

Mozambique

The Development Challenge: Eleven years after the end of a devastating post-colonial civil war, Mozambique continues on a positive development track. Mozambique's overall macroeconomic performance for calendar year 2003 remained strong. Real gross domestic product (GDP) growth is estimated at a healthy 7%, following on the 10% growth achieved in 2002. Inflation was held to 10.8% during 2003, down from 17% in 2002. The country continues to advance reforms that facilitate private sector-led, poverty-reducing growth. Mozambican non-governmental organizations (NGOs) are building public support for the fight against corruption as the government of the Republic of Mozambique (GRM) develops its capacity to be responsive and actually reduce corruption. Health statistics reveal that the GRM's close partnerships with donors, international private voluntary organizations (PVOs), and domestic NGOs are improving the health status of women and children--and this work is done increasingly by Mozambicans themselves.

These achievements notwithstanding, the country continues to face several development challenges including the need to: maintain high economic growth rates; further reduce widespread poverty; reduce the high incidence of HIV/AIDS; enhance gender equality in political as well as economic life; strengthen democracy and political stability; reduce unemployment levels; and reduce vulnerability to natural calamities. Close to 70% of the population lives at or below the absolute poverty level. Sixty percent of adults are illiterate. Despite increased vaccination rates and improved access to basic health services, life expectancy remains low at 40.2 years for women and 38.4 for men, and continues to fall due to HIV/AIDS. Even if Mozambique can successfully reduce the incidence of HIV/AIDS in the medium-term, the present prevalence rate of 13.6% will eventually translate into large multi-generational costs for the economy and society.

Mozambique's ports provide access to global markets for several landlocked neighboring countries. Its proximity to the industrial heartland of South Africa underscores the fact that its political stability and economic growth contribute 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 in, among others, agriculture, fisheries, and minerals.

The USAID Program: The data sheets that follow cover the five strategic objectives of the new Country Strategic Plan that USAID will implement with FY 2004 and FY 2005 funds. These five objectives will foster sustained, poverty-reducing economic growth that reaches average Mozambicans through agricultural development and increased international trade; stem the spread and impact of HIV/AIDS; improve maternal and child health; and establish models of good governance among municipalities while attacking corruption where it most affects average citizens. FY 2004 funds will be used to implement new and ongoing programs designed to sustain rural income growth in target areas, increase labor-intensive exports, increase the use of quality child survival and reproductive health services, reduce the transmission of HIV while also mitigating the impact of the AIDS epidemic, and make municipal governance more democratic.

Mozambique is a focus country under the President's Emergency Plan for AIDS Relief (PEPFAR). All proposed HIV/AIDS activities are being integrated into PEPFAR and are subject to the approval of the U.S. Global AIDS Coordinator. Additional funding from the Global HIV/AIDS Initiative account is anticipated for both FY 2004 and FY 2005. As a leading donor in the fight against HIV/AIDS in Mozambique, USAID will contribute to FY 2004 and FY 2005 PEPFAR objectives by promoting abstinence and behavior change for youth, preventing mother-to-child transmission, supporting orphans and vulnerable children, and providing antiretroviral treatment and related care.

The USAID Development Assistance Program grants (DAPs), which integrate Development Assistance (DA) with P.L. 480 Title II resources, seek to improve food security and nutrition of rural households by increasing agricultural production and marketing as well as improving nutrition and health behavior. A 2002 review of the determinants of malnutrition in Mozambique suggests that improvements in food security, while necessary, are not sufficient to guarantee improvements in nutrition. The review noted that

health and sanitation, caring practices by the mother, and the mother's own nutritional status and educational background are key determinants of the nutritional status of children in Mozambique. The DAPs also help to increase cash income through sales of agricultural produce and other income-generating activities. The DAPs place a strong emphasis on nutritional behavior change where the mothers of well-nourished children serve as volunteers in the community to teach their peers how to nurture their children. This is a sustainable effort with increasing impact, as the network of mothers with well-nourished children grows.

USAID has strong collaboration with Mozambican partners in each of the target strategic sectors, with more emerging as the country develops. These partners range from GRM counterparts to leading members of the domestic and international for-profit and non-profit sectors. USAID will continue to rely on Mozambican partners for leadership, guidance, and support.

Other Program Elements: USAID's Economic Growth, Agriculture and Trade Bureau provides central funding for activities in Mozambique as part of the Conservation of Resources in African Landscape (CORAL) program. CORAL improves the sustainable use of agricultural land and increases the protection of natural resources (principally forests) and biodiversity, including both freshwater and coastal ecosystems. Ecotourism development is a key enterprise activity under CORAL, and is being considered as a focus area under the new country strategy.

USAID's Global Health Bureau, which, in collaboration with other USG agencies implements HIV/AIDS activities to help achieve the PEPFAR targets, funds HIV/AIDS activities in Mozambique through centrally-funded grants. Medical Service Corporation International will begin prevention and treatment programs through community and faith-based organizations in FY 2004. The International HIV/AIDS Alliance has also begun work in central Mozambique on community-based prevention and care initiatives. In addition, CARE has begun providing small-scale grants for community-based HIV/AIDS prevention, care, and support initiatives. Mozambique is also part of the Anti-Corruption Initiative (ACI) and through its municipal governance program will work to increase opportunities to reduce corruption in government and public service delivery institutions.

Other Donors: Donor coordination is excellent. In October 2003, the World Bank convened the 14th Consultative Group on Mozambique. The meeting focused on progress made during the past two years in implementing the GRM's Action Plan for the Reduction of Absolute Poverty ("PARPA" in Portuguese). Delegates agreed that the key challenges confronting Mozambique are to encourage private sector-led growth and to extend the benefits of that growth to all Mozambicans, particularly the poor. Delegates recognized the need to broaden participation among Mozambicans in the formulation and monitoring of PARPA priorities and to better integrate these activities into the GRM's legislative and budgetary processes. In this context, the GRM established a "poverty observatory" to evaluate and monitor the implementation of its current PARPA. Donor support is increasingly harmonized through broad agreement on Mozambique's Performance Assessment Framework (PAF), which includes a common set of key monitoring indicators. Based on the positive results that the GRM has achieved in implementing its poverty reduction strategy over the past three years, donors reaffirmed their ongoing commitments by pledging approximately \$790 million in external assistance for 2004, exceeding the GRM's requested level of \$680 million.

The United States is one of the largest bilateral donors, with plans to provide over \$60 million in grants and monetized food aid in FY 2004. Other major donors include the World Bank, the International Monetary Fund, the United Nations Development Program, the European Union, the United Kingdom, Japan, the Netherlands, Sweden, Denmark, Switzerland, Italy, France, and Norway. Portugal, South Africa, and the United Kingdom are major sources of private investment in Mozambique. Donor coordination working groups are active in all of USAID's strategic areas.

Data Sheet

USAID Mission:	Mozambique
Program Title:	Rural Incomes
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	656-006
Proposed FY 2004 Obligation:	\$15,900,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$12,088,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2010

Summary: USAID's rural income program integrates development assistance with P.L. 480 Title II resources to help poor rural households raise incomes and improve food security and nutrition by providing technical assistance and training to: increase smallholder productivity, sales, and income; improve market access through road rehabilitation/construction and maintenance; and expand rural enterprises by ensuring access to financing and trade opportunities, as well as strengthening commercial links to rural industries.

Inputs, Outputs, Activities:

FY 2004 Program:

USAID will continue designing and begin implementing new activities under the new country strategic plan in FY 2004. USAID will deliver a full range of business development services to emerging rural enterprises, e.g., farmers, marketing agents, processing plants, and input suppliers. Technical assistance and training will enhance the capacity of local contractors in road construction and maintenance to ensure long-term and reliable physical access to markets. USAID will also bring in technical experts to build capacity within the Ministry of Agriculture and Rural Development (MADER) to improve policy analysis and promote public sector outsourcing of agriculture services; train researchers and extension agents, particularly in the adoption and dissemination of environmentally-sound agricultural practices; and develop policies that support increased production.

Increased smallholder sales of agricultural production (\$7,000,000 DA). In order to increase agricultural productivity, USAID will continue to train farmers in crop diversification, improved storage, and sound environmental management practices. These activities will deliver the added benefits of enhanced food security and nutritional status to an estimated 232,950 rural farm families in areas where chronic malnutrition is widespread. USAID will provide budget support, project assistance, and technical leadership to the Government of the Republic of Mozambique's (GRM's) agricultural sector investment program, ProAgri. Principal contractors, grantees and agencies: Save the Children Federation, Food for the Hungry International, Adventist Development Relief Agency, CARE, World Vision International, Africare, MADER, and Michigan State University.

Rural enterprises expanded (\$4,500,000 DA). Through partnerships with private traders, financial institutions and processors, USAID will strengthen the marketing capabilities of rural enterprises in FY 2004. The first producer-owned trading company (POTC) in Mozambique has emerged as the result of a public-private partnership between USAID and the Cooperative League of the USA (CLUSA). The POTC will receive technical and business skills training from CLUSA and is planning to launch its own marketing activities in FY 2004. Selected rural enterprises will continue to benefit from technical and business skills training to promote their further diversification into marketable crops and a greater focus on production, processing, and exporting. A group of cashew processors will purchase cashew nuts from USAID-assisted rural enterprises, process the nuts in-country, and export the final product worldwide. Principal grantees: Agriculture Cooperative Development International/Volunteers in Overseas Cooperative Assistance, Technoserve, CLUSA, and others to be determined.

Improved transport infrastructure (\$4,400,000 DA). USAID will provide technical and management training to ten local firms to develop Mozambican capacity to construct roads and to introduce new technologies that call for periodic cost-effective maintenance. Principal contractors: Various regional and local contractors.

P.L. 480 Title II resources will continue to increase the food production, cash income, and nutritional status of food insecure families. These resources will finance agriculture extension activities undertaken at farmer field schools to increase crop yields, improve soil fertility, improve food security throughout the year, and safeguard the environment. In FY 2004, USAID will also use P.L. 480 Title II activities to improve the construction and maintenance of farm-to-market roads.

FY 2005 Program:

Increased smallholder sales of agricultural production (\$5,300,000 DA). USAID will continue to aid farmers in increasing production and sales, with specific emphasis in FY 2005 on ensuring farmers benefit from improved research and extension services. Principal contractors and grantees: To be determined.

Rural enterprises expanded (\$3,420,000 DA). In FY 2005, USAID will continue to deliver technical and financial assistance to improve commercial trading networks including, where appropriate, links to sectors targeted by the labor-intensive exports objective (656-007). Principal contractors and grantees: Deloitte Touche, others to be determined.

Improved transport infrastructure (\$3,368,000 DA). USAID will expand activities to include institutional development to improve the capacity for road operation and maintenance, rehabilitate selected overland market links, and introduce new technologies for road construction that improve the quality and reduce the costs of maintenance. Principal contractors and grantees: To be determined.

Performance and Results: This new objective will build on the successes of the past USAID program. In FY 2003, despite regional market and production disruptions caused by the prolonged drought and the spread of the cassava brown streak disease, smallholder incomes and production recorded significant increases in FY 2003. Smallholders continued to increase production, evidenced by a bumper crop of maize, with exports exceeding 185,000 metric tons - a doubling of the amount exported in FY 2002. The national per capita real income figure of \$68.16 (total farm and non-farm) tracked closely with the target of \$70. Smallholders also made noteworthy strides in crop diversification, evidenced by the tripling of "other" crops from 285 tons to 787 tons and the increase in the value of farmer association sales of non-maize crops from 30% to 47%. The establishment of a producer-owned trading company with links to counterpart producers in Zambia assured improved integration into regional markets. In FY 2003, cashew processors adapted and implemented an appropriate processing technology that enables them to command a price-quality premium from at least one European broker.

By helping rural enterprises and small farmers take advantage of new opportunities arising from increased productivity and sales, greater access to rural finances, as well as more and improved marketing opportunities, this program will help sustain increases in rural incomes within target areas over the course of the new strategy period.

Data Sheet

USAID Mission:	Mozambique
Program Title:	Exports
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	656-007
Proposed FY 2004 Obligation:	\$7,100,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$4,974,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2010

Summary: The labor-intensive exports program focuses on overcoming constraints to investment and trade by providing technical assistance, training, and institutional capacity building to enhance and maximize Mozambique's access to international and regional markets. The program also reduces the unnecessary costs imposed on business by the implementation of the Government of the Republic of Mozambique's (GRM's) policies and regulations, and establishes the conditions for increasing productivity, employment, and exports through sector-specific interventions.

Inputs, Outputs, Activities:

FY 2004 Program:

USAID will continue designing and begin implementing activities under the new country strategic plan in FY 2004. Activities will include a combination of technical assistance, training and institutional support to: (1) improve the institutional and analytical trade capacity of policy makers and negotiators; (2) ensure the private sector's active engagement with the GRM to reduce red tape and improve the commercial policy, legal, and regulatory environment; (3) enhance public-private partnerships to transfer skills through apprenticeships, mentoring, and more effective use of existing training facilities to augment degree programs in economic development; and (4) build the capacity of labor-intensive industries through the provision of business development services and training in techniques to penetrate new markets.

Markets for exports expanded (\$1,374,000 DA). The GRM has a crucial role to play in negotiating market access bilaterally, regionally and internationally; the fulfillment of this role will improve the prospects for labor-intensive exports. USAID will provide technical assistance to the GRM's International Relations Directorate to improve institutional and analytical capacity in support of better trade policy. USAID, as the donor coordinator in Mozambique for the multilateral Integrated Framework (IF) for Trade-Related Technical Assistance to Least Developed Countries, will assist the GRM to complete its application for the second IF round and then expand the USAID-funded Trade Mainstreaming Study to meet the requirements for a full IF "Diagnostic Trade Integration Study." These actions are expected to lead to the integration of a trade action plan into Mozambique's overall development and poverty reduction strategy. Principal contractors and agencies: Nathan and Associates; Ministry of Industry and Commerce (MIC).

Enabling environment for exports improved (\$2,192,000 DA). Through its partnership with USAID, the Confederation of Mozambican Business Associations (CTA) will continue to lobby for necessary reforms to create a more liberal trade and enabling environment. USAID technical assistance is expected to contribute to the following improvements to the enabling environment in FY 2004: passage of a more liberal telecommunications law; revisions to the decree governing the contracting of foreign labor; approval of a more progressive commercial code; and a reduction of the time required to register companies from 153 days to less than 100. USAID technical assistance and training will enhance the legal environment for private enterprise by expanding the system of alternative dispute resolution established with USAID assistance in FY 2003, thereby improving contract enforceability. Principal contractors, grantees or agencies: Booz-Allen & Hamilton, Business Forum for the Environment, CTA, MIC, Ministry of Transport and Communications.

Capacity of labor-intensive industries strengthened (\$3,534,000 DA). During FY 2004, activities will be designed under this new objective. During activity design, USAID will apply a number of lessons learned from a public-private partnership with Technoserve that partners U.S. companies in mentoring relationships with Mozambican enterprises to help them enter and succeed in domestic and international markets. Principal contractors and grantees: Technoserve and others to be determined.

FY 2005 Program:

Markets for exports expanded (\$1,398,000 DA). USAID may expand technical assistance and training to key government institutions in FY 2005 to assist with the establishment of a trade coordinating body, the creation of a trade database, and the implementation of a set of standards and certifications required to export products in particular markets. Principal contractors and grantees: Nathan and Associates, MIC, others to be determined.

Enabling environment for exports improved (\$1,322,000 DA). USAID may expand its activities in FY 2005 to include technical assistance and training to the MIC's Private Sector Division, and technical assistance to the Mozambican non-governmental organization (NGO) Businesses Against AIDS. Principal contractors and grantees: CTA, others to be determined.

Capacity of labor-intensive industries strengthened (\$2,254,000). FY 2005 will be the first year of implementation of this new activity. USAID technical assistance, training, and financial assistance will create the mechanisms and environment required to increase exports in select industries or sectors. Specific interventions will include establishing alliances between Mozambique and U.S. or regional businesses and sector business associations; creating financial instruments aimed at supporting labor-intensive exports; and increasing access to business development services. Principal contractors and grantees: To be determined.

Performance and Results: Significant improvements in economic policy legislation and regulations that encourage trade and investment were achieved under the former program. These were reflected in the reduction of import times from two weeks to one week; reduction in the registration time for a business from 207 to 153 days; and a reduction in the bureaucratic requirements for hiring of foreign workers. The CTA played a key role in each of these achievements. In January 2003, the GRM reduced the high tariff rate from 30% to 25%, reducing trade taxes to 14% of total revenues (excluding donor assistance). The GRM fulfilled its tariff reduction commitment under the Southern African Development Community's (SADC) Free Trade Area agreement.

By the end of FY 2010, CTA will continue to fill the lead role in analyzing proposed policies or legislation related to private sector growth, while diversifying its budget sources; trade will continue to increase as a percentage of GDP, facilitated by the continued reduction of "red tape" barriers, specifically those targeted in the CTA-GRM action plan; and successful exports in a few key sectors will create a political dynamic in support of reform that will generate competitive exports elsewhere.

Data Sheet

USAID Mission:	Mozambique
Program Title:	Maternal and Child Health
Pillar:	Global Health
Strategic Objective:	656-008
Proposed FY 2004 Obligation:	\$9,700,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$9,730,000 CSH
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2010

Summary: The maternal and child health program includes a combination of national and community-level interventions designed to strengthen the policy and management environment; 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, training, and institutional development support to improve and decentralize the Ministry of Health's (MOH) management systems; (3) training and technical support to communities in health promotion, including strengthening the capacity of local groups to conduct successful behavior change communication activities; and (4) training and technical support to the MOH and communities in health planning, the use of data for decision making, financial management, and development of priority services and protocols.

Inputs, Outputs, Activities:

FY 2004 Program:

USAID will complete the design of and implement new activities under the new country strategic plan in FY 2004. With CSH resources, USAID will continue to target both formal health facilities and community-led efforts. Technical assistance and training will focus on vaccine-preventable diseases, malaria prevention, malnutrition, Vitamin A deficiency, and diarrheal diseases through the Integrated Management of Childhood Illnesses (IMCI) and community-based distribution approaches. Family planning and reproductive health resources will fund training and technical assistance to improve service provision, supervision, and logistics systems. Training of community and facility-based health workers will improve the quality of antenatal care, ensure early detection and management of malaria, and improve performance in counseling, contraceptive technology, and infection prevention. Resources to support logistics management will provide technical assistance at the provincial, district, and community levels for the provision of contraceptives and a full range of child survival commodities.

Increased access to quality health services (\$4,774,000 CSH) and increased demand for quality health services (\$2,566,000 CSH). Technical assistance will be used to supervise the training of over 3,200 community health agents and 1,500 facility-based health workers to ensure the sustainability of efforts undertaken during the previous strategy period (FYs 1996-2003). Training of 450 health workers in the IMCI approach will expand USAID geographic coverage in the target provinces. Principal grantees: World Vision International, Save the Children Federation, Health Alliance International, Medical Care Development International, Terre des Hommes, Project Hope, and others to be determined.

More accountable Ministry of Health policies and management (\$2,360,000 CSH). USAID will continue to strengthen the capacity of MOH staff at the district and provincial levels to align resources with priorities and to improve operations management. Principal contractor: Deloitte Touche and others to be determined.

FY 2005 Program:

Increased access to quality health services (\$4,614,000 CSH) and increased demand for quality health services (\$2,740,000 CSH). USAID will continue to increase the use of maternal and child health services in new target areas through ongoing training and technical assistance. USAID will also increase training and technical support 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, both at the facility and community levels, to ensure safe water supplies at all formal health facilities. Principal contractors and grantees: To be determined.

More accountable MOH policies and management (\$2,376,000 CSH). Technical support and training of MOH staff in financial and operations management at the provincial, district, and community levels will be initiated in USAID's new target areas. USAID will continue to provide technical expertise and training at the central level to increase the MOH's capacity to formulate and implement policies in support of health sector reform. Principal contractors and grantees: 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: Initial data from the 2003 Demographic and Health Survey highlight significant improvements in a number of health statistics that were achieved under the prior strategic plan period. Major improvements in child health in rural areas are demonstrated by an increase in immunization rates among children 12-23 months old, from 45% in 1997 to 61.5% (target of 60%). There also is an increase in the percent of mothers who know how to use oral rehydration salts or other recommended home fluids to reduce severe dehydration and death through prevention and treatment of diarrhea, from 36% to 63.1% (target of 50%). A total of 39.4% of mothers know the rules of home diarrhea case management, compared to 34% in 1997. Vitamin A supplemental intake rates for children aged 6-59 months increased from a baseline of 0% to 45.5%. The contraceptive prevalence rate rose sharply from 1.3% to 17.5%, far surpassing USAID's target of 8.0%.

Training of MOH health workers in the IMCI approach increased USAID's geographic coverage from 29 districts in FY 2002 to 88 districts in FY 2003. Over 3,200 community leaders, who serve as liaisons between the community and formal health facilities, were trained in IMCI. As a result, 6,568 children under age five were referred to health facilities for treatment of illnesses requiring professional medical attention.

Continued progress under this new objective will result in increased childhood immunization coverage, reduction in the maternal mortality rate, and increased use and availability of modern methods of contraception.

Data Sheet

USAID Mission:	Mozambique
Program Title:	HIV/AIDS
Pillar:	Global Health
Strategic Objective:	656-009
Proposed FY 2004 Obligation:	\$10,000,000 CSH
Prior Year Unobligated:	\$2,800,000 CSH; \$750,000 ESF
Proposed FY 2005 Obligation:	\$10,000,000 CSH
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2010

Summary: This program, which will be implemented as part of the President's Emergency Plan for AIDS Relief (PEPFAR), aims to reduce the transmission of HIV and mitigate the impact of the AIDS epidemic by providing: (1) technical and material support to build the capacity of indigenous organizations to sustainably address the HIV/AIDS challenge in Mozambique; (2) technical assistance, training, and commodities to the Ministry of Health (MOH) to lead and manage effective expansion of treatment and care services, including those to prevent mother-to-child transmission (PMTCT) and to provide counseling and testing for HIV; (3) technical assistance and training to enable local leaders to promote risk-reducing behavior change in their communities; (4) essential supplies and services at the community level for HIV prevention and to maximize the well being of people living with HIV/AIDS; and (5) technical assistance and training to strengthen Mozambique's national leadership and the coordinated national response to HIV/AIDS.

Inputs, Outputs, Activities:

FY 2004 Program:

Under PEPFAR, USAID will expand HIV/AIDS prevention, treatment, care and mitigation efforts to reduce HIV transmission and help affected individuals and families. Program activities will help ensure that: (1) links between the resources of national-level organizations and community efforts are strengthened to ensure an effective national response; (2) each Mozambican understands his or her personal risk of contracting or transmitting HIV and has the skills and motivation to decrease personal risk; and (3) essential clinical and support services for prevention, treatment, and care are increasingly used.

Expansion of Support for Orphans and Vulnerable Children (\$750,000 prior year ESF). FY 2003 ESF carryover resources will enable the acceleration of planning for and expansion of support services for orphans and vulnerable children (OVC) in Mozambique. Activities will include a participatory situation analysis to clarify the current and projected challenge; a national consultation of stakeholders; a review of policies and legislation relevant to safeguarding children's property and inheritance rights; a national action plan to assist orphans and vulnerable children; and a national system to monitor coverage and quality of OVC service provision. At the same time, grant support will be provided to one or more non-governmental organizations (NGOs) with established programs for orphans and vulnerable children in highly-affected geographic areas.

Prevention of Mother to Child Transmission (PMTCT). FY 2003 PMTCT carryover funding will allow USAID, along with the U.S. Centers for Disease Control and Prevention (CDC), to begin expansion of PMTCT and PMTCT+ services (the "+" means inclusion of care and support for other members of the affected family) at 14 sites throughout the country in FY 2004. This will double the number of existing national sites, and contribute to 25% of the GRM's goal. Expansion entails strengthening the capacity of the MOH to manage, coordinate and implement the national PMTCT component and other components of the national strategy, identifying areas in need of improvement in districts and at the point of service; increasing the quality of HIV/AIDS programs and services; and developing community linkages to foster

support for PMTCT services. Principal grantees and agencies: Population Services International (PSI), Health Alliance International, Family Health International, MOH.

Civil society linked effectively to national HIV/AIDS response (\$1,100,000 CSH). Under PEPFAR, USAID will continue to provide technical assistance and training to the National AIDS Council to enhance capacity for strategic planning, coordination, and monitoring of the national response. Principal contractor: Ernst and Young. Additional partners will be identified during FY 2004.

Behavior change enhances HIV/AIDS prevention and care (\$4,950,000 CSH). Funding will be used to provide information, education, communications, and mentoring programs to improve the skills and incentives of individuals to reduce personal risk of HIV infection, as well as mobilize and enable a community environment encouraging and supporting less risky behavior. Activities also will include support services for vulnerable children and families affected by HIV/AIDS, as well as home care for HIV-positive individuals. Principal grantees: Mozambique Foundation for Community Development (known as "FDC" in Portuguese), local sub-grantees, PSI. Additional partners will be identified during FY 2004.

Essential services utilized (\$3,950,000 CSH). As part of PEPFAR, USAID-funded technical assistance, training, and commodities will support the expansion of voluntary counseling and testing (VCT), anti-retroviral therapy (ART), PMTCT and clinical care for opportunistic infections. Resources also will help ensure essential supplies and services are available at the community level, both for HIV prevention and for maximizing the well-being of people living with HIV/AIDS, through counseling and HIV testing, referral systems for advice and support services; and condom distribution. Principal grantees and agencies: MOH, PSI. Additional partners will be identified during FY 2004.

FY 2005 Program:

HIV transmission reduced and impact of AIDS epidemic mitigated (\$10,000,000 CSH). With additional HIV/AIDS resources, USAID anticipates rapid scale-up of all activities described under "FY 2004 Program." In addition, USAID will expand services into new geographic focus areas. Principal grantees and agencies: To be determined.

Mozambique is a focus country under the President's Emergency Plan for AIDS Relief. Additional funding from the Global HIV/AIDS Initiative account is anticipated for both FY 2004 and FY 2005.

Performance and Results: Under the previous strategy, USAID-funded activities encouraged safer sexual behavior through behavior change interventions, including condom distribution. These interventions, delivered through mass media and interpersonal channels, resulted in over 250,000 people being reached through 12,000 guided peer debates nationwide. In addition, over 2,000 theater performances reached approximately 175,000 Mozambicans of all ages. A recently introduced clinic-based sexually transmitted infections (STI) control program achieved nationwide coverage and distributed over 107,000 "clinic packs", up from 44,717 in FY 2002, resulting in a 30% referral rate for partner testing (up from 27% in FY 2002). USAID provided direct funding to four voluntary counseling and testing centers where more than 26,000 clients were served, which amounts to over 33% of the clients served nationwide. In over 4,700 sales outlets funded by USAID resources, condom sales rose to 15.6 million, far surpassing the 12 million target.

HIV/AIDS awareness, prevention and care activities along the Maputo Corridor had an impact on thousands of men, women, and youth in FY 2003 through the Maputo Corridor AIDS Prevention Project. The project, administered by FDC, entered into sub-grants with twelve NGOs (both international and national) and community-based organizations to carry out intensive community-based prevention and care activities. Through the programs' first full year of implementation, 248,954 persons between the ages of 15 to 49 were reached (118% of the target) through home visits, partner education sessions, round table discussions, and theater performances at schools, churches, community events, and the workplace. In addition, 222,330 directed educational activities were carried out (100% of target); 9,652 home care visits were conducted (114% of target); and 930 orphans received services (72% of target). The launching of an HIV/AIDS-STI hotline was fully operational during the final half of the reporting period and provided counseling to over 39,000 callers nationwide.

Continued progress will mean that by FY 2010, 100,000 HIV positive persons will be receiving ART and 90,333 fewer mothers will infect their unborn children with HIV, due in part to services available in over 250 PMTCT sites.

Data Sheet

USAID Mission:	Mozambique
Program Title:	Municipal Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	656-010
Proposed FY 2004 Obligation:	\$1,261,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$1,257,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2010

Summary: The municipal governance program creates models of democratic governance, characterized by accountable elected officials, increased civic action, and more ethical public servants. This program will provide technical assistance and training to: (1) increase communities' knowledge and awareness of their basic rights and freedoms, specifically those related to citizen oversight of government and involvement in decision-making; (2) improve the performance of municipal governments by strengthening accountability, responsiveness, and transparency; and (3) increase the opportunities for reducing corruption in municipal governments and public service delivery institutions.

Inputs, Outputs, Activities:

FY 2004 Program:

Through technical assistance and training USAID will bring nongovernmental organizations (NGOs), citizens, and municipal governments together to identify and address agreed upon priorities. The lessons learned and models of good governance will be used to demonstrate the benefits of broad participation, cooperation, and initiative to municipalities not targeted by USAID, and to national leaders.

Increased participation by citizens and civil society as municipal governments demonstrate democratic decision making (\$1,261,000 DA). USAID's technical assistance and training will improve citizen participation in and oversight of local governments by creating incentives and mechanisms for citizen involvement in priority setting and municipal development initiatives. USAID will also advise and train municipal government officials in citizen outreach, development planning based on articulated community needs, ethical and transparent public administration, and public information campaigns. Four to six municipalities will be selected as initial focus sites. USAID will also finance the dissemination of success stories and lessons learned for potential replication in other municipalities. Principal contractors, grantees, or agencies: To be determined.

Anti-corruption initiative. USAID will continue the effective partnership with *Ética* Mozambique, a Mozambican anti-corruption/watchdog NGO, that it began under the previous activity. USAID will assist *Ética* Mozambique to continue leading Mozambican civil society's anti-corruption efforts in FY 2004 by implementing the multi-media information and awareness campaign launched in FY 2003, and by establishing corruption reporting centers in all ten of the country's provincial capitals. The centers will provide citizens with free legal advice, justice sector ombudsman services, and a mechanism for confidentially reporting corruption-related crimes to the Attorney General's office. USAID technical assistance and training will also support corruption prevention at the point of service in conjunction with the decentralized municipal governance activities described above. In FY 2004, USAID and the Department of State's International Narcotics and Law Enforcement Bureau (State/INL) will provide technical assistance and training to the Mozambican Attorney General's Office to build sustainable institutional capacity to fight corruption, create effective legal sanctions, and deter public sector corruption. USAID will program and manage State/INL funds to finance the expansion of the Government of the Republic of Mozambique's (GRM's) specialized anti-corruption unit to two additional provinces in the center and north of the country; law school scholarships for prosecutors not holding law degrees; and

the installation of specialized hardware and software (e.g., computers and statistical case-tracking software) in six provinces. Principal grantees and agencies: Ética Mozambique, the Mozambican Attorney General's Office.

FY 2005 Program:

Increased participation by citizens and civil society in target areas (\$629,000 DA); and targeted municipal governments demonstrate more democratic decision-making (\$628,000 DA). USAID will continue to provide technical assistance and training to create models of democratic governance in four to six target municipalities in FY 2005. FY 2005 will be the first full year of implementation of the activities described above. Any additional funds received from USAID's anti-corruption initiative and State/INL will allow the expansion of both non-governmental and governmental anti-corruption activities to additional provinces. Principal contractors and grantees: To be determined.

Performance and Results: Significant successes were achieved under the prior strategy. The Mozambican anti-corruption unit reported on more than one hundred cases of alleged corruption during the last nine months of FY 2003, for which eleven people were indicted and three convicted. USAID's seven-year assistance program to the Mozambican legislature continued to produce positive results: more than 50% of the legislation approved in FY 2003 was drafted within the parliament, as opposed to previous years when the executive branch drafted the vast majority of legislation. USAID concluded five years of political party development assistance in FY 2003. The two main parties have shown great progress toward becoming more internally democratic, developing political messages and running effective campaigns, establishing alliances and coalitions, and strengthening their organizational and administrative capabilities. In FY 2003, USAID helped lead a multi-donor effort to encourage the GRM to finance an increasing percentage of the cost of elections. The GRM contributed 37% of the overall costs of the 2003 municipal elections, up from eight percent in 1994, 22% in 1998, and 25% in 1999.

By program completion, Mozambicans will be more aware of their rights and responsibilities and will actively participate in community and municipal decision-making processes; municipal governments will operate more efficiently; increased reporting and prosecution of corruption crimes will be recorded; and the legal framework for fighting corruption will be strengthened.

Mozambique PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	17,677	22,601	19,700	19,730
Development Assistance	22,438	27,567	24,261	18,319
Economic Support Fund	400	1,250	0	0
PL 480 Title II	17,901	16,166	14,855	18,801
Total Program Funds	58,416	67,584	58,816	56,850

STRATEGIC OBJECTIVE SUMMARY				
656-001 Increased Rural Incomes				
DA	17,910	5,829	0	0
ESF	0	500	0	0
656-002 Government and Civil Society				
DA	1,261	145	0	0
ESF	400	0	0	0
656-003 Maternal and Child Health				
CSH	17,677	8,591	0	0
656-004 Enabling Environment for Growth				
DA	3,267	279	0	0
656-006 Rural Incomes				
DA	0	17,571	15,900	12,088
656-007 Exports				
DA	0	1,988	7,100	4,974
ESF	0	250	0	0
656-008 Maternal and Child Health				
CSH	0	4,428	9,700	9,730
656-009 HIV/AIDS				
CSH	0	9,582	10,000	10,000
656-010 Municipal Governance				
DA	0	1,755	1,261	1,257
ESF	0	500	0	0

Mission Director,
Jay Knott