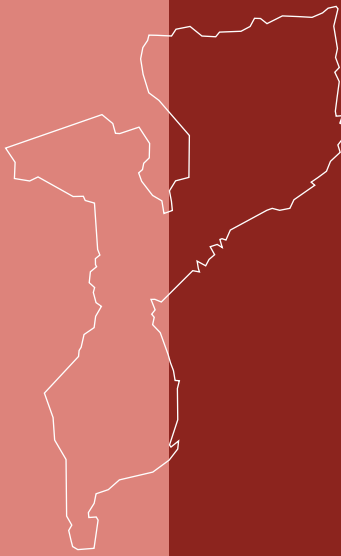




DEVELOPMENT



Mozambique rebuilding an African nation

Twenty years of European Union - Mozambique co-operation



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20 years of Mozambique – EU co-operation



2004 marks 20 years of co-operation between the European Union and Mozambique in the framework of Lomé currently the Cotonou Convention. This co-operation has several elements, namely Political dialogue, trade and development co-operation, the latter based on the European Development Fund.

There are also other instruments to support Mozambique through the EU budget namely in food security, human rights and democratisation, environment, etc. The European Investment Bank is also very active in Mozambique, the ACP country with the largest portfolio of investments.

The European Commission is the largest co-operation partner of Mozambique, having implemented over €1,500 million with EDF, EIB and budget resources.

In the current stage of Mozambique's development the EC considers budget support a very appropriate way to assist the country meeting its key objective of poverty reduction. The EC is the largest donor among the group of donors of budget support.

But we want to do more, mainly in this fundamental objective of reducing poverty. The EU and the ACP States share the view that the best strategy in this context is the latter's integration in the world economy in the best possible conditions. Against this background we look forward to the start of negotiations with Mozambique integrated in the SADC group, due to start on the 8th July 2004.

2004 marks 20 years of co-operation between Mozambique and the European Union. As we celebrate this anniversary, we take note of the positive effects of this co-operation and consider the impact it has had on the social and economic development of Mozambique.

Even before the country joined the 3rd Lomé Convention, shortly after independence, Mozambique benefited from aid in the form of financial and technical co-operation between the European Community and Non-Member States.

When Mozambique joined the 3rd Lomé Convention on 8 December 1984, this co-operation acquired new impetus, becoming more structured and improving in quality. The co-operation between Mozambique and the Community – through various financial instruments of the several Lomé Conventions and the Cotonou Agreement – has been directed toward sectors that are fundamental to the social and economic development of the country. Specifically these include transportation infrastructure, aid on balance of payments, macroeconomic aid, rural development, agriculture and food safety, health, and good governance and democracy.

It is within this context that the co-operation between Mozambique and the Community, within the framework of the new partnership established in the Cotonou Agreement, takes on its role as a major instrument in achieving the fundamental objective of the Mozambican government and its people: to reduce and eliminate poverty through a strategy embodied in the Plan of Action for the Reduction of Poverty (PARPA) and reflected in Agenda 2025.

Mr José Manuel Pinto Teixeira,
Ambassador,
Head of the European Commission Delegation
in Mozambique

Dr Frances Rodrigues,
Deputy Minister for Foreign Affairs and Co-operation,
National Authorising Officers for the EDF



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A strategy for the future

“Mozambique is a country that experienced the transition from an emergency assistance situation to a phase of post-war rehabilitation, and is now going through a whole development process.” This sentence from the EC-Mozambique 2003 annual report sums up a complex and evolving process that offers hope for the future of the country and its people.

The long-term process inherent in this effort is already well advanced: conflicts have been resolved, there have been substantial advances in liberalising and opening up the economy, and Mozambique now enjoys an unprecedented level of stability. Even more crucial in the development process has been the legitimisation of Mozambique’s political establishment through the conduct of fair and effective elections.

The Government of Mozambique, with the support of its partners, is advancing in the overall fight against poverty. The PARPA (‘Action Plan for Absolute Poverty Reduction 2001-2005’) has the far-reaching objective of reducing poverty from the 1997 level of 69.4% to less than 60% in 2005, and less than 50% in 2010. The main objectives of the Government’s economic policy, as set out in PARPA, are to maintain a high and sustainable rate of growth oriented towards poverty reduction, to ensure macroeconomic stability and to improve the quantity and quality of public services. To implement this strategy, PARPA identifies six areas for priority action, to which 67% of public expenditure is to be allocated: the education and health sectors, agriculture and rural development, infrastructure, good governance, and sound macroeconomic and financial management.

The Government has shown and continues to show a great political commitment towards PARPA implementation, and the performance record is generally positive, with encouraging trends in the levels of poverty reduction. As shown by the recent household survey, poverty incidence has dropped to 54.1%, ahead of the targets set under the PARPA plan. Amongst the priority sectors the goals of raising healthcare and educational standards are of the utmost importance (see case study 1).





An EDF-financed Rural Health Centre in Zambezia Province.

Case study 1 | Improving healthcare in Zambezia Province

Zambezia province is one of the regions of Mozambique most in need of assistance in terms of health status and the health system. Since 1996 the EC has been using both EDF funds and budget lines to support the rehabilitation of the healthcare infrastructure, financing training and civil society initiatives in the fight against HIV/AIDS. The first initiative was the 7 ACP MOZ 77 Rural Health System Rehabilitation project valued at €22 million, focusing on rehabilitation of the rural health infrastructure. This was followed by the 8 ACP MOZ 33 Health System Support programme which features medical and non-medical equipment worth €10 million, to be used in equipping the rehabilitated infrastructure and supporting local authority capacity in the province. Nine projects have been financed from the budget lines and implemented by the EC's international NGO partners (total budget: €5.8+ million), and objectives varying from further rehabilitation to health services development and training of health staff, from the central provincial level down to individual communities. Some of these projects are still being implemented, but health services status in Zambezia has already advanced radically from the baseline of 1996, as demonstrated by the fact that the majority of national primary health indicators are on the rise.





The attainment of the PARPA objectives and the fight against poverty depend on their effectiveness on the full engagement and involvement of civil society. To this end, within the PARPA framework, the Government and its partners have established the Poverty Observatory, a consultative forum where the Government, civil society and representatives of the foreign donor community can monitor and debate objectives and initiatives. The second plenary meeting of this forum took place recently.

Effective implementation of the PARPA plan ultimately depends on the improved integration of existing planning instruments, clearly defined monitoring and evaluation efforts, and an improved application at sectoral and provincial levels. All these aspects are now receiving attention in the framework of the Poverty Observatory and other fora for dialogue between the Government and its partners.

The Government of Mozambique's 'Agenda 2025', which sets out a strategy identifying the principal consensual guidelines for political, economic, social and cultural development in the years ahead is a commendable initiative aiming at promoting an inclusive and participatory dialogue that transcends partisan barriers.

The European Commission has been accompanying the implementation of the PARPA plan through its various instruments of aid cooperation, with the objective of helping to maintain macroeconomic and political stability, and the ultimate goal of reducing poverty. Close and constructive co-operation between the Government of Mozambique, the European Commission and the other donors is essential if this long-term process is to be ultimately successful. It implies trust and empathy on all sides, in recognition of the fact that the goal of peace and prosperity is of benefit to all those involved. ■





The challenges facing Mozambique

To mobilise the energies and resources of its people and achieve the impressive vision of creating a better future for them, a country must – as an inherent precondition – achieve national cohesion and coherence. Although emerged from a past torn with war and civil strife, Mozambique is still confronted with internal demands and occasional dissensions that challenge its ability to administer development programmes effectively.

Mozambique is still one of the poorest countries in the world, with a per capita GDP of US\$ 210. In 1996-97, 69.4% of the population lived below the poverty line. According to more recent figures, the incidence of poverty has decreased sharply over the past six years, by 15%. However, there are still dramatic imbalances in the country as regards poverty's geographic distribution.

Furthermore, a 2003 UNICEF study of children under five years of age found a 37.6% incidence of stunting (height/age) and a 4.3% incidence of wasting (height/weight). Stunting is an indicator of chronic malnutrition as a consequence of poverty, lack of food or an imbalanced diet, while wasting is an indicator of acute malnutrition.

Compounding the challenge is the fact that, like all the countries in Southern Africa, Mozambique is stricken with the HIV/AIDS pandemic. An estimated 13.6% of Mozambicans within the 15-59 years age range have HIV/AIDS. Significant regional differences are recorded in HIV/AIDS cases. In the central region, the rate of infection is highest at 16.7%, followed by the south with 14.8%, but the rate of infection is significantly lower in the north at 8.4%. However, with the exception of the HIV prevalence among the adult population, there is a global positive trend for the ten Millennium Development Goals.

Moreover, Mozambique is still handicapped by an only partially functioning infrastructure – a disrupted road system, deteriorated rail links, and an incomplete electricity supply system. The country comprises eleven provinces, some of these being inadequately integrated with others, and many producers have insufficient access to potential markets.

Mozambique faces the challenge of profiting more effectively from its geographical location. The country boasts three road and rail corridors: these link the industrial heartland of South Africa, as well as five other landlocked 'hinterland' states (Botswana, Malawi, Swaziland, Zambia and Zimbabwe), with Mozambican ports on the Indian Ocean. It has a 2,500 km long coastline and prime fishing possibilities but, as yet, no operational coastguard to combat illegal fishing. The country also depends largely on water resources from outside its frontiers: it shares these resources with its neighbours under a SADC protocol.



75% of the population live in rural areas, with subsistence farming as their main source of income. Their chances are at present inhibited not only by lack of market access but also lack of access to rural credit and to appropriate technologies. Yet the potential is there: Mozambique has some important national endowments. Key products include seafood, cotton, tea, cashews, coconuts, cattle, timber and minerals.

Added to all the above is the damage caused to the country's agriculture and infrastructure by the drought in 2000, and the floods and cyclones in 2000 and 2003. The country needs to develop a reliable disaster-preparedness policy to combat these unavoidable elements more effectively.

Reform of public administration is a precondition for good governance and thus for the effective implementation of the national development strategy. Corruption at various levels of the administration is one of the barriers to better performance: combating corruption implies empowering people, raising salaries, investing in administrative and technical training, and developing an efficient legal system.

A significant law has been passed recently in support of the fight against public-sector corruption: this includes provisions for new obligations for auditors, better access by citizens to justice, and greater protection for whistle-blowers. Much work remains to be done. In this regard, implementation of the reform of the legal sector will be of the utmost importance. Improvement of accountability and efficiency of public spending, through an improved public financial management system, will also be a significant challenge.

In response to these challenges, Mozambique launched a Public Sector Reform Strategy in 2001, the main components of which are the reinforcement of good governance, administrative decentralisation, rule of law, and institutional capacity-building at both the central and local levels. The Government has recognised the significance of decentralisation and local empowerment as an instrument for achieving greater efficiency in the public sector.

Mozambique will thus in the next few years come to terms with the multiple challenges ahead. These include the need to consolidate democracy, continue the fight against corruption and extreme poverty, and progressively reduce the country's dependency on high levels of external aid by promoting economic growth through export diversification and enhancing a favourable business environment. ■





Working together for a better future

The European Commission is the most important co-operation partner in Mozambique, having disbursed more than €1,700 million euro from 1978 to date from European Development Funds, European Investment Bank funds and budget lines in the framework of the development partnership with Mozambique.

Further to large-scale food aid in the '80s and early '90s and following the successful implementation of three multi-annual EDF programmes (6th/7th/8th), on 18 February 2002 the EC and the Government of Mozambique signed the "Country Strategy Paper" and the "National Indicative Programme of Community aid for the period 2001-2007", to be financed from a combination of the 9th EDF and the EC budget.

In accordance with PARPA priorities, the Country Strategy addresses three main focal areas: Macro-economic Support; Transport Infrastructure, and Food Security and Agriculture. Other important areas of intervention in the strategy agreed with Mozambique include HIV-AIDS and Health, Good Governance, and Support to Non-State Actors. In addition, Mozambique benefits from important financial resources from EC budget lines, mainly food security, as well as being the ACP country with the largest portfolio of EIB loans. The total amount of ongoing operations added up to €500 million by mid-2004.

A positive outcome is expected from the Mid-Term Review of the current Country Support Strategy, with additional resources requested to complete the cooperation programme in the same focal sectors, until the entry into force of the 10th EDF in 2008.

Results achieved in the focal areas are very positive. In the macro-economic sector, the EC has been the largest donor in recent years. The Memorandum of Understanding signed in April 2004 between the Government of Mozambique, the European Commission, and the 14 partners providing budget support (G15) shows the importance of this method of co-operation as an instrument for ultimate 'ownership' of development assistance, reinforced by a jointly agreed and assessed set of indicators to monitor performance in a more harmonised and predictable way, aligned with the Government's budget cycle.

With respect to the infrastructure, the institutional reform process in the road sector is supported, as well as routine and periodic road maintenance activities and road rehabilitation in line with PARPA targets (see case study 2).





President Joaquim Alberto Chissano and J. M. Pinto Teixeira, Head of the EC Delegation, inaugurate the reconstructed road.

Case study 2 **Project for the rehabilitation of the Rio Save-Muxungué road, Sofala province**

The rehabilitated Rio Save-Muxungué road, the work on which was entirely financed by the European Union from the 7th EDF (7 ACP MOZ 047), was inaugurated on 23 December 2002 by the President of the Mozambican Republic, Joaquim Alberto Chissano, accompanied by the Minister of Public Works and Housing and by the Governors of Sofala and Inhambane provinces. The European Commission was represented on that occasion by the Head of Delegation, J.M. Pinto Teixeira.

The rehabilitation work on the 107 kilometers of this important section of National Road N° 1 (EN 1) started in April 2001. Even so, once work had started, heavy rains resulted in floods that inflicted serious damage on the existing road and necessitated work additional to that already planned. The project was finally completed in November 2002 for a total cost of €7.8 million.





As regards agriculture and food security, formulation of the second phase of the sectoral programme (Proagri 2005-2009) was recently introduced. The institutional reform component relating to agricultural research was finalised, implementation of the human resources management plan initiated, the strategy for the livestock sub-sector was also finalised, and new sectoral legislation prepared. A monitoring system has been developed to allow the Ministry of Agriculture and Rural Development (MADER) to monitor its activities, linking them to budget execution. The main elements involved in the early warning system and vulnerability analysis have been established. In 2003, the Ministry of Industry and Commerce (MIC) greatly simplified procedures for licensing commercial and industrial activities. The National Meteorology Institute (INAM) continued the rehabilitation of its network of meteorological stations.

Since 1994, early on in the development process, the European Community has worked alongside the Mozambican Government in helping strengthen and monitor democratic election procedures. The EC involvement in ensuring a fair election process is described in case study 3, opposite.

The European Union is also one of the main trade partners of Mozambique, as Mozambican exports to the EU were 61% of the country's total exports in 2002, and imports from the EU represent 19% of overall Mozambican imports. The trade balance has been favourable for Mozambique since 2001.

In order to enhance the contribution of trade to development, the ACP States and the Community decided to overhaul their previous trade relations completely. From non-reciprocal trade preferences granted by the EU to ACP exports, the parties agreed to enter into economic integration agreements – concluding new trading arrangements compatible with the World Trade Organization rules, progressively removing barriers to trade between them, and enhancing co-operation in all areas related to trade. To this end, Economic Partnership Agreements (EPAs) are being negotiated between the EU and ACP countries. In 2003 Mozambique expressed its intention to join the SADC group for the EPA negotiations. The launch of EU negotiations with some of the SADC countries – Angola, Botswana, Lesotho, Namibia, Mozambique, Swaziland and Tanzania – will take place on 8 July in Windhoek, Namibia.

The Government of Mozambique, the European Community and its Member States are partners in a long-term mission to bring peace and prosperity to the country. ■





Case study 3 The European Union and Elections in Mozambique

One of the main objectives of the European Commission and EU Member States' co-operation with the Republic of Mozambique is to support the consolidation of democracy. The four electoral processes undertaken since the end of the civil war have played a vital role in ensuring stability and establishing a multi-party democracy.

Since the first elections in 1994, the EU has consistently co-financed and monitored the electoral process. In fact, Mozambique is one of the countries to receive the strongest electoral support from the European Union.

Support for the electoral administration – the STAE technical administration and the CNE electoral commission – through the European Development Fund has contributed to their ability to conduct elections in an effective manner. The EC provided logistic and financial support to the first Presidential and Parliamentary elections in 1994 (€8 million); to the Municipal elections in 1998 (€9.5 million); and to the Presidential and Parliamentary elections in 1999 (€21 million). In this last case the EC contribution represented more than 50% of costs. A total of €16.4 million was committed as budget support for the electoral process in 2003 (Municipal Elections, €4.4 million) and 2004 (General Elections, €12 million), contributing further to the consolidation of Mozambican democracy.

In terms of election monitoring, the EU seconded experts to the 2,000-strong observation mission organised by UNOMOZ in 1994 and deployed EU Election Observation Missions to the second Presidential and Parliamentary Elections in 1999 and the second Municipal elections in 2003. The final report of the EU Electoral Observation Mission in 2003 confirmed that both the electoral campaign and Election Day had been conducted in a calm atmosphere free of intimidation, serious incidents and irregularities.

The Government of Mozambique has requested that the EU monitor the Presidential and Parliamentary elections in 2004.





Conclusions and lessons learned

The immediate objective of the PARPA plan – to reduce absolute poverty to less than 50% of the population by 2010 – today seems to be attainable.

The combination of peace, democracy, prudent economic policies and liberalisation has been rewarded with a significant average annual growth rate of 9% over the period 1997-2000 despite the floods, droughts and cyclones that hit the country. An IMF mission in September 2003 acknowledged that Mozambique could point to “a satisfactory and constant macro-economic performance.”

Throughout the process so far, the European Community and its partner donors have enjoyed a positive relationship with the Government of Mozambique and its administrations: the dialogue has been pursued in a constructive atmosphere.

One of the lessons that the partners have learned is that it is essential to ensure ‘ownership’ of programmes by the recipient country. In the past, donors have often tended to develop their own implementation mechanisms in order to by-pass perceived administrative obstacles. To prevent this happening in future, Mozambique should aim at upgrading standards of performance in Government institutions, eliminate corruption, and decentralise as much of the process as possible to regional, provincial or even local levels.

There is also a need to bring all sectors of civil society ‘on board’ for the development process to work satisfactorily. This will allow for a more participatory environment, strengthening local ‘ownership’ beyond the confines of the State. Initiatives such as ‘Agenda 2025’ and the Poverty Observatory show that the Government recognises the importance of civil society in the development process, both in terms of policy dialogue and implementation. However, efforts are still required to allow civil society to fulfil its important role in policy and programme formulation, implementation and monitoring, so as to ensure that these correspond with the needs of the people in a realistic and sustainable manner.

In the process of meeting these specific challenges, Mozambique aims to become a strong and influential member of the African community. While a lot remains to be done, Mozambique and the European Union share the conviction that the country is now on the road to greater prosperity. This conviction cannot be better summed up than in the Government of Mozambique’s own slogan:

“For a better future!” ■

Further information about Mozambique and EC development aid will be found on the following websites:

http://europa.eu.int/comm/development/index_en.htm

<http://www.mozambique.mz/eindex.htm>

<http://www.ine.gov.mz/>

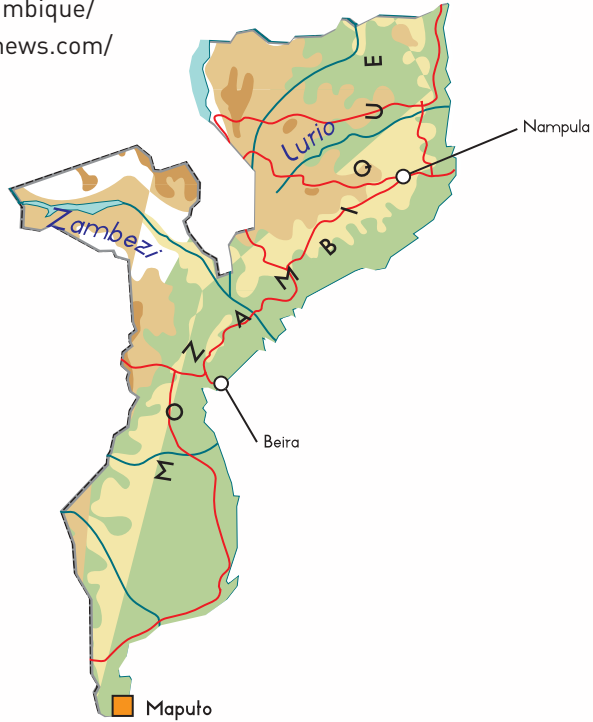
<http://www.poptel.org.uk/mozambique-news/>

<http://allafrica.com/mozambique/>

<http://www.mozambiqueenews.com/>

<http://www.sadc.int/>

<http://www.acpsec.org>



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