluation.
315. The typology of indicators used for monitoring includes: final indicators (result and impact) and intermediate indicators. The final indicators (outcome or impact) measure the final objective (general or specific), i.e. the effect of a policy on the welfare of an individual, a group of individuals (the poor, farmers, women, workers), or the population as a whole, or on certain determined macro-economic variables, or on access to public services. The intermediate indicators measure the means through which the final objectives (targets) are achieved. They may be divided into two groups:
- (a) Input indicators – these indicators measure the quantity (or quality) of the resources made available for the provision of goods and services. They include: financing, human resources, training, equipment, material and recurrent costs of these goods and services.
  - (b) Process indicators – these measure the degree of execution of the activities carried out with the resources made available.
316. The table below illustrates the sequence of intermediate and final indicators:

**Table 6.2 Sequence of Indicators**

Intermediate Indicators		Final Indicators	
Inputs	Process	Results	Impact

317. The monitoring of intermediate indicators is important, since they provide a quick picture of the changes that are taking place. Three key elements are essential in the process of deciding on indicators, namely: *the timeframe for the indicators; the level of disaggregation, and the bodies responsible for the collection of data.*
318. In general, an ideal indicator has the following characteristics:
- It provides a direct and unambiguous measure of progress.
  - It is relevant in the sense that it measures factors that reflect the objective.
  - It is sensitive to changes in policies and programmes.
  - It is not easily manipulated to show progress where none exists.
  - It is easy to monitor, easily available, and does not incur high collection costs (Rubio et al.2000).
319. For monitoring the PARPA, these principles were applied, together with that of ready and assured availability of data within the established timeframes. Therefore,

with regard to process indicators, the strategy is based on indicators normally used by the sectors to monitor their activities and progress. The annex contains a reduced list of selected sectoral process indicators. This list should be discussed and eventually modified during the consultation process.

320. The main sources of information for the process indicators are the sectors themselves (Ministries), but data from the National Statistics Institute (INE) will also be collected, as well as information from research, case-studies, and qualitative evaluations, when it is necessary to obtain information on the quality of the provision of public services.

**QUIBB (Questionnaire of Indicators of Well-being):** This is a new tool for data collection used by the INE. It will be an annual survey based on a *nuclear* questionnaire form (the same each year) together with an additional thematic module (with variable periodicity and themes, such as family budget, employment, health, etc). The sample will be of 14,500 households in practically all districts of the country. The nuclear module will include information on the composition of households, education, health, material goods, property and use of land, shelter, specific indicators of poverty, the situation of children, etc. The survey will take approximately six months (field work) and one month for analysis and presentation of results. The survey work begins in July of each year and the raw data is available in January of the following year.

321. The Annex presents a shortened list of annual impact indicators, based on available information at the household level provided by the annual QUIBB survey (organised by INE). From this questionnaire are extracted the most significant variables for monitoring levels of poverty and welfare in its various dimensions at the level of households. Therefore the main source of information will be the QUIBB itself.
322. Finally, results of the qualitative participatory surveys may be added to the data from the QUIBB in order to enrich the annual impact reports and the five-year evaluation reports, and provide information to beneficiaries of the monitoring process.

### **Institutional Framework Of The Monitoring Process**

323. The monitoring process requires a follow-up of activities set forth in the PARPA, on the one hand, and of the component annual targets, on the other hand, as well as any elements involving quarterly or semi-annual indicators.
324. The monitoring of results and the evaluation of impact requires the participation of various institutions, be they governmental, such as ministries, or non-governmental, such as NGOs and the scientific/academic community. Civil society in general will

play an important role through debates on public policies, based on the Monitoring and Evaluation results, given that the degree of participation of final beneficiaries of the proposed measures (the vulnerable groups in society) in the monitoring and evaluation process is fundamental to the success and legitimacy of the PARPA in the long-term. In August 2000, consultation with NGOs and other non-governmental institutions began, in order to listen to opinions on the most appropriate monitoring strategy to be adopted and the specific tools that were proposed. The process should soon result in the defining of mechanisms for the participation of monitoring partners, in regards to which there are already ideas.

325. Two conditions must be met to ensure the development of capacity for Monitoring and Evaluation. In the first place, it is necessary for the Government and civil society to recognise the need to measure the success (or failure) of public policies through these systems, and to use the information to improve poverty reduction programmes. Secondly, before operationalising a complex Monitoring and Evaluation system, it is necessary to research the existing capacities and activities of the various institutions with a view to developing sustainable Monitoring and Evaluation systems.
326. At the same time, it is necessary that the Monitoring and Evaluation exercises not be conducted in isolation, but that they be the result of collaboration between the various State institutions, civil society and development partners. Besides this, Monitoring and Evaluation of the PARPA should be integrated into existing policy documents, namely the PES, and reflected in the Programme of the Government, the Medium-term Fiscal Scenario, and the Integrated Sectoral Plans. On the basis of future meetings with relevant representatives of civil society, the definitive co-ordination and institutional linkage mechanisms may be determined.



**ANNEX TO CHAPTER 6 – PARPA MONITORING AND EVALUTION INDICATORS**

**1. Results And Intermediate Indicators At Macro And Sectoral Level**

<b>AREAS OF ACTION</b>	<b>RESULTS INDICATOR (OUTCOME)</b>	<b>CURRENT SITUATION</b>	<b>INDICATIVE TARGET (2005)</b>	<b>SOURCE</b>	<b>INTERMEDIATE INDICATORS (PROCESS)</b>	<b>CURRENT SITUATION</b>	<b>INDICATIVE TARGET (2005)</b>	<b>SOURCE</b>
<b>GENERAL OBJECTIVES</b>	Prevalence of poverty 60% (2005) and 50% in 2010	70% (1997)	60% (2005) 50% (2010)	MPF INE				
	Real GDP growth rate		8% per annum 2001-2005	INE				
<b>Education</b>	Adult literacy rate (+15)	40% (1997)	50% (2005)	INE MINED	Repetition rate (EP1)	23% (2000)	19.5% (2005)	MINED
	Rural women literacy rate	15% (1997)	25% (2005)	INE MINED	Percentage of girls in EP1	43% (2000)	48% (2005)	MINED
	Gross rate of enrollment EP1 EP2	91% (2000) 23% (2000)	108% (2005) 36% (2005)	MINED INE	Drop-out rate EP1 Transition rate EP1-EP2 Completion rate EP1	8% (1999) 79% (1999) 66% (1999)	6% (2005) 85% (2005) 72% (2005)	MINED
<b>HEALTH</b>	Child mortality rate	200 (2000)	<190 (2005)	INE	% of children <1 with complete vaccinations (DPT3)	92.5 % (2000)	>90% (2005)	MISAU-SIS
	Infant mortality rate	147 (1997)	<130 (2005)					
	Maternal mortality rate per 100,000 live births (institutional deliveries)	175 (2000)	<170 (2005)	MISAU-SIS	Institutional delivery coverage rate	40.3% (2000)	>46% (2005)	MISAU-SIS

<b>AREAS OF ACTION</b>	<b>RESULTS INDICATOR (OUTCOME)</b>	<b>CURRENT SITUATION</b>	<b>INDICATIVE TARGET (2005)</b>	<b>SOURCE</b>	<b>INTERMEDIATE INDICATORS (PROCESS)</b>	<b>CURRENT SITUATION</b>	<b>INDICATIVE TARGET (2005)</b>	<b>SOURCE</b>
<b>HEALTH (cont.)</b>	Rate of low birth weight (institutional deliveries)	12.2% (2000)	<11% (2005)	MISAU-SIS	Inhabitants per health unit- levels I and II	14,345 (2000)	<11,000 (2005)	MISAU-SIS
	Malaria-related mortality rate in children <5 (amongst children in rural hospitals)	34% (2000)	<18% (2005)	MISAU-SIS	Percentage of households with mosquito nets in priority areas	70% (2000)	80% (2005)	MISAU
	HIV prevalence rate (estimate)  Number of people reached by information and sensitization campaigns on HIV/AIDS	16.4% (2001)	17%  4 million by 2003	MISAU-CNCS	Number of preventive measures  Free distribution of condoms for people with HIV		2,310,000 people  4,500,000 people	MISAU CNCS
<b>ROADS</b>	Improvement in coverage and quality of roads, especially in poor areas and those with potential		Kms of roads in acceptable condition	MOPH	Percentage of poor quality roads Kms of roads linking districts to capitals Kms of roads linking localities to district headquarters	30% (2001)	<25% (2005) 1,492 kms by 2004 2,200 kms by 2005	MOPH
<b>ENERGY</b>	Increase in population with access to electricity (from various sources) 2000-2005		Number of people (?)	MIREME	Additional district headquarters and administrative posts with electricity  5 additional electricity networks installed	Total number today	42 district headquarters  35 administrative posts	MOPH

AREAS OF ACTION	RESULTS INDICATOR (OUTCOME)	CURRENT SITUATION	INDICATIVE TARGET (2005)	SOURCE	INTERMEDIATE INDICATORS (PROCESS)	CURRENT SITUATION	INDICATIVE TARGET (2005)	SOURCE
<b>Water and Sanitation</b>	Population with access to potable water in rural areas	12% (2000)	40% (2005)	MOPH	Opening of wells, public fountains and boreholes, 2000-2005		Numerical increase	MOPH
	Population with access to potable water in urban and peri-urban areas (excluding the large cities)	44% (2000)	50% (2005)	MOPH	Rehabilitation and opening of public fountains		Number in operation	MOPH
<b>Agriculture and Rural Development</b>	Annual growth in agricultural production	7.3% (1994-1998)	8% (2001-2005)	MADER	Number of producers in family sector adopting improved techniques by 2005		460,000	MADER INE
	Increase in production of cereals	1,471,000 (1999-2000)	1,725,000 (2003/2004)	MADER	Increase in area under small scale irrigation		2,500 hectares by 2005	MADER DNHA
<b>Agriculture and rural Development</b>	Increase in production of cashew nuts (tons)	50,000	100,000	MADER INCAJU	Plants treated against disease  Improved saplings		21 million by 2005  8 million by 2005	INCAJU
	% of districts suffering from food insecurity (highly or moderately vulnerable)	38/144 26% (2000)	n.d.	MADER Vulnerability Analysis Group				

AREAS OF ACTION	RESULTS INDICATOR (OUTCOME)	CURRENT SITUATION	INDICATIVE TARGET (2005)	SOURCE	INTERMEDIATE INDICATORS (PROCESS)	CURRENT SITUATION	INDICATIVE TARGET (2005)	SOURCE
<b>Governance</b>	Administrative decentralization and extended planning			MAE	% of districts covered by participatory planning	5 districts in 2000	75% by 2005	MAE
	Improvement in justice sector services			MJUST	Establishment of Labour Tribunals in all provinces by 2005	None (1999)	11 by 2005	MJUST
					Increase in the % of population with ID cards (civil registry)	n.d. (2000)	n.d. (2005)	MJUST, MINT
					% of outstanding cases as a proportion of total cases (criminal and civil) in the courts	77% (1998)	To be defined in the strategic plan	Supreme Court
<b>Macro and financial Policy</b>	Rate of inflation	5.5% (1999)	5% per annum (2001-2005)	INE MPF	Budgetary rule of not resorting to issuing money			MPF
					Reduction in domestic net financing to 0 by 2005			MPF
	Fiscal revenue as % of GDP	12% (2001)	15% (2005)	MPF	Coordination between DNIA and Customs  Fiscal reforms and new investments in the extraction of mineral resources			MPF

<b>AREAS OF ACTION</b>	<b>RESULTS INDICATOR (OUTCOME)</b>	<b>CURRENT SITUATION</b>	<b>INDICATIVE TARGET (2005)</b>	<b>SOURCE</b>	<b>INTERMEDIATE INDICATORS (PROCESS)</b>	<b>CURRENT SITUATION</b>	<b>INDICATIVE TARGET (2005)</b>	<b>SOURCE</b>
<b>Social Action</b>	Expansion of social protection net			MMCAS	Number of children, orphans, single mothers, the elderly, drug addicts and people with no source of income covered by the direct social welfare programs			MMCAS
<b>Housing</b>	Increase in access to housing of low-income households			MOPH	Urban plots by 2005 Rural plots by 2005		27,000 (2005) 14,000 (2005)	MOPH

**2. Annual Evaluation and monitoring of situation of poverty in Mozambique**  
**Reduced list of household impact indicators**

<b>Area</b>	<b>Impact Indicator</b>	<b>Relevant Information</b>	<b>Source (number of question)</b>
<b>Health and Nutrition</b>	Anthropometrical measurements of children under 5	This is a reliable indicator, since it can be directly observed, and provides information of the state of health and nutrition of children	QUIBB (I5)
	Sickness and injury rate (malaria, diarrhoea, accidents)	Vulnerability level of various groups in terms of health problems and other risks	QUIBB (D4, D5)
	Vaccination rate of children by household	Access to a basic service of great importance for the reduction of vulnerability	MISAU, QUIBB (I17, I18, I19)
	Type of problem identified in consultations	Useful for measuring access to and quality of health services	QUIBB (D10)
<b>Education</b>	Rate of schooling differentiated by group (poverty level, gender)	Gives an idea of coverage of education services	MINED, QUIBB (C4-C6)
	Level of schooling differentiated by group (poverty level, gender)	Provides information on progress of students and measures more directly the real impact of education	QUIBB (C3)
	Types of problems in schools	Is a useful indicator to evaluate, to a certain extent, the quality of services provided and possible constraints not reflected in other indicators	QUIBB (C8)

<b>Area</b>	<b>Impact Indicator</b>	<b>Relevant Information</b>	<b>Source (number of question)</b>
<b>Agriculture and Rural Development</b>	Use of agricultural inputs by group	Allows for estimate of access to agricultural inputs and their purchase	MADR, QUIBB (H-9)
	Access to land (increases in land)	Qualitative indicator on the expansion of land (greater access or not). Information from QUIBB on this aspect can be used to estimate total use of land and changes from one year to the next	QUIBB (F3 – F7)
	Head of livestock per household	This is an important indicator of savings/investment in rural areas (especially large animals)	QUIBB (F8)
<b>Food Security</b>	Number of meals per day	An absolute measure of nutrition levels	QUIBB (H6)
	Composition of meals	Measures nutritional diversity and balance	QUIBB (H7)
<b>Employment</b>	Employment situation and reasons	A quick measure of the employment situation of those questioned, coupled with the reasons in the case of them not having worked during the period immediately prior to the survey	QUIBB (E1-E5)
	Rural seasonal employment	A more specific indicator, but of importance given that it provides information on occasional or seasonal work which normally does not appear in statistics, but which is of great importance to many rural households	QUIBB (H2)

<b>Area</b>	<b>Impact Indicator</b>	<b>Relevant Information</b>	<b>Source (number of question)</b>
<b>Energy</b>	Access of the household to electricity	Measures the access rate to a basic public good	QUIBB (F13)
	Main energy source	Indication of the rate of energy utilisation, which may be linked to access to various sources (more general indicator than previous one)	QUIBB (G6)
<b>Basic Infrastructure</b>	Access to water source	Type of water used. This indicator can be used together with distance from water source (G7 of QUIBB) to deepen understanding of situation of access	QUIBB (G3)
<b>Material Well Being</b>	Material possessions index (or choice of particular goods)	This index may be constructed on the basis of information on the possession of a certain number of material goods and living conditions. The choice of items to be included would come from those analysing the data. In general, some durable goods, building material of the house, the use of detergent, the purchase of furniture, clothing and shoes, can serve as a basis for the choices made	QUIBB (F12, G1, G2, H8, H5)



## **VII. BUDGETARY IMPLICATIONS**

### **INTRODUCTION**

327. The following chapter contains the budget framework of resource requirements associated with the action plan presented in chapter IV. The amounts budgeted for implementation of the priority actions for poverty reduction are presented in the context of the overall public expenditure framework, as programmed in light of the expected mobilisation of resources over the five-year period.

### **MEDIUM-TERM BUDGETARY PROGRAMMING**

328. The medium-term fiscal program of the Government seeks, through an adjustment of the fiscal deficit before grants, to ensure the sustainability of public expenditure and the stability of the macro-economic scenario, and guarantee that public resources are prioritised to activities that have a direct impact in reducing poverty and promoting economic and social development. Such a policy requires greater mobilisation of domestic resources, while ensuring the efficiency and effectiveness of public expenditure and its application to priority sectors and areas for poverty reduction and rapid economic growth.

329. The Medium-term Fiscal Scenario (CFMP) is a medium-term programming tool which embodies strategic choices made by the Government in allocating public resources, and is used to harmonise public expenditure with the projected macro-economic framework. The CFMP seeks, therefore, to ensure that the inter and intra-sectoral distribution of resources accords with Government priorities, and that there is a stable balance between expenditure and the expected availability of funds in the medium-term.

330. The principal objective of the CFMP is to eliminate divergences between the sectoral policy options and the financial program, in order to ensure that expenditure is consistent with policies, and that the policies are realistic given the available resources. The CFMP converts the process of planning and budgeting into a strategic debate on how to maximise the impact of the allocation of public resources, selecting expenditure priorities in the face of resource constraints, while adhering to priority actions defined by Government.

331. At the current stage in the country's development, the specific objective of the CFMP is to ensure that medium-term programming becomes a tool to rationalise activities with an impact on poverty reduction, ensuring that public resources are channelled to these priority actions.

332. The present chapter places the priority actions identified in chapter IV into the framework of the medium-term budgetary scenario for allocating public resources over the period 2001-2005.

333. The chapter is composed of three main sections: (1) the projected envelope of public resources for the period 2001-2010; (2) the programming of overall public expenditure for the five-year period, detailing the indicative allocation of public resources to priority sectors, given the projected availability of resources; (3) the budgetary implications for the PARPA in the context of the current CFMP.
334. The first section addresses systematically the issues of revenue mobilisation and other budgetary resources. The principal objective at this level is to maximise revenues and reduce dependency on international aid. The maximisation of revenue is carried out through tax policy which, besides stimulating economic growth, will allow for fairer taxation and greater protection of the poorest and most vulnerable segments of society. It is expected that revenue will grow to 16%-17% of GDP by 2010. Expenditure is defined according to the availability of resources. The strategy of increasing revenue and containing expenditure will allow the deficit after grants to be reduced from about 5 and 9% of GDP in 2000 and 2001, respectively, to 2% in 2010. The budget's dependency on foreign aid will decrease from around 52% of total resources in 2000 to 34% in 2010.
335. The second and third sections indicate how the projected resources will be used to meet the objective of maximising the provision of public services in education, health, roads, water, agriculture and rural development, strengthening of the legal and judicial system and public security, and capacity-building in public administration, incorporating the aim of poverty reduction into the process of resource allocation.

## **THE RESOURCE ENVELOPE, 2001-2010**

336. The policy objective is to increase the mobilisation of domestic resources in order to reduce dependency on external resources.
337. The resources available from budgetary revenue are projected to rise from around 12% of GDP in 2000 to 16-17% by 2010. The effort to mobilise revenues will be carried out through two key components: (i) tax reform aimed at simplification and computerisation of processes, and (ii) strengthening the capacity of tax authorities, through the recruitment and training of staff and the possible creation of a "high revenue authority". The actions to be carried out in this area are presented in chapter IV, in the section on macroeconomic and financial policy.
338. The resource envelope presented in table 7.1 has been projected on the basis of the macroeconomic framework. This framework establishes assumptions on economic growth, and contains a projection of the main macroeconomic variables. The framework also incorporates principal developments that may take place in budget policy, as well as in other important sectors of the economy (the external and monetary sector). The framework includes the most recent information available on

mega-projects which have a high probability of being implemented, factoring in their impact on the economy, the balance of payments and the budget.

**Table 7.1. Mozambique: Projection of Budget Resources, 1999-2010**

Units: In Billions of Meticaís

	1999	2000	2001	2002	2003	2004	2005	2010
<b>Total budget resources</b>	<b>11,949.0</b>	<b>16,668.5</b>	<b>24,853.0</b>	<b>24,227.5</b>	<b>26,312.2</b>	<b>28,991.4</b>	<b>33,584.8</b>	<b>55,925.5</b>
<b>Domestic resources</b>	<b>6,339.9</b>	<b>8,086.8</b>	<b>9,522.2</b>	<b>10,836.9</b>	<b>13,353.0</b>	<b>15,347.6</b>	<b>19,116.2</b>	<b>36,989.0</b>
Revenues	6,230.3	7,462.8	8,670.4	10,841.9	13,353.0	15,347.6	19,116.2	37,439.0
Domestic financing (net)	109.6	624.0	851.9	-5.0	0.0	0.0	0.0	-450.0
<b>External resources</b>	<b>5,609.1</b>	<b>8,581.7</b>	<b>15,330.8</b>	<b>13,390.6</b>	<b>12,959.2</b>	<b>13,643.8</b>	<b>14,468.6</b>	<b>18,936.5</b>
Grants	3,678.6	6,908.0	10,665.2	10,265.1	10,045.1	10,576.3	11,238.1	14,028.9
Grants for investment	3,678.6	6,423.5	9,964.1	9,818.5	9,719.5	10,231.0	10,774.7	14,028.9
Projects	2,503.7	3,378.5	5,775.2	5,884.8	5,831.7	6,138.6	6,464.8	8,417.3
Counterpart funds	1,174.9	3,045.0	4,189.0	3,933.8	3,887.8	4,092.4	4,309.9	5,611.5
IMF via BMoç.	0.0	484.5	701.1	446.5	325.6	345.3	463.3	0.0
Foreign financing net	1,930.5	1,673.7	4,665.5	3,125.5	2,914.1	3,067.5	3,230.5	4,907.6
Disbursements	2,470.1	1,955.7	5,366.3	4,053.9	3,887.8	4,092.4	4,309.9	6,313.0
Projects	1,236.7	1,484.0	2,656.2	2,315.1	2,429.9	2,557.7	2,693.7	3,507.2
Counterpart funds	1,233.4	471.7	2,710.1	1,738.9	1,457.9	1,534.6	1,616.2	2,805.8
Amortization	-539.6	-282.0	-700.8	-928.4	-973.6	-1,024.9	-1,079.4	-1,405.3
<b>Memorandum items: (In percentage)</b>								
<i>Ratio of domestic res. in total resources</i>	<i>53.1</i>	<i>48.5</i>	<i>38.3</i>	<i>44.7</i>	<i>50.7</i>	<i>52.9</i>	<i>56.9</i>	<i>66.1</i>
<i>Ratio of total resources to GDP</i>	<i>22.9</i>	<i>27.7</i>	<i>35.4</i>	<i>29.6</i>	<i>28.6</i>	<i>26.8</i>	<i>27.1</i>	<i>25.0</i>
<i>Ratio of budget revenues to GDP</i>	<i>12.0</i>	<i>12.4</i>	<i>12.4</i>	<i>13.2</i>	<i>14.5</i>	<i>14.2</i>	<i>15.4</i>	<i>16.7</i>
<i>Ratio of external resources to GDP</i>	<i>10.8</i>	<i>14.3</i>	<i>21.8</i>	<i>16.3</i>	<i>14.1</i>	<i>12.6</i>	<i>11.7</i>	<i>8.5</i>

With regard to domestic resources, Table 7.1 shows that the Government will respect a rule of non-recourse to the banking system to finance budget deficits. In addition, because there is a high budgetary cost to issuing Treasury bonds to finance a resolution of the problems facing commercial banks in which the State has interests, it is expected that there will be a buy-back of these bonds as soon as possible and taking into account the monetary policy.

339. External resources are projected to remain stable at around US\$540 million a year over the course of the programming period – see table 7.2 below. This implies that dependency on external resources will drop from 14% of GDP in 2000 to around 8.5 % in 2010 –see table 7.1 above.

**Table 7.2. Projection of External Budget Financing, 1999-2010**

Units: In Millions of U.S. Dollars

	1999	2000	2001	2002	2003	2004	2005	2010
<b>Grants</b>	<b>289.9</b>	<b>439.9</b>	<b>495.2</b>	<b>444.3</b>	<b>413.4</b>	<b>413.5</b>	<b>417.2</b>	<b>400.0</b>
Projects	197.3	215.5	269.8	255.0	240.0	240.0	240.0	240.0
Counterpart funds	92.6	192.6	192.9	170.0	160.0	160.0	160.0	160.0
IMF via BMoçambique	0.0	31.8	32.4	19.3	13.4	13.5	17.2	0.0
<b>Credits</b>	<b>152.1</b>	<b>109.9</b>	<b>206.7</b>	<b>134.9</b>	<b>119.9</b>	<b>119.9</b>	<b>119.9</b>	<b>139.9</b>
Disbursements	194.6	128.4	238.3	175.0	160.0	160.0	160.0	180.0
Projects	97.4	97.5	119.5	100.0	100.0	100.0	100.0	100.0
Counterpart funds	97.2	31.0	118.8	75.0	60.0	60.0	60.0	80.0
Amortization	-42.5	-18.5	-31.5	-40.1	-40.1	-40.1	-40.1	-40.1
<b>Total foreign financing</b>	<b>442.0</b>	<b>549.8</b>	<b>701.9</b>	<b>579.2</b>	<b>533.3</b>	<b>533.4</b>	<b>537.1</b>	<b>539.9</b>

340. The expenditure programme is prepared in current prices, but a projection of total resources available at 2001 constant prices has also been prepared. This is reflected in table 7.3 below. These resources define the total expenditure to be allocated by the various sectors, and in particular, the priority sectors.

**Table 7.3. Mozambique: Projection of Budget Resources, 1999-2010**

Units: In Billions of 2001 Meticaís, or Otherwise Indicated

	1999	2000	2001	2002	2003	2004	2005	2010
<b>Total budget resources</b>	<b>17,015.4</b>	<b>20,571.8</b>	<b>24,853.0</b>	<b>22,501.9</b>	<b>23,280.0</b>	<b>24,415.0</b>	<b>26,933.4</b>	<b>35,013.8</b>
<i>Domestic resources</i>	<i>7,641.9</i>	<i>8,618.5</i>	<i>9,522.2</i>	<i>10,199.4</i>	<i>11,969.1</i>	<i>13,101.9</i>	<i>15,541.9</i>	<i>23,562.9</i>
Revenues	7,509.8	7,953.5	8,670.4	10,204.1	11,969.1	13,101.9	15,541.9	23,849.6
Domestic financing (net)	132.1	665.0	851.9	-4.7	0.0	0.0	0.0	-286.7
<i>External resources</i>	<i>9,373.5</i>	<i>11,953.3</i>	<i>15,330.8</i>	<i>12,302.5</i>	<i>11,310.9</i>	<i>11,313.1</i>	<i>11,391.5</i>	<i>11,450.9</i>
<b>Memorandum items: (In percentage)</b>								
<i>Resources real growth</i>		20.9	20.8	-9.5	3.5	4.9	10.3	6.2
<b>Total expenditure</b>	<b>17,015.4</b>	<b>20,571.8</b>	<b>24,853.0</b>	<b>22,501.9</b>	<b>23,280.0</b>	<b>24,415.0</b>	<b>26,933.4</b>	<b>35,013.8</b>
Current expenditure	8,062.0	8,310.4	10,697.9	12,077.8	12,501.9	13,331.6	14,156.1	18,788.2
Investment expenditure	8,280.2	10,110.4	10,157.2	10,148.0	10,434.3	10,741.4	12,287.4	15,744.4
Net lending	363.7	738.0	2,869.6	126.1	43.9	41.9	39.9	31.3
Reserve	309.8	789.7	1,249.4	150.0	300.0	300.0	450.0	450.0
Other revenues/expenditures	-0.4	623.3	-121.0	0.0	0.0	0.0	0.0	0.0
<b>Memorandum items: (In percentage)</b>								
<i>Ratio of curr. exp. in total exp.</i>	47.4	40.4	43.0	53.7	53.7	54.6	52.6	53.7
<i>Ratio of inv. exp. in total exp.</i>	48.7	49.1	40.9	45.1	44.8	44.0	45.6	45.0

## BUDGETARY FRAMEWORK FOR THE PARPA, 2001-2005

341. The CFMP is a programming exercise with a five-year time horizon, revised annually based on updated projections of the macro-economic framework and the available public resources for the period in question. This revision also reflects any necessary adjustments in the activities to be implemented by the sectors.
342. The CFMP exercise begins with the presentation of indicative expenditure limits to the sectors. In turn, given the resources available, the sectors develop a programme of expenditures, and select priorities if resources should prove to be insufficient to meet all identified needs. Proposals from the sectors are then submitted to an inter-sectoral discussion, leading to an integrated strategic decision on the allocation of resources.
343. The 2001-2005 version of the CFMP, presented here, updates the previous version published by the MPF in August 2000. It contains indicative totals, which have not yet been submitted to inter-sectoral discussion. It is nevertheless, in the normal process of medium-term programming, the starting point for preparation of the CFMP 2002-2006, which will set forth the guidelines for developing the State Budget for 2002.
344. The choice to proceed with an update of the CFMP at this stage results from the need to develop a budgetary framework for the programming of the priority expenditure identified in this Plan. It is also the result of a revision in the resource

projection (presented in the previous section), indicating a greater availability of external resources for investment expenditure.

345. The additional resources were subjected to a sectoral redistribution according to the following criteria: (1) progressively increase in the allocation of public resources to priority sectors; (2) increase the share of health and education in total public expenditure; (3) ensure the stability or an increase in the relative weight of each priority sectors in total public expenditure and in relation to the trend of GDP.
346. Table 7.4 presents the evolution of expenditure in the priority sectors for the period 1999-2001, and the programmed expenditures for the remaining years of the five-year period, based on the CFMP 2001-2005.
347. For the purposes of analysis, the reference point for the programme is the structure of expenditure in 1999.<sup>40</sup> At that time, expenditure on priority sectors stood at 13.2% of GDP. Projecting this same structure of expenditure (in terms of weight in GDP and in the inter-sectoral distribution of resources) to the following years gives one the basic scenario for priority expenditure. Relative to this baseline, additional expenditure in the following years (see line 4, table 7.4) reflect the Government's policy in allocating resources to priority sectors. This additional expenditure is, to a large extent, made possible through the budget resources made available through debt forgiveness in the framework of the HIPC initiative.

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<sup>40</sup> In fact, for a number of reasons, including post-emergency reconstruction and the need to clean up the banking system referred to above, budgetary expenditure for 2000 and 2001 shows considerable deviations from past trends in public expenditure which stood at around 22%-23% of GDP.

**TABLE 7.4. PUBLIC EXPENDITURE IN PRIORITY AREAS, 1999-2005**

(In billions of Meticais, or otherwise indicated)

	CGE <sup>1</sup>	Execution <sup>2</sup>	State Budget	MTEF 2001-2005			
	1999	2000	2001	2002	2003	2004	2005
<b>(1) TOTAL EXPENDITURE</b>	<b>11,484.6</b>	<b>16,134.5</b>	<b>20,173.3</b>	<b>23,784.3</b>	<b>25,575.3</b>	<b>28,258.5</b>	<b>32,603.8</b>
(in percent of GDP)	22.1	26.8	28.7	29.0	27.8	26.1	26.3
<b>(2) BUDGET EXPENDITURES IN PRIORITY AREAS</b>	<b>6,894.8</b>	<b>10,151.8</b>	<b>13,598.8</b>	<b>15,462.7</b>	<b>17,109.4</b>	<b>18,842.6</b>	<b>21,036.1</b>
(in percent of GDP)	13.2	16.9	19.4	18.9	18.6	17.4	17.0
(in percent of total expenditure)	60.0	62.9	67.4	65.0	66.9	66.7	64.5
EDUCATION	1,794.7	2,975.4	4,948.1	4,629.5	5,177.0	5,706.1	6,432.8
HEALTH	1,493.2	1,934.7	2,302.8	3,069.8	3,305.0	3,760.8	4,339.7
INFRASTRUTURES	1,481.0	2,255.1	3,621.6	4,473.7	4,797.4	5,144.0	5,611.1
ROADS	n.e.	n.e.	1,845.2	2,699.3	3,169.5	3,220.2	3,491.9
WATER AND PUBLIC WORKS	n.e.	n.e.	1,776.4	1,774.4	1,627.9	1,923.8	2,119.2
AGRICULTURE AND RURAL DEVELOPMENT <sup>3</sup>	583.3	925.1	714.1	916.5	1,059.5	1,144.5	1,261.6
GOOD GOVERNANCE	990.8	1,223.9	1,643.6	1,809.9	2,064.5	2,293.7	2,525.9
OTHER PRIORITY AREAS	551.8	837.7	368.7	563.4	706.1	793.4	865.1
SOCIAL ACTION	68.9	184.9	154.2	192.1	232.9	282.1	352.3
EMPLOYMENT AND LABOUR	55.2	55.2	76.0	83.9	100.7	114.6	130.7
ENERGY AND NATURAL RESOURCES	427.8	597.6	138.5	287.4	372.6	396.7	382.2
<b>(3) BASELINE EXPENDITURE IN PRIORITY AREAS <sup>4</sup></b>	<b>6,894.8</b>	<b>7,957.0</b>	<b>9,291.0</b>	<b>10,842.9</b>	<b>12,199.9</b>	<b>14,312.2</b>	<b>16,420.4</b>
(in percent of GDP)	13.2	13.2	13.2	13.2	13.2	13.2	13.2
EDUCATION	1,794.7	2,071.1	2,418.4	2,822.3	3,175.5	3,725.4	4,274.1
HEALTH	1,493.2	1,723.2	2,012.1	2,348.2	2,642.1	3,099.6	3,556.1
INFRASTRUTURES	1,481.0	1,709.2	1,995.7	2,329.0	2,620.5	3,074.2	3,527.1
AGRICULTURE AND RURAL DEVELOPMENT <sup>3</sup>	583.3	673.2	786.1	917.3	1,032.2	1,210.9	1,389.2
GOOD GOVERNANCE	990.8	1,143.4	1,335.1	1,558.1	1,753.1	2,056.7	2,359.6
OTHER PRIORITY AREAS	551.8	636.8	743.6	867.8	976.4	1,145.5	1,314.2
<b>(4) ADDITIONAL EXPENDITURE IN PRIORITY AREAS (4)=(2)-(3)</b>	<b>0.0</b>	<b>2,194.8</b>	<b>4,307.8</b>	<b>4,619.9</b>	<b>4,909.5</b>	<b>4,530.3</b>	<b>4,615.6</b>
(in percent of GDP)	0.0	3.7	6.1	5.6	5.3	4.2	3.7
EDUCATION	0.0	904.2	2,529.7	1,807.2	2,001.4	1,980.8	2,158.7
HEALTH	0.0	211.4	290.7	721.6	662.9	661.2	783.5
INFRASTRUTURES	0.0	546.0	1,625.9	2,144.6	2,176.9	2,069.8	2,084.0
AGRICULTURE AND RURAL DEVELOPMENT <sup>3</sup>	0.0	251.9	-72.0	-0.9	27.3	-66.4	-127.6
GOOD GOVERNANCE	0.0	80.5	308.5	251.7	311.4	237.1	166.2
OTHER PRIORITY AREAS	0.0	200.8	-375.0	-304.4	-270.3	-352.1	-449.1
<b>MEMORANDUM ITEMS:</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Exchange rate (annual average)	12,691.0	15,226.1	21,208.0	23,084.0	24,299.0	25,577.0	26,937.0
Nominal GDP	52,079.0	60,102.0	70,178.0	81,900.0	92,150.0	108,105.0	124,029.0
Additional HIPC resources accruing to the Budget							
In millions of U.S. Dollars	37.0	121.0	118.0	111.0	113.0	114.0	114.0
In billions of Meticais	469.6	1,842.4	2,502.5	2,562.3	2,745.8	2,915.8	3,070.8
In percent of GDP	0.9	3.1	3.6	3.1	3.0	2.7	2.5

**Notes:**

1. Source: *Conta Geral do Estado 1999*.

2. Sources: *Relatório de Execução do 4º Trimestre de 2000* and execution from the complementary period of 2000 (including March 2001).

3. In 1999 includes Fishery.

4. Maintaining the 1999 expenditure structure constant relative to GDP.

348. Table 7.5 presents a projection of total public expenditure for the 5-year period, and identifies in detail the relative expenditure on priority sectors. The figures are expressed in constant 2001 prices and constitute indicative limits for the medium-term programming of the sectors for the following five-year period.
349. The next medium-term programming exercise (CFMP 2002-2006) will revise the budgetary framework, in view of the priority strategic options that arise out of the present Action Plan. This new exercise will be ready by the end of May 2001 as part of the ongoing work to determine the budgetary limits for the 2002 State Budget.

**TABLE 7.5. PROJECTION OF MEDIUM TERM BUDGET EXPENDITURES, 2001-2005**

Units: Billions of 2001 Meticals

	2001 <sup>1</sup>	2002	2003	2004	2005
<b>RESOURCE ENVELOPE PROJECTION</b>	<b>20,173.3</b>	<b>22,385.3</b>	<b>22,924.7</b>	<b>24,123.6</b>	<b>26,507.7</b>
<b>PRIORITY SECTORS/AREAS</b>	<b>13,598.8</b>	<b>14,553.2</b>	<b>15,336.2</b>	<b>16,085.4</b>	<b>17,102.8</b>
EDUCATION	4,948.1	4,357.2	4,640.4	4,871.2	5,230.0
GENERAL EDUCATION (MINED)	3,947.2	3,747.0	3,807.6	4,102.8	4,394.5
HIGHER EDUCATION	1,000.9	610.1	832.8	768.4	835.5
HEALTH	2,302.8	2,889.2	2,962.4	3,210.5	3,528.3
INFRASTRUCTURES	3,760.1	4,481.0	4,634.1	4,729.9	4,872.6
ROADS	1,845.2	2,540.5	2,841.0	2,749.0	2,839.0
ENERGY AND NATURAL RESOURCES	138.5	270.5	333.9	338.6	310.7
PUBLIC WORKS <sup>2</sup>	1,776.4	1,670.0	1,459.2	1,642.3	1,722.9
AGRICULTURE AND RURAL DEVELOPMENT	714.1	862.6	949.7	977.0	1,025.7
GOOD GOVERNANCE	1,643.6	1,703.4	1,850.5	1,958.1	2,053.6
ADMINISTRATION	241.8	247.0	273.4	299.3	327.9
JUSTICE <sup>3</sup>	362.0	387.1	435.6	470.5	505.3
SECURITY AND ORDER	1,039.8	1,069.3	1,141.6	1,188.3	1,220.3
OTHER PRIORITY AREAS	230.1	259.8	299.0	338.7	392.6
SOCIAL ACTION	154.2	180.8	208.8	240.8	286.4
EMPLOYMENT AND LABOUR	76.0	78.9	90.2	97.8	106.2
<b>OTHER SECTORS</b>	<b>3,028.9</b>	<b>3,105.8</b>	<b>3,138.1</b>	<b>3,199.2</b>	<b>3,249.9</b>
<b>OTHER BUDGET EXPENDITURES<sup>4</sup></b>	<b>2,883.5</b>	<b>2,760.0</b>	<b>2,885.6</b>	<b>2,765.0</b>	<b>2,651.3</b>
<b>TOTAL PROGRAMMED EXPENDITURE</b>	<b>19,511.3</b>	<b>20,419.0</b>	<b>21,359.8</b>	<b>22,049.6</b>	<b>23,004.0</b>
<b>CONTINGENCY RESERVE</b>	<b>662.0</b>	<b>1,966.3</b>	<b>1,564.8</b>	<b>2,074.0</b>	<b>3,503.6</b>

1. Source: OE 2001.

2. Includes Water sector.

3. Includes Ministério da Justiça, Cadeias, Tribunais, Procuradorias and Conselho Superior da Magistratura Judicial.

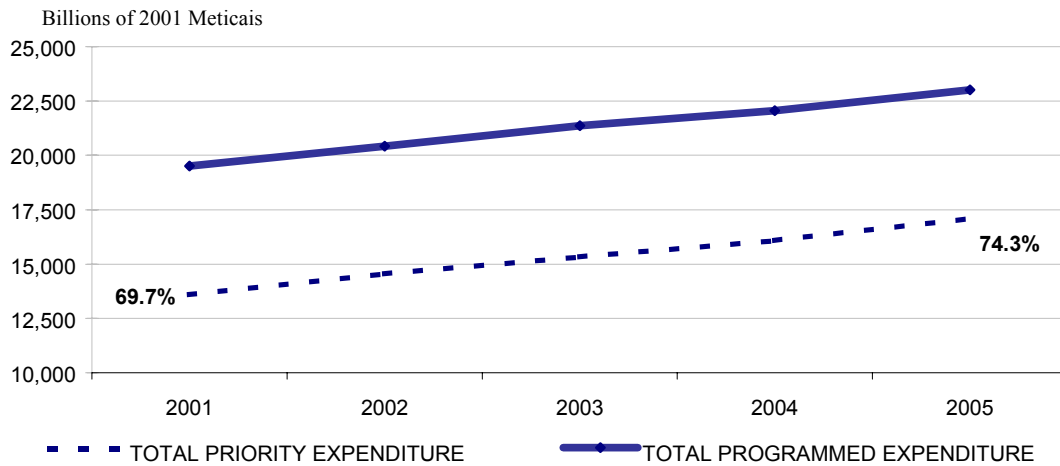
4. Non-sectoral expenditure: debt interest, pension, transfers to districts and municipalities.

## ALLOCATION OF PRIORITY EXPENDITURE: BUDGETS AND UNIT COSTS

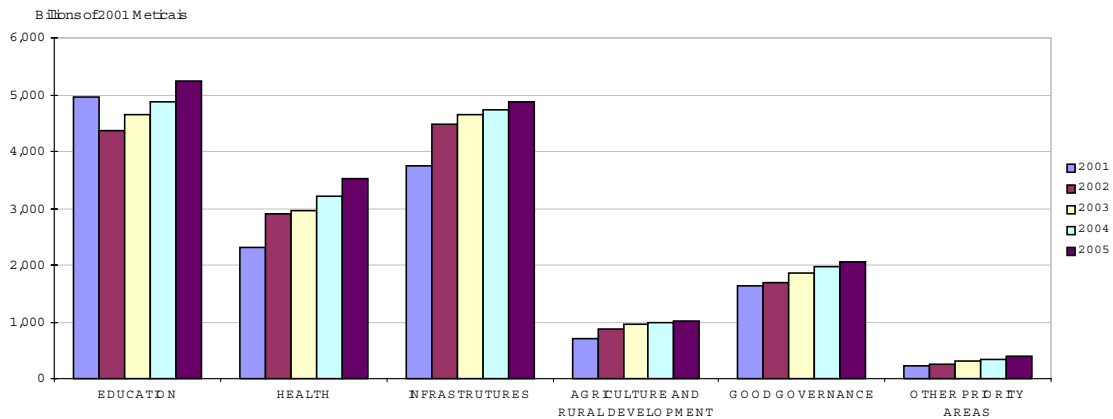
350. The commitment of the Government to strengthen the allocation of resources to priority sectors is reflected in graph 7.1. The weight of these sectors in total programmed expenditure is expected vary from 70 % in 2001 to 74 % by 2005.
351. Graph 7.2 presents the evolution of the structure of expenditure on priority sectors. Favourable trends in social sectors (education and health) are noteworthy, as by the end of the five-year period their share of total public expenditure reaches about 38 %. Infrastructure accounts for around 21% of total expenditure by the end of the five years.

352. The average expenditure structure on priority sectors is shown in graph 7.3. Given the exceptional nature of budgetary expenditure in 2001, only the average of the subsequent years has been taken into account for the purposes of calculating this structure.

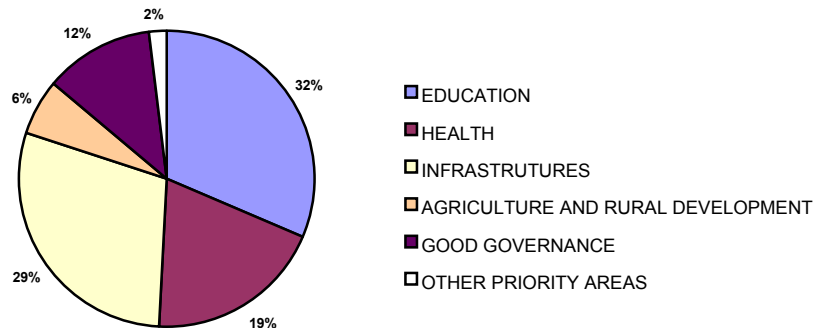
**FIGURE 7.1. PRIORITY EXPENDITURE PROJECTION TREND, 2001-2005**



**FIGURE 7.2. PUBLIC EXPENDITURE PROJECTION IN PRIORITY AREAS, 2001-2005**



**FIGURE 7.3. PRIORITY EXPENDITURE AVERAGE STRUCTURE, 2002-2005**





353. Graph 7.3 shows that the Education and Health sectors represent around 50% of the resources channelled to priority areas. Also noteworthy is the considerable weight of the area of Good Governance, Legality and Justice in the total of priority expenditure (13%).
354. The Indicative Budgetary Programme associated with priority actions identified in the sectoral action plans, reflected in chapter IV, is presented in table 7.6 for selected sectors and strategic areas.
355. As shown in this table, the measures contained in the action plans for Education, Health and Agriculture and Rural Development (see chapter IV), weigh substantially in the total budget of these sectors, reflecting the priority given to the strategy for poverty reduction.
356. The priority actions identified for Education represent, on average, around 72% of the total budgetary expenditure projected for the five-year period. For the health sector this represents 68%, while for the Agriculture and Rural Development Sector this stands at 59% for the period 2001-2005.
357. Table 7.6 presents a breakdown of estimated expenditure for the five-year period for the Infrastructure sector. It is assumed here that total expenditures are at the same levels as those shown in table 7.5. The priority expenditures for Water, Roads and Energy represent, on average, around 58% of total programmed expenditure for these sectors (see table 7.5). The structure of expenditure proposed here for Roads and Water is based on discussions carried out in developing the previous version of the CFMP 2001-2005.
358. For the remaining sectors, indicative limits from the CFMP 2001-2005 constitute the baseline for programming requirements associated with the implementation of the poverty reduction measures.
359. The programming of expenditure and projections in this chapter incorporate a series of assumptions about the unit costs associated with certain specific measures. Table 7.7 presents a selection of unit costs relevant to the Education, Health and Infrastructure sectors.
360. By way of illustration, and on the basis of a more precise evaluation of unit costs, Table 7.8 presents a detailed breakdown of the programmed expenditure for priority measures in the Education sector.
361. The detailed budgetary programming for Education provides the explicit link between the objectives to be achieved, the specific measures to be taken, and the associated costs.
362. Upon finishing this stage of the work, it is expected that in subsequent stages a detailed analysis of costs associated with priority measures may be extended to other areas of expenditure. The assessment of progress achieved, and thoughts on how to carry the work forward in light of the experience gained, will constitute key aspects in the process of preparing future exercises.

**Table 7.6: Indicative Projected Budget Requirements for Sectors and Selected Areas, 2001-2005**

Units: Billions of 2001 Meticaís

	PARPA Budget					
	2001	2002	2003	2004	2005	2001-2005
<b>EDUCATION (1)</b>	<b>2,324.8</b>	<b>2,281.5</b>	<b>2,349.7</b>	<b>2,483.7</b>	<b>2,557.2</b>	<b>11,997.0</b>
<b>Primary Education</b>	<b>1,847.9</b>	<b>1,759.6</b>	<b>1,832.1</b>	<b>1,960.7</b>	<b>2,031.4</b>	<b>9,431.5</b>
Running Primary level facilities (2)	1,164.8	1,039.3	1,109.8	1,236.2	1,304.7	5,854.8
Expansion of infrastructure	557.0	557.0	557.0	557.0	557.0	2,784.9
Other actions (3)	126.1	163.3	165.3	167.5	169.7	791.8
<b>Adult Education and Literacy</b>	<b>23.4</b>	<b>25.7</b>	<b>29.8</b>	<b>33.9</b>	<b>39.3</b>	<b>152.0</b>
Training of Literacy teachers	18.6	18.6	18.6	18.6	18.6	92.8
Support materials	4.8	7.1	11.2	15.3	20.7	59.2
<b>Secondary schooling</b>	<b>300.8</b>	<b>300.8</b>	<b>300.8</b>	<b>300.8</b>	<b>300.8</b>	<b>1,503.9</b>
Expansion of the network	300.8	300.8	300.8	300.8	300.8	1,503.9
<b>Technical-Professional Training</b>	<b>19.6</b>	<b>66.5</b>	<b>65.9</b>	<b>69.1</b>	<b>67.6</b>	<b>288.6</b>
Rehabilitation/ Expansion of Technical Training Network	19.6	66.5	65.9	69.1	67.6	288.6
<b>Teacher training</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>45.2</b>	<b>226.1</b>
Primary School Teachers	37.4	37.4	37.4	37.4	37.4	187.2
Secondary School Teachers	7.8	7.8	7.8	7.8	7.8	39.0
<b>Improvement of Ethics and Quality</b>	<b>74.2</b>	<b>78.1</b>	<b>70.1</b>	<b>68.8</b>	<b>67.7</b>	<b>358.9</b>
<b>Special Education</b>	<b>-</b>	<b>0.3</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>12.8</b>
Expansion and Rehabilitation of the Network	-	0.3	4.2	4.2	4.2	12.8
<b>Combating HIV/AIDS</b>	<b>13.7</b>	<b>7.4</b>	<b>1.7</b>	<b>1.1</b>	<b>1.1</b>	<b>25.2</b>
Incorporating AIDS into curriculum and Planning	11.0	5.2	0.1	0.1	0.1	16.4
Dissemination of informative material	2.9	2.2	1.7	1.0	1.0	8.8
<b>HEALTH</b>	<b>1,573.0</b>	<b>1,785.4</b>	<b>1,781.9</b>	<b>1,778.1</b>	<b>1,729.7</b>	<b>8,826.0</b>
<b>Primary Health Care Services</b>	<b>150.2</b>	<b>164.3</b>	<b>169.0</b>	<b>186.1</b>	<b>180.7</b>	<b>850.3</b>
Maternal care	49.4	50.9	50.9	62.7	55.2	269.1
Child health care	69.2	79.7	82.0	64.2	62.8	397.9
Youth and Adolescent care	22.2	24.0	25.9	28.0	30.2	130.2
Nutrition	9.4	9.7	10.3	11.2	12.5	53.1
<b>Combating the major Endemic diseases</b>	<b>62.3</b>	<b>85.1</b>	<b>66.1</b>	<b>69.9</b>	<b>72.5</b>	<b>335.9</b>
Diarrhoea	3.2	2.9	2.9	2.9	2.9	14.7
Malaria	49.0	49.0	49.0	51.4	54.0	252.4
Tuberculosis and Leprosy	10.1	13.2	14.2	15.6	15.6	68.8
<b>Combating HIV/AIDS (4)</b>	<b>443.6</b>	<b>449.4</b>	<b>452.2</b>	<b>468.5</b>	<b>471.9</b>	<b>2,293.6</b>
Preventing HIV	357.3	362.0	372.3	375.7	380.2	1,847.5
Reducing the impact of AIDS	66.3	87.4	89.9	90.7	91.8	446.1
<b>Health Network</b>	<b>777.6</b>	<b>961.1</b>	<b>963.0</b>	<b>936.0</b>	<b>887.8</b>	<b>4,525.4</b>
Running of Primary health care facility (4)	293.3	385.7	367.0	415.5	417.8	1,861.2
Running of Secondary health care facility (4)	202.4	250.7	258.3	289.0	289.9	1,290.3
Expansion of the primary health service network	224.3	283.0	269.8	161.0	104.5	1,042.6
Supply of Pharmaceutical Kits (6)	57.6	61.6	66.0	70.6	75.5	331.3
<b>Development of Human Resources</b>	<b>116.0</b>	<b>116.0</b>	<b>116.0</b>	<b>116.0</b>	<b>116.0</b>	<b>580.0</b>
<b>Planning and management of the Health Sector</b>	<b>23.2</b>	<b>9.6</b>	<b>5.6</b>	<b>1.6</b>	<b>0.8</b>	<b>40.8</b>
Development of Management capacity at Primary level.	23.2	9.6	5.6	1.6	0.8	40.8
<b>AGRICULTURE AND RURAL DEVELOPMENT</b>	<b>393.8</b>	<b>468.4</b>	<b>541.6</b>	<b>601.2</b>	<b>627.5</b>	<b>2,632.4</b>
Research	97.6	100.6	111.6	124.0	137.5	571.3
Rural Extension	70.3	74.3	104.7	118.3	114.0	479.6
Production Support	42.6	43.3	56.2	62.5	64.2	268.7
Animal Husbandry	44.2	69.1	80.9	89.9	88.0	372.0
Forestry	69.5	88.9	80.4	89.4	112.1	460.3
Irrigation	38.7	81.3	96.8	107.6	99.4	423.8
Land	11.0	10.8	11.0	11.6	12.2	56.6
<b>INFRASTRUCTURE</b>	<b>2,002.3</b>	<b>2,126.0</b>	<b>2,250.6</b>	<b>2,581.2</b>	<b>2,533.0</b>	<b>11,473.1</b>
<b>ROADS</b>	<b>1,057.5</b>	<b>1,234.5</b>	<b>1,238.4</b>	<b>1,421.2</b>	<b>1,402.7</b>	<b>6,354.3</b>
Routine Maintenance (annual)	180.8	276.5	297.1	315.6	315.6	1,386.9
Periodic Maintenance (5 yearly)	137.6	185.7	278.5	334.2	371.3	1,307.3
Emergency Maintenance	14.0	16.4	16.4	18.7	18.6	84.3
Rehabilitation of Roads	725.7	651.9	544.3	641.1	585.7	3,148.8
<b>ENERGY</b>	<b>27.2</b>	<b>44.4</b>	<b>28.9</b>	<b>17.0</b>	<b>0.0</b>	<b>117.5</b>
Electrification of District HQs	5.1	13.6	11.4	12.2	-	42.3
Building of Electricity Generating Plants	22.1	30.9	17.5	4.8	-	75.2
<b>WATER</b>	<b>917.6</b>	<b>847.4</b>	<b>983.4</b>	<b>1,122.9</b>	<b>1,130.4</b>	<b>5,001.3</b>
Rural Water supply and sanitation	102.4	181.5	272.9	311.6	311.7	1,182.1
Urban Water supply and sanitation	106.7	423.5	636.7	727.1	731.9	2,626.0
Management of Water resources	708.4	242.0	73.8	84.2	84.8	1,193.2

(1) Includes only expenditure related to MINED. The implicit exchange rate is MT18,566/U.S. Dollar.

**Table 7.7: Average Unit Costs of selected Specific Actions <sup>1/</sup>**

Units: U.S. Dollars

Strategic Area	Specific Action	Average projected unit cost
<b>EDUCATION</b>		
Primary education	Construction of classrooms for EP1	20,000
	School assistance fund	
	Schoolbooks	2.89
	School materials	6.23
Literacy and adult education	Preparation and printing of education materials for AEA programs	
	Student schoolbook	0.50
	Teacher schoolbook	0.75
	Training of volunteer literacy teachers	200
Secondary education	Construction of schools for ESG	2,500,000
	Construction of houses for ESG1 teachers	18,000
	Construction of schools for ESG2	2,500,000
	Construction of dormitories for ESG2	660,000
Technical and professional education	Construction of elementary schools for arts and professions	1,227,750
	Rehabilitation of elementary schools for arts and professions	690,988
Training of teachers	Training of primary education teachers (2-years training)	1,200
	Training of secondary education teachers (5-years training)	4,200
Ethics and quality	Training of school directors and deputy directors	920
Special education	Construction of schools for special education	210,000
	Rehabilitation of schools for special education	15,000
<b>HEALTH</b>		
Health network	Construction of health centers: type I	1,500,000
	Construction of health centers: type II	400,000
	Construction of health centers: type II	160,000
	Construction of houses for health workers	45,000
	Construction of rural hospital	3,500,000
	Rehabilitation of health center	33,750
	Rehabilitation of rural hospital	2,625,000
	Reconversion of health center into rural hospital	3,500,000
	Supply of medicine kits (types A, B, and C)	
	Kit A (essential medicines for health centers)	184.43
	Kit B (essential medicines for health posts)	84.38
Kit C (essential medicines for health auxiliaries)	34.76	
Development of human resources	Training of elementary health technicians	4,500
	Training of basic health technicians	8,500
	Training of medium level health technicians	11,500
	Training of specialized health technicians	14,000
Health sector planning and management	Preparation of Provincial Strategic Plans	50,000
<b>INFRASTRUCTURE</b>		
<b>Water</b>		
Rural water supply	Construction of small water supply systems	50,000
	Construction of new water wells	7,000
	Construction of new water artisan wells	2,500
	Rehabilitation of water wells and artisan wells	2,000
Rural sewage	Construction of latrines	50,000
<b>Energy</b>		
Access to energy	Installation of solar pannels in administrative posts	82,101
	Installation of thermal power stations in district capitals	95,606
<b>Roads <sup>2/</sup></b>		
Construction	Asphalted road	200,000
Maintenance	Periodic maintenance (every 5 years)	
	Asphalted road	75,000
	Non-asphalted road	30,000
	Annual rotine maintenance	1,000

<sup>1/</sup> The average unit costs included in this table were used in the budgeted numbers included in table 7.5.

<sup>2/</sup> Costs per Km of road.

**Table 7.8. Education: Unit Costs and Projected Budget for Selected Specific Actions**

Strategic area	Objective	Specific Area	Average Unit Cost	Budget						
				2001	2002	2003	2004	2005	2001-2005	
<b>EDUCATION</b>										
Primary education	Universal access	Construction of 1 500 new classrooms per year	Classroom	400,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	3,000,000,000
		Girls access	Exemption of the payment of social action taxes for the poorest households	n.a.	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	100,000,000
	Improve quality of education	Scholarships for girls in institute or teachers training	n.a.	3,306,240	3,306,240	3,306,240	3,306,240	3,306,240	3,306,240	16,531,200
		Information to communities about the importance of girls' education	n.a.		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
		children that are in primary schools and come from poor families	Schoolbook	53.4						
		Alternative suppliers	School materials	115.2	112,035,540	114,276,240	116,561,760	118,893,000	121,270,860	583,037,400
Literacy and adult education	Reduce illiteracy and improve access to primary education	Preparation and printing of education materials	Student schoolbook	10	5,150,000	7,650,000	12,081,260	16,512,500	22,336,060	63,729,820
		Teacher schoolbook	15							
Secondary education	Expand access to respond to labor market needs, training of teachers and expansion of university education	Encourage participation (central and provincial)	n.a.	440,000	275,000	165,000	165,000	165,000	1,210,000	
		Support the creation and expansion of private schools in needed areas	n.a.	0	37,045,000	37,045,000	37,045,000	37,045,000	148,180,000	
		Construction of 25 new schools ESG1	School	50,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	1,250,000,000
		Construction of 150 houses for teachers ESG1	House	360,000	10,800,000	10,800,000	10,800,000	10,800,000	10,800,000	54,000,000
Technical and professional education	Expansion of access to elementary technical education mainly in rural areas	Construction of 5 new schools ESG2	School	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	250,000,000	
		Construction of 5 dormitories ESG2	Dormitory	13,200,000	13,200,000	13,200,000	13,200,000	13,200,000	66,000,000	
Training of teachers	Expansion and improvement of the quality of education	Rehabilitation of 9 new schools of arts and professions	School	13,819,750	17,180,000	22,710,000	21,496,000	24,706,000	24,466,000	110,558,000
		Training 1,680 primary education teachers per year (2-years training)	Training (annual cost)	12,000	40,320,000	40,320,000	40,320,000	40,320,000	40,320,000	201,600,000
Ethics and quality	Promote ethical values in education Quality of education	Training 100 secondary education teachers per year (5-years training)	Training (annual cost)	16,800	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000	42,000,000
		Training 1,340 directors and deputy directors per year	Training	18,400	49,312,000	49,312,000	49,312,000	49,312,000	49,312,000	246,560,000
Special education	Ensure education opportunities to children with special needs	Curricula revision and reformulation	n.a.	30,590,000	32,672,000	26,158,000	24,850,000	23,608,000	137,878,000	
		Construction of 3 new schools of special education	School (const.)	4,200,000	0	0	4,200,000	4,200,000	4,200,000	12,600,000
HIV/AIDS	Promote specific prevention actions within PEN HIV/AIDS	Rehabilitation of 4 existing schools of special education	School (rehab.)	300,000	0	300,000	300,000	300,000	300,000	1,200,000
		Include in school curricula and in the Education and Gender Program materials on education and prevention of HIV/AIDS	n.a.	11,764,000	5,500,000	0	0	0	17,264,000	
		Produce and spread informative material to students and teachers on HIV/AIDS	n.a.	3,100,000	2,400,000	1,800,000	1,100,000	1,100,000	9,500,000	
		Integrate the results of previous measures of the evaluation and following-up system into the education planning	n.a.	75,000	75,000	75,000	75,000	75,000	375,000	
<b>TOTAL *</b>					<b>1,249,562,780</b>	<b>1,338,121,480</b>	<b>1,335,750,260</b>	<b>1,343,874,740</b>	<b>1,349,244,160</b>	<b>6,616,553,420</b>

\* It does not include the recurrent expenditures of the primary education sub-system mentioned in table 7.6.



REPUBLIC OF MOZAMBIQUE

**ACTION PLAN FOR THE REDUCTION OF ABSOLUTE  
POVERTY (2001-2005)**

**(PARPA)**

**(STRATEGY DOCUMENT FOR THE REDUCTION OF POVERTY AND  
PROMOTION OF ECONOMIC GROWTH)**

**ANNEXES**

**(1-4)**

(Translated from original text in Portuguese)

**Final Version Approved by the Council of Ministers**  
**April 2001**

# Annex 1

## INVOLVEMENT OF PARTNERS AND CIVIL SOCIETY ORGANISATIONS IN THE PROCESS OF DEVELOPING THE PARPA: Sectoral Consultations

### Introduction

1. Gathering opinions through consultations is a well-established practice in Mozambique's planning system, including direct involvement of civil society organisations in the planning and programming process at the central (sectoral), provincial and district levels.
2. The main instruments for defining and operationalising government policies and strategies – such as the Economic and Social Plan (PES), the Action Plan for the Reduction of Absolute Poverty (PARPA), the Integrated Sectoral Programmes (PSI), the Medium-Term Fiscal Scenario (CFMP), the Tri-annual Public Investment Programme (PTIP), and others – rely, in various phases of preparation, on intense participation from the implementing sectors, which, in turn, depend on contributions from the principal economic and social stakeholders, and demands from these actors regarding projects, activities, and concrete actions developed independently or jointly management with government bodies or parastatals.
3. In the specific case of the process of developing the PARPA 2001-2005, besides the practices and procedures referred to above, an extraordinary process of gathering opinions was carried out in the period December 2000-February 2001, based on direct consultations with the main social actors, through their representative organisations.

### Involvement of Civil Society Organisations (CSO) in Sectoral Programmes

4. *Health* – Activities in this sector are the responsibility of the Public Health System (SPS), which is composed of health centres, posts, and hospitals, complemented by the non-formal health sector in the form of traditional medical practitioners grouped together in the AMETRANO.
5. Notwithstanding the centralised management structure of the sector, due to the vertical nature of programmes, as demanded by donors for purposes of accountability, and due to the weakness of provincial management capacity etc, the Ministry of Health (MISAU) is placing its hopes on gradual decentralisation and increasing involvement of communities in health programmes. An example of this is the organisation by MISAU of the Workshop on Strategies, Policies and Models of Community Participation in Health (2001).
6. In the process of developing sectoral plans, programmes, and/or components, the MISAU brings in, through the National Coordinating Council for Health and through national and provincial seminars, all the levels of the SPS (central, provincial, and district), as well as the group of donors (World Bank/PMA, USAID, UNICEF, UNFPA, French Cooperation, Swiss Cooperation, the EU,

UNDP, WHO, NORAD, DANIDA, FINIDA, the Netherlands, Ireland, GTZ, etc), and other social partners and NGOs (Coordination Seminar on Mental Health, National Workshop with all NGOs with Community Participation Activities, etc).

7. In addition, both direct and indirect means are used to gather opinions, through surveys, censuses, interviews, field supervision trips, situation reports, as well as the direct participation of relevant social actors. An example is the coordination of activities of NGOs linked to each sub-programme and service delivery at community level in the area of Information, Education and Communication/AMREF; and integrated programmes in schools on drugs use, involving NGOs, the private sector, religious groups, etc.
8. In addition, preparation of the Strategic Plan for the Prevention and Fight against STDs/HIV-AIDS, the main features of which are included in the PARPA, brought together 250 participants representing 66 national institutions (11 ministries, associations of People Living With HIV/AIDS (PLWHA), religious bodies, NGOs, trade unionists, traditional healers, sex workers, youth organisations and others) and 11 international institutions. More than 200 people from political parties represented in Parliament and the business community took part in the National Consensus seminar, and three additional meetings were held with donors. There are currently 58 Programmes and Projects in the context of the PEN, of which 29 are managed by national NGOs and other organisations, and 9 by international NGOs.
9. *Education-* Participatory planning is also a long-standing tradition in the Education sector. All levels, from top to bottom, take part, starting with the schools, where the process is supervised by management, with the participation of the teachers. The information gathered and processed at this level is then passed on to the District Directorates of Education. They have the responsibility of collating the information gathered within their territories and producing documents to be discussed and approved by the sector technicians, the representatives of other public institutions such as Finance, as well as other government bodies who work directly with communities.
10. At central level, the provincial plans are brought into line with guidelines established at macro-level for the sector, after which there is a national planning meeting to approve the sectoral plan to be submitted to the MPF. Notwithstanding the *modus operandi* of sectoral planning, involving these different hierarchical levels, there is frequent participation by non-governmental entities and organisations, as well as donors and the private sector, which contribute to the various stages of development of the Plan.
11. The introduction, at the beginning of 1991, of the concept and practice of strategic planning, serves the objective of overcoming the deficiencies of sectoral planning, increasing the degree of participation of institutions that are part of the education system and improving the quality of indicators. The institutional instruments used by the sector to present policies and strategies, secure financing, and ensure programmatic consistency and operationalise the decisions of the government in the area of education include meetings of the Consultative Council and the Coordinating Council of the MINED, the Education sector's Donors Coordination

Meeting (RECORDE), and the National Meeting with Provincial and District Directors of Education, to which non-governmental bodies are regularly invited.

12. Other mechanisms used by the MINED in the management of educational policy include specific meetings with groups of economic and social actors, such as the meeting with NGOs to present and disseminate the Strategic Plan for Education, the development of which involved the main international donors and NGOs. National Directors and technicians of the MINED met with 16 representatives of the most influential national and foreign NGOs with an interest in the Education sector. There is, in addition, an annual meeting in the context of the teacher training strategy , etc.
13. *Social Action* – In the process of developing the sectoral PARPA, the Ministry of Women and Coordination of Social Action uses outside contributions from various sources, beginning with supervision visits to the provinces, which include non-governmental partners in their teams. The Coordinating Council, where the main sectoral problems are discussed, bringing together personnel from all levels, also counts on the participation of guests who are significant players in the field of social action, either as financing bodies and/or executors of programmes and projects, such as the donor community and NGOs. The Report on the Convention on the Rights of the Child, the Beijing +5 Conference, and other routine practices, count on the participation of representatives of society. The NGOs have a very visible presence in the area of social welfare, be this through projects themselves, or through joint management of these with the State. A result of this strong presence, above all in programmes in support of children and women, is the decisive presence of donors and NGOs in this sector.
14. Out of around 100 associations operating in the field of social welfare and related areas, the MICAS has active relations with around 30, and in a less intense manner with 38. No information is available as regards the remainder. As far as international NGOs are concerned, of a total of 55 who work in this field, effective coordination includes around 17 institutions.
15. In general, the participation of non-governmental institutions in the consultations promoted by the MICAS is not limited to having them simply express opinions. By way of example, the role of these institutions was decisive in the process of developing the Sectoral Plan for HIV/AIDS, which resulted in the final version giving preference to the approach of family reinsertion in the prevention and fight against the disease.
16. *Agriculture, Rural Development and Food Security* –Development of the sectoral PARPA was preceded by broad preparatory work, summarised at the Meeting/Discussion on Poverty and Agriculture and the Definition of the Role of MADER, held at the beginning of 2000. Ninety people were present, representing the whole senior management and qualified technicians of the MADER, as well as representatives of other ministries, research and higher education institutes and 10 NGOs.
17. For the process of defining the Strategy on Food Security and Nutrition, which is currently operational and an integral part of the PARPA, and which counts on



financing from the Netherlands, the EU, USAID, WFP and FAO amongst others, a number of seminars were held to sound out views of the various actors (Government, donors and NGOs) on how to approach specific aspects. As regards non-governmental actors, the main players involved are World Vision, AMODER and AMRU and those sectors of the community with activities and interests in the field of food security and nutrition. In the seminar organised by the Inter-Sectoral Working Group held at the MADER's Agrarian Training Centre, with around 30 guests present, the NGOs were represented by LINK, an umbrella organisation that brings together hundreds of NGOs.

18. The Technical Secretariat on Food and Nutritional Security, which is the focal point for the coordination of the implementation of the Action Plan for Food Security and Nutrition, includes 9 Ministries, the National Directorate of Rural Development, the National Directorate of Water, and representatives of NGOs and international organisations working in the field of food security.
19. The National Agriculture Development Programme (PROAGRI), evaluated at around US\$40 million per annum, predominantly for institutional support, has, over the course of its long maturation process -- which began in 1995 and reached its take-off phase beginning in 1998 -- counted on the strong presence of the donor community and the Government of Mozambique through the MADER, the MPF, the Bank of Mozambique and MAE, in the process of developing its financial mechanisms.
20. The design of various programmes under PROAGRI has come about through an interactive process bringing together donors, public administration and other actors with an interest in the agricultural sector, in particular businessmen and consumers of goods and services provided by the MADER. The preferred instrument used by PROAGRI for planning its activities and involving actors in the process is the Annual Activity and Budget Plan (PAAO) and its provincial versions, the methodology and procedures of which cater for the gathering of the opinions of interested parties.
21. *Higher Education, Science and Technology* – The ministry responsible for this area is less than one year old, and was created to cater for a rapid expansion in the supply of places in the system of private institutions of higher education, and to meet increasing demands in the field of technology in the wake of liberalisation of the Mozambican economy.
22. As part of its institutional responsibilities, the MESCT initiated the coordination of sectoral programmes for higher education and science and technology, by holding two national seminars, preceded by two preparatory regional seminars and other forms of gathering the views of interested parties, in order to define policies, strategies and measures to be included in the PES, PARPA and other government programmes.
23. The National Science and Technology Seminar (2000) brought together 300 participants who represented government institutions, universities and institutions of higher education, research centres, the business sector, NGOs, the donor community and other relevant actors, with a view to gathering inputs that could be

incorporated into the sectoral policies and strategies. In addition, around 150 persons representing both State and Society took part in the Seminar on Higher Education (2000).

24. *Provincial PARPA* – The process of development of the provincial component of the PARPA, which is still ongoing, was preceded by intense preparatory work with the provincial governments and other economic and social actors at the provincial level such as private companies and civil society organisations. This process culminated in the Seminar for Dissemination of the PARPA and Provincial Poverty Profiles (2000), organised by the MPF, which brought together 119 individuals representing all provincial governments, business leaders, and NGOs from all provinces. In the debate that followed the presentation of the government documents, the comments and suggestions from participants who were part of the working groups (Group 1 –representatives of provincial governments; Group 2 – representatives of civil society; Group 3 – representatives of State institutions, academic and research institutions and development funds) , were noted. Emphasis was given to the importance of the fight against AIDS, the potential provided by NGOs for employment generation, and other relevant themes.
25. It is worth highlighting the significant involvement of the donor community and civil society organisations in the process that begun near the end of 2000 to conceive and develop methods, procedures and tools for consulting and involving sectors of society in the development of government plans and programmes. The *Proposal for a Model for Consultations on the Poverty Reduction Plan* -- the idea is that the scope is not limited to the PARPA, but extends to the whole planning system -- which resulted from this exercise, and which is currently being refined in terms of concepts and tools to be submitted to the Council of Ministers for consideration, benefited from important contributions from government sectors, from parliamentarians who are members of the Commissions on Social Affairs, Gender and the Environment, Planning and Budgeting, Juridical Affairs, Human Rights and Legality, as well as UN agencies, the World Bank, IMF, the Swedish embassy, business organisations (CTA, AEPRIMO), NGOs (Agrarius, FDC, GMD, LINK, ADPP, ARO Juvenil), and others.
26. Equal importance is given to the participation of sectors of society in the context of the Programme for Decentralised Planning, through the District Development Plan (PDE). This is being implemented in several provinces, with project headquarters being located in Nampula province. In accordance with the recommendations contained in the Methodological Guidelines for the Development and Implementation of the PDE, Consultative Forums to Support the Planning Process were established to facilitate and ensure the participation of civil society. As the aforementioned document states “the establishment of consultative forums does not exclude other methods of consultation and civil society participation, where this process has already begun, or where they are in the process of being created.”

**Regular Activities and Events Organized by the Government of Mozambique  
Involving Economic and Social Actors:  
Survey of press articles**

***Survey of meetings of the Government of Mozambique with involvement of non-governmental organizations***

1. Successive Mozambican governments have always maintained a tradition of listening to public opinion in connection with the challenges of economic development. This consultation continues in various ways, including numerous meetings with civil society associations, direct contact with populations and communities, and various meetings organised by the government at which various representatives of civil society have been present.
  
2. The annexed tables summarise the main initiatives of the Government in 1998, 1999 and 2000, at which companies, trade-unions and non-governmental bodies provided important contributions to the development and improvement of legislation and procedures of the public sector, to improve the effectiveness of government policies, and especially those dealing with poverty reduction, agricultural development, food security, etc. In analysing the information contained in the tables, attention should be paid to the following:
  - This is not an exhaustive survey, but rather a sample that illustrates the Government's tradition of consultations;
  - The information is based on a single source, in this case the *Noticias* newspaper. Since the paper is published in the capital city, the survey primarily covers events in the south of the country. Most of the meetings are national in nature. Though few of entries are provincial or municipal meetings, there are mechanisms for regular consultation at these levels as well;
  - It was only possible to cover around 80% of the issues of this newspaper.

**Table 1: Summary of Consultations carried out 1998-2000**

SECTORS	2000	1999	1998
Education	9	4	1
Health	5	4	3
Agriculture	18	6	1
Infrastructure	1		
Good Governance, Legality and Justice	6	4	1
Employment and Business Development	5		
Energy and Mining	1	2	
Fisheries	1	1	
Tourism	2	2	
Transport and Communications		2	
Technology	2		
Environment	1		
Others	5	9	3
<b>TOTAL</b>	<b>56</b>	<b>34</b>	<b>9</b>

Source: *Noticias*

3. One can see from the table that sectors classified as **fundamental areas of action** (education, health, agriculture, infrastructure and good governance) have carried out consultations most frequently (76% in 2000, 52% in 1999 and 55% in 1997).

4. Besides the activities listed in the tables, it is worth highlighting the following:

- Due to the floods, the year 2000 was particularly prodigious in meetings between Government and civil society, with the objective of developing strategies to resettle the displaced population who were victims of the rains;

- Visits to the provinces by the President of the Republic, accompanied by senior representatives of the public sector (Ministers, National Directors, Advisors), can also be considered as representing *Open Governance*. During these visits the principal concerns of the local population are gathered and solutions identified. This is a long-standing tradition;

- The international meeting on *Intelligent Partnerships* in August 2000, hosted by the President of the Republic, was another important occasion. The objective of this meeting was to identify forms of collaboration between the various actors in the economic development process (State, private sector, NGOs, etc);

- The II National Meeting with District Administrators in June 2000 was another important occasion. The main recommendations of the President of the Republic were: the need for them to continue working with and for the people; the need to improve the quality of public services, one way of achieving this being to raise the standard for academic qualifications of public servants.

**2000**

**1. National Level Meetings**

**Education**

<b>Theme</b>	<b>Organizers</b>	<b>Place</b>	<b>Date</b>	<b>Participants</b>	<b>Main Issues Discussed</b>
Evaluation in education	MINED/ INDE	Maputo	19 <sup>th</sup> August	Public	Diagnosis and analysis of problems connected to the evaluation, in particular the need to introduce changes. Analysis and use of the results.
New Strategy for technical-vocational training	MINED	The whole country	6 <sup>th</sup> November	Public	Listening to opinions on the new strategy for technical-vocational training proposed by the MINED
National Evaluation Meeting of the Strategic Plan for Education	MINED	Maputo	30/05	Public	Need to find mechanisms to reverse the prevailing negative scenario in education – low completion rates
Strategic Plan for Higher Education	MINED	Maputo	6-7 <sup>th</sup> July	Public	Presentation and discussion of the proposed Strategic Plan for Higher Education

**Health**

<b>Theme</b>	<b>Organizers</b>	<b>Place</b>	<b>Date</b>	<b>Participants</b>	<b>Main Issues Discussed</b>
Evaluation of cooperation in this area	MISAU	MAPUTO	26 <sup>th</sup> August	NGOs who work in the health field	Evaluation of cooperation with NGOs working in the sector. Improve MISAU-NGOs cooperation
2 <sup>nd</sup> National Meeting on Mother and Child Health: ante-natal and Maternal Mortality	MISAU	MAPUTO	9 <sup>th</sup> November	Public	Identify those factors which negatively impact on reproductive health, maternal mortality (ante and post-natal)
Nutrition of the elderly	MISAU	MAPUTO	8 <sup>th</sup> December	MISAU, MMCAS, NGOs, Religious bodies	Find ways to improve the nutrition of the elderly, especially those in greatest need.
Mental health and community participation	MISAU	MAPUTO	7 <sup>th</sup> July	Local communities, NGOs	The proposal that has been adopted is that care of mental patients should involve the communities from which the patients came from, thus reducing the isolation of patients.
Action Plan for HIV/AIDS	MMCAS	INHACA	20 <sup>th</sup> July	MMCAS, MISAU and NGOs	Gathering of inputs for the development of the MMCAS's Action Plan for HIV-AIDS

### Infrastructure

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Consultative Council of the MOPH	MOPH	Maputo	29 <sup>th</sup> May	MOPH, ANE, NGOs, Donors, construction companies	Decentralization in the management of roads: some roads to be passed over to the management of local governments (provincial and municipal)

### Agriculture and Rural Development

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Strategy for the Exploitation of the Limpopo Valley	MADER	Chókwè	29 <sup>th</sup> July	Peasants associations in Chókwè	Debate on ways to increase the potential of the Limpopo Valley, one of the most fertile regions of the country, and which in the past showed high rates of agricultural production
PROAGRI	MADER	Maputo	4 <sup>th</sup> August	NGOs and donors	Evaluation of the state of execution of the program. Identification of the role of NGOs in terms of PROAGRI attaining its objectives. Find mechanisms to coordinate with NGOs, especially in terms of rural extension activities
Agricultural marketing	MADER	Maputo	3 <sup>rd</sup> August	Agents involved in marketing	Propose new forms of organization and collaboration for the development of the sector
Irrigation policy	MADER	Maputo	26 <sup>th</sup> July	Public	Identify mechanisms to rationalize the use of water resources and basins
Agriculture based on firms	MADER	Maputo	26 <sup>th</sup> July	Agriculturalists and NGOs	Relaunch agriculture based on firms. It is urgent that the transition be made from the current state of agriculture to a more advanced form (based on firms), through the introduction of new techniques, which contribute to a reduction in losses, and increased productivity and incomes.
Rural extension	MADER	Maputo	14 <sup>th</sup> August	Public	Agriculture currently suffers from low

					rates of productivity. It is necessary to modernize the sector in order to make it more competitive.
Agricultural and animal husbandry census	INE/MADER	Throughout the country	18 <sup>th</sup> August	Public	To understand the national situation in terms of livestock holdings and agricultural potential
Food security	MADER	Inhambane	20 <sup>th</sup> November	Inter-ministerial group of the SETSAN, NGOs and donors	Preparation of the National Food Security Action Plan
Orange sweet potato	MADER	Maputo	18 <sup>th</sup> November	Public	Define mechanisms to promote and distribute the orange sweet potato (which is rich in nutrients)
Evaluation of PROAGRI	MADER	Maputo	1 <sup>st</sup> November	Donors	Evaluation of the state of execution of the program
Production and rural extension technology	MADER	Boane	14 <sup>th</sup> December	Staff from MADER	Analyze the conclusions of the report produced by an external consultant entitled <i>Production and rural extension technologies in Mozambique</i> , as part of the continuous process of listening to opinions carried out by MADER with a view to the development of agriculture in Mozambique
Coordinating Council of the MADER	MADER	Maputo	5 <sup>th</sup> December	Staff from MADER, public institutions, NGOs and donors	Evaluation of PROAGRI. Find ways to minimize the spread of HIV/AIDS amongst peasants.
Use and improvement of land	MADER-DINAGECA	Chimoio	23 <sup>rd</sup> May	Peasants associations	It is important to create conditions for access to credit for the exploitation of land and introduce new techniques for cultivation in order to maximize the use and improvement of land.
Early warning and food security	MADER	Maputo	12 <sup>th</sup> May	Public	Find mechanisms to disseminate information on early warning for users, so as to minimize the negative impact of developments
Statutory instruments on	MADER	Maputo	19 <sup>th</sup> June	NGOs	Increase understanding of the need for

Forests and Wildlife					the sustainable use of forest resources
Land law	MADER-DINAGECA	Xai-Xai	22 <sup>nd</sup> July	Public	Disseminate, clarify and listen to opinions amongst interested groups on aspects of the Land Law.
Agricultural Research	MADER	Maputo	21 <sup>st</sup> April	MADER, agricultural research institutes	Reformulate the National System of Agricultural Research in order to meet the needs of PROAGRI
2 <sup>nd</sup> National Seminar on Micro-Finance	MADER	Beira	22-23 <sup>rd</sup> December	National and foreign NGOs working in this field	Review, reflections and perspectives. Gather views based on international experiences, and present a new proposal for a framework for micro-finance in Mozambique

#### Good Governance, Legality and Justice

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Public Sector Reform	MAE	Maputo	6 <sup>th</sup> May	Personnel from the public sector	Presentation of MAE's projects for the reform of public administration and gather views of various sectors of society
MAE Coordinating Council	MAE	Beira	14 <sup>th</sup> August	MAE technicians, as well as those from other public institutions	The reform of public administration is a priority if we want a State that is able to satisfy the aspirations of the Mozambican people
Coordinating Council of the Attorney General's Office	PGR	Maputo	16 <sup>th</sup> December	Personnel from the PGR and the public sector	The need to adopt measures to fight corruption and improve the services provided by the institution.
Broadened Consultative Council of the Ministry of Justice	MJ	Maputo	12 <sup>th</sup> May	MJ, Public sector, NGOs, donors	Speed up the establishment of labor tribunal in the provincial capitals
Prison system in Mozambique	MJ MINT	Maputo	30 <sup>th</sup> June	Personnel from MINT, MJ, public sector, NGOs, donors	Consider the possibility of involving inmates in productive community work. Speed up the trial process in order to reduce time spent in preventive detention. Institutional capacity-building



Proposed Law on the Family	MJ	Beira	29 <sup>th</sup> July	Public	The existing juridical instruments are inconsistent and full of gaps. There is a need to reverse this situation.
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## Other Areas of Action

### Employment and Enterprise Development

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Reform of the commercial code in Mozambique	MIC	Maputo and Beira	October	Public	Presentation of proposal for a new commercial code in Mozambique
Temporary licensing of commercial activities	MIC	Maputo	17 <sup>th</sup> January	Economic Associations	Facilitate the process of licensing of commercial activities, especially in rural areas
Coordinating Council of the Ministry of Labor	Ministry of Labor	Maputo	December	Personnel from Ministry of Labor, the public sector and NGOs.	There are gaps in the legislation on the employment of foreigners
Standards and Quality	INNOQ	Maputo	13 <sup>th</sup> July	Journalists	Dissemination of information on the activities of the INNOQ
Workshop on industrial property	MIC	Maputo	16 <sup>th</sup> August	MIC, public sector, businessmen, consultancy firms	Speed up the development of legislation on industrial property, in order to boost technological development of national industry. <i>There are more than 6,000 pending requests for registration of patents in the MIC</i>

### Mines

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Strategy for the development of the mining sector	MIREME	Vilanculos	1 <sup>st</sup> November	Personnel from MIREME, public sector and NGOs	Develop strategies for the development of the sector, with attention to be paid to small-scale mining

### Fisheries

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
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National Institute for Research into Fishing	MADER	Maputo	11 <sup>th</sup> December	Fishermen from surrounding areas	Recommendations and listening to opinions regarding line fishing
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### Tourism

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Meeting with Portuguese and Mozambican tourist operators	FUTUR	Maputo	25 <sup>th</sup> May	Tourist operators	There is a need to publicize the tax benefits available for investment in this sector. Publicize the existing tourist potential. The FUTUR should approach other institutions in order to overcome possible obstacles to the development of the sector.
Participation in fairs (both national and international)	Ministry of Tourism	Maputo	15 <sup>th</sup> June	Tourist operators	Encourage companies to participate in fairs. Find a way of overcoming difficulties and defects

### Transport and Communications

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Presentation of the draft Law on Telecommunications	MTC/TDM	Maputo	29 <sup>th</sup> June	Public	Presentation of the draft law and gathering of opinions of those present to be taken into account in the drafting of the final document
Road safety	MINT	Public roads of the country's main urban centers	February and March	Drivers questioned	Raise awareness of drivers in regards to the need to respect traffic rules so as to reduce the number of accidents

### Technology

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
2 <sup>nd</sup> National Information Technology Seminar	CPI-Policy Commission on Information Technology	Maputo	29 <sup>th</sup> July	Public	Presentation for debate of the proposed Policy on Information Technology. Listen to the opinions on the mechanisms governing role of the State and private sector
Policy on Information Technology	CPI-Policy	All the provincial capitals	Throughout second semester	Public	Publicize Policy on Information Technology

	Commission on Information Technology				
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### The Environment

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Identify and debate environmental problems	MICOA	Gaza	31 <sup>st</sup> June	Public	Analyze the current state of the problem of erosion and deforestation. Raise awareness regarding the need to act in such a way as to not damage the environmental balance and protect land against erosion

### Various

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Floods: Lessons learnt	INGC	Maputo	23 <sup>rd</sup> August	Public	Identify mechanisms to mitigate the negative effects of natural disasters
Resettlement of population and development	MOPH	Maputo	22 <sup>nd</sup> November	Public	The paucity of funds compromises the satisfactory and definitive resettlement of those populations affected by the floods
Development of the Zambezi river valley	GPZ	Beira	13 <sup>th</sup> December	Public	Devise mechanisms to facilitate the flow of investments to the central region of the country
Application of funds obtained in Rome Conference on Mozambique's Reconstruction	Government	Maputo	20 <sup>th</sup> May	Businessmen and farmers	. Devise mechanisms to facilitate the distribution of funds provided by international donors. It is important to clarify those businessmen whose infrastructure has been affected in the context of restarting the country's economy.
Coordination of assistance in disaster situations	INGC	Maputo	14 <sup>th</sup> July	NGOs	Devise coordination mechanisms for humanitarian assistance in emergency situations, in order to minimize losses and to avoid the concentration of aid

					in particular regions of the country
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### 1. Consultations at Local Level

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Listen to the opinions of the inhabitants of municipalities	Matola Municipal Council	Matola	29 <sup>th</sup> July	Public	Presentation of report and review the program of activities of 1999. Information on the emergency activities. Program for 2001
Refuse collection in Beira city	Beira Municipal Council	Beira	21 <sup>st</sup> March	Public	Devise mechanisms for more efficient refuse collection. One alternative put forward was for the privatization of these services
Evaluation of the education sector in Beira city	City's Education Directorate	Maputo	6 <sup>th</sup> September	Staff from education sector in Maputo city	Review of the sector. Define strategies in order to reverse the current negative indicators.
Education for girls	MINED, DPE Maputo	Matola	13 <sup>th</sup> August	Public	Ensure access to education for a larger number of girls, especially at primary and secondary levels
AIDS and economic development in Zambezia	Zambezia Provincial Directorate of Health	Quelimane	9 <sup>th</sup> November	Personnel from DPSZ, public sector, NGOs and donors	Raise awareness of population in regards to the dangers of the epidemic. Evaluate the resources available and the impact of these in terms of mitigating the problem. The impact of AIDS on the development of Zambezia province.
<b>1999</b>					

### Education

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
National Seminar to Launch the Revision of the Sectoral Analysis of Education in Mozambique	Ministry of Education	Maputo	22 <sup>nd</sup> January	Personnel from MINED and guests	Presentation of Study on the Sector
Workshop on Human Rights	Ministry of	Maputo	25 <sup>th</sup> March		Education in the area of Human

	Education (MINED)				Rights
Integrated workshop on institutional material used for distance education	MINED	Maputo	8 <sup>th</sup> April		Distance education methodologies. Improvement in, and quality of, education in Mozambique
Debate on revision of the curriculum	MINED, INDE	Maputo	19 <sup>th</sup> March	Public	Public debate on revision of the curriculum

### Health

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Seminar on legislation on iodized salt	Ministry of Health and Ministry of Industry	Maputo	4 <sup>th</sup> November	50 schools in Maputo	The importance of iodized salt
Seminar on Adolescent Reproductive Health	Ministry of Health	Maputo	25 <sup>th</sup> March	Schools	Early pregnancies, Infections resulting from abortions
Congress on Health	Ministry of Health	Maputo	9 <sup>th</sup> April	Open	Sanitation, Disease prevention, Health Education.
Seminar on contagious diseases	Ministry of Health	Maputo	26 <sup>th</sup> March	Representatives from all regions of the country	Implementation of Provincial Plans for STDs.

### Agriculture

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Seminar on Statutory Instruments on Land	Technical Secretariat of the Commission for the Revision of the Land Law	Maputo	22-23 <sup>rd</sup> March		Management of land, Natural Resources, Process of granting title to private holdings
Problems in the cotton sector	Mozambique Cotton Institute	Nampula	16 <sup>th</sup> June	Peasants associations, holders of concessions, representative of the Mozambique Cotton Institute	Crisis of the cotton sector in Nampula
1 <sup>st</sup> negotiation meeting on cotton	Mozambique Cotton Institute	Nampula	16 <sup>th</sup> July	Peasants associations, holders of concessions,	Basis of understanding between operators in the sectors in Nampula

				representative of the Mozambique Cotton Institute	
Seminar-Debate on Food Security	Secretariat on Food and Nutritional Security-DNA	Maputo	9-11 <sup>th</sup> August	Senior personnel attached to the provincial directorates of Agriculture and Fisheries, Planning and Finance and Health	Publicize the Strategy and methodologies of the Provincial Action Plans
National Seminar on the Implementation of the new Land Law	DINAGECA	Maputo	25 <sup>th</sup> January	Open to all	Statutory Instrument on Land
Seminar on Fishing with traditional methods	Institute for the Development of Small-scale fishing	Maputo	29 <sup>th</sup> June 1999	Personnel from the sector	Joint management of fishing with traditional methods, operationalise the joint management committees, Support to fishing. Development of small-scale fishing

#### Good Governance

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Seminar on the Rights of the Family and Succession	Commission on Reform of Family Law and Succession	Maputo	8 <sup>th</sup> March	Open to all civil society	Survey of existing norms which violate principles of non-discrimination and equality before the law enshrined in the Constitution
The contribution, transparency and inspection of the Public Sector's activities	Higher Polytechnic and University Institute in coordination with the Administrative Tribunal	Maputo	24 <sup>th</sup> April	ISPU students and other interested persons	Transparency and Inspection of the activities of the public sector
Survey on Delinquency, Crime and the State of the Prison System	Ministry of Justice	Maputo	25 <sup>th</sup> March	National Directorate of Prisons, Social Action, UEM – Law Faculty, Mozambican League of Human Rights	Approach to the phenomenon of crime, its causes and impact on the process of economic and human development

Seminar on contagious diseases	Ministry of Health	Maputo	26 <sup>th</sup> March	Participants from all regions of the country	Implementation of the Provincial Plans for dealing with STDs
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### Mineral Resources and Energy

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
National Seminar on Mining	Ministry of Natural Resources and Energy	Nampula	30 <sup>th</sup> March	100 operators in this field, consultants of governmental and international organizations	Analysis of the current situation of small-scale mining and mining with traditional methods. Development of an action plan.
Coordinating Council	Ministry of Natural Resources and Energy	Vilankulo - Inhambane	14 <sup>th</sup> May	Personnel from Ministry and guests	Activities carried out and to be developed.

### Other Sectors

Sector	Theme	Organizers	Place	Date	Participants	Main issues discussed
Ministry of Planning and Finance	Debate on implementation of VAT	CTA	Maputo	15 <sup>th</sup> Feb	Traders, and traders associations	Clarification on the VAT mechanism
Maputo municipality	Seminar on drugs	Maputo municipality	Maputo	21 <sup>st</sup> April	Public	Biological, psychiatric and social aspects, drug addicts, intoxication, drugs and crime. The experiences of other countries in terms of child-soldiers
Matola municipality	Debate on the Incineration of pesticides that have gone beyond their expiry dates	Matola municipality	Matola	16 <sup>th</sup> May	Public	Publicize new information on the incineration of pesticides which have gone beyond their expiry dates
	Community leadership	Health and Social Action Office of the Matola Municipal Council	Matola	9 <sup>th</sup> Jan		Community leadership, new models of financing
Ministry of Labor	Seminar on Labor Inspection	Ministry of Labor	Maputo	12 <sup>th</sup> May		Labor Norms and procedures
National Institute on the Standards and	Questions related to quality	INNQ	Maputo	15 <sup>th</sup> Nov	CTA and others	Infrastructure for quality, National Policy on Quality

Quality – INQQ						
National Statistics Institute	Seminar to publicize the data from the 2 <sup>nd</sup> General Population Census	National Statistics Institute	Xai-Xai Gaza	16 <sup>th</sup> April		Publicize data from population census
	Seminar to publicize the data from the 2 <sup>nd</sup> General Population Census	National Statistics Institute	Lichinga	28 <sup>th</sup> June		Publicize data from population census
National Social Communication Institute	Workshop on community radios policy	Social Communication Institute	Maputo	17 <sup>th</sup> May	Staff from community radios and volunteers	Approach to the financing of these radios, sustainability, coordination mechanisms for activities
Ministry of Foreign Affairs and Cooperation	Conference on mines	Ministry of Foreign Affairs and Cooperation	Maputo	3-7 <sup>th</sup> May		Demining, the care that needs to be taken with these devices, reintegration
Ministry of Transport and Communications	Use of taxi meters	Directorate of Transport and Traffic	Beira	28 <sup>th</sup> Jan	Taxi drivers	Use of taxi meters
Institute for Disaster Management	Council on Emergencies	Technical Council on Emergencies	Maputo	20 <sup>th</sup> Jan		Preliminary evaluation of the floods situation which affects the Pungué valley

**1998**

**Municipality**

<b>Theme</b>	<b>Organizers</b>	<b>Place</b>	<b>Date</b>	<b>Participants</b>	<b>Main Issues Discussed</b>
Hawkers	Nampula Municipal Council	Nampula	14 <sup>th</sup> March	President of the Municipal Council and hawkers	<ul style="list-style-type: none"> <li>- To study ways of controlling these activities</li> <li>- Gather opinions from hawkers in order to introduce</li> </ul>



					measures aimed at preventing cholera
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### MPF

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
3 <sup>rd</sup> Coordinating Council of the MPF	MPF	Maputo	20 <sup>th</sup> April	Technicians and senior staff of the MPF at central and provincial level, and subordinate institutions	<ul style="list-style-type: none"> <li>- Analysis of information required for the development of the State's General Accounts</li> <li>- Review of activities carried out during the year</li> </ul>

### Education

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Revision of the policy on technical and vocational training	MINED	Maputo	28 <sup>th</sup> April	Representatives of the Government, employers and workers	<ul style="list-style-type: none"> <li>- Debate on possible improvements to be introduced to the training system with a view to making it more appropriate in terms of the training needs of the labor force</li> <li>- Analysis of the management and financing of training, trainers, evaluation and professional certification and other issues.</li> </ul>

### Health

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Seminar on AIDS	National Program of Control of STDs/AIDS in coordination with PSI/MOZ	Xai-Xai	13 <sup>th</sup> April	50 people amongst community leaders, members of local governments, businessmen and representatives of NGOs.	The AIDS situation in Mozambique, as well as the presentation of the results of the research entitled "Knowledge, Attitude and Practice"
2 <sup>nd</sup> Conference on treated	WHO, IDR,	Boane - Maputo	11 <sup>th</sup> April	Technicians working in this	Presentation of the first results of the

mosquito nets	IDRC, and National Health Institute			field in Africa	various mosquito net projects which are being carried out in Africa. Visit to the first experimental project on use of mosquito nets in Mozambique
Provincial Council in Zambezia	Provincial Directorate of Health	Quelimane	7 <sup>th</sup> May	Staff of the health sector at various levels in Zambezia province	Evaluation of the development of this sector over the last 15 months

### Industry and Tourism

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
The role of the National Institute for Standards and Quality in support of economic development	Provincial Directorate of Commerce, Industry and Tourism	Beira	12 <sup>th</sup> May	Businessmen representing various economic associations and some production and services firms	Create enthusiasm within the business class and other economic institutions in connection with the search for solutions that boost the development of the province and the country

### Others

Theme	Organizers	Place	Date	Participants	Main Issues Discussed
Community radios	Office of the Development Plan of for the Zambezi region (GPZ)	Tete	14 <sup>th</sup> April	Staff of the Institute of Social Communication from around the country, and national and foreign guests	Various subjects on the workings of community radios and their role at this current stage of development
Preliminary diagnosis of the development potential of the Zambezi river valley	(GPZ)	Tete	14 <sup>th</sup> December	Representatives of the provincial governments of Tete, Zambeze, Manica and Sofala, various ministries, public and private companies who carry out activities in the valley	Identify the limits and obstacles to the growth and expansion of existing projects in terms of infrastructure, transport and communications, energy supply, stabilization of the workforce, the health status of the population, amongst other issues that could be given immediate attention

**Culture and Sport**

<b>Theme</b>	<b>Organizers</b>	<b>Place</b>	<b>Date</b>	<b>Participants</b>	<b>Main Issues Discussed</b>
Study of Decree 18/97 of the Council of Ministers which regulates games	MPF	INEF - Maputo	21 <sup>st</sup> May	Inspector-General of Games and civil society composed of member of the national federations, clubs and youth associations	Clarify issues related to the process of applying, authorization, registration and oversight of games for entertainment.

**Agriculture**

<b>Theme</b>	<b>Organizers</b>	<b>Place</b>	<b>Date</b>	<b>Participants</b>	<b>Main Issues Discussed</b>
Workshop on natural resources, and the management of natural resources	National Directorate of Forests and Wildlife	Tete	21 <sup>st</sup> May	Community participation	Debate on various legal aspects related to the Tchuma Tchato program which has been ongoing since 1996 in Tete province, as well as proposals for its expansion to various districts of the province, above all in the northern region where there are abundant prime quality wildlife and forest resources, with a view to increasing the participation of the rural population and communities as agents and beneficiaries of integrated management, and the use and conservation of forestry and wildlife resources

Sources: Ministries and *Noticias* newspaper (1998,1999, 2000).

## **Annex 2**

### **THE PROCESS OF CONSULTATIONS WITH CIVIL SOCIETY IN THE PREPARATION OF THE PARPA**

#### **Consultations carried out by the Ministry of Planning and Finance**

##### **Introduction**

1. In the context of the Government's effort to make the PARPA an effective instrument in the fight against poverty and a catalyst for inclusive growth, the MPF, in coordination with other relevant government bodies, carried out consultations with key sectors of society, through representative organisations including trade union federations, business organisations, religious bodies, NGOs, youth and student organisations, the media and other actors. The calendar of activities also included meetings with the main international donors, including multilateral organisations and governments, to gather views and comments on preliminary versions of the PARPA 2001-2005.
2. The aforementioned cycle contributed to and broadened the consultation process carried out by ministries and other government bodies at central level in the course of preparing the PARPA 2000-2004, as well as the preparatory phase of the present PARPA 2001-2005. The distinctive aspect of the consultations carried out by the central bodies of the State Apparatus is that they included direct contacts with various organised sectors of society through working sessions, as well as informal discussions on the sectoral programmes.
3. During the round of consultations, which took place between 4/12/2000 and 14/2/2001, around 30 formal meetings took place with representatives of society, as well as donors and government bodies (from central, provincial and district level), bringing together over 150 participants with economic, social and technical responsibilities. (The attached table lists participants in the preparatory consultations of the PARPA 2001-2005.)

##### **The Private Sector**

4. Comments from the private sector focused on the following aspects: (a) poor performance of the government in implementing demands of the business community; (b) the need to protect and support businesses in the productive sector; (c) introduction or alteration of legislation to facilitate the activities of economic actors; (d) in relation to the previous point, many of the measures advocated would not require the approval of specific legislation since this already exists, what is missing is its application. The private sector is divided in two categories, namely those who advocate a complete deregulation of foreign trade and those who advocate protectionist measures for the national productive sector.

## **Representatives of Workers**

5. The Workers Trade Union Federations emphasised their desire to participate in the process of defining policies and strategies, which guide the development of the PARPA. Their main criticism was levelled at the restrictive nature of the macro-economic measures contained in government programmes and the resulting social consequences (e.g. greater unemployment, worsening labour relations, violence, etc). Workers are of the opinion that the HIPC does not solve the country's external indebtedness problem, nor does it provide a solution to the problem of "*developing the productive capacity of the country*". They propose that discussion of the PARPA be accompanied by an analysis of the macro-economic premises that underpin it, and which are dictated by the Bretton Woods Institutions.

## **NGOs**

6. The NGOs, grouped together in the G.M.D., are of the opinion that a Poverty Action Plan should be preceded by broad discussion of national and sectoral policies and strategies. They call for institutionalising a dialogue between the Mozambican State (Legislative, Judicial and Executive wings) and Civil Society. Besides putting forward their points of view on specific aspects of the PARPA in the areas of education, health, infrastructure, agriculture and rural development, they also call for the immediate reform of the judicial system, and a concrete plan to combat corruption and crime, amongst others. In respect of macro-economic and financial aspects, they call for the allocation of at least 10% of foreign aid concessional funds (grants) to national businessmen at preferential interest rates.

## **Religious bodies**

7. The following were the main points presented by religious leaders: (a) an interest in not only being consulted, but involved in the institutional process of the fight against poverty; (b) the need for government to not only implement measures favouring the poor, but above all to allow social organisations to help unblock the bureaucratic channels which obstruct private initiatives; (c) the establishment, by government, of a permanent, stable and regular channel for gathering points of view, and the need to develop a capacity to resolve conflicts.

## **Youth and students**

8. These groups sought to understand, amongst others issues, the methodological criteria used to determine the poverty levels and profiles, particularly in relation to the question of regional asymmetries; they raised the need for an energetic fight against corruption, and effective support for developing agriculture, as well as the establishment of a policy on micro-credit.

## **Media**

9. The media focused their observations on two main aspects: (a) the importance of their role in the fight against absolute poverty; and (b) understanding the conceptual framework used by the Government in its characterisation of absolute poverty in Mozambique.

## **International Donors**

10. International donors focused on the following themes: (a) the relationship between the PARPA and other existing planning instruments; (b) a clear definition of priorities; (c) the introduction of a component on corruption in the PARPA; (d) greater liberalisation of the economy; (e) a strategy for post-HIPC management of the foreign debt, etc.

## **Provinces (Sofala/Nampula)**

11. Administrative de-concentration and decentralisation as an instrument for improving governance; the fight against corruption as a contribution to poverty reduction; policy on access to credit; democratisation of planning; criticisms levelled at the adverse or minimal effects of AIDS prevention campaigns; precarious and inefficient public health services that are discriminatory in access and care; the vital importance of technological modernisation in agriculture; state support to agricultural marketing; and the problem of infrastructure, much of which is non-operational or simply does not exist.

## **Direct beneficiaries**

12. The feelings and opinions of the potential beneficiaries of the PARPA are the focus of a specific process of consultation using of rapid rural participatory methods in 7 provinces (covering 21 districts), the results of which will be available by the end of February 2001.

## **II – Main Results of the Consultations**

### **Matrix of the Demands of the Sectors of Society Consulted**

13. The main issues raised by participants were collated and reflected in the **Matrix of the Demands of the Sectors of Society Consulted (see Box 1)**, and the procedures and relevant considerations used presented below.

Institutional Actors	Lack of Capital and/or decapitalised	Lack of sectoral policy for agriculture	Lack of policy and support to the private sector	Excessive bureaucracy	Excessive centralisation	Lack of partnership between the state	Greater role for NGOs	Importance of the role of the state as economic actor	Lack of support to the Family Sector	Poor Governance	Corruption	Infrastructure	Non-provision by the government of needs contained in	Need for investment in human resources	Access to Technology	Access to information
Religious Bodies				4		2		1						1		
Workers		1	1				3	1	1	1		4				1
Business Sector	7	12	10	8	8	5	1	4	1		2	10	7	5	5	2
NGOs		2		1		2	1		3		3	2		3		
Media		1				1								3	1	1
Youth and Students										1	1	1		3		1
TOTAL	7	16	11	13	8	10	5	6	5	2	6	17	7	15	6	5
Institutional Actors	Rural Extension	Rebuilding institutional capacity of the	Lack of government strategies and priorities	Access to credit	High costs and low productivity	Lack of dialogue	Protection for national producers	Policy of employment and income generation	Weak State apparatus	Monitisation of rural economy	Inclusion of waters component	Informal sector	Formal economy	Customs	The Land Problem	Transparency
Religious Bodies			1	3			1	1				3		3	1	1
Workers						3		4				1				
Business Sector	4	2	9	11	7	1	8	3	1	6	2	3	1	3	1	1
NGOs			5	3	1	3	3	1	1				4	4		
Media																
Youth and Students				1												
TOTAL	4	2	15	18	8	7	12	9	2	6	2	7	5	10	2	2
Institutional Actors	Self Employment	STDs/ HIV/AIDS	Agro-Industrial Development	Basic public services	Policy of support to fisheries	Marketing policy	Tax evasion	Management of foreign debt	Education	Regional imbalances	Urban question	Energy	Protection of Coastal Resources	Complementarity between public and private	Institutionalisation of dialogue between	Legality and justice
Religious Bodies		1	2			1	1								1	1
Workers																
Business Sector	4	4	6	5		6	5		6	2		1	1	3		
NGOs	7	2	5			5	2	2	2	3				2	4	
Media			1						1							
Youth and Students	1		1							2						
TOTAL	12	7	15	5		12	8	2	9	7		1	1	5	5	1

14. The methodology used for developing the **Matrix** was based on the identification and grouping of the most frequent themes mentioned by participants in the course of various consultation meetings.
15. The working method involved the production of summaries of the interventions by participants at each meeting, based on minutes taken by MPF personnel. An effort was made to ensure that interventions by the economic and social actors were transcribed faithfully, notwithstanding the fact that the discussions were not recorded, and this objective is considered to have been met satisfactorily.
16. The next step was to highlight, by group of organisations – leaving out the government representatives and donors (multilateral and international organisations and governments), given that they are not part of *civil society* – those themes most often raised, and then tabulating the number of times a given problem was mentioned. The result is the frequency distribution as shown in the **Matrix**.
17. A certain degree of caution should be exercised in reading and interpreting the Matrix given that it suffers from an “original sin”: the majority of the consultations carried out at central level, as mentioned, took place with representatives of the private sector. As a result, their concerns loom large. The large presence of the private sector is a result of the fact that the Confederation of Business Associations (CTA) took the lead, together with the MPF, in organising an extensive programme of consultations by productive sector (agriculture, agro-industries, fisheries, civil construction, etc).
18. In addition, the proposals put forward by NGOs, through the Mozambican Group on Foreign Debt (GMD), were only partially incorporated due to the long gap between the first meeting on 7/12/2000 and the second meeting. Given commitments resulting from the Council of Minister’s schedule of tasks and deadlines, the MPF had to work with partial information from the first round of meetings. Furthermore, sectors such as the academic and scientific community, as well as important sectors linked to the question of gender, the land issue and many others, were not heard during the first round of consultations.
19. It is for these reasons that the picture of the range of concerns and demands voiced by sectors of society is distorted, or at the very least incomplete.
20. However, notwithstanding these factors, the **Matrix** serves an important subsidiary role by making available to planners a broad range of structural and general questions that, according to non-governmental partners, require solutions in the context of public policies and management of the economy and society, as responsibilities of the State, and in the context of the relationship between the State and economic and social actors.



21. As the **Matrix** shows, the private sector raised the most issues (42), followed by NGOs (27). Other institutional partners, with the exception of religious bodies (19) contributed fewer themes: trade union federations – 11; representatives of youth and student leaders – 9; representatives of the media – 8 themes.
22. A quick reading of the table shows that a broad and varied range of issues (more than 50 items) was raised by participants. These fell, *grosso modo*, into the following thematic groups: (a) macroeconomic management (foreign debt, protection of domestic industry, etc); (b) economic policy (fiscal policy, finances, credit, customs, informal economy etc); (c) sectoral policies (agriculture, fisheries, agricultural marketing, industrial development, trade etc); (d) public administration (deconcentration and decentralisation etc); (e) good governance (justice, government practice and policies, corruption, public safety etc); (f) unmet social demands (health, education, employment and income etc); (g) inter-sectoral issues (infrastructure – roads and access routes, water and its multiple uses, energy, transport); and (h) cross-cutting programmes – prevention of HIV/AIDS and other STDs, etc.

### Defining Priorities

23. Given that the objective of the consultations was to learn and, to the extent possible, accommodate some of the crucial questions raised by social sectors, a summary table is presented which attempts to convey, in a systematic way and on the basis of grouping together related issues, the main priorities presented by social partners during the consultation process.

### MATRIX OF DEMANDS OF THE SOCIAL PARTNERS - PRIORITIES

Order of priority	Demands
I	Investment in human resources, through education and professional training
II	Define and establish policies for employment, self-employment and income-generation
III	Adoption of policies and measures which make possible access to credit by private agents in both the formal and informal sectors of the economy
IV	Lack of and weakness of infrastructure (roads, access routes, etc)
V	Adoption by the State, based on well defined priorities, of policies and strategies aimed at national development; the definition of sectoral strategies for agriculture and industry, with an emphasis on agro-industries
VI	Protection of national industry, rebuilding the role of the State as a direct economic actor in the provision of infrastructure services, agricultural marketing etc, and as a partner of private economic actors and communities, etc.
VII	Good governance, including the fight against corruption and excessive bureaucracy; decentralisation and deconcentration, the legal system, tightening of tax evasion and other forms of defrauding the tax authorities; customs services, etc

24. Although the 7<sup>th</sup> priority (good governance) was not a specific point of intervention, in essence it was continually addressed by almost all participants, who repeatedly denounced excessive bureaucracy, increasingly frequent corrupt practices, the lack of dialogue, weakness in the State Apparatus, lack of transparency, fiscal evasion, governmental inability to define priorities, etc.
25. Another underlying aspect raised by economic and social partners was the ineffective implementation of the objectives contained in government documents, and the resulting problems that arise.
26. Given the need to define and select priorities in the fight against absolute poverty, which is the exclusive objective of the PARPA, planners must take into account, besides those items frequently mentioned by the actors consulted, other items which were referred to less frequently, such as the multiple use of water, the need to rebuild the institutional capacity of the State, as well as many others which are no less significant in the fight against poverty. The problems are of such importance that their resolution could result in the social redemption of the overwhelming majority of the population.
27. Other issues that were less frequently cited in the **Matrix of the Demands of the Sectors of Society Consulted**, but which are nonetheless important in the fight against poverty are: the need to define a policy to support the family sector; the adoption of an aggressive policy to support self-employment; the need to ensure that micro-credit plays its important role; monetization of the rural economy; policy to develop agro-industry and, in the macro area, satisfactory resolution of the foreign debt problem, to restart the process of development.
28. From the perspective of selecting the priorities to guide the PARPA, the data contained in the **Matrix of Priorities of Sectors of Society** should be taken into account, irrespective of their ranking, as well as the sectoral inputs, and other inputs from applied studies and research relating to the fight against absolute poverty, such as the *Participatory Study on Poverty in Mozambique (CEP/UEM, 1996)*, *Poverty and Welfare in Mozambique: First National Assessment 1996-97 (MPF/UEM/IFPRI, 1998)*.

### **Final Considerations**

29. As noted above, the consultations contributed to a deeper understanding of the state of spirit, expectations, and main demands of non-governmental partners. At the same time, they show some of the weaknesses and lack of precision characterising the perception of social actors in regards to the possibilities and constraints which condition the role of the State, arising from both internal and external sources.
30. They also showed that the interventions of institutional actors are frequently permeated by a partial view of national problems. Not uncommonly, specific

interests (corporatist, business, etc) prevail to the detriment of a global and systematic vision. Thus, the analysis by these actors of current problems tends, on the one hand, to underestimate or overestimate the role of the market as the solution to the Nation's problems, and on the other, to place the blame solely on government, while assuming civil society groups are absolutely neutral.

31. Another aspect of the contributions relates to the need for what some NGOs call the institutionalisation of a dialog between Government and Sectors of Society, turning it into a permanent, continuous and stable process, through the development of appropriate instruments and mechanisms to ensure a regular the flow of information.
32. Quickly restarting the process of developing consultation mechanisms to incorporate existing experiences, in a proper process of direct consultations, was suggested as a way of increasing the degree of trust felt by social partners towards the Government.
33. Also noted is a need to clarify, both for the government and for the various organised segments of society, the scope and limits of the instruments of consultation. Such a definition would contribute to avoiding false expectations by stakeholders, in the sense of believing that they have an unlimited mandate in the process of preparing the PARPA, as well as other instruments of public policies. This would also clarify responsibilities, which the Government cannot and should not neglect.
34. In light of this understanding, consultations play an important role in enabling the views of organised sectors of society and other actors to be heard, as regards existing problems and unmet demands. The Government then has the prerogative of defining policies and strategies and selecting priorities for the PARPA, as well as playing the role of arbiter between conflicting interests.
35. In working with non-governmental actors, procedures should be guided by a common methodology that is sufficiently flexible to be adjusted to each group, while being open and receptive to suggestions on mechanisms to institutionalise the dialogue and the participation of these actors. With this in mind, it is necessary to define the conceptual assumptions and the organisational framework within which the dialogue will operate.
36. The representivity of the consultations was satisfactory, but there was still scope to increase their legitimacy by including other key social actors who, for various reasons, did not take part in the previous meetings. These may include, by way of example, the Christian Council of Mozambique (CCM), the Episcopal Conference of Mozambique (CEM), the Muslim Community (CM) and the Hindu Community (CH), all of which have great authority and presence throughout the country. Both representivity and competence are of great importance in determining eligibility to participate in consultations, given the proliferation of civic organisations throughout the country, via a process of institutionalisation that is not always transparent and legitimate.

37. With a consolidation and improvement of the consultation instruments, it will be possible to carry out regular meetings and other activities. This is in line with the rolling and dynamic nature of the PARPA. From the perspective of continuity, meetings will be scheduled with other vital sectors, such as the academic and scientific communities, civic organisations in the field of gender, agriculture and land etc, and political parties represented in Parliament, as well as continued contact with NGOs, and trips to Zambezia and Inhambane provinces, amongst other initiatives. In this context, the development of a consultation strategy on the PARPA will be continued, in accordance with the terms and timeframes of the Operational Matrix of the PARPA 2001-2005.

#### **Annex – Partial list of participants in the consultations on the PARPA 2001-2005**

<b>Segment/Sector</b>	<b>Entity/Organisation/Representatives</b>
<b>Businessmen of the Agro-industrial sector. Held 4/12/2000</b>	AAM, AICAJU, AIOPA/ENTREPOSTO
<b>Businessmen of the Trade and Services Sectors. Held 6/12/2000</b>	FRUTISUL, ACTIVA, CTA, AGRICONSULT
<b>Businessmen of the Fisheries Sector. Held 7/12/2000</b>	AMAPIC, CTA
<b>Businessmen of the Infrastructure Sector. Held 4/12/2000</b>	EMPREMO, CETA, ANE
<b>NGOs. Held 7/12/2000-14/2/2001</b>	UNAC, LAND CAMPAIGN, ORAM, AMOSAPU, GMD, LINK, TEIA, FAWE, OXFAM, FDC, APOSEMO, STAR, PROGRESSO, ORGANISATION OF MOZAMBICAN WORKERS, CONSILMO
<b>Leaders of the Trade Union Federations. Held 29/12/2000</b>	CONSILMO, ORGANISATION OF MOZAMBICAN WORKERS-TUC
<b>Youth and Students. Held 19/12/2000</b>	NATIONAL YOUTH COUNCIL, ORGANISATION OF MOZAMBICAN JOURNALISTS. ASSOCIATION OF INTERNATIONAL RELATIONS STUDENTS
<b>Media. Held 18/12/2000</b>	GABINFO, AMIZA, SCHOOL OF JOURNALISM, MEDIAFAX, TVM, SNJ, PUBLISIGA, HAININTERNATOINAL, SOJORNAL, NOTICIAS, TV MIRAMAR
<b>Religious bodies. Held 20/12/2000</b>	E.F.CRISTO CHURCH, SIAO UNIAO CHURCH, 7 <sup>TH</sup> DAY ADVENTIST, NAZARENE CHURCH, MUSLIM ASSOCIATION OF MOZAMBIQUE, HINDU COMMUNITY, JEWISH COMMUNITY, BAHAIS OF MOZAMBIQUE, ASSEMBLY OF GOD, 1 <sup>ST</sup> BAPTIST CHURCH, UNIVERSAL CHURCH, FREE METHODIST CHURCH
<b>Governmental organisations. Held 4/12/2000-14/2/2001</b>	MPF, DNPO, GEST, CUSTOMS, MINISTRY OF JUSTICE, BANK OF MOZAMBIQUE, MTC, MIC, MADER, DAP/DE, MMCAS, MINITRAB

<p><b>Nampula province. Held 11-13/12/2000</b></p>	<p><b>MEETING WITH BUSINESS SECTOR:12/12/2000</b> ACIALA, GANI COMERCIAL, AGRO-PECUARIA, ADEMIMO, TRANSPORTERS ASSOCIATION, JM CONSULTANTS, RADIO MOZAMBIQUE, TVM</p> <p><b>MEETING WITH NGOs:14/12/2000</b>SNV, MISSIONARIO, CARE INTERNATIONAL, SALAMA NPL, KARIBU, EREHEMA, APRODASA, ADOC/BANDLHA, OMM, SWISS COOPERATION, WORLD VISION, CONSERV, REGISTRY AND NOTARY OFFICE, OJM.</p> <p><b>MEETING WITH GOVERNMENT BODIES:13/12/2000</b> MPF –GEST, PRM, DPPF, RADIO MOZAMBIQUE, PRESIDENT OF ANGOCHE MUNICIPAL COUNCIL, NAMPULA MUNICIPAL COUNCIL, DPT, REGISTRY AND NOTARY, DPTC, DPE, DPRME, DPIC, DPADER, DPAC, DPAPH, WAR VETERANS, BM, DPIC/DPTUR</p>
<p><b>Sofala province. Held 18-20/12/2000</b></p>	<p><b>MEETING WITH GOVERNMENT BODIES :</b>MPF, DNPO/GEST, MINITRAB, FISHERIES, WAR VETERANS, PRM, DPT, DPTC, INGC, REGISTRY AND NOTARY, DP –CULTURE, PROVINCIAL PUBLIC PROSECUTOR, ADMINISTRATORS OF CAIA, NHAMATANDA, DONDO AND MUANZA, DPTC, SISE, DM, DPPF, DPC ENVIRONMENT, DIPREME, DPAC</p> <p><b>MEETING WITH THE BUSINESS SECTOR:</b> CONTABIL, SISCOPIA –XEROX, KAPAMED, SOTUX, BCM, SOMOTOR, EMODRAGA, YCO, KADOMA, EMPRECIL, ID SOUSA, BEIRANAVE, SARL, MOZAMBIQUE COMPUTERS, INDUSTRIAS MANICA, ECO, ORATEC, CISNE, SPANOS, GABINFO, DPPF, PROMACA, ENGEL, FRIENDS OF BEIRA, PROCONHA, SIDIK KAMISSA, CHAIMITE HEALTH POST, MOURA CORREIA DE ARAGAO, TECNANE, FISHING PORT, LUSALITE, AQUARIO, SOMACIL, DAMODAR, RORA SERVICE STATION, CASA LISA, PESCAMAR, MOTICHANDE, DPPF, FESTOL, AUTARCA NEWSPAPER.</p> <p><b>MEETING WITH NGOs:</b> UCM, MULEIDE, INDV, UNOPS/PDHL, PRODER/GTZ, PEDAGOGIC UNIVERSITY, DPPE</p>
<p><b>Business Council. Held 21/12/2000</b></p>	<p>CTA, AICAJU, AECA, AECA/TECAP, AECA/SORT-INTERACTIVE, ORAM/AGRARIUS, AMAPIC, COTTON ASSOCIATION OF MOZAMBIQUE, ACTIVA, CCMEVA, CETA, MARCLEUSA, BCI.</p>
<p><b>Donors (budget group). Held 12/1/2001</b></p>	<p>UNDP, EU, SWISS COOPERATION, DFID (GREAT BRITAIN), DANISH, DUTCH, FINNISH, IRISH, NORWEGIAN AND SWEDISH EMBASSIES, WORLD BANK, IMF</p>

## Annex 3

### Acronyms of institutions used in the PARPA document 2001-2005

ACP – African Caribbean and Pacific Countries  
AGOA – African Growth and Opportunity Act  
AEA – Adult Literacy and Education  
ANE – National Roads Authority  
APP – Participatory Assessment of Poverty  
BM- Bank of Mozambique  
CEFA – Centre for Agricultural Training  
CEP – Centre for Population Studies  
CFMP – Medium Term Fiscal Scenario (Framework)  
CSP – Primary Health Care  
DDE – District Directorate of Education  
DNPO – National Directorate of Planning and Budgeting  
DPE – Provincial Directorate of Education  
DTP- Diphtheria, Whooping Cough and Polio  
DTS – Sexually Transmitted Diseases  
EDM – Mozambique Electricity  
ELAL – Strategy for the Fight against Leprosy  
ELAT – Strategy for the Fight against Tuberculosis  
EP1- 1<sup>st</sup> Stage Primary Education  
EP2 – 2<sup>nd</sup> Stage Primary Education  
ESG1- 1<sup>st</sup> Stage General Secondary Education  
ESG2- 2<sup>nd</sup> Stage General Secondary Education  
FFPI – Small Industries Support Fund  
FMI – International Monetary Fund  
GdM – Government of Mozambique  
GIDI – Integrated Management of Childhood Diseases  
HIPC – Heavily Indebted Poor Countries  
IAF – Household Survey  
IDH – Human Development Index  
INE – National Statistics Institute  
INIA – National Agricultural Research Institute  
INIVE – National Veterinary Research Institute  
IVA – Value Added Tax  
IPA – Institute of Animal Production  
IPAJ – Institute of Juridical Sponsorship and Assistance  
MADER – Ministry of Agriculture and Rural Development  
MAE – Ministry of State Administration  
MIC – Ministry of Industry and Trade  
MINED – Ministry of Education  
MINT – Ministry of the Interior

MIREME – Ministry of Mineral Resources and Energy  
MISAU- Ministry of Health  
MJUST –Ministry of Justice  
MMCAS – Ministry of Women and Coordination of Social Action  
MOPH – Ministry of Public Works and Housing  
MPF – Ministry of Planning and Finance  
MINEC –Ministry of Foreign Affairs and Cooperation  
MSF-CIS- Medecins Sans Frontieres –Consolidated Information System  
OE – State Budget  
ONG –Non-governmental Organisation  
PAOO –Annual Activities and Budget Plan  
PAPRA –Plan of Action for the Reduction of Absolute Poverty  
PES – Economic and Social Plan  
PF – Financial Programming  
PIB –Gross Domestic Product  
PNUD –United Nations Development Programme  
PRM – Republic of Mozambique Police  
PROAGRI – National Programme for Agricultural Development  
PRPSP – Poverty Reduction Strategy Paper  
PRSP-I – Poverty Reduction Strategy Paper – Interim  
QUIBB – Questionnaire of Welfare Indicators  
ROCS – Roads and Coastal Shipping  
SADC – Southern African Development Community  
SAP – Early Warning System  
SETSAN – Technical Secretariat of the Food Security and Nutrition Strategy  
SIMA – Information System on Agricultural Markets  
SSEA – Adult Education Sub-System  
UEM – Eduardo Mondlane University  
US- Health Units

## **Annex 4**

### **List of studies of the PARPA on economic growth**

#### **Macro-economic studies**

“Growth and Poverty Reduction: Lessons from International Experience”, Malcolm F. McPherson, October 2000, Office of Studies, Discussion Paper 11.

“Economic Growth: An Instrument for the Reduction of Poverty in Mozambique: An Analytical Framework for a Growth Strategy”, Bruce R. Bolnick, October 2000, Office of Studies, Discussion Paper 12.

“Macro-economic and Financial Stability: An instrument for growth”, Antonio S. Franco, November 2000, Office of Studies, Discussion Paper 15.

“Mozambique –Growth Performance and Reform Agenda”, World Bank, June 2000, Report 20601 –MZ

#### **Sectoral Studies**

“Mozambique Too Can Compete! In Labour-Intensive Manufactured Exports” Soumodip Sarkar, November 2000, Office of Studies, Discussion Paper 14.

“The production of food items from the perspective of economic growth and the reduction of poverty: the case of maize”, Luis Matsinhe, January 2001.

“The production of cash crops from the perspective of economic growth and poverty reduction: the case of cotton”, Fausto Mafambissa, January 2001.

“Strategies for the development of micro and small enterprises in Mozambique”, Amilcar Arone, January 2001.

#### **Other Studies**

“Minimum wage and labour policy: Policy Instruments for Economic Growth and Poverty Reduction”, Antonio S. Franco and Per-Ake Andersson, October 2000. Office of Studies, Discussion Paper 13.

“Administrative barriers to investment in Mozambique: Lessons learnt from the experience of recent investors”, Jose Luis Macamo, December 2000, Office of Studies, Discussion Paper 17.

“The impact of the mega-projects on the Mozambican economy”, Per-Ake Andersson, January 2001, Office of Studies, Discussion Paper 18.



“Analysis of the domestic marketing margins”, Antonio S. Cruz, June 2000.

“Mechanisms for accelerating the technological development of the Mozambican industry”, Adriano Ubisse, January 2001.

“Considerations on the calculation of provincial GDPs in Mozambique”, Cassio Rolim, January 2001, Office of Studies, Discussion Paper 20.

“Territory and Poverty Reduction”, Casio Rolim, February 2001.

“Poverty, income distribution and labour market issues in Sub-Saharan Africa – Mozambique Country Study”, Gabriel Dava, M. Ibraimo, C. Matusse, J. Sulemane, Ministry of Planning and Finance and University of Copenhagen, July 2000.

**ACTION PLAN FOR THE REDUCTION OF ABSOLUTE POVERTY, 2001-2005 (PARPA)**

**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution
<b>EDUCATION</b>										
<b>1 Primary Education</b>										
1.1 Universal education	1.1.1 Build 1,500 classrooms each year, taking into account provincial and regional disparities (urban/rural)	Gross admission rate in EP1	113%	120%	122%	124%	126%	128%	Priority provinces for construction of primary schools: Cabo Delgado, Nampula, Sofala, and Zambezia	MINED
		Gross admission rate in EP2	21%	23%	25%	27%	29%	31%		
	1.1.2 Train 1,680 primary level teachers each year, ensuring an increase of 2% per annum in the number of female, through a scholarship programmed	Gross schooling rate in EP1	91%	100%	102%	104%	106%	108%		
		Gross schooling rate in EP2	23%	28%	30%	32%	34%	36%		
1.1.3 Provincial and district directorates of education to apply exemption from the social action tax to the most poor households	Proportion of female students in grade 1	46%	47%	47.5%	48.5%	49%	50%			
	Proportion of female students in EP1	43%	44%	45%	46%	47%	48%			
	Proportion of female students in grade 6	39%	40.50%	42%	43%	45%	46%			
1.2 Improvement in the quality of education	1.2.1 Review and reformulate the primary level curriculum	Proportion of female students in EP2	39.5%	40.5%	41.5%	42.5%	43.5%	44.5%		MINED
	1.2.2 Improve the qualification and training of school directors, promoting gender equity	Number of directors/deputy directors trained		1,340	1,340	1,340	1,340	1,340		
		Percentage of women directors		6%				35%		
	1.2.3 ensure the provision of basic school material to children from	Children from poorest households covered by the school box		75%	75%	75%	75%	75%		
<b>2. Adult Education and Literacy</b>										
2.1 Reduce illiteracy rates, especially in rural areas, reduce adult illiteracy, and improve access of children and young people to primary education	2.1.1 Develop and print teaching materials for informal and adult education programs	Printing of 6,265,625 books and 71,570 manuals for grades 1-3 of the AEA and SSEA		Permanent						MINED
	2.1.2 Training of voluntary literacy teachers	Number of trained volunteers		5,000	5,000	5,000	5,000	5,000		
<b>3. General Secondary Education</b>										
3.1 Expand access to meet the needs of the labor market, the needs to train teachers, and the needs of higher education.	3.1.1 Building schools and housing for teachers of the ESG1 and schools and dormitories for ESG4	25 schools and 150 houses for teachers of ESG1 4 schools and dormitories for ESG2		Permanent					Priority provinces for construction of secondary schools: Nampula, Sofala, and Zambezia	MINED
	3.1.2 Training of ESG teachers	Number of teachers trained		100	100	100	100	100		
3.2 Increase the quality and efficiency of this sub-system of education	3.2.1 Revise curriculum and introduce courses with a vocational content	Being defined								
<b>4. Technical and vocational education</b>										
4.1 Expand access to elementary level of technical education	4.1.1 Build and rehabilitate Elementary Agricultural and Arts and Crafts Schools	Number of schools built and equipped.			2	2	2	2	Rural areas	MINED
		Number of schools rehabilitated and equipped		2	2	2	2	1	Rural areas	
4.2 Increase the quality of education in light of market needs	4.2.1 Curriculum revision									MINED
4.3 Ensure availability of specialized courses for the commercial, agricultural, and industrial sectors, and establish partnerships.										
<b>5. Training of Teachers</b>										
5.1 Training of more and better teachers in order to meet the needs of the expansion programs and the raising of the quality of education, and promotion of gender equity	5.1.1 Training of teachers for primary education (see section on primary education)									MINED
	5.1.2 Training of secondary level teachers (see section on general secondary education)	Being defined								
	5.1.3 Ensure the inclusion of appropriate material on ethics in the training curriculum of teachers									

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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution
<b>6. Increasing ethical standards and improving the quality of service delivery in education</b>										
6.1 Promote ethical values in the educational system	6.1.1 Review the regulations governing school councils, strengthening the role of communities									MINED
	6.1.2 Strengthen the services and systematic activities of school inspection services									
<b>7. University education</b>										
7.1 Expand equitable access	7.1.1 Establish a fund to finance Mozambican students in university education					June				MESCT
7.2 Improve the quality of the courses taught										
7.3 Enable the expansion of the system										
<b>8. Professional training</b>										
8.1 Facilitate the expansion in investment and promote job-creation throughout the country, increasing the supply of qualified workers.	8.1.1 Restart and expand vocational training activities in the North	Centers in Nampula and Lichinga functioning				January			Nampula and Lichinga	MINTRAB
	8.1.2 Use technical schools to provide vocational training									
<b>9. Special Education</b>										
9.1 Ensure educational opportunities for children with special needs	9.1.1 Build new special education schools	Number of schools built and equipped				3 schools				MINED, MMCAS
	9.1.2 Rehabilitate existing special education schools	Number of schools rehabilitated and equipped				4 schools				
<b>10. HIV/AIDS control in the education sector</b>										
10.1 Launch specific activities in the context of the PEN for HIV-AIDS	10.1.1 Include material on prevention of HIV-AIDS in school curricula				Dec.					MINED
	10.1.2 Produce and disseminate information material on HIV-AIDS to students and teachers					Permanent				
	10.1.3 Carry out a study on the impact of HIV-AIDS in the education sector, and build results into the planning of the sector	Results used in planning					Permanent			

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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution
<b>HEALTH</b>										
<b>I. Primary Health Care Services</b>										
<b>WOMEN'S HEALTH</b>										
1.1 Improve access and quality of women's health care	1.1.1 Run services in order to achieve the established targets (implementation of the Program on Mother and Child Health Care)	Reduce the institutional maternal mortality rate to <100/100,000 live births	150%					100%		MISAU
		Achieve a coverage rate of around 98% for ante-natal consultations, with an effective identification of high risk pregnancies	95%	96%	97%	97%	98%	98%		
		Increase the current coverage rate of institutional deliveries to 50%	45%	47%	48%	49%	50%	50%		
		Increase the current coverage rate for post-natal consultations to 60%	50%	52%	54%	56%	58%	60%		
		Increase the percentage of women covered by family planning to 18%	13%	13%	15%	16%	17%	18%		
<b>CHILDREN'S HEALTH</b>										
1.2 Improve child health care and prevent main endemic diseases which affect children through vaccinations	1.2.1 Run services in order to achieve the established targets (implementation of the Expanded Program of Immunization)	Reduce the infant-juvenile mortality rate to <200/1,000 live births	219%					<200%		MISAU
		Increase the coverage rate for first consultations for 0-4 years of age children to 68%	60%	62%	64%	66%	68%	68%		
		Ensure that at least 75% of children are fully vaccinated before their first year, especially in rural areas	47% (IDS 97)					75%		
		Maintain the coverage rate for first consultations for children between 0-11 months of age at 98%	95%	96%	97%	98%	98%	98%		
		Maintain the national coverage rate in terms of the tuberculosis vaccine in children under 1 year of age at 98%	97%	97%	98%	98%	98%	98%		
		Reach a national coverage rate of 98% for polio and DTP vaccine in children between 0-23 months of age	95%	96%	97%	98%	98%	98%		
		Reach a national coverage rate of 98% for measles vaccine for children between 9-23 months of age	95%	96%	97%	98%	98%	98%		
		Reach a national coverage rate of 35% in women of a child-bearing age with the tetanus vaccine	25%	27%	29%	31%	33%	35%		
<b>YOUTH AND ADOLESCENT HEALTH</b>										
1.3 Improve the health and knowledge about health issues amongst young and adolescent people	1.3.1 Train personnel to work with adolescents in terms of family planning, the treatment of complications arising from abortions, and prevention of HIV-AIDS						Permanent			MISAU

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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution
<b>NUTRITION</b>										
1.4	Contribute, together with other actors, to the improvement of food and nutritional security in the country, and reduce the deficiencies in children and women	1.4.1 Implement the LOA project (Milk, Oil and Sugar) in terms of: (a) training; (b) equipment; and (c) products							Permanent	MISAU
<b>2. Combat Major Endemic Diseases</b>										
<b>DIARRHEAS</b>										
2.1	Reduce the epidemiological impact of diarrheal diseases	2.1.1 Promote methods of hygiene, re-hydration, and eating habits during bouts of diarrhea	Mothers with children < 5 years of age with a knowledge about the need to re-hydrate and to continue feeding during bouts of diarrhea	49% (IDS 97)				100%		MISAU
<b>MALARIA</b>										
2.2	Reduce mortality from serious and/or complicated malaria in at least 15% of children under 5 years of age in 20 priority districts, and reduce by 15% the prevalence of serious and/or complicated malaria in 20 priority districts	2.2.1 Delivery of health care services according to the treatment protocols	The sick in health units will be managed in accordance with the treatment protocols				60% of patients			MISAU
		2.2.2 Management of malarial fever in the community in accordance with community-based treatment and prevention of malaria norms.	Percentage of cases of fever managed in accordance with the principles of community-based treatment and prevention of malaria				50%			
		2.2.3 Promote the integrated management of childhood diseases (GDI) and the ante-natal treatment of women	Coveraged of health posts				80% of health posts		20 districts	
		2.2.4 Program of distribution and encouraging of the use of treated bed nets	Percentage of households covered by treated bed nets	70%			80%		Gaza and Zambezia	
		2.2.5 Fumigation with insecticides	Houses fumigated				80%		Target areas	
		2.2.6 Implement a program of malaria prevention for pregnant women	Percentage of health posts who have implemented the program of malaria prevention for pregnant women				50%		10 priority districts	
<b>TUBERCULOSIS</b>										
2.3	Reduce the mortality and morbidity rates and the transmission of the disease	2.3.1 Operate service in order to achieve the set targets	Geographical and functional coverage of the program					100%		MISAU
			Success rate in treatment of new cases of tuberculosis		67%	70%	73%	75%	> or =75%	
			Detection of new cases of tuberculosis					90%		
			Reduce the prescription non-compliance rate in both short-term and multi-drug treatment		14%	13%	11%	10%	<10%	
<b>LEPROSY</b>										
2.4	Reduce leprosy to <1 case per 10,000 by the end of 2006	2.4.1 Operate services in order to achieve the set targets	Geographical and functional coverage of the program					100%		
			Success rate in terms of curing existing cases of leprosy		81%	83%	85%	85%	> or =85%	
			Percentage of cases with deformities amongst new cases					<10%		
			Reduce the percentage of patients with leprosy whose deformities worsen during treatment					<10%		

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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution	
<b>3. HIV/AIDS Control</b>											
3.1 Prevent HIV infection	3.1.1 Treat cases of STDs and of opportunistic diseases and carry out voluntary testing and counseling	Treatment of cases of STDs (number of cases)	350,000	400,000	450,000					MISAU	
		Treatment of opportunistic diseases (number of cases)	5,000	10,000	15,000						
		Voluntary confidential testing and counseling	9600	16,800	24,000						
	3.1.2 Test blood for transfusions	Percentage of blood tested	100%			100%					
	3.1.3 Carry out education, information and communication campaigns on STDs and HIV-AIDS	Number of people reached	1,000,000	1,300,000	1,600,000						
3.1.4 Establish and operate confidential counseling and voluntary testing centers (ATVC)	Number of centers established and operational				6			Maputo, Chimoio, Beira, Nampula, Tete and Quelimane			
3.2 Reduce impact of HIV-AIDS and ensure care of people with HIV-AIDS	3.2.1 Ensure access to essential health care	Clinical care						30,000		MISAU	
		Home care for people with AIDS and their families	1,500	3,000	5,000						
	3.2.2 Create and operate care centers for daily hospitalization	Number of health units			8				Maputo, Chimoio and Beira		
	3.2.3 Ensure the distribution of condoms to those living with HIV-AIDS	Number of condoms distributed	1,000,000	1,500,000	2,000,000	2,000,000					
<b>4. Health Services</b>											
4.1 Increase access to health care services through expansion of the network, especially at primary level	4.1.1 Build, rehabilitate, and expand primary level health centers	Ratio of inhabitants/primary level health unit	15,000 per unit						10,000 per unit	MISAU	
		Distance of primary level health unit from zone of direct influence (ZID)	10km ZID						8km ZID		
	4.1.2 Rehabilitate and expand rural hospitals and reconvert health centers into rural hospitals	Distance of primary level health unit from zone of indirect influence (ZII)	100km ZII								100km ZII
		4.1.3 Equip all primary and secondary level health units									
		4.1.4 Annually increase provincial funds from the central recurrent budget, taking into account regional imbalances, activities developed and poverty levels									
4.2 Promote quality in the delivery of primary health care services	4.2.1 Improve the availability of hospital beds	Hospital beds available per 1,000 inhabitants	0.5-0.9						1	Zambezia, Nampula, Cabo Delgado	
		Maternity beds available per 1,000 women of child-bearing age	0.6-0.9						1		
<b>5. Development of Human Resources</b>											
5.1 Guarantee the availability of essential personnel to meet the projected balance of personnel in health teams in levels I and II, and improve the quality of the delivery of health care services	5.1.1 Establish a balance between teams at primary and secondary level	Increase the ratio of number of professionals per 1,000 inhabitants in primary level health units	1:1,000-2,000						1:1,000	MISAU	
	5.1.2 Ensure that 100% of the health network is staffed by qualified personnel	Increase the ratio of number of trained personnel to personnel without training	1:1.04						1:1.03		
<b>6. Health system planning and management</b>											
6.1 Improve planning and management methods with priority in the development of information, planning and financial management tools for primary level health services	6.1.1 Finalize the Health Sector Strategic Plan	Studies and strategic planned completed		April						MISAU	
	6.1.2 Develop provincial level health sector planning capabilities through a study of the costs of primary level services, revision of health expenditure, and strategic provincial planning										
	6.1.3 Create a provincial financial information system, and develop evaluation and management instruments for primary health care	Financial information system established									

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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution	
<b>INFRASTRUCTURE</b>											
<b>ROADS</b>											
<b>1. Rehabilitation and Maintenance of Roads</b>											
1.1 Increase coverage and quality of roads, with priority to those which: (i) permit poor, isolated regions with agricultural potential to have access to national markets; (ii) help the expansion of markets; (iii) have an impact in the reduction of transport costs; and (iv) develop the main corridors	1.1.1 Rehabilitation of roads: continue with the rehabilitation and replacement of roads and bridges begun under the ROCS program	Percentage of impassable roads		8.5%	7%	6%	<5%	<5%	Rural areas in all provinces	MOPH	
		Percentage of poor quality roads		30%	28%	26%	25%	<25%	Links between districts (those with agricultural potential) with provincial capitals		
		Existence of secondary, tertiary, and feeder roads, for access to isolated regions with recognized potential									
		Linkages from districts to capitals (kms)		406	426	407	253		Links between localities and districts		
		Linkages from localities to districts (kms)		550	550	550	550	550	North-South link		
	1.1.2 Periodic and regular maintenance to ensure roads accessibility around the year, with preference in biddings to local construction firms as a way of strengthening local business							Permanent	Roads rehabilitated through ROCS program		
<b>2. Institutional Capacity-building</b>											
2.1 Introduce policy reforms and strengthen ANE and its regional offices to answer efficiently to the challenges arising from the new tasks arising from the new tasks defined by the Roads Policy	2.1.1 Ensure the quality of the roads through improved inspections during the construction phase								In ANE, Provincial ANE offices, and District Directorates of Public Works and Housing	MOPH	
	2.1.2 Provide provincial ANE offices, districts, and municipalities with the necessary knowledge to manage infrastructure and create Provincial Road Councils							Permanent			
<b>ENERGY</b>											
1. Increase populations access to sources of energy reducing, at the same time, the environmental impact of the use of non-renewable sources	1.1 Electrify administrative posts using solar energy	Number of posts with electricity		3	6	6	5	5	Administrative posts	MIREME, DNE, DPE	
	1.2 Pursue the program to install power plants in those district capitals that have no electricity	Thermal power plants installed		13	12	15	9	6	District capitals		
	1.3 Expand the national grid through the building of new power lines								110kv Xai-Xai-Lindela; 110kv Nampula-Nacala; 1100kv Nampula-Chiure-Pemba; 110kv Gurue-Lichinga; e 400kv Songo-Nacala	EDM	
2. Promote the use of renewable energy sources										MIREME	

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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution
<b>WATER</b>										
<b>1. Management of Water Resources</b>										
1.1 Promote the sustainable use of water	1.1.1 Rehabilitate the water and meteorological system establish an office to manage flood warnings									MOPH
	1.1.2 Promote water management programs through the building of storage facilities which limit the negative impact of floods and droughts									
	1.1.3 Supervise compliance of regional agreements on the management of international rivers						Permanent			
<b>2. Water Supply and Sanitation</b>										
2.1 Increase supply of low-cost potable water and sanitation to urban areas	2.1.1 Increase coverage of water supply to urban and peri-urban populations	Coverage of water supply to urban and peri-urban populations	44%, excludes Maputo and major cities						50%	MOPH
	2.1.2 Increase coverage of water supply to the rural population, ensuring the sustainability of the local management of infrastructure	Coverage of water supply to rural populations (numbers of people supplied)	12%				6,000,000	40%	Especially in Niassa, Nampula, and Zambezia	
	2.1.3 Strengthen the system of improved latrines	Coverage of the improved latrines program					50%		Urban and peri-urban areas	
							40%		Rural areas	



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Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution	
<b>AGRICULTURE AND RURAL DEVELOPMENT</b>											
	<b>Agricultural Crops/Products</b>			<b>Annual targets</b>							
Increase of foodstuff and cash crops, particularly in the family and private sectors	Cereals		1,471,000		1,650,000	1,725,000					
	Cashew nut			60,000	79,400	124,000	124,000	124,000			
	Sugar			105,335	286,000	377,000	400,000	400,000			
	Cotton			95,000	110,000	120,000	130,000	145,000			
<b>I. Productive capacity and productivity</b>											
1.1 Increase the productive capacity of the family sector to ensure food security, through the provision of improved seeds and diversification of crops	1.1.1 Test more productive strains of maize, sorghum, groundnuts, rice, beans, cassava, sweet potato, cashews, cotton and sunflower seeds, and improved techniques	Promoted the production and adoption of improved seeds more resistant to drought and diseases								INIA	
	1.1.2 Multiplication of pre-basic seeds									SETSAN, DINA DINA	
	1.1.3 Facilitate the local production of seeds										
	1.1.4 Promotion of fruit, vegetable and beddings production through extension services	Promoted diversification of crops									
1.2 Increase productivity through: (1) the adoption of improved techniques; (2) the use of inputs; (3) the protection of crops and animals; (4) the use of post-harvest activities; and (5) the expansion of extension services for points 1-4	1.2.1 Apply integrated control to the various growth phases of: coconut trees, cashew nut trees, peanuts, maize, potatoes, tobacco, etc	Implemented the monitoring and control of pests of basic crops and reduced animal mortality in the family sector reduced								DINA, INIA, DNER, DNP	
	1.2.2 Widely disseminate best practices on healthy rearing, feeding and reproduction of livestock in those areas with the greatest potential, and rehabilitate rearing centers	Rehabilitated provincial veterinary laboratories		1	1	1	1	1	Zambezia, Gaza, Sofala, Nampula e Inhambane	DNP	
	1.2.3 Implement out-sourcing programs for the provision of technical assistance (management of rural pharmacies, dipping tanks, etc)	Conclusion of out-sourcing standard contract for the management of dipping tanks		Concluded							
		Dipping tanks under community management			5	5	5	5	5		
	1.2.4 Campaigns of animal health	Number of birds vaccinated against Newcastle disease in the family sector		500,000	500,000	1,500,000	1,500,000	1,500,000			
	1.2.5 Enlarge and diversify rural extension services especially to disseminate options on adequate technologies, combining public services with private sector out-sourcing	Covered districts (public and out-sourcing)		42	43	44	47	48	49		
		Direct beneficiaries (public)		120,600	111,600	95,400	95,400				
		Direct beneficiaries (out-sourcing)		7,200	19,800	36,000	48,600				
		Indirect beneficiaries (public)		415,400	384,400	328,600	328,600				
		Indirect beneficiaries (out-sourcing)		12,400	68,200	124,000	167,400				
		Total direct and indirect beneficiaries (public and out-sourcing)		555,642	584,043	584,044	640,047				
		Trained supervisors and specialized sector technicians (including in associations)			1 in each area	1 in each area	1 in each area	1 in each area	1 in each area		
Number of rural extension sector technicians in different provinces		15	15	24	30						
1.2.6 Prepare shows on improved technologies in the areas of agriculture, animal husbandry, and forestry management	Number of show fields (CDR)		19,296	23,808	33,920	40,704				DNER	
1.2.7 Train producers to use in their fields the improved technologies shown	Farm experiment		36	36	36	36					
1.2.8 Chemical control of oidium	Plants treated against oidium			1,200,000	2,800,000	5,800,000	5,800,000	5,800,000		INDCAJU	
1.2.9 Introduction of improved material for the planting of new cashew trees	Production of improved plants			1,220,000	1,840,000	1,840,000	1,840,000	1,840,000			
	Production of cashew nuts (tons)			60,000	79,400	124,000	124,000	124,000			

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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution
	1.2.10 Encourage improvements in barns and disseminate appropriate storage techniques	Reduced post-harvest losses of families living in vulnerable areas								SETSAN, DNER, DINA
	1.2.11 Use the media and other means to realize campaigns to spread information on: (a) land law; (b) soil conservation techniques; (c) support campaigns against oidium in cashew nut trees, the lethal yellow disease in coconut trees, and uncontrolled fires	Improved dissemination of information to producers through the media Carried out information campaigns		10 technicians per year	10 technicians per year	10 technicians per year	10 technicians per year	10 technicians per year		
	1.2.12 Alter policies in key sub-sectors (cotton, maize, cashews, etc) and the legal framework to improve access of small producers to inputs	Evaluated and revised policies and strategies which contribute to a sustainable improvement in agricultural productivity								
	1.3 Develop and promote irrigation to increase the production and productivity of the family sector	1.3.1 Build small-scale irrigation schemes of various kinds 1.3.2 Transfer technology and direct technical support to farmers on management	Expanded areas of small-scale irrigation (ha)					2,500		DNHA
1.4 Promote the increase of cattle for animal traction	1.4.1 Implement the program cattle of restocking 1.4.2 Train farmers in the use of animal traction	Number of cattle distributed Farmers trained in the use of animal traction		3,800	2,250	1,900			DNP	
1.5 Promote the sustainable use of natural resources and organize management services	1.5.1 Develop activities with local communities to: (1) establish and operationalise national and local resource inventories; (2) disseminate improved techniques (production of charcoal); (3) rehabilitate, with the involvement of local communities and the private sector, forestry, fauna, national parks, and expand pilot areas	Inventories realized in productive forest areas (ha)			2,000,000	4,000,000			Cabo Delgado, Zambezia, Inhambane	DNFFB
		Finalized all contracts with the private sector			June					
		Established companies for the management of reserves		Maputo/Gorongosa		3 parks/4 reserves				
1.6 Encourage the participation of local communities, the private sector and other actors in the sustainable management of the use of natural resources and local projects	1.6.1 Promote the participation of communities through the use of shows and implementation of local impact projects	Rational use of natural resources by the communities							DNER	
	1.6.2 Priority in the promotion of rural associations: (1) train agents in terms of associations and cooperatives; and (2) use of community audio-visual means	Promoted farmers associations and cooperatives Number of trained technicians in association		10	10	10	10	10		
1.7 Expand horizontal communication in the rural areas	1.7.1 Expand the rural community radio and television network, covering 15 more districts			15 more districts						DNDR
<b>2. Access to Land</b>										
2.1 Apply the legislation on access use of land	2.1.1 Simplify legal processes on land rights and use	Requests solved within 90 days		Concluded						DINAGECA
2.2 Encourage the participation of communities in the management of land	2.2.1 Consult communities and disseminate information on the rights to land	Promoted community management of land								
2.3 Improve the efficiency of the land management services	2.3.1 Development of human resources and institutional capacities at provincial and districts levels (as a priority), as well as at central level	Improved planning, monitoring, and administrative capacities								
	2.3.2 Organize the national land registry; and create an inventory and demarcate communal land	Improved the system of collection and dissemination of information on land								

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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution
<b>3. Marketing of surpluses</b>										
3.1 Improve access to markets for the sale of produce and the purchase of inputs and other manufactured products	3.1.1 Support the establishment of markets for agricultural inputs in the provinces (Gaza, Nampula, Manica during 2001)	Created conditions to facilitate and develop domestic trade							Gaza, Nampula and Manica (initially)	DINA
	3.1.2 Encourage the use of animal traction for transportation through the use of cattle, donkeys and mules, and water buffaloes									DNP
	3.1.3 Develop inter-sectoral policies and strategies to promote agricultural marketing that meets the needs of the family and private sectors									DAP, DE
	3.1.4 Promote the setting-up of flour mills and other agro industries (oil production from peanuts, sunflower, and sesame seeds)									DINA
	3.1.5 Establish links between the suppliers of agricultural inputs and users (individual producers or associations)	Inputs available in rural areas in a timely fashion and at accessible prices								DNER
3.2 Facilitate access to financial services by small rural producers	3.2.1 Support the consolidation and establishment of 30 rural micro-finance institutions	30 micro-finance institutions created and functioning								DNDR
3.3 Improve access to information on markets in rural areas	3.3.1 Collect information on domestic and foreign agricultural markets and disseminate this through: the radio giving special attention to national languages; the extension services; and weekly and monthly publications and bulletins	Kept functional and expanded the national information system on agricultural markets								SIMA
	3.3.2 Establish, supervise, develop and monitor the Provincial Agricultural Market Information Systems									
3.4 Increase family incomes through greater contribution of agricultural and livestock products in rural marketing	3.4.1 Encourage animal marketing in the family sector through restocking campaigns of small animals and cattle	Increased availability of birds and small ruminants per family								DNP
	3.4.2 Strengthen technical assistance for the rearing of chickens and other farmyard animals	Increased monetary income per family through marketing								

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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution
<b>4. Vulnerability Reduction and Food Security</b>										
4.1 Improve the food security early warning system	4.1.1 Improve methodologies for data collection, processing, and analysis of agro statistics	Improved system of data collection, processing, and analysis at all levels								DINA
	4.1.2 Increase the flow of information for monitoring and forecasting of harvests									
4.2 Improve the nutritional status of the population, in particular that of vulnerable groups	4.2.1 Disseminate information on nutrition, and introduce education on nutrition in the activities of extension workers	Healthy eating habits promoted								SETSAN, DNER
	4.2.2 Encourage the production and consumption of milk in the family sector								DNP	
	4.2.3 Identify those districts food security vulnerability	Carried out program aimed at assisting populations								SETSAN
4.3 Ensure the coordination of food security activities	4.3.1 Create coordination capacity at central and provincial levels	Ensured functioning of SETSAN at central level and of the mechanisms of coordination and consultation at provincial level								DINA, SETSAN
4.4 Ensure the existence of institutional capacity to respond to food emergencies	4.4.1 Strengthen measures aimed at building up food stocks of cereals and grains	Programmed and made available food reserves (cereals) according to contingency plans								DINA, SETSAN
		Distributed sufficient amounts of food in the most vulnerable districts in preventive status								
4.5 Evaluate and design policies and strategies aimed at improving food security at the household level	4.5.1 Institutionalize capacity to analyze and design policies and strategies aiming at food security	Evaluated and designed policies and strategies								DAP, DE

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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution
<b>GOVERNANCE</b>										
<b>1. Decentralization and Deconcentration</b>										
1.1 Provide to local State bodies at district level with greater dynamism and capacity to deal with other social agents while facing the challenges of the combat against poverty and promotion of economic growth; and institutionalize methods of participatory planning (including the most poor groups of populations)	1.1.1 Adopt the Law and complementary legislation on Local Institutions of the State, and ensuring also adequate levels of administrative and financial decentralization and deconcentration in order to enable participatory district planning				March					MAE, MPF
	1.1.2 Institutionalization and expansion of participatory district planning, including the training of personnel, and building on past successes	Have planning process operating				25% of Districts in December		50% of Districts in December	75% of Districts in December	
1.2 Strengthen of powers and responsibilities	1.2.1 Adopt an action program of administrative and financial deconcentration and decentralization, with the view to strengthen powers and responsibilities of provincial governments			Studies and recommendations March		Design of program, adoption, and implementation January				
<b>2. Strengthening of Institutions Dealing with the Private Sector</b>										
2.1 Promote efficiency of institutions	2.1.1 Transform and strengthen business licensing and inspection bodies at central, provincial and local level (including revision of legislation, recycling, recruitment, training of personnel and their placement)			Preparation of an action program October	Initiate implementation of program January					MIC, MAE, MJUST
<b>3. Legality, Justice, and Public Order</b>										
3.1 Increase the capacity and efficiency of the legal system, taking into account the needs of the private business sector	3.1.1 Develop and adopt an integrated strategic plan for the justice sector, including the Ministry of Justice, the Courts and the Attorney-General's office			December						MJUST
	3.1.2 Establish arbitration services for the resolution of commercial disputes covering the main regions of the country									
	3.1.3 Establish labor courts in all provinces by 2005						Permanent		Maputo, Matola, Nampula, Beira, Quelimane in 2001	
3.2 Legal reform and greater speed and transparency in the processing of legal cases	3.2.1 Improve the workings of the Commission on the Strengthening of Legality (Judicial Court, Attorney-General's Office, Ministry of Interior, and Ministry of Justice)						Permanent			
	3.2.2 Carry out the revision of the Penal Code and the reform of the Legal Proceedings Code									
	3.2.3 Consolidate and expand the Community Courts	Install one court in each province Train judges in cases of land conflicts								
	3.2.4 Modernize the systems of the Public Registry and Notary services									
3.3 Expand and improve legal aid to the "economically underprivileged"	3.3.1 Strengthen IPAJ--Legal Assistance and Sponsorship Institute									

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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution
3.4 Increase the capacity and performance of the police	3.4.1 Identify mechanisms, clarify functions, and build capacity and operationalise the police inspection services			Design of program	Mobilization of resources and implementation					MINT
	3.4.2 Conceive and implement a special program to increase increase the quality of services of the criminal investigation police			Design of program	Mobilization of resources and implementation					
	3.4.3 Develop and adopt a program to rehabilitate and equip police stations			Design of program	Mobilization of resources and implementation					MINT, MOPH, MPF
3.5 Improve the quality of prison services	3.5.1 Proceed with the rigorous and rapid application of investment budget funds in the rehabilitation and improvement of conditions of prison establishments (with priority to those that are physically deteriorated and lack hygiene conditions)			Design and implement program						MINT, MJUST, MOPH, MPF
	3.5.2 Training of prison staff, and technical-vocational training of inmates									MINT, MJUST, MINTRAB
<b>4. Protection of Borders and Maritime Inspection</b>										
4.1 Safeguard national resources through the control of borders; inspect maritime activities enforcing the implementation of legal rules and contracts, and preventing the erosion of resources and the environmental degradation	4.1.1 Implement an effective system for the protection and patrolling of legal territorial waters and of maritime activities				Design and implementation of program					MPESCAS, MINT
	4.1.2 Reequip and operationalise border patrol (land borders)			Design of program	Mobilization of resources and implementation					MINT
<b>5. Combating Corruption</b>										
5.1 Prevent the spread of corruption, reduce it substantially and control public servants conduct; adopt regulatory mechanisms for prevention, inspection, legal prosecution, and sanctioning of corruption	5.1.1 Institutional strengthening of the General Finance Inspectorate									
	5.1.2 Institutional strengthening of institutions linked to the administration of justice									
	5.1.3 Institutional strengthening of the Administrative Tribunal									
	5.1.4 Institutional strengthening of the State Administrative Inspectorate									
	5.1.5 Promote anti-corruption campaigns through the media									
	5.1.6 Carry out coordinated activities to minimize the risks of corruption at borders, including transactions related to international business									

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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution	
<b>MACROECONOMIC AND FINANCIAL POLICY</b>											
<b>1. Fiscal and Monetary Policy</b>											
1.1 Sustainability of budgetary expenditure	1.1.1 Ensure consistency between the medium-term budget limits and the resources available through the CFMP and PF processes	Budget expenditure as a % of GDP		30%	29%			25%		MPF	
1.2 Macroeconomic stability (low rate of inflation)	1.2.1 Apply rule of not issuing money in order to cover budget deficits	Maintain a low average annual rate of inflation		7%	6%	5%	5%	5%		MPF, BM	
	1.2.2 Continue and strengthen the process of monitoring macroeconomic performance	Establish a technical monitoring team									
	1.2.3 Create capacities on financial programming in the MPF and BM	Development of the 1st financial programming model									
<b>2. Mobilization of Budget Resources</b>											
2.1 Establish a more efficient, broad-based, and fair tax system, which should be simple and predictable, and, in parallel, strengthen the capacities of the tax administration	2.1.1 Reform the system of direct and indirect fiscal incentives (analysis/revision under the Fiscal Code)	Budget revenues as a % of GDP						15%		MPF	
	2.1.2 Ensure better links and flows of information between the National Directorate of Taxes and Auditing and the General Directorate of Customs										
	2.1.3 Ensure revenue collection from investments in the exploration of natural resources		Permanent								
	2.1.4 Study the possibility for the creation of a tax authority strengthen administrative capacities, and prepare an action plan		June								
<b>3. Management of Public Accounts</b>											
3.1 Improve budget programming, execution, control and transparency, and ensure the efficiency efficacy of budget expenditure aimed at poverty reduction and rapid growth	3.1.1 Reform the Public Accounts system	Finalize and introduce the new law		Preparation	Implementation					MPF	
	3.1.2 Integrate off-budget revenues and expenditure into the State Budget	Integrated part of budget expenditure									
		Action Plan for donors financed expenditure and revenues									
	3.1.3 Analyze sectoral budget expenditure (in priority sectors)	Analysis carried out in two priority sectors					Annually				
3.1.4 Proceed with consultations and dialogue on the management of public expenditure						Permanent			MPF, MAE		
3.2 Incorporate administrative decentralization and deconcentration in the budget management process	3.2.1 Implement the necessary budget adjustments in order to facilitate the process of deconcentration and decentralization to be carried out in the Public Administration					Permanent				MPF	
<b>4. Development of Financial Markets</b>											
4.1 Minimize the risk of financial crises	4.1.1 Develop and implement an action plan for the strengthening of the financial system supervision	Finalized action plan and implementation started		End of 2001						BM, MPF	
	4.1.2 Review the rules of prudential management	Completed review		Banks apply Basel rules	Insurance and pensions industry						
4.2 Promote the development of financial services	4.2.1 Promote competition among financial institutions								Rural areas and poor regions		
	4.2.2 Prepare studies on the policy options available in terms of new institutions to provide financial services that are accessible and self-sustaining for small-scale producers in rural areas and for micro and small-enterprises										

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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution	
<b>5. International Trade</b>											
5.1 Create conditions to ensure that international trade is one of the instruments that will sustain rapid and wide growth	5.1.1 Coordinated monetary policy to ensure not only stability of the rate of inflation, also that favorable conditions exist in international trade	Maintained competitiveness of international trade								Permanent	BM, MPF
	5.1.2 Promote faster processes for customs clearance and VAT refunds for exporters	Action plan finalized and being implemented		Action plan						Implementation	
<b>6. Management of Public Debt</b>											
6.1 Develop a medium and long-term strategy for the sustainability of domestic and external public debt in parallel with the strengthening of the control, registry and management of the debt system	6.1.1 Prepare and implement a post-HIPC external debt strategy										MPF, BM
	6.1.2 Prepare and implement a strategy for the domestic debt										
<b>OTHER AREAS (ONLY SOME PRIORITY ACTIONS HAVE BEEN SELECTED)</b>											
<b>EMPLOYMENT AND ENTERPRISE DEVELOPMENT</b>											
1.1 Update the Labor legislation	1.1.1 Revise and adopt the revised versions of the labor legislation										MINTRAB
2.1 Update the commercial code	2.1.1 Revise and adopt the revised version of the Commercial Code			July							MIC, MJUST
3.1 Make more effective, efficient, and timely the performance of public institutions, in terms of measures to be introduced to improve the business environment	3.1.1 Develop and adopt an appropriate Implementation Plan that reflects the commitments made to the private sector (in the course of the private sector conferences)			Drafting						Implementation	CIRBA
4.1 Expand the participation of the private sector in the business community, including its participation in infrastructure public companies	4.1.1 Develop and adopt strategies on public companies and on government assets in the business community			Drafting						Implementation	MPF, UTRE



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**OPERATIONAL MATRIX**

Strategic area/ Objective	Principal Actions	Targets	Current Status	2001	2002	2003	2004	2005	Location	Responsible Institution
<b>SOCIAL ACTION</b>										
1.1 Create opportunities to improve well-being and socio-economic development of most vulnerable populations, through their participation in the job market or self-employment, or through food subsidies, income-generating programs/projects, concession of credits, vocational training, and others through: (1) direct income transfers to those in a state of absolute poverty and that are unable to work; and (2) creation of income-generating capacities to those that are indigent but have the ability to work	1.1.1 Develop and adopt a strategic plan for the Ministry of Women and Social Action Coordination	Plan adopted		October						MIMCAS
	1.1.2 Promote education, information, and dissemination activities on rights of target-groups on social action benefits, through the media, written materials and others means	Campaigns carried out			Permanent					
	1.1.3 Direct social assistance to: the implementation of existing programs, namely food for works transfers and income-generating programs	Assisted a high number of people permanently unable to work, benefiting mainly old people, crippled, people with chronic diseases, as well as pregnant-women with mal-nourishment problems			Permanent					
		Created conditions of self-sustainability of capacities of individuals under the absolute poverty line			Permanent					
1.2 Promote the extension of benefits of the social security system to a larger number of workers	1.2.1 Expand the coverage of the social security system amongst workers and enterprises, and carry out a review of the existing pensions systems	Ensured that all workers in the formal sector are covered by the national social security, as a fundamental right and means of guaranteeing social cohesion and peace								MINTRAB
		Improved existing level of pensions, especially for old-aged, invalidity, and survival		Revision of pensions						MPF, and MINTRAB
<b>HOUSING</b>										
<b>Access and Quality</b>										
1.1 Encourage the building of low-cost housing	1.1.1 Urban management--Ensure the distribution of properly serviced plots to low-income populations in urban and rural areas	Distributed 27,000 plots in urban areas, at an annual average of 5,500 plots. Distributed, in rural areas, 14,600 plots at an annual average of 2,900 plots			2001 to 2005				Rural and urban areas	DNHU
<b>MANAGEMENT OF NATURAL DISASTERS</b>										
1.1 Improve the capacity to respond to natural disasters	1.1.1 Promote and coordinate the preparation of a contingency plan to combat natural disasters									INGC, INM, and SAP
1.2 Improve the quality of services provided by the national early warning system	1.2.1 Strengthen the capacity of the National Meteorological Institute in terms of forecasting extraordinary weather patterns									