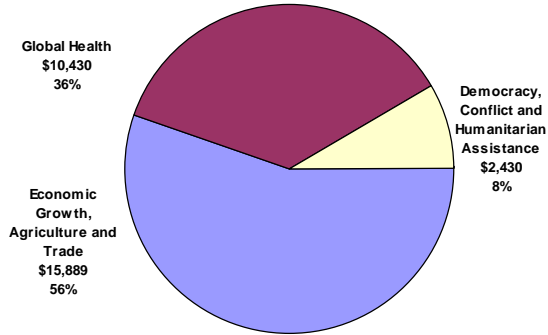
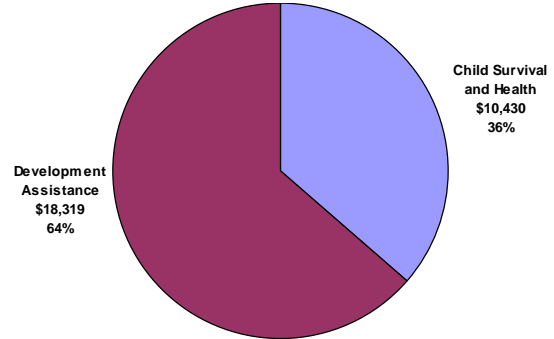


# Mozambique

**FY 2006 Assistance by Sector**



**FY 2006 Assistance by Account**



## Objectives and Budget

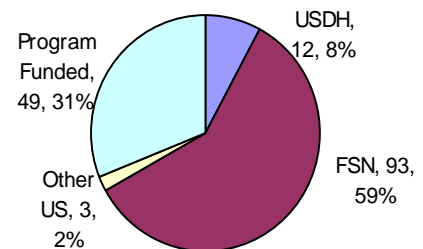
Objective	SO Number	FY 2004	FY 2005	FY 2006
Rural Incomes	656-006	15,780	11,367	12,088
Exports	656-007	6,981	3,811	3,801
Maternal and Child Health	656-008	9,830	12,530	10,430
HIV/AIDS	656-009	10,550		
Municipal Governance	656-010	2,211	1,907	2,430
<b>Total (in thousands of dollars)</b>		<b>45,352</b>	<b>29,615</b>	<b>28,749</b>

Excludes P.L. 480. See Program Annex.

## Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	4,946	5,800	5,591
USDH Salaries & Benefits	1,451	1,528	1,561
Program Funds	2,431	3,476	3,621
<b>Total (in thousands of dollars)</b>	<b>8,828</b>	<b>10,804</b>	<b>10,773</b>

**FY 2006 Workforce**



**Mission Director:** Jay Knott

## Mozambique

**The Development Challenge:** Mozambique's independence from Portugal in 1975 was followed by nearly two decades of civil war and a decade of one-party Marxist-Leninist rule. In 1992, peace was achieved and a new constitution was adopted, enshrining a multi-party system of democracy. After 18 years in power, President Joaquim Chissano of the Frelimo party stepped down and voters elected a new president, Armando Guebuza, in December 2004. During municipal elections held in 2003 and national elections in 2004, Mozambique continued to demonstrate its capacity to conduct increasingly free and fair elections.

Although the Government of the Republic of Mozambique (GRM) is committed to democracy, it is also characterized by a strong executive branch, a parliament dominated by political wrangling between the two main parties, Frelimo and Renamo, and a judiciary short on skills, understaffed, underfunded, and corruptible. Government institutions are generally improving, but suffer from a lack of skilled personnel due to low salaries and the extreme scarcity of trained citizens. The legacy of Portuguese colonial and post-independence command-and-control economic systems is gradually yielding to a more private-sector friendly environment, although corruption remains a problem.

Mozambique has shown outstanding economic growth since the civil war ended. Gross domestic product (GDP) growth has averaged 8% per year over the last ten years. In 2003, inflation dropped to 13.8%, and it is projected at 11% in 2004. Although Mozambique is still one of the world's poorest countries, with 2004 GDP per capita of \$290, it is on an upward trajectory. However, many challenges remain. In a country of 18 million, over 60% are without access to health care, with only 650 doctors nationwide. The projected HIV prevalence rate for 2004 is 14.9%. Although maternal mortality has declined sharply, from a high of 1,000 deaths (1997) to 408 deaths (2003) per 100,000 live births, it remains high.

Poverty reduction is the central focus of the GRM's development plan. Mozambique's Poverty Reduction Strategy Paper, known by its Portuguese acronym PARPA, is under revision; the revised version will cover the 2006-2010 period. Poverty reduction results were better than anticipated under the first five-year plan. Household consumption survey results show a 15.3% drop in the incidence of poverty, from 69.4% in 1996-1997 to 54.1% in 2002-2003. PARPA's goal was to reduce the incidence of poverty to 60% by 2005 and to 50% by 2010, so Mozambique is making better than expected progress on this front.

According to the International Monetary Fund (IMF), the Mozambique economy is very open to foreign trade. Traditional exports such as cotton and cashews have experienced almost no growth, but total exports have risen dramatically due to large investments in an aluminum refinery and a natural gas pipeline to South Africa. Growth prospects are considered favorable; several major projects are on the horizon, including development of coal mines at Moatize, exploitation of titanium sands in the north and south, and a hydro-electric dam to meet South Africa's power deficit. Two American companies have made substantial agro-processing investments. Other large projects planned for the near future are a highway bridge over the Zambezi River and reconstruction of the Beira-Moatize railway.

Mozambique is committed to the Southern African Development Community (SADC) free trade protocol, and the plan is to extend these concessions to all SADC countries on a most-favored nation basis. Mozambique's debt service situation improved considerably after achieving the "enhanced completion point" under the Heavily Indebted Poor Countries Initiative in 2001, after implementing key policy reforms, maintaining macro-economic stability, and implementing the PARPA. The IMF now considers Mozambique able to "sustainably" maintain a manageable debt service. While banks and other businesses were privatized after the 1992 peace agreement, state-owned infrastructure monopolies have proven harder to privatize due to market conditions. However, competition does exist in telecommunications due to the entry of new private firms.

Mozambique is an essential link to global markets for several neighboring landlocked countries, and it has substantial growth potential through its economic ties to the industrial heartland of South Africa. These links reinforce the importance of the country's successful economic, political, and social transitions to the U.S. national interests of peace, stability, and economic growth throughout southern Africa. As a rapidly

growing economy, Mozambique is increasingly a potential market for U.S. exports and U.S. investment.

**The USAID Program:** The data sheets cover four objectives for which USAID is requesting FY 2005 and FY 2006 funds. Two objectives focus on increasing economic growth and reducing poverty through rapid rural income growth -- improved agricultural production and marketing and increased labor-intensive exports. A third objective is to improve the health of women and children. The fourth objective is to create models of democratic governance at the municipal level and to reduce opportunities for corruption.

All of USAID's programs seek to benefit women and men equally, to reduce corruption, to build Mozambican capacity, and to prevent the spread of HIV/AIDS. Both the commitment and the capacity of the GRM to reduce poverty and encourage economic growth are good and are growing stronger, in part due to the country's long-standing and effective partnership with USAID.

**Other Program Elements:** USAID's Economic Growth, Agriculture, and Trade Bureau (EGAT) is assisting Mozambique in a number of areas. EGAT is helping to develop natural gas for household energy use, replacing firewood and charcoal. Through EGAT, the World Wildlife Fund has a grant for conservation activities, including creating fish sanctuaries in the Quirimbas National Park. Through EGAT and the Regional Center for Southern Africa, Mozambique benefits from assistance for sanitary and phyto-sanitary policies, customs training, and trade-related studies. EGAT also assists banana variety improvement research and provides hands-on training for prospective banana farmers. EGAT's farmer-to-farmer project provides up to seven volunteers a year through several cooperative and nongovernmental organizations. USAID's Democracy, Conflict, and Humanitarian Assistance Bureau provides support for emerging entrepreneurs and civil society.

Mozambique is a focus country under the President's Emergency Plan for AIDS Relief. FY 2005 funding will be provided from the Global HIV/AIDS Initiative under the policy direction of the U.S. Global AIDS coordinator. The FY 2006 HIV/AIDS request for this country is contained in the Global HIV/AIDS Initiative account justification. For further details please see the Department of State FY 2006 Congressional Budget Justification.

**Other Donors:** Mozambique is expected to receive \$735 million from over 20 donors in 2004; representing about 14% of GDP, and similar levels are expected in future years. About 40% of donor assistance is general budget support, accounting for 45%-50% of the GRM budget; the remainder is project support. Almost all bilateral aid is in the form of grants, while multilateral credits are on very concessional terms. The largest program is that of the World Bank International Development Association (IDA), and the European Union also is a significant donor. In addition to the United States, the larger bilateral donors include the United Kingdom, Switzerland, the Netherlands, Norway, and Sweden. The UNDP and IDA chair a monthly meeting of mission heads to coordinate donor activities. The GRM and 15 donors (including IDA) have agreed on a general budget support program to further donor harmonization objectives. This group of 15 donors work closely with other donors, such as USAID, in 14 sector-specific working groups. USAID currently chairs the private sector and foreign trade policy working groups. Donor relations are close, cooperative, and collegial.

## Mozambique PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Child Survival and Health Programs Fund	22,601	20,380	12,530	10,430
Development Assistance	27,567	24,572	17,085	18,319
Economic Support Fund	1,250	400	0	0
PL 480 Title II	16,415	19,751	17,970	18,916
<b>Total Program Funds</b>	<b>67,833</b>	<b>65,103</b>	<b>47,585</b>	<b>47,665</b>

### STRATEGIC OBJECTIVE SUMMARY

656-001 Increased Rural Incomes				
DA	5,829	0	0	0
ESF	500	0	0	0
656-002 Government & Civil Society are effective partners				
DA	145	0	0	0
656-003 Maternal and Child Health				
CSH	8,591	0	0	0
656-004 Enabling Environment for Growth				
DA	279	0	0	0
656-006 Rural Incomes				
DA	17,571	15,780	11,367	12,088
656-007 Exports				
DA	1,988	6,981	3,811	3,801
ESF	250	0	0	0
656-008 Maternal and Child Health				
CSH	4,428	9,830	12,530	10,430
656-009 HIV/AIDS				
CSH	9,582	10,550	0	0
656-010 Municipal Governance				
DA	1,755	1,811	1,907	2,430
ESF	500	400	0	0

Mission Director,  
Jay Knott

## Data Sheet

<b>USAID Mission:</b>	Mozambique
<b>Program Title:</b>	Rural Incomes
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	656-006
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$11,367,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$12,088,000 DA
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** USAID's rural income program in Mozambique integrates development assistance with P.L. 480 Title II resources to help poor rural households raise incomes and improve food security and nutrition. This is accomplished through the provision of technical assistance and training to: (1) increase farmers' productivity, sales, and income; (2) expand rural enterprises by ensuring access to financing and trade opportunities; and (3) improve market access for farmers and rural enterprises through road rehabilitation, construction, and maintenance.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Improve Economic Policy and Governance (\$1,800,000 DA). USAID is delivering financial and technical assistance to the Ministry of Agriculture (MinAg) during the inception year of the second phase of the multi-donor agricultural reform program (ProAgri II). ProAgri II is a five-year agriculture reform initiative. USAID's assistance ensures that ProAgri II's operational plan is designed and implemented to foster improvements in national-level agricultural policies as well as economically viable agricultural research and extension services. Budget support to the Government of Mozambique Ministry of Agriculture through program assistance and project support through principal contractors and grantees: Michigan State University (prime), and others to be determined.

Increase Private Sector Growth (\$3,475,000 DA). USAID will award a grant in 2005 to deliver business development services to farmer associations and rural enterprises and provide training in marketing and management skills. Principal grantees: CLUSA, Technoserve, and Agriculture Cooperative Development International/Volunteers in Overseas Cooperative Assistance (all prime), and others to be determined.

Strengthen Financial Sector's Contribution to Economic Growth (\$782,000 DA). USAID has a contract for technical assistance for rural financial sector expansion and intends to contribute \$200,000 to the Development Credit Authority (DCA) which will leverage up to \$8 million in commercial financing to rural enterprises. Principal contractor: Deloitte-Touche (prime).

Expand and Improve Access to Economic and Social Infrastructure (\$2,110,000 DA). USAID is providing technical assistance and training in support of a road maintenance concession for the USAID-rehabilitated Caia-Gorongosa all-weather road. USAID is expanding the tertiary road network along the Beira Corridor, which runs from Beira to the country's western border. The program is creating opportunities for the local private sector to take advantage of the area's economic growth potential. Finally, USAID is introducing a technology for road construction that will improve the quality of Mozambican roads and reduce the costs of maintenance. Principal grantees: World Vision (prime), and others to be determined.

Increase Agricultural Productivity (\$2,740,000 DA). USAID is helping Mozambican researchers apply science and technology to remove the constraints faced by Mozambican farmers. To support the President's Initiative to End Hunger in Africa (IEHA), USAID is building the capacity of the National Agricultural Research Institute and providing advice on decentralizing authority and responsibility to two agricultural zonal research centers. USAID is providing technical assistance and equipment to these research centers to bring the newly-adapted technologies to farmers. Principal grantees: Michigan State

University, World Vision, Food for the Hungry, Save the Children, CARE International, Adventist Development Relief Agency (ADRA), and Africare (all prime).

Protect and Increase the Assets and Livelihoods of the Poor During Periods of Stress (\$460,000 DA). Responding to numerous natural and manmade disasters faced by rural Mozambican families, USAID is providing technical assistance to the National Secretariat for Agriculture and Nutrition, which will provide the GRM, USAID, and other donors with continual risk assessment and food security data for quick responses to emergency situations. Principal contractors and grantees: FEWSNET, World Vision, Food for the Hungry, Save the Children, CARE, ADRA, and Africare (all prime).

**FY 2006 Program:** Improve Economic Policy and Governance (\$2,015,000 DA). USAID anticipates signing a program assistance agreement in support of ProAgri II. Funding and technical assistance will be provided to MinAg for strengthening institutional capacity in policy analysis and agricultural research. Principal contractors and grantees: Same implementers as above.

Increase Private Sector Growth (\$3,270,000 DA). USAID will expand its partnership with CLUSA by replicating the producer-owned trading company model in other geographic areas. USAID also will continue to provide technical assistance in management and marketing to farmers and rural enterprises. Principal grantees: Same implementers as above.

Strengthen Financial Sector's Contribution to Economic Growth (\$595,000 DA). USAID will provide technical assistance to enterprises and commercial banks in support of the DCA activity initiated in 2005. Principal contractor: Deloitte-Touche (prime).

Expand and Improve Access to Economic and Social Infrastructure (\$2,666,000 DA). USAID will continue to implement its tertiary road-building program in the Beira Corridor. USAID also will provide technical assistance to both the public and private sectors to implement additional concessions for both road development and road maintenance. Principal grantees: Same implementers as above.

Increase Agricultural Productivity (\$2,762,000 DA). Under IEHA, USAID plans to adapt one new agricultural technology in 2006 through continued assistance to the National Agricultural Research Institute and the agricultural zonal research centers. Principal grantees: Same implementers as above.

Protect and Increase the Assets and Livelihoods of the Poor During Periods of Stress (\$780,000 DA). USAID technical assistance will enable the National Secretariat for Agriculture and Nutrition to provide continual risk assessment and food security data. Current food security programs will be closing out at the end of FY 2006. Principal grantees: Same implementers as above.

**Performance and Results:** USAID's efforts to transmit nutrition messages to mothers with low education levels are making a difference, with stunting in some USAID target areas decreasing from 41% in 2002 to 38% in 2004. Families aided by USAID's food security programs in four provinces increased the number of months a family can feed itself from what it produces by an average of 1.25 months between August 2002 and November 2004. Using newly-introduced "best practices," farmers in coastal areas of Nampula Province harvested up to 69% more maize per hectare in 2004 than they had in 2002. Every hectare of land planted with maize translates into increased income of about \$65, equal to a five-month supply of food for a Mozambican household. The revenues of USAID-assisted rural enterprises increased from \$2,438,000 in FY 2003 to \$7,736,270 in FY 2004. In 2004, USAID completed the reconstruction of a major bridge and 132 kilometers of roads, thus providing thousands of Mozambicans improved year-round access to markets and businesses. USAID provided technical and management training led to 12 local firms obtaining certification as licensed construction contractors. By the end of this strategy, USAID will have significantly increased the incomes of rural households in target areas, decreased the incidence of stunting among children USAID is reaching, increased the number of months of food security in target areas, and improved market access for farmers and rural enterprises.

## US Financing in Thousands of Dollars

Mozambique

656-006 Rural Incomes	DA
<b>Through September 30, 2003</b>	
Obligations	17,571
Expenditures	0
Unliquidated	17,571
<b>Fiscal Year 2004</b>	
Obligations	15,781
Expenditures	3,104
<b>Through September 30, 2004</b>	
Obligations	33,352
Expenditures	3,104
Unliquidated	30,248
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2005 NOA</b>	
Obligations	11,367
<b>Total Planned Fiscal Year 2005</b>	
Obligations	11,367
<b>Proposed Fiscal Year 2006 NOA</b>	
Obligations	12,088
Future Obligations	27,993
Est. Total Cost	84,800

## Data Sheet

<b>USAID Mission:</b>	Mozambique
<b>Program Title:</b>	Exports
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	656-007
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$3,811,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$3,801,000 DA
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** USAID's program to increase labor-intensive exports will remove constraints to investment and trade by providing technical assistance, training, and capacity building to the Government of the Republic of Mozambique (GRM) and the private sector to: (1) increase international market access for Mozambican products; (2) enhance Mozambique's competitiveness by reducing the cost of doing business; and (3) increase tourism and exports in specific sectors such as garments and horticulture. Activities will focus on improving the country's trade policies; creating a more supportive enabling environment; and directly increasing exports in target sectors. Together, the three program areas -- access to markets, a competitive low-cost environment, and sector-specific productive projects -- will ensure that USAID's increased labor intensive exports objective is achieved.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Improve Economic Policy and Governance (\$1,492,000 DA). USAID is continuing its productive partnership with the Confederation of Mozambican Business Associations (CTA) to advocate for reforms that strengthen a more liberal trade and an improved business climate. USAID is reinforcing CTA's capacity to advocate for a more competitive business environment. To this end, USAID is providing technical assistance to strengthen CTA's analytical capacity and its ability to prepare policy position papers on economic issues, business conditions, and proposed legislation. Principal contractor and grantee: Booz-Allen & Hamilton and CTA (both prime).

Increase Private Sector Growth (\$1,919,000 DA). USAID is designing and will implement a tourism activity that will foster policy reforms necessary to attract foreign and domestic investment to the tourism sector. These reforms include but are not limited to more competition in the air transport sector, improved land use regulations, and effective environmental protection laws. The tourism activity also will develop selected tourism and eco-tourism products, such as beach resorts and game parks that are typically labor-intensive. USAID is entering into a public-private partnership with the African Wildlife Foundation to establish a community-managed conservancy. The conservancy -- a 130,965 acre site bordering the Great Limpopo Transfrontier Park and Conservation Area -- will be financed through tourism revenue generated from enterprises to be established within the conservancy. The project will develop infrastructure, initiate conservation enterprises, and build capacity among local stakeholders to profitably manage wildlife. Principal contractors and grantees: Nathan Associates, Inc. (prime) and the George Washington University (sub).

Increase Participation in Global Trade and Investment (\$400,000 DA). With USAID's technical assistance, the Ministry of Industry and Commerce is simplifying rules related to commercial and industrial licensing and will introduce a simple and effective competition law. Because "economic literacy" in Mozambique is key to facilitating an improved enabling environment and good policies, particularly trade policies, USAID is sponsoring training for Mozambicans from the private and public sectors in economics, trade, and related areas. USAID has identified 10 participants who began formal studies in January 2005. Principal contractors and grantees: Four South African universities, to be determined.

**FY 2006 Program:** Improve Economic Policy and Governance (\$1,468,000 DA) USAID will continue strengthening CTA to serve as the premier Mozambican private sector lobbying agent for policies that



have a positive impact on the private sector and economic growth. Principal contractor and grantee: Booz-Allen & Hamilton and CTA (both prime).

Increase Private Sector Growth (\$1,733,000 DA). In addition to the implementation of the tourism activity, USAID plans to identify and address additional market opportunities for exports. Principal contractors and grantees: Nathan Associates, Inc. (prime) and the George Washington University (sub).

Increase Participation in Global Trade and Investment (\$600,000 DA). USAID will continue to work with the GRM toward the improvement of Mozambican policy reform, and will identify and address additional policy dialogue opportunities. Reforms engineered in 2005 will be implemented in 2006. In addition, up to 20 new participants from the private and public sectors will be sent for training in economics and trade. Principal contractors and grantees: Four South African universities, to be determined.

**Performance and Results:** Performance in 2004 generally built upon achievements in 2003. The dialogue between the GRM and the private sector, facilitated by USAID's grantee CTA, improved. For example, for the first time the Prime Minister attended all scheduled meetings to review the dialogue process, a clear demonstration of host government commitment to the process. Results in other areas include continued improvements in import/export clearance times, from 15 days to three days; and issuance of a new simplified decree on contracting foreign labor that allows employment contracts with a less cumbersome process. This latter result is an essential change in a country working to build up skilled human resources. CTA continues its advocacy work in several areas: for companies to be allowed to hire up to 10% of their employees without GRM intervention; for the development of a timetable for a completely new, employment-enhancing labor law to be passed in 2005; faster value-added tax reimbursements; a new simplified stamp tax; and improvements in Mozambique's overall tax regime to enhance competitiveness.

As a result of a September 2004 Diagnostic Trade Integration Study and the 2002 Trade Mainstreaming Report, Mozambican opinion makers in government, academics, and business have a much better appreciation of and support for a liberal trade policy for growth. In addition, the USAID-funded alternative dispute resolution program resolved 12 cases, and arbitration clauses are consistently being used by Mozambican lawyers in the drafting of new contracts.

By the end of this strategy, USAID will have attracted new investments in targeted labor-intensive sectors through the combination of new openness to trade, lower transaction costs, and dynamic responses in selected sectors. The GRM also will have achieved important policy milestones.

## US Financing in Thousands of Dollars

Mozambique

656-007 Exports	DA	ESF
<b>Through September 30, 2003</b>		
Obligations	1,988	250
Expenditures	0	0
Unliquidated	1,988	250
<b>Fiscal Year 2004</b>		
Obligations	6,981	0
Expenditures	938	0
<b>Through September 30, 2004</b>		
Obligations	8,969	250
Expenditures	938	0
Unliquidated	8,031	250
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	3,811	0
<b>Total Planned Fiscal Year 2005</b>		
Obligations	3,811	0
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	3,801	0
Future Obligations	40,019	0
Est. Total Cost	56,600	250

## Data Sheet

<b>USAID Mission:</b>	Mozambique
<b>Program Title:</b>	Maternal and Child Health
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	656-008
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$12,530,000 CSH
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$10,430,000 CSH
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** The maternal and child health program includes a combination of national and community level activities designed to improve policies and health care management; increase access to proven and effective primary health care services; and increase community level demand for these services. USAID will accomplish this by providing: (1) training, technical assistance, and commodities to improve the delivery and quality of child and maternal health services; (2) technical assistance and training in institutional development to improve and decentralize the Ministry of Health's (MOH) management systems; (3) training and technical assistance to communities on how to promote better health care, including strengthening the capacity of local groups to conduct successful behavior change communication activities; and (4) training and technical assistance to the MOH and communities in health systems administration, the use of data for decision making, financial management, and the development of priority services and protocols.

### **Inputs, Outputs, Activities:**

**FY 2005 Program:** Improve Child Survival, Health and Nutrition (\$4,030,000 CSH). USAID is improving access to and demand for quality pediatric health and nutrition services by building capacity and knowledge within health care facilities and communities. Technical assistance and training for health authorities and communities focuses on vaccine-preventable diseases, malaria prevention, malnutrition, Vitamin A deficiency, and diarrheal diseases. Assistance is being delivered through the integrated management of childhood illnesses and community-based distribution approaches. Training of community and facility-based health workers is improving the diagnosis and management of malaria, counseling of patients, and infection prevention. Principal contractors and grantees: World Vision; others to be determined.

Improve Maternal Health and Nutrition, Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$6,300,000 CSH). USAID is increasing access and demand for maternal health--including reproductive health--and nutrition services through training and technical assistance delivered to district and provincial health care workers and communities. Technical assistance and training for health care professionals and communities focuses on vaccine-preventable diseases, malaria in pregnancy, maternal malnutrition, provision of post-partum Vitamin A, and community-based distribution approaches for Vitamin A, Oral Rehydration Salts, and condoms. The USAID-designed family planning/child spacing policy is being adopted by the Government of the Republic of Mozambique (GRM) in 2005. Family planning and reproductive health resources are being used for training and technical assistance to improve service delivery, supervision of health workers, and logistics systems. Training of community and facility-based health workers is improving the quality of antenatal care, ensuring early detection and management of malaria, TB and improving counseling, contraceptive security, and infection prevention. Develop TB/HIV activities at the community level. Principal contractors and grantees: World Vision; others to be determined.

Build Health Systems Capacity (\$2,200,000 CSH). USAID is strengthening the capacity of MOH staff to improve vital national systems for planning health services and for monitoring program performance. To foster improved maternal and child health, USAID also is developing policies, guidelines, and protocols in several technical areas, such as malaria, TB, epidemic response, advocacy, and monitoring and

evaluation. Health care providers at the central level and in the four target provinces (Zambezia, Nampula, Gaza, and Maputo) are receiving essential management and leadership training. USAID financing and technical assistance at all levels -- central, provincial, district, and community -- ensures the efficient and timely provision of contraceptives and child survival products through improved logistics management. Principal contractors and grantees: John Snow, Inc. (prime), with others to be determined.

**FY 2006 Program:** Improve Child Survival, Health and Nutrition (\$2,740,000 CSH). USAID will continue to increase the use of child health services in the target areas through ongoing training and technical assistance. USAID also will increase training and technical assistance to the MOH in order to accelerate the roll-out of the National Malaria Control Program. New areas of intervention may include technical support and training in water and sanitation management at the community level to ensure a safe water supply. Principal contractors and grantees: World Vision; others to be determined.

Improve Maternal Health and Nutrition, Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$3,600,000 CSH). USAID will continue to increase the use of effective family planning/reproductive health services in the target areas through ongoing training and technical assistance. In addition, USAID will provide technical assistance to facilitate implementation of the GRM's newly-adopted family planning/child spacing policy. Principal contractors and grantees: World Vision; others to be determined.

Build Health Systems Capacity (\$4,090,000 CSH). USAID will continue to provide technical assistance and training to MOH staff to strengthen critical health care systems and to develop and implement improved policies, guidelines, and protocols that lead to better family planning and maternal and child health. Principal contractors and grantees: John Snow, Inc. (prime) with others to be determined.

All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City Policy.

**Performance and Results:** During FY 2004, USAID's health program in Mozambique completed the transition to the new strategy. To facilitate the transition, USAID concentrated activities at the central level. In FY 2004, USAID funded the design of a family planning/child spacing policy that comprehensively and strategically addresses the high proportion of teenage pregnancies, the country's high HIV prevalence rate, and other priority issues. (Adoption of this policy is pending ministerial approval.) USAID also financed the launch of a national campaign promoting optimal birth spacing, and funded the inclusion of the strategy in medical school and health science institute curricula. USAID also trained 120 laboratory staff from more than 30 sites in five provinces in improved laboratory diagnosis of malaria parasites, vector resistance, and species composition, and USAID established malaria surveillance sites in three provinces to better assess the effectiveness of different prevention strategies.

Health statistics in the six targeted provinces demonstrated that USAID achieved or exceeded several program targets. Improvements in rural child health are demonstrated by an increase in DPT3 immunization rates from 44% in 2001 to 56.3% in 2004. There also has been an increase in the use of oral rehydration solution or other recommended home fluids to reduce severe dehydration and/or death due to diarrhea. The use of oral rehydration solution increased from 45% in 2001 to 57.3% in 2004. The proportion of pregnant women attending at least one prenatal consultation increased from 76% in 2001 to 83.8% in 2004 and, in the same period, the contraceptive prevalence rate rose from 9.2 % to 12.9%.

By the end of the strategy, USAID will have significantly increased childhood immunization coverage, reduced the maternal mortality rate, and increased use of modern methods of contraception in target areas.

## US Financing in Thousands of Dollars

Mozambique

656-008 Maternal and Child Health	CSH
<b>Through September 30, 2003</b>	
Obligations	4,428
Expenditures	0
Unliquidated	4,428
<b>Fiscal Year 2004</b>	
Obligations	8,830
Expenditures	2,097
<b>Through September 30, 2004</b>	
Obligations	13,258
Expenditures	2,097
Unliquidated	11,161
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2005 NOA</b>	
Obligations	12,530
<b>Total Planned Fiscal Year 2005</b>	
Obligations	12,530
<b>Proposed Fiscal Year 2006 NOA</b>	
Obligations	10,430
Future Obligations	19,782
Est. Total Cost	56,000

## Data Sheet

<b>USAID Mission:</b>	Mozambique
<b>Program Title:</b>	Municipal Governance
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	656-010
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$1,907,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$2,430,000 DA
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** USAID's program to create models of democratic governance in five targeted municipalities includes technical assistance and training to: (1) increase participation by citizens and civil society; (2) improve the performance of municipal governments by strengthening accountability, responsiveness, and transparency; and (3) reduce the opportunities for corruption in municipal government and public service delivery institutions.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Strengthen Civil Society (\$470,000 DA). Weak civic organizations and poor understanding of civic rights have constrained citizen participation in local governance and allowed petty corruption to flourish. In order to increase participation, strengthen civil society, and reduce opportunities for corruption, USAID is providing civic education to improve citizen understanding of their rights and responsibilities as well as their awareness of municipal government authorities. USAID is providing training and technical assistance to enable community groups to identify issues, articulate needs and priorities in terms of service delivery, and mobilize community resources. Principal contractors and grantees: Ética Mozambique--a local nongovernmental organization (NGO) (prime), and others to be determined.

Support Democratic Local Government and Decentralization (\$570,000 DA). Limited opportunities for participation or even formal expression of interest, along with generally poor administration, have contributed to low public confidence in government. USAID is helping targeted local governments to strengthen accountability, responsiveness, transparency, and the provision of services. To accomplish this, USAID is providing technical assistance and training on development planning, financial and human resources management, budget formulation, ethical and transparent public administration, and public relations. In conjunction with local officials and communities, USAID is designing and implementing a system of incentives and infrastructure improvements to bring about positive changes in service delivery. Some commodity support for specific community infrastructure projects also will be provided. Principal contractors and grantees: to be determined.

Promote and Support Anti-Corruption Reforms (\$867,000 DA). As part of the Africa Bureau's Anti-Corruption Initiative, USAID is continuing its effective partnership with Ética Mozambique, the leading Mozambican anti-corruption NGO. USAID training and technical assistance is leading to the establishment and operation of corruption reporting centers in eight of the country's main cities. Training for key staff and technical assistance for the centers enables them to provide citizens with legal advice, ombudsman services, and a mechanism for confidentially reporting corruption-related crimes to the Attorney General's office. Technical assistance and training is linked to municipal government activities to foster reduced corruption in service delivery, especially in hospitals, schools, and business licensing centers. Principal contractors and grantees: Ética Mozambique (prime) and others to be determined.

**FY 2006 Program:** Strengthen Civil Society (\$880,000 DA). USAID will continue training and technical assistance to citizens and community groups to enhance their capacity to participate in community and municipal decision making. Principal contractors and grantees: Ética Mozambique (prime) and others to be determined.

Support Democratic Local Government and Decentralization (\$1,000,000 DA). USAID will continue training, technical assistance, and the delivery of commodities for infrastructure improvements to develop more capable municipal governments. Principal contractors and grantees: to be determined.

Promote and Support Anti-Corruption Reforms (\$550,000 DA). USAID will continue to provide technical assistance and training to Ética Mozambique to strengthen its anti-corruption efforts and to reduce corruption in service delivery in selected municipalities under the Africa Bureau's Anti-Corruption Initiative. Principal contractors and grantees: Ética Mozambique (prime) and others to be determined.

**Performance and Results:** USAID has achieved significant results in strengthening anti-corruption institutions and promoting transparent and peaceful elections. Improvements in the judicial process are still needed, however, to ensure that corrupt officials are properly investigated and sanctioned. The training of key staff in the Attorney General's Anti-Corruption Unit and financing for the expansion of the unit to two main provincial capitals resulted in significant progress in the fight against corruption. The number of reported corruption cases increased by 33%, from 116 cases in FY 2003 to 155 in FY 2004, and the number of indictments increased from 11 in FY 2003 to 24 in FY 2004. The provincial offices accounted for 25 reported cases and eight indictments. Through continued support to the GRM's Legal Training Center, 20 law-school graduates received nine months of new-entry magistrate training, which is an important contribution to a judicial system plagued by a severe lack of trained judges, huge case backlogs, and corruption. In partnership with Mozambican civic organizations and the Carter Center, USAID financed the training of more than 300 party monitors and 450 civil society observers, as well as a parallel vote tabulation exercise for municipal elections in 33 cities. As a result of the parallel vote count, Mozambique's National Election Commission corrected the outcome of one particular mayoral race. In a second major city, the presence of USAID-supported observers contributed to the peaceful resolution of a dispute between the two main political parties after an attempt at electoral fraud was uncovered.

By the end of the strategy, USAID will have assisted Mozambicans to become more aware of their rights and responsibilities and to actively participate in community and municipal decision-making processes; municipal governments will operate more efficiently; corruption will be reduced through an increase in its reporting and prosecution; and the legal framework for fighting corruption will be strengthened.

## US Financing in Thousands of Dollars

Mozambique

	DA	ESF
656-010 Municipal Governance		
<b>Through September 30, 2003</b>		
Obligations	1,755	500
Expenditures	0	0
Unliquidated	1,755	500
<b>Fiscal Year 2004</b>		
Obligations	2,171	400
Expenditures	18	105
<b>Through September 30, 2004</b>		
Obligations	3,926	900
Expenditures	18	105
Unliquidated	3,908	795
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	1,907	0
<b>Total Planned Fiscal Year 2005</b>		
Obligations	1,907	0
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	2,430	0
Future Obligations	5,737	0
Est. Total Cost	14,000	900