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2006 Joint Annual Report***

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Chapter 1. Executive Summary

The present document is the Joint Annual Report corresponding to implementation year 2006 that the Government of Mozambique and the European Commission have agreed on in 2007, as stipulated in the Cotonou Agreement, Annex IV, Article 5. This report analyses for the year the situation in the country, describes an overview of past and current EC cooperation in Mozambique, makes an assessment of performance indicators, describes dialogue in the country with NAO and the Non State Actors as well as the general donor coordination and harmonization framework, presenting the balance of the 9th EDF CSP/NIP at the end of the period 2002-2007.

As to results in focal sectors, good progress was achieved in a number of areas (namely macro-economic support and overall reforms in PFM). In the Road sector, there were marked significant changes in the sector, in terms of the definition of a new sector policy and strategy, functional organization, increased donor coordination and the preparation of the move towards sector budget support. The Road Fund revenues continued to increase significantly, though the performance on routine maintenance still need to be improved. Progress in the Food and agriculture sector was slow against the performance indicators selected. A new sector budget support programme is now prepared in this area, from 2007 onwards. Significant improvements were achieved in the expansion of services in both the education and health sectors. meanwhile it is clear that substantial further improvement is needed both in terms of coverage and quality in order to reach the MDG targets by 2015, and particular effort and ambition on HIV/AIDS are required. Structural improvement regarding good governance and in particular justice is a key challenge ahead..

As a result of the 2006 End-of-Term Review of the ongoing Country Strategy Programme (2002-2007 corresponding to the 9th EDF), the envelope of programmable aid was increased by 50 million €, demonstrating a positive performance of the EC/Mozambique cooperation. These additional funds will be concretised through a budget support operation in 2008, transition year between the 9th and 10th EDF, to comply with predictability commitment and avoid a gap in EC's support in this area and in Mozambique's national budget.

The main conclusions show that co-operation between Mozambique the and EC is progressing in a generally positive way, in support to the PARPA and in line with the Country Strategy Paper for the 9th EDF, signed in February 2002, under the Cotonou Agreement.

Chapter 2. Update on political, economic, social and environmental situation

2.1 Political situation

The consolidation of democracy is progressing with three multiparty general elections held in a regular basis since the peace agreement and political transition initiated in the past decade. Overall, the latest general elections in 2004 have to a large extent met most, regional and international standards, such as the SADC Principles and Guidelines Governing Democratic Elections and the International Covenant on Civil and Political Rights There were, however,

shortcomings that need to be addressed to improve the next elections due to take place in 2008 and 2009.

The Mozambican Parliament concluded in the end of 2006 the revision of the main electoral legislation. The most relevant outcome of the revision of the laws and its main element of reform is the new composition of the National Electoral Commission. Part of the recommendations of the Mozambican Constitutional Council and EU EOM for the improvement of the electoral framework were not followed.

The Government approved in 2006 a second PARPA (PRSP), based on its 2005-2009 five-year plan, aiming at reducing poverty through economic and human capital development and with governance improvement. It includes a decentralized approach to development and a more participatory and coordinated monitoring and evaluation system. It is important to note that the Government's approach of decentralization also foresees devolution of power to the local level and therefore building up grass-roots democracy.

Other significant initiatives during 2006 include the approval of an anti-corruption strategy, an impetus to the administrative decentralisation process (giving districts greater planning responsibility) and the launching of the second phase of the public sector reform and the establishment of a *Autoridade Nacional da Função Pública* (National Civil Service Authority).

Last year the ruling party, FRELIMO, held its 9th Congress, which confirmed the party support to the programme of changes pledged by President Guebuza during the electoral campaign of 2004 and the approval of the Government programme in 2005.

The more difficult "second wave" structural reforms including a structural improvement to the judicial system, represents one of the main challenges ahead.

Mozambique also formally launched in 2006 the African Peer Review Mechanism process.

2.2 Economic Situation

Macroeconomic situation

In 2006, the macroeconomic situation remained strong, with real GDP growth peaking up at an estimated 8.5%¹ led by the construction sector as well as by the recovery in the agriculture production. Encouragingly, the growth structure remains broad, with the construction, agricultural and transport and communication sectors seeing a real growth rate of over 5%. The sustainability of the economic growth seems to be secured by certain factors: (i) mega-projects, even if they contribute to the growth rate of the country, are not determinant of it; (ii) the evolution of the growth rate in the last years has been strong at relatively high rates; (iii) since 1998 – and until present – the FDI flows to the country have remained high (iv) the concentration of growth in non-renewable resources (extracting industries) remains relatively modest, while sectors like agriculture, manufacturing, commerce and transport and communications remain high.

¹ The real GDP growth as per Joint Review 2007 Aide Memoire.

The average annual inflation rate for 2006 which stood at 13.2% is higher than the 7.5% target. This was mainly due to the combination of an increase in international oil prices and the downward pressure on the exchange rate during the year.

It is to be noted however that a prudent monetary policy applied by the central bank did bring down inflation towards the end of the year, reaching 9.4% in accumulated terms in December.

In January 2007, the IMF concluded the Fifth Review under the Three- Year Arrangement of the Poverty Reduction Growth Facility arrangement for Mozambique (PRGF, US\$16.6 M). Performance under the programme has been broadly satisfactory: all quantitative and structural performance criteria were met. The Mozambican authorities requested changes in the adjustors on the indicative targets on the Net International Reserves for 2007, as defined in the technical memorandum of understanding.

The fiscal program was on track. The domestic primary deficit at end- 2006 was lower than programmed, reflecting higher revenue and lower current expenditure. Importantly, the share of priority expenditure remained above the PARPA-I target for 2006 as donor- financed project execution peaked at the end of the year.

Looking ahead, the main challenge is to maintain robust economic growth in particular through an improvement of the business and investment climate and implementing the main structural reforms in the area of justice, public sector and public finance management (see below).

The table summarizing the performance against some main macroeconomic indicators during the period between 2002 and 2007 is presently in Annex 1.

Quality of PFM and budget expenses

Reforms on public finance management moved forward during 2006.

Progress has been made in modernising the tax administration and broadening the coverage of revenue collection through tax payer registration, increase in own generating revenues and progressive collection of tax arrears. The Autoridade Tributária de Moçambique (ATM) (Central Revenue Authority) was established and started to function with a successful transition. A draft of the Information Technology Development plan was elaborated at the end of 2006 and improvements were noted in customs controls and dispatches.

The budget is a credible document, with final out-turns reasonably close to the initial approved budget and levels of execution. An important step forward towards the improvement of the access to information on the external component of the budget was the transfer of the ODAMoz database (launched by the EC) to the Government. In the first 2 quarter of the year 2007, MPD organized 2 seminars at central level (ministries) and provincial level in order to make ODAMoz as a tool of external financing management.

VAT reimbursements due by the Mozambican authorities are still characterized by significant delays. An external audit will be carried out by the Government in order to assess the actual

situation and suggest actions to solve this problem. Another aspect in which there is ongoing discussion between the Government of Mozambique and different partners is the payment of indirect taxes (particularly VAT) by donor agencies.

The first phase of the SISTAFE reform, which provides the necessary functionalities for direct budget execution and initiates a move away from the traditional system of advancement of funds was developed and made available to ministries at central and provincial level. However, advancement of funds is still in force and limits the impact of SISTAFE reform to a certain extent.

In the area of procurement, the Central Procurement Supervision Unit (UFSA) was created in 2006 and started operations, albeit with some delays. Linkages between UFSA and ministries with a large volume of procurement such as the ministries of Health and Education should be ensured in the future.

The targets for the realization of external audits by the Tribunal Administrativo (Court of Auditors) were surpassed. However this is still an area of concern and measures are necessary to reduce the delays in the appreciation and confirmation of the audit process.

Challenges in this area are to continue an effective implementation of agreed reforms (SISTAFE, procurement law, tax reform) such as the creation of an integrated payroll system, the increase in internal control and the increase in the levels of oversight by the external court of auditors.

Integration in world economy

Since the early 90s, progress in opening the former virtually-closed economy has been remarkable in Mozambique and reforms are still underway in this area (e.g. customs reform and further reduction of tariff barriers). The openness ratios of the Mozambican economy are 32 percent for the export/ GDP ratio and 38 percent for the import/ GDP ratio (2006 data). The maximum tariff was reduced in early 2007 from 25 percent to the current 20 percent. Customs clearance time has improved significantly but, coupled with the high associated costs², it is still a disadvantage. The international trade duties component stayed stable and moderate as a percentage of the total budget revenue (13.8% of total revenue).

EU imports from Mozambique increased substantially (from €587 M in 2002 to €1,276 M in 2006), resulting in a positive trade balance for Mozambique of €1,026 M in 2006 and increasing EU's share in the Mozambican export market to 64 percent of total exports in 2006. In 2006, unwrought aluminium continued representing about 87 percent of Mozambican exports to the EU; crustaceans were the second most important product (with 10 percent of total exports to the EU), followed by agricultural products. The EU also has enlarged its share in the Mozambican imports (from 17 percent in 2000 to 21 percent in 2006). Even though the EU remains the main destination for Mozambique's exports with the pattern mentioned above,

² The World Bank *Doing Business Report* (2007) registers for Mozambique 39 days for export clearance and 28 days for import clearance.

South Africa is becoming an evermore important destination of Mozambican exports (16 percent in 2006), and is continuing to be the leading source of imports (43 percent in that year).

The EU initiative "Everything But Arms (EBA)" for the Least Developed Countries (LDC) under the EU Generalized System of Preferences (GSP) has marginally benefited Mozambique only in terms of access to the EU, due to the fact that most of the tariff lines are already duty-free under the Cotonou Agreement. The main potential gains for Mozambique coming from EBA (certain agriculture products) that are not included in Cotonou have only a marginal impact in the overall exports of the country³. Besides, being aluminium 87 percent of Mozambican exports to the EU, this product had already zero duty in the EU for all ACP countries under the Cotonou Agreement.

There is a broad consensus that the implementation of the SADC Trade Protocol has so far not brought the expected benefits to the parties for various reasons. The main obstacle is mainly focused in the complexity of the Rules of Origin and its implementation. Despite this delay, the Mozambican economy has continued its integration path within the regional context. Regional co-operation is emerging in sectors such as power (electric and gas facilities), transport (Maputo, Beira and Nacala corridors), and water resources management.

The main interest of Mozambique in the multilateral arena lay in the eventual benefits that the Least Developed Countries (LDC) could get and all issues related to Special and Differential Treatment that were agreed in the latest WTO Ministerial meeting in Hong Kong, December 2005. The Aid for Trade initiative and the promises of developed countries to contribute further to these proposals are also an important element for Mozambique as potential beneficiary of external aid, particularly in what refers to Trade Facilitation.

Negotiation position in EPA

In March 2006, SADC tabled to the EC a proposal which foresees to formally associate South Africa in the SADC EPA negotiating process. This proposal singles out market access as the sole issue while rejecting further negotiations on trade-related rules. In return, the EU would be offered the access currently defined in the TDCA to all SACU members (South Africa, Botswana, Lesotho, Namibia and Swaziland – the 'BLNS'), with the possibility to raise some tariffs to take into account possible BLNS sensitivities. As for the non-SACU countries that are members of the SADC EPA grouping i.e. Mozambique, Angola and Tanzania ('MAT' - LDCs and therefore EBA beneficiaries) the request is that EBA would be "contractualised" on a non-reciprocal (and hence WTO incompatible) basis.

In November 2006, the European Commission issued a Communication (later endorsed by the EU Council) responding to the SADC proposal. The European Communication contained the acceptance of South Africa in the negotiating process, although subject to some provisions; the asymmetries in levels of development between South Africa and the rest of the countries involved imply the need to apply a differentiated trade regime. The European Commission however accepts that the point of departure for market access negotiations would be the bilateral trade agreement already signed with South Africa (TDCA), with specific adaptations

³ EU statistics on EBA utilization rates by Mozambique in 2004 showed marginal utilization on tobacco, textiles, and chemicals, with an overall utilization rate of 0.5% over the total imports EU imports from Mozambique.

for countries other than South Africa to address their sensitiveness. The Communication also responded affirmatively to the request to unify the TDCA revision process with the on-going EPA negotiations. The European Commission also insisted on the need to include specific chapters on trade in services and on trade related rules. Finally, the European Commission rejected the request to make EBA preferences a contractual clause in the EPA text, due to the WTO incompatibility of such request.

In what regards the implications for Mozambique of the EPA, the main concern are (i) the potential revenue loss coming from further trade liberalization, and (ii) the negative effects on the fragile local industries of opening their markets to both its neighboring competitors and the EU companies. However, it is important to mention that recent customs reforms implemented in Mozambique have permitted the existence of reduction of tariffs coupled with significant increases in customs revenue. Besides, the transition period offered to LDCs in the EPA negotiations seem to be able to assure appropriate levels of protection for industries still in development stages. Sugar and fisheries would be receiving special attention in this regard.

Agriculture and Rural Development

Agriculture and rural development are still essential areas in the achievement of the Government's goal to reduce extreme poverty with clear strategic indicators in the PARPA II matrix. Agriculture is the main source of income for more than 85% of the population and contributes 27% to GDP. In 2006, agricultural growth may be estimated at about 10 percent experiencing a significant increase compared to previous agricultural season with an estimated growth of only 5%.

Although affected by the excessive rainfall in southern and central regions of the country and a late start of the rainy season, particularly in the northern region, the agricultural season of 2005-2006 was considered good except for some crops for which targets were not achieved. Food crops overall production is up by 10.5 percent in cereals (maize, sorghum, millet and rice), 9.7 for pulses (beans and groundnut) and 13.8 percent for tuber (cassava).

The most important change in livestock production compared to previous year concerns chicken production that increased 51.7%, from 4,585 to 6,956.5 tonnes, exceeding the target by 20%. The entrance of new enterprise operators may have contributed to the increase. Milk production decreased from 1,411,700 to 1,259,440 litres (11.4%). Lack of investments in this activity is a situation that continues almost unchanged since the change of the state enterprises policy.

Regarding cash crops, the production of cotton, contrary to last year, increased by 46% (from 78,591 to 114,829 tonnes) exceeding the target for the agricultural season by 4.4%. Tobacco production decreased from 65,042 to 59,071 tonnes (9.2 percent) due to a significant decrease on the cultivation areas in Manica Province (80.4% for the family sector and 81.4% for the private sector), mainly as a result of the closure of Stancom and Tabacos de Moçambique enterprises. International market prices fluctuations may also have contributed to the decrease in tobacco production. Cashew nut production saw a considerable decrease of about 40 percent, from 104,337 to 62,821 tonnes. It should be mentioned that the 2004/2005 cashew nut production figures reached the maximum exponent for the last 25 years. The production of

2005/2006 returned back to at least the last 7 years figures (from 97/98 up to 03/04 agricultural seasons).

Sugar cane production decreased from 2.24 million to 2.06 million tonnes (-8.3%). Main factors affecting sugar cane production include the erratic rainfall and subsequent pest attack due to lack of rain. In spite of reduced production, Mozambique's sugar exports reached a record of 75,837 tons this year bringing a total revenue of 67.3 million US dollars, which represents a 78.5 percent increase compared with last year's. The increase was mainly due to additional sugar demanded by the preferential markets and price increase on the international market. About 140,000 tons were sold on the domestic market.

The fisheries sector still continues to contribute significantly to the country's exports. In 2006, Mozambique exported 15,785 tonnes of fishery produce, compared with 15,910 tonnes in 2005. The greater part of this (9,300 tonnes in 2006 and 9,000 tonnes in 2005) consisted of prawns, mostly exported to the European market. In 2005, the sector earned about 97 million Euros.

2.3 Social Situation

The MDG table in Annex 1.2) gives rise to the following comments:

The findings from the nationwide household income survey 2003 indicate that poverty in Mozambique has declined significantly from 69.4 percent in 1997 to 54.1 percent in 2003. Based on these indicators and having in account regional variations further Government commitment is to continue to bring down the figures in a short term and eradicate poverty in a long term. Estimates show that income inequality has increased and the consumption of the poor grew slower, in percentage terms, than that of the rich.

Some positive trends have developed in relation to chronic malnutrition, where in 2006 the prevalence of stunting (short for age) in under 5 year olds has reduced to 5.6%, far below what is considered alarming (16-30%), and the low birth rate incidence has reduced to under 7%, which is considered the cut-off for concern.

The key challenge set for 2006 in order to institute a tangible reduction in the under 5 mortality rate was to ensure vaccination coverage of over 80% in all vaccines for infants, in 80% of districts. Government's Statistics show that 100% coverage was reached for all vaccines (measles, DTP, polio, Hep B, and BCG). Moreover, the incidence of measles reduced dramatically from over 12,500 cases reported in 2005 to only 171 cases in 2006.

Improvements have been notable in education, with the net enrolment rate (NER) in primary education increasing by more than 43 percentage points between 1997 and 2006, reaching 87.1% (indicator 5). However, completion rates remain low at 33.7%. Gender equity is continuing to improve, with the ratio of girls to boys in primary education steadily approaching parity, currently at 0.93.

While some progress in adult literacy rates has been made since 1997, illiteracy remained much higher among women than men (68.8 versus 36.7 percent in 2003). These disparities are significantly more pronounced in rural areas than urban areas.

Education is given due priority in the government budget (21.1% of the general budget, an increase of 0.7% on 2005), while the rate of budget execution reached 94% (compared with 92.4% in 2005). However, only 26 of the planned 1,467 new classrooms were completed in 2006, which is put down in part to delays in disbursements due the fact that the Common Fund FASE in 2006 went for the first time on-budget and this led to a delay in releasing the funds by Finance. The Joint review also reported weak links between the public sector reform programme and the process of reform in the sector, which is important given the need to build human capital.

Educational quality continues to be a concern. Despite contracting 9,000 new teachers in 2006, the teacher pupil ratio remains 72:1, and is as high as 91:1 in Zambezia province. As a way to overcome the Government has introduced a new system of training new teachers who have recently completed school. The shortage of classrooms and teachers results in most schools having three shifts per day, which entails night school for many. The consequence is low levels of literacy and numeracy. A 2006 study concluded using that 75% of the pupil completing the first primary cycle have difficulties in writing or reading simple phrases; solving simple additions and subtractions, and problems using mental or written arithmetic.

A study shows that petty corruption has a serious impact on education. A study (published by the Centro de Integridade Pública) showed that money is routinely demanded to buy a place in school; to get a higher grade; or pass to the next year. The Government of Mozambique approved the education and culture strategic plan (PEEC), a relevant policy for development of education and culture in the country and for fund rising until 2011.

There are two key annual intermediate indicators to cover MDG number 5, in relation to maternal mortality. The first is the institutional delivery rate which registered a reduction from 49% in 2005 to 48.4% in 2006. The second is the institutional maternal mortality ratio, which also worsened from 182/100,000 to 190/100,000 over the same time period. Taken together, this is a worrying stagnation in the previously steady (although slow) positive trend for this MDG.

The HIV/AIDS prevalence among 15 to 24 year-old mothers has steadily increased over the years, from 12.5 percent in 2000 to 16.2 percent in 2004 in Mozambique. The overall adult prevalence rate was likewise 16.2% in 2004, of which 58% were women, with the central and southern regions having the highest rates. The gender difference is particularly acute in the 15-24 age group, where prevalence among women is three times higher than that among men.

Institutional capacity continues to be the main concern at all levels in the health sector. An assessment completed by Deloitte showed serious institutional weaknesses in financial management and controls.

Malaria, TB and diarrhoea are at the core of public health problems in Mozambique, in spite of concerted efforts to stem the trends. A significant reason for these trends, especially for that of TB, is the concomitant HIV/AIDS epidemic. These three diseases are at the core of the health sector strategic plan which is set to be approved by the middle of 2007.

In general, in spite of significant improvements in both the education and health sectors, it is clear that substantial further improvement is needed both in terms of coverage and quality of these services in order to reach the MDG targets by 2015. However, it is hoped that the continuing trend of greater education rates for girls will, to a greater or lesser degree, translate into an acceleration of the performance of all MDGs.

The proportion of people with access to improved sanitation was 36.5% in 2006, below the target of 37%. However, a marked improvement was noted in the access of the population to safe drinking water, from 40% in 2005 to 42% in 2006.

Water and sanitation infrastructure continues to be weak in rural areas and insufficient in most urban areas. The state of the sewage systems is critical for Maputo, Beira and Nampula cities and there is a lack of investment funds. In spite of the fact that over the past ten years, access to clean drinking water has decreased from 40% to 36,6% in urban areas and increased from 17% to 43,1% in rural areas, MDG 7 of halving the population with no access to water cannot be achieved, if the investment are not changed to the sector in order to achieve the target and if the capacity building of private sector is not been improved. Similarly, the access to sanitation has improved from 48% to 51% in urban areas and from 14% to 32,3% in rural areas. Main constrains in the sector are related to lack of capacity of the private and public sectors to execute the large investments needed. In the case of the urban sector, many investments are targeted to rehabilitation of current infrastructures which are very deteriorated; therefore no additional beneficiaries are achieved through these projects.

Food Security Situation

2006 can be considered as a good year for food security in Mozambique especially for food availability. The country did not face serious natural disasters like floods or cyclones and good rains beginning 2006 compensated the effect of the drought declared in November 2005. The direct consequence has been a significant reduction of people identified as food insecure from 801,000 in November 2005 to less than 240,000 at the end of 2006 and for the first time, the Government did not feel necessary to request FAO and WFP to organise a Food Security Assessment (CFSAM) to estimate the food gap of the country. The access to food has been reasonable at household level thanks to the stability of the supply and demand of food product that prevails in the majority of country's markets, even if in some remote areas market prices stayed higher and access to basic products still limited for poorer families. Even if there was no major shocks in 2006, the country is regularly hit by natural disasters mostly floods and drought. The real challenge for Mozambique is still the implementation of a mitigation plan on a long term perspective.

The prevalence of wasting (4.5% overall, 1.6% severe) can be classified as acceptable and indicates that emergency responses have likely been effective and that there were no widespread and large swings in staple food availability. Stunting still affects a large share of the children

throughout the country (46.2% overall, 24.0% in the case of severe stunting). This classifies the target population as having a very high level of stunting. The prevalence of underweight in children is 20.5% overall and 6.7% in the case of severe underweight. This classifies the target population as having a high level of underweight.

The National Food Security and Nutrition Strategy was defined in 1998. It has been reviewed during 2006 and should be finalised during the first semester 2007. It is expected to see a greater focus on policy indicators, HIV/AIDS and gender, with more involvement of the decentralised administration. It will specially address the problem of chronic malnutrition stated above. It will also address the institutional position of SETSAN. The European Commission is supporting SETSAN through FAO. The final evaluation of the project in November 2006 highlighted the good support of FAO but also the weakness of the institution itself. An exit strategy for 2007 has been designed to reinforce the structure and to secure its funding from the Government. SETSAN is working in close coordination with the INGC (Instituto Nacional de Gestão de Calamidades) the Government entity responsible for the preparation of the Contingency Plans to attenuate the immediate impact of natural disasters and to reduce community vulnerability.

2.4 Environmental situation

Although rainfall in the northern part of the country started late it was higher than average. In the southern semi-arid interior, rainfall was below average and temperatures slightly higher, but still well within long-term patterns.

There is little evidence of serious land conflicts in rural areas: only 12% of the arable land is cultivated, there are few commercial operations, and the law protects community property rights. For the Government the most serious challenges are derived from the land erosion phenomenon, both in rural and urban areas, the uncontrolled use of fire for hunting and agricultural production purposes which still remain high. To address these challenges the Government has defined responsibilities for central, provincial and local authorities, particularly in sensitizing local populations on the negative impacts of such practices, but also on the measures to mitigate and fight against soil erosion.

The management of forestry has been a matter for debates raised by some NGO's, but not only.

Large scale natural resource extraction is gaining momentum. Coal and rutile production will start again in Moatize in 2008 and in Nampula in 2007, respectively. SASOL wants to start gas exploration in the Bazaruto archipelago, a national park and the centre of the tourism industry, and oil prospecting licenses have been awarded in the Quirimbas national park. These investments will require environmental monitoring, but to date the public consultations and Environmental Impact Assessment (EIA) process have been robust.

Chapter 3. Overview of past and current cooperation

3.1 Results of End of Term Review

Taking into account the satisfactory absorptive capacity and the global positive performance of the government to achieve the PARPA objectives, the Commission approved the conclusions of

the 2006 end-of-term review: to maintain the 9th EDF country strategy and in the light of current needs and performance, to increase the funds available under envelope A by € 50 million⁴.

The increase by €50 M will be allocated to a budget support operation so that it may avoid interruption in 2008, transition year between the 9th and 10th EDF. This decision will promote aid predictability vis-à-vis the government of Mozambique and avoid the creation of a financial gap in Mozambique's national budget.

In what regards relevant evaluations, an external evaluation of the CSP/NIP under the 9th EDF was launched at the end 2006, to identify key lessons for the upcoming 10th EDF programme. This evaluation will focus on the three focal sectors, plus governance and HIV-Aids. Taking into account that the 10th EDF strategy has already been approved, it was suggested that this exercise should concentrate on implementation concerns and may impact on the 10th annual reviews.

PROAGRI I has been evaluated during the second semester 2006. The evaluation has reported that, as one of the first common fund programmes established in Mozambique, PROAGRI pioneered a number of issues. UTRESP has stated that it finds the initial work done by PROAGRI in MINAG to be relevant to national needs, and uses the process as the best-practices approximation for other reform efforts. The programme was particularly focussed on institutional processes, carrying out a detailed functional analysis and began a managed change toward improved organisational performance. It is well known that the reform process must face the challenge of resistance, and PROAGRI's change management programme is not exceptional in this. It has however, not been able to implement the institutional reforms specified in its functional analysis. One of the most effective results of PROAGRI is the establishment of instruments of programme management and co-ordination. Mechanisms for co-ordination between the Government, through MINAG, and the donors have provided good collaboration in shared visions of agricultural sector development.

3.2 Focal sectors

3.2.1 Focal Sector Macro-economic Support

Results

The first three Budget support programmes (PRBS I 2001-2003, €65.7 M, PRBS II, 2002-2005, €184.4 M and PRBS III €95 M) financed by the EC in Mozambique have demonstrated that coordinated budget support can have a positive influence on the continuity of nationally owned reform efforts and the timely and consistent implementation of a country-owned poverty reduction programme.

In particular during 2006, the conditions for disbursements of the fixed tranche of budget support were met with mixed performance, particularly in the area of Public Finance

⁴ While the funds under envelope B decreased by € 1,850 million (to be transferred to the long-term development reserve and be used within the Southern African region for humanitarian and emergency assistance).

Management. In particular, there was concern about the government not reaching the overall agreed levels of priority expenditure and the high levels of off-budget expenditure. Delays in the adoption of a new procurement code contributed to the mixed performance of this sector. This situation had a negative impact in the overall disbursement of the variable tranche for 2006 which was reduced to €14.792 million instead of the originally foreseen 20 million.

On the macroeconomic side, Mozambique's performance in 2006 continues to be strong, as stated in Chapter 2.1. The IMF Executive Board completed its fifth review under the three-year PRGF arrangement confirming that the country's economic performance has been satisfactory and all quantitative benchmarks and structural performance criteria for end June and September 2006 achieved. The main challenge remains to foster a broad-based and sustainable growth, able to involve the sectors where employment and fiscal revenues can be created.

Overall positive developments have been achieved on the implementation of public financial management (PFM) reform during 2006. An assessment of the PFM systems, based on the PEFA methodology, concluded that the aggregate fiscal discipline is generally satisfactory, although important challenges need to be tackled in the next years. In 2006, domestic expenditures were within expectations, resulting in a lower domestic primary deficit. For the first time, a medium term fiscal framework (CFMP) was approved by the Government. There have also been improvements in IT packages for budget execution and its rollout to some line ministries. Good progress has also been made in integrating donor-financed projects into the budget. Revenue mobilization was than programmed, due to improvements in corporate and VAT tax collections. The general law and the law creating the ATM (Central Revenue Authority) were promulgated in February 2006, while implementation regulations were approved by the Government in July 2006, and the strategic plan for the ATM completed.

Over time, the organization of the G18⁵ is becoming more consolidated thanks to a regular and structured dialogue with the central Government and the sector working groups. The group welcomed a new member in 2006: the African Development Bank. The process of PARPA monitoring and evaluation through the Performance Assessment Framework (PAF) is increasingly co-ordinated by the Government.

During the 2006 Mid-year Review, the PAF indicators and targets for 2007 were agreed upon as well as a matrix of donors' commitments in terms of harmonisation and alignment. The 2007 PAF indicators have been attached to the 2007 Economic and Social Plan that the Government presented to the Parliament in September 2006, giving strength and transparency to this process.

In April 2007, the regular annual stocktaking exercise of the budget support partners, the annual Joint Review (JR) assessed the 2006 performance. The JR found that good progress had been achieved in a number of areas, giving a reliable basis for the programme aid partners to decide on continuation and increase of their support. However, agriculture and rural development, business environment, justice and legal reform, management of natural resources, corruption, human resources management, have been highlighted as areas of

⁵ AfDB, Belgium, Canada, Denmark, European Commission, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom and the World Bank.

concern, where special attention from the government has been recommended. This review proved to be a very intense and useful exercise with a high participation of the Government.

Progress in Activities

On the basis of positive results of the 2005 Joint Review, the EC decided to disburse in 2006 the fixed tranche of the PRBS III (€25 M paid in April 2006). The variable tranche assessment indicated non observance of the targets for some of the agreed indicators. This analysis was based on the data made available by the Ministry of Finance and other line Ministries (health and education). This tranche was then reduced, according to the agreed methodology, from €20 to €14.792 M (a 26% reduction) and also paid in April 2006.

Assessment of results linked to health and education sectors remains an important part of the EC budget support programme. The discussion about the PAF indicators and targets on health and education has allowed addressing social sectors performance in the macro level policy dialogue.

<i>PAF Indicator</i>	<i>2003 Observed Value</i>	<i>2004 Target</i>	<i>2004 Observed Value</i>
<i>Expenditure on PARPA priority sectors as percentage of total expenditure excluding interest on debt</i>	63.9%	65%	62.9%
<i>Percentage of expenditure on Health and Education within PARPA priority sector expenditure (i.e. of the 65%)</i>	48.5%	50%	50.4%
<i>Domestic revenue collection as percent of GDP</i>	14.3%	14.7%	13.6%
<i>Approval of a Decree, based on internationally recognized principles, on the regulation of contracts for public works, commodities, services and concessions.</i>	NA	<i>Decree approved</i>	<i>Decree approved</i>

<i>PAF Indicator</i>	<i>2003 Observed Value</i>	<i>2004 Target</i>	<i>2004 Observed Value</i>
<i>Proportion of institutional deliveries among expected births</i>	45.1%	47%	46.9%
<i>Coverage rate DTP3 and HepB 0-11 months</i>	91.5%	95%	91.5%
<i>Consultations per inhabitant per year</i>	0.89	0.91	0.96
<i>No. of HIV+ pregnant women and neonates receiving PMTCT prophylaxis</i>	2367	8000	6511
<i>EPI net enrolment rate – total</i>	69.4%	72%	75.6%
<i>EPI net enrolment rate – girls</i>	66.4%	69%	73.2%
<i>EPI completion rate – total</i>	40,8%	43%	48%
<i>EPI completion rate – girls</i>	32,8%	36%	39%

- NB: The data provided (2004) refers to the reference year for the disbursement of the 2006 Variable tranche for budget support

In total, the EC support to the Mozambican budget in 2006 amounted to close to €40 M. The disbursement schedule observed for the EC budget support in 2006 has respected the previously agreed calendar and allowed for earlier disbursement during the budget year.

As complementary activity undertaken within the PRBS III, further support to the implementation of the SISTAFE reform has been provided through a first payment of €2 M made in November 2006.

Progress on SISTAFE was made with the initiation of its rollout in the Ministry of Finance allowing financial execution of the State Budget through the e-SISTAFE. According to the PAF target it had been expected that SISTAFE rollout would have also begun in the Ministry of Education in 2004. For a number of understandable reasons this was not accomplished and therefore, the PAF target was only partially met

A rider for the PRBS III has been designed following the End of Term Review decision. This latter foresees additional €50M (of which €30M for the fixed tranche and €20M for the variable tranche) to be disbursed during 2008, adding a third year to this two years program. No further support to SISTAFE is envisaged in the rider for 2008 since a proposal by the EC Delegation to recycle undisbursed amounts of the 2008 variable tranche into further contributions to the SISTAFE common fund and any other PFM needs was not accepted by headquarters.

Integration of Cross-Cutting Themes

Institutional development and capacity building is an important element of the reform agenda. Since June 2001, the Government of Mozambique is implementing the Public Sector Reform strategy, whose main components are of the strengthening of good governance, administrative decentralisation, rule of law, and institutional capacity-building in the Government at the central and local level, for a better definition and effective implementation of policies that promote economic growth and poverty reduction. Capacity building is also supported through the different interventions of the various donors (including the EC with the SISTAFE support). It was felt that this issue should require a more coordinated and comprehensive approach from the Government and the donor side.

The gender-related issues are also part of performance assessment and are reflected in the indicators for assessing the amount of the variable tranche, specifically in what regards women health and disaggregated indicators for female education.

As far the Non-State Actors involvement is concerned, it is interesting to note the development of the Poverty Observatory as a forum of dialogue between the Government and representatives of the civil society, in presence of the donors. In order to ensure participatory process in the elaboration of the new poverty reduction strategy, three sessions of the Observatory took place in 2006, at both central and provincial level.

3.2.2 Transport Infrastructure

Results

Mozambique has one of the least developed Transport Infrastructure in the Southern African region: road density is less than 0.02 km/km² and 0.86 km per capita, against an average of 0.2 km/km² and 36 km per capita of developing countries (AfDB). Less than 15 % of the rural population lives within 2 km distance of an all season road, often with no direct access to water. Modernising the infrastructure, in particular roads, is thus essential for enhancing physical access to jobs, health and education, private sector development and for developing opportunities coming from regional economic integration. The network of classified roads (primary, secondary and tertiary) extends to 29,341 km of paved, earth and gravel roads (with primary roads accounting for about 5,870 km of the total). The railways network amounts to a total of 3,123 km, with 2,983 km of 1.067-m narrow gauge and 140 km of 0.762-m. It has 22 airports with 4 having the runway above 2.438 km; however domestic air transport albeit regular is considered expensive for the purchase capacity of the Mozambicans. Waterways amount to 460 km with the Zambezi navigable to Tete and along Cahora Bassa. Annual freight has increased of 35% since 2003, reaching 2,440 million tons km in 2005. Out of them, 1,049 are by road and 767 by railway. 125 are for transport through pipelines supplying fuels from the port terminals to the neighbouring countries.

Main capital investments in the road sector continue to relate to the rehabilitation of vital links such as the completion of the north-south backbone Estrada Nacional 1 including the crossing of Zambezi, and of the three transit corridors (Maputo, Beira and Nacala) giving access from the neighbouring countries to the respective seaports of Mozambique. In this connection, the 1996 SADC Protocol on Transport, Communications and Meteorology remains the basis for an integrated transport system in the region. Effective functioning of the transport sector - roads, railways, airports, and seaports - in the country and, in particular, within the Maputo, Beira and Nacala corridors (which are part of the SADC spatial development initiative) is thus critical for maintaining the momentum to regional integration and for managing the increased interdependence between Mozambique and its neighbours. Completing the road network, increasing regional interconnectivity, providing more access to the rural populations and having a sustainable asset preservation policy in place are the priorities over the 5 years period up to 2011.

During 2006, the road sector continued undergoing significant changes. These changes include: the appointment of a new management in ANE; the drafting of a revised road policy & strategy; plans for restructuring the functional organization at both provincial and central levels of ANE; the move by donors towards sector support. The Government continued its very proactive role in assuming ownership and leadership of the sector through bi-annual monitoring meetings with the donors, with the President of the Road Fund as the coordinator of the Road Sector.

Results of this work led to the formalization of PRISE, the Integrated Road Sector Programme which is the new SWAP for the road sector, and of its three years rolling Programme Implementation Plan (PIP) covering the period 2007-2009 (see Annex 6) where the donors have in principle committed themselves with about \$ 700 million out of an indicative amount of over \$ 1 billion, and to the drafting of a Memorandum of Understanding (MOU) and of a Donors Code of Conduct (COC) to be finalised by the end of 2007.

In the same way, a (draft) new Road Policy was issued paving the way to the required institutional reforms in the road sector which are crucial to ensure the sound implementation and future sustainability of PRISE. The new policy strengthens the role of the Ministry of Public Works and Housing (MOPH) in relation to its regulatory, supervisory and coordination responsibilities in the sector and to an organizational restructuring of the line agencies such as ANE which is the implementing agency and the Road Fund (RF), the funding agency. In this connection MOPH, ANE and RF require further support from the Donors for effectively strengthening their institutional capacity.

For 2006 the Road Fund revenues have continued to increase significantly, in particular the fuel levy, as shown in the table below:

USD Million	2003	2004	2005	2006
Fuel levies	34.8	40.1	50.8	55.6
Other (e.g. transit fees, collected tolls):	6.9	10.8	8.0	7.8
Sum	41.7	50.9	58.8	63.8

Likewise, the development of the road maintenance indicators was quite satisfactory in 2006 in particular by doubling the target on rehabilitation (EN1), but was shorter regarding the planned target routine maintenance:

Kilometres	Actual-2005	Plan-2006	Actual-2006
Km of rehabilitated roads	1,902	1,031	2,282
Km of periodic maintenance	1,932	2,016	1,238
Km of routine maintenance	11,949	16,739	11,844

Progress in Activities

1. During 2006, the construction of the Zambezi Bridge (9 ACP MOZ 14) started and has been progressing generally in accordance with the work plan, even if with a slight modification on the original alignment.
2. Rehabilitation of the Namacurra - Rio Ligonha road (9 ACP MOZ 1) was significantly delayed in Lot 1 (152 Km) and Lot 2 (117 Km) of about 12-14 months over the programme, while has progressed satisfactorily on Lot 3 (106 Km), expected to be completed by August 2007. The contractor for Lots 1 and 2 submitted in November 2006 a huge amount in claims, which were then reviewed and rejected by the Contracting Authority. With the objective of preventing the project from a contractual break up, which would be detrimental for the timely completion of whole road network in Mozambique by 2011, the parties intend to be supported by an independent conciliator in dealing with this matter.
3. Tender for the feasibility, design and supervision on Milange-Mocuba road (185 km) (9 ACP MOZ 21) were approved in December 2006, with offers to be presented by February 28th 2007. Contracts will start in July 2007. Delay on this issue had the effect of postponing the funding of the work contract under 10th EDF.

4. The Nampula-Nacala (191 Km) (8ACP MOZ15) road rehabilitation is completed and awaiting the final invoice and final acceptance certificate. However, after almost two years since completion, the first 5 km of the road in Nampula still presents construction liability defects (bitumen bleeding) to be repaired by the contractor. The parties are closely following the issue.
5. Rural roads projects have been ongoing with significant delays for implementation due to the limited local capacity of the sector in the province (9 ACP MOZ 8 – Rural roads rehabilitation and maintenance; 9 ACP MOZ 12 - Cyclone roads reconstruction in five provinces of Inhambane, Sofala, Zambezia, Nampula and Cabo Delgado and 8 ACP MOZ 18 – Rural Development Project, small structures in Zambezia province). Substantial progress has nevertheless been made on the rural bridge component.
6. The delays incurred on Rural roads rehabilitation and maintenance (9ACP MOZ 8) led to decision in January 2007 to decommit the entire amount of funds in view of the more efficient reallocation in a new Financing Agreement with Sector Budget Support modalities under the management of Road Fund to be submitted to EDF Committee in July 2007.
7. The 2nd tranche related to 2005 (€ 4,000,000) of the Road Periodic Maintenance and Capacity Building (9 ACP MOZ 2) was submitted to Headquarters in December 2006 and approved in 2007 for payment.
8. Tender documents for work and supervision on the Limpopo Railway Line rehabilitation of facilities were also finalised (9ACP MOZ17).
9. The funding of a technical assistant to ANE to follow the implementation of EDF financed roads projects continued also in 2006. The present technical assistant had his contract extended until July 2007. The decision was taken in consideration of the considerable number of EC projects and activities in the sector. The funding for this extension was covered by the contingencies in the 9 EDF Road Periodic Maintenance and Capacity Building project (9 ACP MOZ 02).
10. The ongoing technical assistance support to the Ministry of Public Works and Housing (MOPH) was also extended till June 2007. The specific deliverables so far are the drafting of a New Road Act for Mozambique; the restructuring of the central laboratory in Maputo and the provincial materials laboratories and the proposal of improvements in the technical capacity and efficiency of the staff in the provinces and in the Ministry.
11. The identification work for the feasibility study and detailed design for the rehabilitation of the Beira- Machipanda (300 Km), Beira corridor with a focus on regional interconnectivity was finalized in 2006 in view of formal approval in 2007.

Horizontal Issues

The road authority's institutional capacity continuous to be weak and such weakness are even more emphasised by the still unsolved VAT issue, where difficulties remain in the lack of final reconciliation by the Government on the outstanding dues to the contractors. Following a specific request from the donors, the EC contracted in 2006 a specific TA to study the issue and proposing a workable solution in order to relaunch the relevant discussion with the Government in 2007.

Poverty, gender, environmental impact and, HIV/AIDS are horizontal issues regularly taken into consideration both at the design and implementation stage of road works projects which

also anticipates the implementation of a long-term strategy for improving road safety. The Social Issues Unit in ANE is responsible for assisting in the preparation of the tender documents and contracts, and ensures accordance with specific clause requisites related to local labour recruitment, awareness-raising in HIV/AIDS and corrective actions, as well as environmental protection. The Unit has been strengthened with an environmentalist, but further resources are required.

As to coordination at sector level, a coordination group for the road sector has been established to follow the progress in the sector when it comes to financing, definition of suitable indicators and the corresponding targets, harmonization and joint assessments.

3.2.3 Food Security and Agriculture

Results

The main constraints identified for the agriculture sector still comprise the lack of access to markets, infrastructure, and access to rural credit, to appropriate technologies and to natural resources. However, given the transfer of rural development to the Ministry of Planning and Development in 2005, and the complexity of the sector, MINAG concentrates on activities related to agriculture development.

The Joint Review 2007, which has assessed the performance of the sector during the year 2006 concluded that progress in the delivery of MINAG core services has been slow, since none of the four agriculture indicators of the PAF matrix has reached the target. However, indicator of the total number of farmers assisted by the public extension services (71%) has demonstrated progress. For the remaining three indicators the rates of completion were the following: area which benefited for irrigation systems built or/and rehabilitated with public funds: 80% of the target, percentage of land applications processed within the 90-day time limit: 74% of the target, and total number of farms with vaccinations carried out: 85% of the target.

In 2006, the definition of MINAG's priorities was the base-line to start the preparation of the Medium Term Expenditure Framework. The first draft of the final evaluation report of PROGRI I was completed. The new staff structure and MINAG staff data base system have, not only contributed to integrate 632 contract staff into MINAG staff structure, but can become a solid ground base for the training map to be prepared. The information management System (SIG) has become a reality at MINAG. In 2006, partners and MINAG have jointly prepared a new Memorandum of Understanding for PROAGRI 2, now fully transformed in a sector budget support programme.

The Financial management is an achievement from PROAGRI I. However, some difficulties have reappeared that had been previously resolved, in the frame of the auditing and financial reporting, in part as a consequence of MINAG staff leaving the Ministry. MINAG still faces serious challenges to integrate gender and environment issues in the planning and programming processes.

MINAG being one of the main actors in poverty reduction, efforts must be integrated in order to elaborate MINAG's strategy that can ensure the results and impact at point of delivery, with MTEF as the instrument that shall permit to reflect the increase of investment resources

attributed to support production. In terms of impact assessment, it is crucial to improve the degree of trust in statistical data of the sector.

In general, certain key aspects of the policy and institutional reforms within MIC have been dependent on broader reform measures for the government administration as a whole, which may explain, to a certain extent, the slowness of the sectoral reforms. This is the case, for instance, of the public sector reform with particular incidence in the restructuring of human resources, the introduction of the new State financial management system (SISTAFE) and the decentralization and local government reform.

However, some progress has been achieved, including reforms aimed to improve the services provision to the Ministry's users. In this area, public reform priorities were focused on decentralisation of commercial and industrial licensing by means of delegation of such functions to the Provincial Directorates and to the one stop shop installed in all the provinces. Though, delays in the installation of the Computerised System for Commercial and Industrial Licensing and Registration (SISCAL) may meanwhile hold-up the ongoing process to ease the registering of economic activities.

A mention should also be made to the endorsement by the Government of the new Agricultural Marketing Strategy 2006-2009. The document was widely distributed at both national and provincial levels and discussed with the private sector and civil society, and with cooperation partners. Within this process the Government has also approved the new mandate of the Cereal Marketing Board (ICM - *Instituto dos Cereais de Moçambique*) that has now a facilitator role, with ICM - owned warehouses and other facilities being proposed for renting in the market.

Other results are also relevant for the positive impact that may have in the area of interface with the public, namely: 1) the Creation of the *Technical Unit for the Promotion of National Production* that coordinates the campaign "*Made in Mozambique*", 2) the installation of a *Business Information Centre* (call centre) at central level in the Ministry; 3) the creation of a *Support Institute for Small and Medium Enterprises* is in progress, with the first draft proposal already formulated; 4) the conclusion of the consulting process about the Competition Policy draft document formulated with the UNCTAD's TA support, 5) the formulation of: i) the Industry Policy and Strategy; and ii) The Business Environment Strategy, which are expected to be approved by the Government during 2007.

While actions have been completed and/or undertaken for creating a positive impact on users of Ministry of Industry and Trade (MIC) services, the internal oriented reforms towards the strengthening of MIC's internal capacity to raise its effectiveness and specially its efficiency, have progressed less than expected:

The proposal for the revision of the organisational and restructuring of the Ministry still waits the approval from the Technical Unit for the Reform of the Public Sector (UTRESP). Meanwhile a new draft of the MIC's Organisational Structure was concluded in December 2006 which formalises the creation of two new directions: the *Technical Unit for the Promotion of National Production* and the *Private Sector National Directorate*, while keeping the existing one without major changes. This is intended to constitute a great step forward

towards the facilitation of the dialogue with the private sector. Human resources management continues to be a critical area in the sector reform process. This issue requires a special attention given its impact in the sustainability of the ongoing EC-funded reform programme. The Ministry has been requested to prepare a comprehensive Human Resources Development Plan as part of the Strategic Action Plan that is expected to be finalised during the first semester of 2007.

The Instituto Nacional de Metereologia (INAM) follows a development strategy defined up to 2010, with a view to change from a traditional institute to a modern service organization. Contributions from the EC through the Foreign Exchange Facility to strengthen INAM's capacity complemented the already significant level of investments done by other international donors to introduce modern technology towards the integration of INAM into the regional network of meteorological services.

EC contribution to INAM targets mostly its institutional capacity. Emphasis is given to the human resources reform that encourages not only early retirement but the increased level of expected technical and scientific capacity for the efficient use of the new technology and modern services provided by INAM, including training and scholarships. Concern of slow implementation of the programme has been raised during the annual foreign facility evaluation in October 2006. The study still highlighted great limitations at the level of financial management which compromise the feasibility of its strategic plan. In 2007 the managerial capacity of INAM will be reinforced.

Progress in Activities

The on-going Food Security Multi-annual Programme 2003-2005 with a total funding of €48 M was approved in July 2003. The Financing Agreement concerning the third €15 M tranche was signed by the EC and by MIC in February 2006. The main part of this Financing Agreement is implemented through a Protocol with the Ministry of Finance (Foreign Exchange Facility) that was signed in June 2006. This will be the last contribution of the European Commission to Mozambique under the Food Security budget line.

The Multi-annual Programme 2003-05 kept part of the previous strategic approach, some components of which were still underway (Government's outsourcing for cotton, cashew and for supporting SETSAN) and introduced a new programme of sector budget support to MINAG (PROAGRI), as well as financing the institutional reform plans in MIC and INAM. Additional resources are made available for the implementation of an early retirement scheme and for institutional support to the Cotton (IAM) and Cashew (INCAJU) Institutes. This programme also identified new components, such as support to producer's associations and to financial institutions in order to improve marketing of agricultural products. These two components have been subject to further studies in 2006 and contracts related to these components will be signed by the end of 2007.

6 projects in drought-prone areas of land in Gaza and Southern Inhambane for a total amount of €11.5 M (NGO call for proposals launched in 2002) are in their last phase of implementation and will end in 2007.

From 2007 on, the EC Food Security budget line will be replaced by the EDF and an envelope of € 35M had been earmarked for the sector following the 2004 9th EDF Mid-Term Review. The Financing Proposal for that programme has been prepared during the first semester 2006 and approved by the EDF Committee in October 2006. The Support to PROAGRI II Programme (9.ACP.MOZ.029) will ensure funding to the sector (through sector budget support) for 2007, 2008 and 2009, when a new 10 EDF operation will be designed.

The Rural Development Programme (€30 M, 8.ACP.MOZ.018) included among its components a contribution to the agriculture sector programme (€1 M, the funds for PROAGRI have been disbursed in January 2005), as well as a district planning component (€2 M) as a parallel funding agreement with the German Cooperation Bank (KfW) and the Province of Inhambane, which have decided end of 2006 to involve UNICEF for the implementation of this component. A third component for technical assistance and institutional support to the Rural Development National Directorate (€1 M) has been decommitted. Other components of the programme are tertiary network bridges (€6 M), contributions to health (€2.5 M) and education (€17.35 M) common funds.

In response to the new sugar regime in the EU, the Mozambican Sugar Sector has submitted to the EC in April 2006 an Adaptation Plan. The document was prepared in a concerted effort by the Mozambican Association of Sugar Producers (APAMO), the Ministry of Agriculture, represented by the National Sugar Institute (INA) and the Cabinet for the Promotion of Commercial Agriculture (GPSCA/CEPAGRI). Based on the positive assessment of the Plan and taking into account the importance of the sector for the socio-economic development of the country, Mozambique will be eligible for financial support under the EC Accompanying Measures for sugar. For the first phase of the programme (2006), Mozambique has received €0.562M. EC support, which will be channelled as a sector budget support to the Ministry of Agriculture, will have the objective of increasing the productivity in the sugar industry and promoting the pro-poor development in the sugar areas. Specific interventions will include a) cane expansion under small scale out-grower schemes, b) training & skills development, c) provision of social service and facilities into the sugar production areas. Phase 1 of the Sugar Accompanying Measures (2006) will be implemented in 2007, based on a Memorandum of Understanding signed by the Government and by all sugar stakeholders, setting out the mechanism of implementation, targets and timetable for the execution of the Plan.

Horizontal issues

With regard to the integration of gender within MINAG strategy, the formulation of indicators has been initiated together with the department of planning to be inserted in the monitoring and evaluating system of MINAG.

While trying to reduce the level of HIV/SIDA infection, a strategic Sectoral Plan (2006-2010) for orientation and realisation of actions to combat HIV/SIDA has been designed. In the same way, at the provincial level, 14 projects, which have been submitted to the CNCS/NPCS, have been designed and await approval and financing. Sensitizations for sero-prevalence testing and various income generating micro-projects at central level for the personnel of MINAG and their families, have been implemented.

Decentralisation imposes new challenges to MINAG, with the new responsibilities and funds attributed to the district Government. MINAG must establish the competences that can guarantee the harmonisation of vertical and horizontal processes until the local level.

3.3 Non focal sectors

3.3.1 Justice

During the year 2006, indicators that measure productivity of the justice sector institutions (namely the volume of tried and finalized cases by the courts and the percentage of people in prison awaiting accusation and trial) indicated a positive trend. Limited progress was noted in passing some of the laws/reforms envisaged for the same period. The legislative reform seemed to be on track in 2004, yet, a series of external factors contributed to slowing it down in the last two years. The first strategic plan for the justice sector was designed in 2002 but was never implemented.

The “Supporting Citizens Access to Justice” project was initiated in July 2005 but the full fledged implementation only occurred in 2006. The log frame of the project has been adapted to the new priorities of the Government, and, in that respect, the geographical coverage of it has been broadened at district level (6 instead of 3 pilot districts were built-in), some other components have been downscaled and some taken over by other projects under the lead and coordination of the Ministry of Justice. An EC monitoring mission took place in March 2006 and its recommendations were partially incorporated into the revised log frame. Since the beginning of the project, progress in implementation has been slow, however given the pilot character of it and the fact that the inter-institutional coordination in this particular sector context is time-consuming but necessary to guarantee ownership by the Judiciary, Prosecution and police services, the project management is confident that in 2007 the project will be able to achieve the expected results.

Complementarity has been sought through other activities, and, in particular, through the Ministry of Justice Action plan against HIV/aids launched in 2006. Gender is being mainstreamed in all training activities of magistrates, judges and police. Human rights awareness and mainstreaming will be up-scaled in 2007.

3.3.2 Health and HIV-Aids

The priorities for 2006 were a) expansion of access to services, b) reduction in inequality, c) increased efficiency in the use of resources, d) improvement of the quality of services, and e) the elaboration of national plans and policies. In terms of services, HIV-AIDS, malaria and TB continued to be key focus areas. Moreover, 90% of health facilities have now implemented Integrated Management of Childhood Illnesses, surpassing the target of 80%.

In general terms, the pattern of disease remains the same as previous years. Measles however, as previously mentioned, showed a marked improvement, possibly due to the vaccination campaign of the previous year, whereas the cases of cholera and meningitis showed increases of 167% to 5.559 cases, and 14% to 1.451 cases respectively.

The annual reported number of cases of malaria is now at a record high of nearly 6M per year, a 0.5% increase from last year, and there was a 14.4% increase in the number of deaths, now at just under 5.000 per year. Maputo is the only province that has shown an improvement in figures, largely attributed to the successful Lebombo Spacial Development Initiative embracing South Africa, Mozambique, and Swaziland. However, it has recently been noted that a large proportion of these fevers reported nationwide as malaria are in reality probably other febrile conditions, including viral infections, and other infections such as brucellosis, schistosomiasis, and trypanosomiasis. Mozambique currently uses a three-pronged malaria prevention strategy of residual household spraying, impregnated mosquito nets, and intermittent prophylaxis in pregnancy. The spraying campaign however started too late, after the onset of the rains. The most worrying statistic of the TB programme is the low detection rate, currently at only 29.2% of the estimated disease burden.

The chronic lack of human resources continues to be the main obstacle for achieving the health MDGs. In spite of this, the official staff rate has improved substantially from 1638 to 1112 inhabitants per health professional countrywide, largely due to concerted training efforts. An accelerated training plan was initiated in 2006 with 36 new courses commenced for nurses, complementing routine training activities.

In terms of inequity in health services, there was a marked improvement from 2.8 to 2.3 in terms of the Province with most consumption of services over the least.

Environmental health has received a welcome boost in 2006, with this marked out as a particular focus for the Ministry of Health, concentrating on both improving the work environment (cleaner conditions in hospitals as well improved management of bio-hazardous waste) and inspection of standards in relation to safe food and water.

The introduction of SISTAFE during the second part of the year brought substantial improvements in the use of financial resources, especially at provincial level. The total Budget (Visible) of the health sector was € 230M in 2006, with a Global Budget Execution of 75%, a marked improvement compared to 2005 when it was 59%. All financing modalities apart from vertical projects showed a significant improvement. Interestingly, this shows that the trend of putting more and more funds closer to “on budget” is finally being rewarded with greater execution rates. In tandem with this, execution rates of vertical projects are showing a clear decline.

In terms of specific EC projects in the health sector, all medical equipment under the 7ACPMOZ77 was delivered as planned to health facilities in Zambezia, to a total value of over €1.6 M. In relation to the equipment under the 8ACPMOZ33, the tender dossier was prepared during the year but needs to be revised and extended in order to reach the allocated value of €2 M. The TA contract with GTZ saw some changes in that the contract for the TA in Zambezia finished, as did those for the TA in the planning and human resources directorates of MoH. New TA under this contract with GTZ is planned for the departments of construction and planning in early 2007.

HIV/AIDS

The key strategic reform instituted in 2006 was integration of a number of programmes, particularly of HIV/AIDS into general health services. Novel initiatives in this regard were integration with the TB programme, PMTCT into the general maternity services, and expansion of VCT services into general health counselling and testing services. In terms of results there was a continued expansion of the ARV treatment programme, with the numbers more than doubling from 19.000 to 44.100, of which 3.500 are children and 58% female. The target of having 60 health units with the capacity to provide ARV treatment by the end of the year was surpassed by 100%, reaching a total of 120 facilities. The number of health units with the capacity to provide Prevention of Mother to Child Transmission services also more than doubled from 82 to 222, although the number of women who have received ARV prophylaxis only increased from 7.690 in 2005 to 12.150 in 2006. The HIV prevalence of babies at 18 months of age was 20.5%, with an estimated prevention rate therefore of about 50% of cases.

In terms of the multi-sectoral response to HIV/AIDS, the Government approved a plan for the mitigation of the impact on Orphans and Vulnerable Children (OVCs), with at least 3 basic services for 280.000 OVCs. The launching of the Presidential Initiative in the fight against HIV/AIDS demonstrates an increased high level political commitment. The financial allocation via the National AIDS Committee (NAC) to Civil Society Organisations (CSOs) and Government Institutions increased from 7M to 9.7M, with a doubling to CSOs.

3.3.3 EPA and regional cooperation

The Government, supported by the Commission, produced an impact assessment study of having an EPA in Mozambique. The study was concluded in 2004 and presented in 2005. Besides, in 2005 the Ministry of Industry & Commerce (Chief Negotiators in the EPA process) requested and obtained support from the Commission for technical assistance for the EPA negotiations. This TA has been in place since 2005 and the last renewal expires in June 2007. Both activities mentioned above were financed by the Facility to support EPA negotiations. Mozambique also benefited from the SADC EPA Support Facility that provides support to all SADC-EPA negotiating countries.

3.3.4 Private sector

There continue to be numerous challenges on private sector development, particularly those related to the business environment existing in the country: the revision of the Labour Law continues and a new law is expected to see the light by mid- 2007; the current process of setting up and registering businesses continues to be lengthy (113 days to start-up a business); the use of inspections by several Ministries is recognized by the Government as being contraproductent and efforts are in course to harmonize the inspectoral activities by the Government entities; the still expensive export/ import clearance has showed limited progress; the limited access to credit and its cost impedes expansion of many SMEs; and the low level of contract enforcement continues deterring many investors.

Overall progress in private sector development issues has been mixed during 2006, with a new Commercial Code approved, the Regulation for Commercial and Industrial Activities passed and a new regulation for hiring foreigners also approved. The existing dialogue between the

Government and the private sector representatives is expected to be more results- oriented in order to bring timely and relevant reforms.

The 8th EDF Programme for Private Sector Development (8.ACP.MOZ.014, €4.8 M) started in late 2002 and was concluded mid-2006. This Programme was formulated as a contribution to the Small and Medium Enterprise Development Programme (PoDE; US\$48 M) co-funded by the Government of Mozambique, Private Sector beneficiaries, World Bank, DfID, and NORAD. The EC contribution was channelled through a Trust Fund Agreement with the World Bank. Unfortunately, significant delays in the leading implementing agency (World Bank) prevented full disbursement (€1.8 disbursement achieve). Even though there have been important delays in disbursements, there have also been significant outcomes, mainly in its technical learning component (PoDE-CAT: training and productivity improvements in private firms).

The 8 EDF Programme for Private Sector Development also contributed to support a SME training scheme in 2005/06 with an EC contribution of €245,000. The project was co-funded with UNDP and implemented by Enterprise Mozambique using a well known model for entrepreneurship training called EMPRETEC. A total of 150 entrepreneurs or potential entrepreneurs are planned to receive training on basic managerial techniques.

3.3.5 Other infrastructure : Water

The Capacity Building Project for the Integrated Development of the Water Resources Management and Rural Water Supplies in the Zambezi River Basin (€11.6 M, 8.ACP.MOZ.019), continued the implementation of its third Programme Estimate during 2006. Activities were orientated towards improving the performance of the Water Authority for the Zambezi River, such as finishing the reparation of the hydrometric network, of construction of the office building and elaboration of provincial strategic plans for rural water and sanitation. A mid term review to the project was carried out and results were positive in general, some recommendations for improvement were provided and one year extension of the project after its end in December 2007 was suggested for good achievement of the project's activities. During the year 2007, the management of ARA Zambeze will witness substantial improvement through strengthening of the River Basin Committee and progress on the implementation of the Protocol of cooperation between ARA Zambeze and HCB on water management. It is expected also this year the signing of a study contract for revision and the design of a flood warning and control system, analysis and prior advice in case of floods in Zambeze basin.

Beira Sanitation Project (works and supervision), approved by the EDF Committee on November 2005 with a total funding of €32,95 M aims at improving national health through the rehabilitation of the existing sanitation network and the construction of new systems in the city of Beira, including the sewerage network, the wastewater treatment plant and the drainage system. During 2006, the project started its activities of procurement. The supervisor for the works was chosen, and the other two components (works and technical assistance for creation of the Beira sanitation company) where under evaluation by the first quarter of 2007. However, further to the provisional tender results on works, it looks that the financing of the project had been underestimated of an amount corresponding to € 20 million. Therefore, additional funding will be necessary from 9th EDF. During year 2007, all activities related to procurement will

have finished and the project should be on the implementation phase of the works, supervision and technical assistance activities.

3.3.6 Technical Cooperation Facility

The TCF make available medium- and short-term consultants for providing support to the main projects and programmes and ensuring the effective implementation of NIP, supporting training and short-term training activities for ACP staff and participation of ACP staff or non-State actors in international meetings or seminars on development or commercial issues. In 2006, the operations launched under the TCF 1 were the following: the country's environmental profile; the organisation of a seminar to present the sugar action plan to donors, Government, civil society and private sector; technical assistance to the Ministry of Public Works and Housing for the water and sanitation sector; the preparation of the first country migration profile and a technical assistance to support in the evaluation of projects of the Energy Facility.

Taking into account the high absorption rate of this facility, a second TCF amounting to €2 M was prepared and signed in November 2006.

3.4. Non State Actors

The Support to NSA project amounting €4 M was approved in February 2006 by the Commission and the Financing Agreement was signed by the NAO in July 2006. The terms of reference for the consultant to launch the call for proposals were approved by the NAO's office in December 06. According to NAO's office (who has the implementation lead of this project), the contracting of a consultancy company is conditioned to a solution as regards the payment of the VAT part of this contract (provided a simplified procedure is used as foreseen in the Financing Agreement). Since 2005, the NAO is identifying an institutional "bed" for the NSA project (who would undertake the responsibility to pay the VAT to the contracted companies).

In the course of 2006, the agencies of DFID, Ireland and UNDP have been in contact with the EC and NAO while designing their programmes for support to civil society, to guarantee complementarity of the interventions and to avoid overlaps.

3.5 Use of B envelope

As a response to the request from Mozambique in June 2003 to the donors in the road sector, the Commission offered an overall support of €5 M for repair works to the damage caused by the Cyclone Japhet in March 2003. The subsequent project of reconstruction of cyclone damaged roads in five provinces (9.ACP.MOZ.12) is currently under implementation. While the works committed in PE1 (€ 0.7 M) were completed in August 2006, a new PE2 amounting to € 3.0 M is currently under progress, to be completed by December 2007.

The NAO requested the use of €2m from the B envelope for actions to mitigate the impact of the drought affecting the southern interior in the 2006. ECHO's response strategy was to provide access to potable water; improve sanitation; and reduce the risk of water bourn diseases. Four contracts were awarded to NGOs (CARE Austria, Intermon Oxfam, German Red Cross and CUAMM) for a total of €1,65m.

3.6 Other instruments

Other instruments are presented in detail in Annex 5. Those interventions include:

- Stabex funds, where the implementation modality envisaged is sector budget support to complement support to PROAGRI;
- Water and Energy Initiatives, and the results of the call for proposals launched;
- other projects in infrastructure (health, rural telecommunications);
- EC-Mozambique Fisheries Agreement;
- Regional cooperation, namely transport infrastructure financed with the support of RIP SADC funds (“the Beira Corridor”) and RIP PALOP II;
- thematic budget lines, including human rights, co-financing, health and demining;
- European Investment Bank, with an important portfolio in Mozambique.

3.7 Financial Synthesis for 2006

Financial performance under the EDF during 2006 can be summarized as follows:

- global commitments (new decisions) reached 50M€, representing 92% of the target; this amount is obviously smaller than at the beginning of the programming period, although an amount of 105 new decisions is already in the pipeline for the 2007, last year of the 9th EDF implementation period;
- payments under the EDF reached 101M€, i.e. 97% of targets, continuing the annual trend of this period. Those financial data under the EDF were complemented by operations financed through the thematic budget lines, mainly, but not exclusively, disbursed through NGOs, and by horizontal operations financed under the water facility through call for proposals and “all ACP” funds. It is to be noted that despite a strong move towards budget support and SWAP modalities, the EC Delegation still manages a high number of individual projects/activities.

Chapter 4. Evaluation of performance indicators

In the Joint Review of April 2007, 29 working groups consisting of representatives of GoM, PAP’s, other donors and civil society distributed over 4 pillars assessed Government performance in 2006 based on the PAF. The review was based on GoM’s plans and reports, minutes of the Poverty Observatory, civil society’s Annual report on Poverty (RAP) and an independent report on the performance of the PAP’s.

In a nutshell, the implementation of PARPA II in 2006 was positive in a number of areas as seen above (see 3.2). Out of 49 targets, 22 were met: in Public Financial Management, the rolling out of e-Sistafe allowed for a better flow of funds to the line ministries as well as to provincial and district levels, budget execution was good, with 65,1% going to priority sectors; the budget prepared for 2007 is more realistic; and the targets set for audits performed by IGF and TA were surpassed. The implementation of procurement reform also progressed. The tax authority (ATM) was created. In the Road Sector a mixed assessment was made regarding indicators. While it has acknowledged satisfactory results in implementation and in increased transitivity, the less than expected performance on routine maintenance has clearly indicated a constraint on the procurement capacity of the sector in relation to its target. In addition, while the institutional reforms in the sector are in process in particular in ANE and in Road Fund,

equally these reforms need to be accompanied by the adequate recruitment and provision of professional staff in order to make them effective.

Performance was also good as to the expansion of services in health and education. Nevertheless, the situation in what regards institutional capacity is still weak, and there are issues related to quality (ex. ratio student/teacher). As to agriculture and food security, progress in the delivery of MINAG core services has been slow, since none of the four agriculture indicators of the PAF matrix has reached the target.

The governance area showed mixed performance, with a slow pace in public sector reform as to salary reform but a good performance in decentralization. The justice sector registered the great concentration of efforts in the improvement of judicial services delivery, but the delay in the planned legislative reforms remains a concern. Important instruments to fight corruption have been put in place through the public sector reform (e-Sistafe, procurement, internal control, external audit...). But sector plans of action prepared should be budgeted and integrated in the PES. As to decentralisation, the consolidation and execution of the Local Initiative of Investment Budget (OILL) in 2006 represents a significant step in the fiscal decentralisation process and in the transformation of District Governments into budgetary units in terms of Law 08/2003 (LOLE) matched by the establishment of local councils covering all districts and the participative approach introduced.

Performance was also mixed with respect to the business environment, with clear progress in the registry of new companies and presentation of Labour Law, but huge delayed VAT payments, which are expected to be solved with the Government decision to lower the VAT Tax for investments in public infra-structures.

Various studies of poverty were made in 2006 and this contributed to improve the information available. However, important challenges have been identified, mainly in what regards the methodology and the linkage to budgetary policy, so that the most vulnerable groups (children, old age, handicapped, people with HIV-Aids, malnourished, and households led by women) may be adequately covered. This will be taken up by a specific joint donor/ Government technical working group in 2007.

There is a general need to improve the quality of data and performance indicators across sectors. Overall, the quality of socio-demographic annual data needs to be up-dated, especially in relation to population based rates since the true demography of Mozambique is based on 1997 population census. In what regards gender, disaggregated data are not always available, which limits the analysis. It is hoped that this will change with the undertaking of the census in 2007.

More specifically as to indicators in the focal road sector, the enhanced coordination between the donors and the Government which has led to the approval of the PRISE Implementation Plan 2007-2009 by the Government on 28 February 2007, allowed the agreement on a new Performance Assessment Framework (PAF) matrix, composed of 21 indicators for the period 2007-2009 (measuring road condition, accessibility, transitability, routine maintenance, road safety, environmental audits, financial sustainability, institutional reforms etc.).

Late 2006, SETSAN organised a baseline survey of key household food security and nutrition indicators covering the whole country that will serve as reference for future monitoring.

In Justice, there are difficulties in identifying indicators perceived as being objective and sufficiently comprehensive and accepted by all the sector institutions. Two out of the five PAF current indicators will be revised. Focus will be given on measuring performance, quality of services and access to justice. A performance audit to be ready by August 2007 is expected to bring in - depth analysis regarding the efficiency of the system (capacities, training, functions, processes) and a more complete picture of the financial situation of the sector. The performance audit may provide important tools for future performance monitoring in the justice sector. The PAF indicator in place regarding anti-corruption (no of cases prosecuted and concluded with trial) tends to capture the correctional side of the anti-corruption efforts. Yet the anti-corruption strategy covers a big range of sectors and preventive action. A more systematic approach in the monitoring of anti-corruption needs to be developed than the one in the current PAF.

It was agreed at the 9th EDF Mid of Term Review, that the CSP indicators framework would be replaced by the Performance Assessment Framework, matrix of 49 indicators for all main sectors of intervention.

An evaluation on where each development partner is with respect to the targets of the 2005 Paris Declaration and identification of what the major obstacles are in order to reach them by 2010, has also being addressed via a questionnaire (CAD/OCDE) and the consolidation of a reply for the country.

Chapter 5. Donor Coordination and harmonisation

Programme Aid Partners

The group of 18 donors providing budget support to the Government of Mozambique (Programme Aid Partners), has increasingly become the main forum for policy dialogue between Government and donors, meeting at various levels (Heads of Mission, Heads of Cooperation, economists, etc). The EC is a permanent member of the Troika+ of this group (3 bilaterals in a rotating basis, plus EC and WB in a permanent basis). Out of the 18 donors providing budget support, 13 are from the EU-15, all represented in Maputo.

The Government of Mozambique and the PAP group signed a Memorandum of Understanding in April 2004 which sets out the principles, terms and operations for the Programme Aid Partnership: the Government is accountable on the terms of its performance assessment framework, and the PAPs have made specific commitments concerning the manner in which they provide aid, in accordance with the Paris Declaration. Partners agreed to have an annual external assessment of their own performance in terms of their commitments. Two joint annual reviews are carried out in order to assess the performance of both parties, Government and PAPs (Joint Review in April and Mid-year Review in September). This harmonization framework is quite advanced and may be considered as one of the best practice cases.

The overall performance of the PAPs in 2006 was considered mixed in the Joint Review of April 2007. Main areas of progress concerned the use of the national Public Financial Management System of GoM and the increase in the percentage of general budget support in the programming, but short term predictability showed poor performance. Another key concern is the low proportion of programmatic aid (55% compared to target of 70%).

Sector coordination and alignment

The Road Sector has periodic (monthly) donor coordination meetings in Mozambique. EC chaired the road sector for the past two years. Based on the donors rotation principle, the African Development Bank (AfDB) has taken over from the European Commission the chair of the Road Group since January 2007. Main core donors in the sector are EC, World Bank, AfDB, DFID, Sweden, Italy, Japan, Denmark and recently MCC. In the past two years, the Government has played a proactive role in assuming the leadership of the sector in coordination with the donors through bi-annual monitoring meetings. For this reason the donors are satisfied in particular with the Government assignment of the President of the Road Fund as the coordinator of the Road Sector activities.

Results of their work have led to the formalisation of the new Sector Wide Approach in the road sector covering the period 2007-2011, and to the drafting of a Memorandum of Understanding (MOU) and of a Donors Code of Conduct (COC) to be agreed by mid 2007.

Sector budget support to PROAGRI II in the context of the 9th EDF is now fully aligned with general budget support: the new MoU for Proagri II, signed in February 2007 by the 8 PROAGRI contributors (EC, IFAD, Canada, Sweden, Denmark, Finland, Ireland and Austria) was finalised during 2006 and allows for the PROAGRI flow of funds to qualify for a true sector budget support (all funds go through the Treasury, all procedures are government procedures, etc,...). EC will stay as a permanent co-chair of the donors' working group on agriculture, given its strong financial support and its involvement in the sector. Agriculture is known to be a sector where harmonisation and coordination are very efficient in Mozambique.

It became clear during the course of 2006 that the communication *fora* in the Health sector were becoming too large for the achieving of concrete results. During the health partners' retreat in November it was decided to implement some significant changes in the way partners coordinate amongst themselves and with the Ministry. Key elements of this reform includes: 1) clearer representativity and delegated responsibility; 2) less participant in key operational meetings with the Ministry; 3) making appropriate use of comparative strengths across the spectrum of partners; 4) clearly separating the ToRs of a) political, b) sector-wide operational, and c) technical working group *fora*; 5) rational alignment with Ministry calendar. The EC took over the responsibility as Focal Donor for the Health Sector in November 2006, with the responsibility to lead this reform for one year. A further challenge to this mandate is the successful progress towards Sector Budget Support.

In Justice, despite the slow reform pace (the Vision document is still in consultation process and the strategic plan is not ready), international partners seem to be convinced that the sector meets the minimum requirements to continue receiving support, though through projects and technical assistance. Donor coordination benefits from the established G-18 structure and has

improved in 2006 with increased participation of members and contributions. The coordination between the international partners and the sector has also improved compared to the previous year. The EC is chairing the group (since June 2005 until April 2007).

Pilot Initiative on Coordination and Harmonization of procedures and ODAmoz

Mozambique was one of the four countries selected for the pilot initiative on coordination of policies and harmonization of procedures. Following a HQs mission to Mozambique in March 2004, ad-hoc technical assistance was mobilised through a framework contract from January until November 2005 with the main objective to propose a common EU action on coordination and harmonization in Mozambique. A Road Map was agreed in February 2005 and is based on the following pillars: (i) providing transparency of aid flows through the EU projects database; (ii) reducing the administrative burden by mapping the working groups participation of each Member State and promoting actively delegations of representation within Member States; (iii) mapping the EU capacity building to the Government of Mozambique as basis for a common donor capacity strategy for the country.

The EU aid database was a reality by the end of 2005. Status of each project/programme, quarterly financial flows and disbursements forecasts, link to MDGs, geographical location, modality of implementation, source of funds and implementing agency are some of the key information provided, based on international standards (OECD/DAC). The objectives are to enable the first accurate global view and forecast on cooperation activities in Mozambique and to support the improvement of the comprehensiveness and accuracy of national instruments of planning (in particular the State budget) and of monitoring (in particular the budget execution reports). It also allows all type of analysis of aid flows by sector, by type of aid modality, by region, etc. and an easier monitoring of several of the Paris Declaration indicators.

After all the EU locally represented Member States joined the EU database, its success attracted the interest of non EU donors. In early 2006, the inclusion of non-EU partners (World Bank, USAID, Japan, Canada, Norway, Switzerland and AfDB) was completed, followed by the merging with the UN agencies database. ODA Moz was then officially recognised, put on-line and transferred to the Government of Mozambique (Ministry of Planning and Development) as a government's tool to monitor ODA in the country and provide timely and accurate information to feed into the budget cycle and reporting systems, thus ensuring sustainability and ownership.

It was decided to rely on the ongoing harmonization process, in particular those developed in the context of the direct budget support group regarding the two other elements of the Road Map, the mapping of working groups, as a basis for future discussions on division of labor and perspective for delegated cooperation, and capacity building, once the PAP commissioned an analysis on Strengthening Capacity Development (released January 2006) as an effort towards a coordinated approach to capacity building in Mozambique.

Joint Programming

The EU Member States locally represented in Maputo were consulted about the feasibility of a joint Country Strategy Paper in early 2006. The majority position was that, in a context of low Government capacity and no alignment process at donor level in terms of programming cycles,

it was not cost-effective to launch full joint programming in the case of Mozambique. It was concluded that the present situation, where each European cooperation agency prepares its own strategy paper but participates in the general coordination forum of CS-14 (agencies in the programming mode during 2006, currently the CS 17), is the optimum one under the present circumstances.

The strategies were revised during 2006 by a sub-group of the CS 17 and the Government. The main recommendations for the EC strategy were the following:

- i) Duration of CSP: flexibility should be ensured taking into account the CSP will last 6 years to ensure the linkage with the next PARPA after 2009; this is the purpose of the mid term review foreseen in 2010;
- ii) Sectors: the EC was advised to stay in the justice and also trade/private sector areas where there are not many donors and progress is mitigated. It was recognized that, given the number of donors in education and results achieved so far, this is an “exit sector” for the next CS. It was explained that education indicators will continue to be a part of results assessment and policy dialogue in the general budget support programme context;
- iii) Aid modalities: the Committee believes that the EC has been very active in the discussion of criteria for the granting of sectoral aid; this policy analysis, namely in what regards public financial management and donor harmonization, should be taken further;
- iv) Complementarity between CSP and “horizontal Facilities”, “all ACP” funds and regional funds as financing sources for EC activities in Mozambique should be ensured.

The final report of this exercise that covered 17 agencies in programming mode was made available early 2007 and pending the approval of the National Aid Policy for a follow-up discussion. It is suggested that a joint committee Government/donors continues its work to improve programming coordination and complementarity of aid in Mozambique. It is therefore a window of opportunity to enhance coordination in view of a future Joint Assistance Strategy.

Chapter 6. Dialogue in country with NAO and NSA

With the National Authorizing Officer

The NAO was appointed in May 2005. Relations with the NAO are very good and have helped the good management of cooperation programmes. The NAO office was without any direct EDF support from July 2003 to May 2006, when the new institutional support project began. Exchanges with the NAO were regular and intense during 2006 both at technical and political level, in particular due to the ETR process, the programming process of the 10th EDF and the dialogue on the governance commitments.

With Non State Actors

During the ongoing CSP, participation of NSA in the JAR, MTR and new CSP planning varied from full fledged to minimum engagement. In particular for 2006, this may find part of its explanation to the following aspects: 1) high demand on the NSAs for inputs, commenting and participation in multiple Government/donor strategic processes versus the limited capacity of the NSA to respond and follow-up on these processes, 2) internal organizational problems of leading umbrella organizations and 3) the need for a more pro-active role from the

Government/ EC cooperation side. Year 2006 counted with heavy programming and monitoring processes such as the finalisation of the 2nd PRSP, the Poverty Observatory, the APRM mechanism/process, the Justice Vision process.

The involvement of the NSA in view of the 2006 ETR and the 10th EDF planning did not meet the expectations set in the 2005 JAR. There has been though a lively public debate, on NSA initiative, around the EPAs in the course of 2006. The 10th EDF programming dialogue will continue to be the basis for creating new dynamics in the involvement of the NSA in the course of 2007.

Chapter 7. Conclusions

The performance of the EC cooperation can be assessed in terms of (i) financial absorption of the available envelope, (ii) sectoral and macro-economic performance in the sectors of intervention with regards to agreed targets aligned on the PARPA II objectives and (iii) quality of dialogue. In Mozambique for the period under consideration, those three elements can be considered as globally positive, with however prospects for improvements in some specific areas.

The implementation of the PARPA II in 2006 showed mixed results (Joint Review 2007), with 22 out of 49 targets of the Performance Assessment Framework met. As to results in focal sectors of the EC cooperation, it should be noted that overall reforms in public finance management are considered positive, in a context of sound macro-economic performance. In the road sector, there were marked developments in the sector policy, strategy and institutional framework. The performance was nevertheless mixed, with a less than expected performance on routine maintenance, and the need for adequate recruitment and provision of professional staff to consolidate the ongoing institutional reforms. In the agriculture sector, progress was slow, since none of the four indicators was reached, although in a context of sustained production growth. In the health sector, there was also a substantial improvement in coverage and quality of services and in the use of financial resources in the sector, still with big challenges notably in HIV prevention and treatment.

The governance area showed mixed performance with a slow pace in public sector reform, which is a crucial process for reforms in place to be effectively implemented at all sectors. Problems of lack of human resources are general in particular in the road, agriculture and health sectors. Justice remains an area of concern namely taking into account the planned but delayed legislative reforms. Some progress in the decentralisation process should also be noted, underpinning ongoing efforts to achieve rural development.

Overall improvement in the quality of data and performance indicators is required, namely as to gender desegregation. In what regards poverty data, methodological questions and linkage to budgetary policy will be further studied. The performance indicators at sector level in agriculture (with the baseline study on food and nutrition strategy), health and roads are currently being fine-tuned.

Coordination and harmonisation among donors is regular and fruitful, in the context of the various *fora* and working groups - where ownership of Government is increasing - and where the EC is actively represented. The use of budget support has enhanced donor coordination, through the PAP's institutional framework. Future challenges include the improvement of coordination and division of labour in the spirit of complementarity, the use of the database ODAmoz, - launched and financed by the EC, which has become the government's tool to monitor external aid in the country - to support further integration of funds in the budget; the design of a national aid policy and the development of a joint, coordinated and comprehensive approach to capacity building.

For the 10th EDF, in view of the priorities of the Government of Mozambique in PARPA II and the EC's comparative advantages, it is expected that generally the support to the same focal sectors will be continued. Thus, the support to the reform programme in order to maintain the ongoing macroeconomic stability is proposed at around 50% of the envelope; transport infrastructures to foster rural development and regional integration at around 20%; and agriculture at around 15%, the balance being mainly allocated to the health and governance areas. The trend towards sector budget support in focal sectors (agriculture and roads) and in health is welcome; it will require (but also help the design of) a more consistent Medium Term Expenditure Framework, and more involvement at provincial and district levels in the planning process.

It is also expected that dialogue with Non State Actors and Parliament will be improved during the next programming period, possibly foster by available support foreseen in the next CSP.

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ANNEX 1.1: Macroeconomic indicators

<i>Indicator</i>	2003	2004	2005	2006	2007*	2008
1. Population (million inhabitants)	18.6	19.0	19.4	19.9	20.4	n.a.
2. Population growth (in %)	2.2	2.2	2.3	2.4	n.a.	n.a.
3. GDP per capita (in USD)	264	309	339	364	382	399
4. Growth of GDP per capita (in %)	n.a.	17.0	9.7	7.4	4.9	4.5
5. Gross capital formation as % of GDP ⁽¹⁾ ... of which FDI (US\$ mill)²	25.9 336.7	22.6 244.7	20.4 n.a.	24.8 n.a.	27.7 n.a.	27.6 n.a.
6. External debt as % of GDP	25.2	25.2	19.7	21.0	20.9	
7. External debt service as % of exports 7.1 arrears on domestic debt	3.4 n.a.	2.0 n.a.	1.2 n.a.	2.2 n.a.	0.9 n.a.	0.9 n.a.
8. Exports as share of GDP of which from mega-projects	15.8 n.a.	21.3 14.9	27.6 20.0	30.3 21.4	29.0 21.4	26.4 18.8
9. Trade balance as % of GDP	8.0	7.5	11.4	6.7	10.4	10.8
10. Government income as % of GDP of which:					14.9	15.4
10.1 Tax Revenue:	12	11.7	12.1	12.7	13.2	13.5
10.1.1. Income tax	2.8	2.7	2.9	3.3	3.4	3.8
10.1.2 Tax on Good and services	6.9	7.1	7.1	7.1	7.5	7.6
10.1.3 Other tax	2	0.3	0.2	0.3	0.3	0.3
10.2 NonTax Revenue	1	0.9	1.9	1.6	1.9	1.8
11. Government expenditures as % GDP of which (3):	25.39	24.4	22.6	27.1	31.4	30.0
11.1 Agriculture and rural development	1	1.5	0.8	0.8	n.a.	n.a.
11.2 Education	4.2	5	4.7	4.2	n.a.	n.a.
11.3 Health	2.3	2.6	2.9	3.7	n.a.	n.a.
11.4 Infrastructure	2.9	3.3	3.5	4.1	n.a.	n.a.
11.5 Good governance	2.1	2.3	1.6	3.2	n.a.	n.a.
11.6 Other	0.9	0.5	0.2	0.4	n.a.	n.a.
11.7 Military expenses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12. Budget deficit as % of GDP Before grants	-12.59	-12.0	-8.5	-12.7	-16.5	-14.7
After grants	-3.6	-4.5	-2.0	-2.0	-4.6	-3.4
13. Inflation (Accumulated)	13.8	9.1	11.2	9.4 ⁽⁴⁾	6.0	5.5
14. Exchange rate (MZN per €)	26.3	27.5	28.6	33.6	n.a.	n.a.

(1) The figure corresponds to Gross Domestic Investments as defined in IMF PRGF 1st, 2n , 3rd and 4th Reviews (2006).

(2) The figure corresponds to the Foreign Direct Investment statistics released by the Mozambican Central Bank.

(3) Item 11 refers to total of expenditures and loans.

(4) Aide Memoire, Joint Review April 2007.

Sources: INE (Anuário Estatístico), Banco de Moçambique (www.bancomoc.mz), Ministerio das Finanças (Conta Geral do Estado, Balanço do PES), IMF (2005 PRGF), InfoEuro.

ANNEX 1.2 - Millennium Development Goals (MDG)

Type	Indicator	1990	1997	2000	2003	2004	2005	2006	2007 target	2008/9 target	2015 target	
Impact	1. Proportion of population below \$1 per day (%)	38 ^u	69.4*		54.1*					45	44	
	2. Prevalence of underweight children (under-five years of age) (%)		26*	12,2 ^m	23.7*					18	17	
	3. Under-five mortality rate (per 1,000)	235*	219*	200 ^m	178*	152 ^m					140	108
Outcome	4. Net enrolment rate in primary education (%)		44*	54.7 ^m	69.4*	75.6 ^m	83.4 ^m	87.1 ^m	88	93	100	
	5. Primary Completion Rate (%)		22*	39.0 ^m	38.7*	28.9 ^m	33.7 ^m	33.7 ^m	47	59	100	
	6. Ratio of girls to boys in: - primary education (PE1) - secondary education		0.71*	0.76 ^m 0.65 ^m	0.83 ^m 0.67 ^m	0.85 ^m 0.69 ^m	0.86 0.70	0.93 ^m	0.95	0.96	1.00	
	7. Proportion of births attended by skilled health personnel (%)		44.2*	40.3 ^m	47.7*	46.9 ^m	49 ^m	48.4 ^m	52	53/56		
	8. Proportion of 1 year old children immunized against measles (%)		57.5*	97.1 ^m	76.7*	77 ^u	83.2 ^m	100 ^m	98	95	95	
	9. HIV prevalence among 15-24 y/o pregnant women (%)			12.5 ^m	13.3 ^m (2002)	16.2 ^m	22.0 (20-24)				10.4 (20-24)	
	10. Proportion (%) of population with sustainable access to an improved water source			37.1*		35.7*	39.8 ^m	39.0 ^m	42 ^m	43	53	70
Impact	11. Maternal Mortality Ratio (per 100,000)	1000*			408*					340	250	

Impact indicators are not measurable on an annual basis.

* National Surveys/

^u = UN data/

^m = Official line ministry data

ANNEX 2.1 : Results PAF 2006

Government Program – PARPA			Priorities		Indicators	No.	PAF Targets		
Strategic Objectives	Areas	Sub-areas	Objectives	Actions			2006 targets	2006 achievements	Score
Poverty reduction through privileged orientation of public services to the most needy populations	Education	Primary education	Universal education: - Increase of access and retention - Improvement of quality of education - Reduction of gender	Approve, implement and assess the strategic plan for 2005-2009 - Implement the program of low cost school construction - Implement the strategy of	Net enrolment rate EP (1+2) - Total	1a	85%	87%	1*
					Net enrolment rate EP (1+2) - Girls	1b	82%	84%	1
					Completion rate EP2 - Total	2a	34% (2005)	34%	1*
					Completion rate EP2 - Girls	2b	28% (2005)	27%	3
	Health	Mother & Child	Reduction of maternal mortality Reduction of infant mortality	Increase offer of obstetric care Increase coverage of the Extended Vaccination Programme	Coverage rate of institutional childbirths	3	51%	48%	4
					Coverage rate <1 year DPT3 and HB	4	95%	100%	1
			Increase in access to basic health services	Expand access to quality treatment of transmittable and non-transmittable diseases	Utilization rate - external professional consultations per inhabitant	5	0,94	1	
		HIV-AIDS	Prevention	Reduction of number of new HIV infections	Expand access to prevention of vertical transmission	Percentage (and number) of HIV+ pregnant women receiving complete prophylaxis in the last 12 months to reduce the risk of vertical transmission from mother to child	6	10% (16.000)	8 (12.150)
	Clinical Care	Improvement of clinical care for persons living with HIV	Expand access to antiretroviral therapy	Percentage (and number) of persons with advanced HIV+ infection receiving combined antiretroviral therapy in line with national protocols (disaggregated by sex and age group (0 - 14, 15 - 24, 25+)).	7	15% (40.000)	16% (44.110)	1	
	Impact Mitigation	Improvement of the quality of life for people living with HIV/AIDS	Strengthen community- and home-based care and support for Orphans and Vulnerable Children (OVCs)	Percentage of OVCs covered by the <i>National Action Plan for OVCs</i> without access to basic services in 2005, gaining access to at least 3 basic services in the last twelve months (disaggregated by sex and district)	8	5%	24%	1	
Poverty reduction through privileged orientation of public services to the most needy populations	Infra-structures	Roads	Improvement of the passability of roads	Rehabilitate and maintain the road network	% of road network in good and reasonable condition	9	75%	73%	3
		Water	Increase in access	Open new wells and make new connections	% Population with access to drinking water	10	41,5%	42%	1
		Sanitation	Increase in access	Improved latrines, septic tanks	% Population with access to sanitation services	11	37%	37%	3
		Energy	Increase in access to electricity (all energy sources)	New connections	Number of new connections	12	30.000	85.155	1
	Gender		Gender Equality	Promotion of rights and opportunities between men and women, and the integration of gender issues into poverty alleviation policies, plans and interventions	Approval and implementation of the Gender Policy and the Gender Implementation Strategy (PGEI)	13	Approval and start of implementation	The PGEI was approved by the Council of Ministers and awaits approval by Parliament	3
Promotion of economic development, with priority to the rural areas and the reduction of the regional imbalances	Agriculture and Rural Development	Agricultural Services	Promotion of agricultural production	Increase coverage of agricultural outreach services	% of assisted agricultural explorations that adopted at least one new technique during the last 12 months	14	30%	21%	3

ANNEX 2.1 : Results PAF 2006

Government Program – PARPA			Priorities		Indicators	No.	PAF Targets		
Strategic Objectives	Areas	Sub-areas	Objectives	Actions			2006 targets	2006 achievements	Score
				Improve coverage of animal health services	% of animal husbandry explorations that vaccinated their livestock	15	72%	61%	4
				Promote use of irrigation techniques	Area (Ha) of irrigation schemes constructed and/or rehabilitated with public resources	16	3.200	2.546	4
			Management of Natural Resources	Access to land	Simplify mechanisms of obtaining the rights for land tenure	% of processes received and processed in 90 days	17	95%	70%
Creation of a favourable environment for private sector action	Develop the private sector		Stimulation of job creation in the formal sector, modernization of commercial practice to improve economic activities, simplification of the process of business registration and reduce corruption.	New labour law and regulations approved in line with improving the business environment for all	Reduction of cost of retrenchment (based on 2005)	18	To be confirmed (by the end of 2005)	The GoM submitted a Labour Bill to the Assembly that may halve the cost of indemnisations	3
				Improvement of business registration & licensing	Number of days to start a business (registration and license). To be measured by WB 'Doing Business' Annual Report (Baseline in 2005: 153 days).	19	90 days	Surpassed	1
	Macroeconomic and financial policies	Financial system	Improvement of financial mediation including that aimed at micro, small and medium enterprises and households without access to commercial	Reinforce the supervision capacity of the BoM		20	Submission of LFL legislation to Parliament and issue of regulations		1
				Implement IFRS in the financial sector.		21	New Accounts framework and tax regulations approved	The process was partially completed. Lacking is the part concerning the approval of the tax regulations	3
				Strengthen micro finance institutions.		22	Prudential regulations approved	Regulations will be completed in 2007	3
				Reform of the insurance sector		23	Actuarial study on social security system completed		3
				Strengthening of accountability in the banking sector	Carry out a forensic audit of Bau through the AG's office	24	Follow-up actions were taken		1
Creation of a favourable environment for private sector action	Macroeconomic and financial policies	Reform of the State Financial Administration System	Upgrade efficiency and effectiveness of the management of State funds	Budget allocation and budget execution	Budget allocation (in budget approved by AR) and budget execution (as reported in BER) of PARPA II Priority Areas in accordance with the targets set by PARPA II	25	65% to priority areas (in accordance with PARPA I)	65.1% (54% Health and Education)	1
					Budget execution rates for recurrent expenditure on goods and services in priority sectors, as reported in the BER	26	Budget execution rate for recurrent expenditure on goods and services in priority sectors ≥ rate in non-priority sectors	97.4% > 91.2%	1
					Budget execution rates for recurrent expenditure at provincial level, as reported in the BER (all current expenditure)	27	Budget execution rate for recurrent expenditure at provincial level for year n > rate for year n-1	98% > 95.1% (2006>2005)	1
				Increase budget coverage	Increase GoM revenues included in the budget	28	Own revenues for the Ministries of Education and Culture, Health, Agriculture, Public Works, Tourism, Mineral Resources, Youth and Sport, included in Budget for 2007	All Ministries on the list (and others) included in the OE 2007	1
				Increase number of external funds that are in CUT		29	At least one major common fund in CUT	FASE, Proagri, Prasaúde and ASAS on-CUT	1

ANNEX 2.1 : Results PAF 2006

Government Program – PARPA			Priorities		Indicators	No.	PAF Targets				
Strategic Objectives	Areas	Sub-areas	Objectives	Actions			2006 targets	2006 achievements	Score		
				e-SISTAFE	Roll-out of the basic e-Sistafe functions (treasury, budget execution and accounting)	30	By end July 2006 implement effective direct budget execution (in accordance with the sequence of commitment, verification and payment) in the Ministries of Finance, Planning, Education, Agriculture, Health and Public Works at central and provincial level.	Roll-out of the direct budget execution module of e-SISTAFE in the six ministries achieved in July 2006. Additional efforts are necessary to guarantee the application of all functionalities of the direct budget execution module	1		
				Tax Reform	Simpler and more comprehensive, fair and balanced taxation	Strengthen tax administration	To be decided prior to the Joint Review 2006	31	Elaboration and approval of the Information Technology Development Plan (PDTI)	Draft presented, work ongoing. Completion and approval foreseen for the second quarter 2007	3
						Increase total collected taxes	Total revenue as % of GDP	32	14,8%	14.2% (in accordance with updated PIB 2006 data)	3
				Procurement	Adoption of a transparent and efficient system	Implement a modern procurement system in accordance with best international practices based on the new procurement regulations and connected with the e-SISTAFE	33	Supervision Unit for Public Procurement - (USAP) created, budgeted and operating	The UFSA was created and budgeted in 2006, and is functioning, with some delays	2	
				Auditing	Improvement of coverage and function of internal and external auditing	% of districts and municipalities audited by IGF	34	20%	32%	1	
						Number of financial audit reports done by the Administrative Court	35	70	155	1	
				Planning and Monitoring	Harmonization of medium and long term instruments	Ensure consistency between the PARPA, MTEF, PES and the Budget	36	Improved structure and quality of the PES and PES Balance	The structure of the PES and the BdPES was modified, focusing on: (i) integration with more emphasis on cross cutting issues in the sectors; (ii) the analysis of the MDGs and (iii) the introduction of the PAF matrix as an annex to the PES and BdPES. The quality of the analysis in the BdPES did not improve significantly	3	
Creation of a favourable environment for private sector action	Good Governance, Legality and Justice (fight against corruption)	Public Sector Reform	Deconcentration and Decentralization	Intergovernmental Fiscal Transfer Mechanism defined for OLEs and Municipalities	37	The criterion for the allocation of the investment budget for districts from 2007 as well as the proportion of the executed budget by district governments defined	The BER shows a high degree of execution of the OIIL in 2006. Criteria were defined and applied to the allocation of the OIIL for 2007	1			
				Decentralization Policy adopted	38	PPFD Strategy approved and implemented (including common M&E system). Draft of National Decentralization Strategy completed.	The draft of the National Decentralization Policy was completed by November 2006 and will be subject to a consultation process in 2007	3			
				Government approval of the medium term salary policy (salary reform) and implementation, starting with harmonisation of the three databases (SIP, TA and payroll)	39	Approved and implementation ongoing	A study on salary policy containing three application scenarios was completed. It was not possible to derive the salary policy from these studies, due to the lack of credible data on the number of state servants and agents. This gap will be addressed by the census of state servants and agents that will allow for the harmonization of the three databases	3			
				Rationalization of structures and processes	Restructuring plans agreed within the CFMP and beginning of implementation in the areas of Health, Education, Agriculture, MAE, MIC, MF and MPD.	40	Implementation ongoing	Some ministries completed their functional review (MISAU, MOPH, MINT) and the design of the new structures (MISAU, MAE- creation of the ANFP), others are still in the process of completion	3		
				Increase in the proportion of new officials in public service recruited on the basis of transparent public tenders	41	Improvements realised	There are no data that allow for checking whether this indicator was achieved, their survey is being done by the ANFP				
				Fight against corruption	Increase in the proportion of corruption denunciations to the Central Office for the Fight against Corruption that have been brought to a conclusion	42	Improvements realised	The reference data make a conclusion on progress difficult	3		

ANNEX 2.1 : Results PAF 2006

Government Program – PARPA			Priorities		Indicators	No.	PAF Targets		
Strategic Objectives	Areas	Sub-areas	Objectives	Actions			2006 targets	2006 achievements	Score
				A corruption survey in the justice system (with solutions proposed for procedural simplification and addressing other causes of corruption) and recommendations implemented		43	Publication of the second study on the profile of the Public Ministry's Magistrates justice officials and recommendations defined.	The second study on the profile of the Public Ministry's Magistrates was published, the elaboration of the Action Plan is ongoing	3
			Improved system of fines and inspections	Abolish fine sharing by elimination of all special decrees for direct use of fines by receiving ministries and inspectors		44	Define measures to abolish fine sharing and start their implementation	Progress in ATM and MIC, no action in other institutions	3
Consolidation of peace, national unity, justice and democracy	Good Governance, Legality and Justice (fight against corruption)	Justice Reform	Increase efficiency in the provision of services by the justice system	Increase the number of judicial verdicts reached		45	50% (Base year is 2002)	109.5%, based on the sentences	1
				Decrease in number of prisoners that await accusation and trial	total percentage of prisoners awaiting trial (MINT and MINJ)	46	50%	42%	1
				Presentation of a long term reform program that includes planning, budgeting and monitoring systems which give priority to services delivered in the sector	Approval of vision document by CM and up-dating of PEI and POPEI	47	Implementation	The Vision on Justice platform was launched	3
			Simplification and speeding up of processing	Consolidate, through POPEI, the harmonized M&E system	48	Implementation of harmonized M&E system started	The Master Plan for the Monitoring System approved by the Sector (SIPMAJ)	3	
				Law reforms	Reform of the Civil Procedure Code, Penal Procedure Code, Penal Code	49 a)	Provided approval is given, start implementation	The reform of the Civil Procedure Code approved and in force. The reform of the Penal Procedure Code and the Penal Code is ongoing	3
					Reform of the organic law of judicial courts including commercial sections, the organic law for community courts and the IPAJ law	49 b)	Provided approval is given, start implementation	The organic law of judicial courts is submitted to Parliament. Foreseen for 2008 is the reform of the organic law for community courts and the IPAJ law	
					Reform of the Notary Code	49 c)	Provided approval is given, start implementation	The Notary Code approved and in force	
Reform of prison legislation	49 d)	Provided approval is given, start implementation	The decree creating the SNAPRI approved and in force.						

Scores: 1 = Met; 2 = Met with delay; 3 = Not met with progress; 4 = Not met

(*) 1a +1b: score for indicator 1 = 1; 2a+

2b: score for indicator 2 = 3

ANNEX 2.2: Aide Mémoire Joint Review 2007



REPUBLIC OF MOZAMBIQUE

PROGRAMME AID PARTNERS

JOINT REVIEW 2007
AIDE-MÉMOIRE

30 April 2007

I INTRODUCTION & CONTEXT

1. On 30 April 2007, the **Government of Mozambique (GoM) and the Programme Aid Partners (PAPs)**¹ concluded the **Annual Joint Review** of the Government's implementation of the Action Plan for the Reduction of Absolute Poverty (PARPA) and of the performance of the PAPs with respect to the efficiency of external support. The review assessed GoM and PAPs performance over 2006 based on the agreed Performance Assessment Frameworks (PAF) and identified issues that require special attention in 2007. The review was based on Government plans and reports, as reflected in the PARPA II, the Economic and Social Plan (PES), the Budget (OE), the Government reports on the Execution of the Budget (BER) and the Execution of the PES (BdPES), sector reports, syntheses of the meetings of the Poverty Observatory (PO), civil society's Annual Report on Poverty (RAP) and an independent report on the performance of the PAPs.
2. There were **twenty nine working groups**, distributed over four thematic pillars plus cross-cutting issues and the assessment of the PAPs, consisting of representatives of GoM, PAPs, other donors and civil society. These groups completed detailed reviews in their assigned areas; their reports are included as annexes to this Aide-Mémoire.² The overall assessment of the performance of GoM and PAPs and the issues requiring special attention are presented in Section II. The detailed assessment of GoM performance in 2006 is presented in Section III. The assessment and recommendations relating to PAPs performance are described in Section IV. Section V outlines issues related to the implementation of the joint Memorandum of Understanding (MoU).
3. The Aide-Mémoire includes the following **annexes**: the 2006 PAF matrix with an assessment of performance in relation to the targets (Annex I); the PAP Performance Assessment Matrix 2006 and performance in relation to its targets (Annex II); the list of 2008 PAF indicators, highlighting those indicators that will be changed at the Mid Year Review 2007 (Annex III); the full working group reports (Annex IV); the time table of the performance audits in the Water and Justice sectors (Annex V); the list of support documents used in the process (Annex VI³); and the Terms of Reference of the Joint Review, including the list of pillars and working groups (Annex VII).
4. As agreed in the Terms of Reference, the assessment of the GoM performance took into account the opinions of civil society. The result of the preparatory meetings for the Poverty Observatory and the minutes of the Observatory proper are part of annex VI of this Aide-Mémoire. An International Monetary Fund (IMF) mission visited Mozambique during the first phase of the Joint Review, from 16-28 March.

¹ African Development Bank, Belgium, Denmark, Canada, the European Commission, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the World Bank. Austria joined the PAPs during the Joint Review. These Programme Aid Partners (PAPs) provide budget support and have signed a Memorandum of Understanding with the Government. The observers include: Japan, the United States, UNDP and the International Monetary Fund.

² Six of the working groups have no PAP membership

³ In the electronic version of this Aide-Mémoire, to be found on www.pap.org.mz, the documents themselves are part of Annex VI while the printed version only contains the list of these documents.

II OVERALL ASSESSMENT OF PERFORMANCE IN 2006

5. In accordance with the MoU, an assessment of macro-economic policy and of the performance related to the main economic indicators was made outside the PAF, jointly with the IMF. The Joint Review concluded that **the macro-economic performance continued to be very good**, despite the drought and other external setbacks. In 2006, the economy grew at 8,5 percent (GDP). Inflation was high at the beginning of the year but with a diminishing trend, reaching an accumulated rate in December of 9,4 percent in 2006, while the exchange rates were stable. Some challenges and preoccupations are being observed related to the **growth model and its sustainability**. It is necessary to stimulate overall economic growth, especially in agriculture, with a view to diminish dependence on mega projects, to expand growth in sectors able to create employment and fiscal revenue, and to implement the all-embracing structural reforms more rigorously.
6. The Joint Review included a **global assessment of Public Finance Management (PFM)**. One conclusion was that aggregated fiscal discipline is in general satisfactory, taking also into account the forecast results of the reform of the State Financial and Administrative System (SISTAFE), leading to further improvements in transparency and comprehensiveness of the budget and in information on budget execution. Another conclusion was that the risks of the PFM system have diminished, but continue to be considerable. The control framework remains weak, be it in terms of compliance with the law and control mechanisms, be it in terms of following up on internal and external audit processes. There is a need to ensure a rapid implementation of the Public Finance Management reforms. **Strategic allocation of resources in order to achieve a better regional equity** and a more direct connection with the results forecast in PARPA II, linked to an efficient service provision, is two fundamental objectives deserving more attention.
7. The Joint Review considered the implementation of PARPA II in 2006 to be positive in various areas, in spite of significant variations within the range of PAF targets. Out of the 49 PAF **22 targets were met**, 1 of which with a delay, **4 were not met**, **22 were not met but progress was recorded**, while for **1** indicator **the data** to be evaluated were **not available**. There was good progress in public finance management. The rolling out of the e-SISTAFE resulted in a better flow of funds to the line ministries as well as to the provincial and district levels; the budget execution was good, with 65,1% going to the priority sectors; the budget prepared for 2007 reflects the donor support and the own revenue from the sectors far better than in previous years; and the targets defined for the audits carried out by the General Inspectorate of Finance (IGF) and by the Administrative Court (TA) were surpassed. The implementation of the procurement reform also went forward, despite some delays. Although the collection of revenue showed important progress (0,5 percentage point compared to 2005), surpassing the targets for real growth, the PAF-target of 14,8% of GDP was missed with 0,6 percentage point. The Tributary Authority (ATM) was established and new laws on the revenue of mineral and oil exploration were submitted to Parliament. The Joint Review observed the need to increase

public revenue from the commercial exploration of these and other natural resources (hydro-electric energy, forests, land and marine sources).

8. Performance also continued to be good in 2006 with respect to the expansion of service delivery in health and education. In health for example the **provision of Anti Retroviral Virus Therapy (ARVT) increased significantly** (from 27.000 to 44.100) and was extended to 70% of all districts. In education, **access to primary education continued to improve** and the net enrolment rate reached 87%. Service delivery equally improved in the water and social welfare sectors. However, the weak institutional capacity at all levels continues to be worrisome, the more so when taking into account the insufficiency of means to retain human resources in the public sector. There are also concerns about the quality of the provided services, especially in the education sector, where the ratio pupil/teacher continues to be high (above 70/1), contributing to pupils having poor results.
9. The area of **governance** showed a mixed performance. Progress in the implementation of cross cutting reforms planned a long time ago in the public sector continues at a slow pace. The demand for a salary reform appears in many sector reports, taking into account the difficulties to recruit and retain qualified staff, but this PAF target was not met. On the other hand, with respect to decentralization much progress was made in 2006 with the introduction of the Investment Budget for Local Initiatives (OIL), the reorganization and strengthening of the district governments and the deconcentration of human resources management. Nevertheless, various sectors expressed the need for a clarification of the roles and responsibilities at central, provincial and district levels. Concerns were raised about the **lack of progress in municipalization and about the reduced proportion of funds for the municipalities** within the overall State Budget.
10. The **Justice sector** reported a concentration of efforts in the improvement of judicial service delivery, with an increase in the handling of proceedings, especially in the number of verdicts, and a decrease of the number of prisoners awaiting trial. Although not completed yet, there are signs of progress in the formulation of sector policies and strategies, such as the Vision and the Integrated Strategic Plan. However, the delay in the planned legislative reforms remains worrying. This includes the Organic Law of the Judicial Courts, submitted to Parliament, the Law on Community Courts, the Law on the Institute for Judiciary Assistance (IPAJ), the Penal Code and the Law of Criminal Procedure. These reforms are necessary to improve the citizens' access to justice.
11. The **fight against corruption** continues to be a central issue in the dialogue between PAPs and the Government taking into consideration that the trust of the donors is greatly influenced by GoM performance in this area. The Joint Review recognized that important instruments are being put into action to prevent corruption through the different public financial management reforms (e-SISTAFE, procurement, internal control, external audits). The challenge faced by the Government is to ensure that these instruments are applied to guarantee a transparent public management and a follow-up of the weak points and illegalities that are revealed through inspections and audits. Approximately fifty cases of corruption were reportedly investigated by the Central Anti-Corruption Office (GCCC) but there is no information available concerning the results. The Anti-Corruption Strategy was approved by the Government in April 2006, and a beginning is made with the

preparation of action plans for five important and strategic ministries (Justice Sector, Finance, Health, Education and Ministry of Interior). The Joint Review highlighted the importance of these action plans duly being budgeted and integrated in the PES.

12. Performance was mixed with respect to the **business environment**. Positive results in 2006 were the simplification of the registry of new companies and the presentation of the revised Labour Law to Parliament. This law will reduce the costs of firing workers by half, but the proposal continues to be poor with respect to competitiveness and flexibility of the labour market. Once again concerns were raised about the enormous **accumulated public debt**, despite the good progress registered in 2006, in the form of **delayed VAT payments**. The Joint Review also stressed the importance of creating mechanisms for inter-governmental consultations and for consultations between the Government, the private sector and civil society in formulating crucially important policies for the private sector.
13. Intensified efforts to achieve **rural development** are considered necessary. The need was identified for a **better intersectoral coordination** of interventions. Agriculture has a key role to play but agricultural services revealed a poor performance in 2006. With respect to other relevant services, performance is mixed: the expansion of rural electrification is ongoing but most rural areas do not yet dispose of a stable electricity supply; the proportion of the road network (including tertiary roads) in good or reasonable condition increased, although there is a deficit in performance concerning its maintenance; and the Bank of Mozambique is trying hard to improve access to financial services in the rural areas. Some micro credit institutions introduced agricultural credit and the number of micro credit operators outside Maputo continued to increase, although credit remains expensive and largely inaccessible to small-scale rural entrepreneurs. The legal registry of community land and the payment of twenty percent of the revenue of commercial forest explorations to the communities were found to be applied at a very limited level only.
14. The lack of available **disaggregated data on gender** limits the analysis of the performance with respect to gender equality. The difference in the net primary education (EP 1&2) enrolment rate between boys and girls shows progress, like in the previous years. The EP2 completion rate for girls also improved, although the target of 28% was not fully met. In 2006, the illiteracy rate continued to be twice as high among women, even in the age group under 35. The feminisation of HIV/AIDS is cause for alarm. In the age group from 20 – 24 years the proportion of HIV-positive women is three times that of men (22% vs. 7%) and 59% of ARVT is provided to women. Less than 10% of HIV-positive pregnant women receive the prophylaxis necessary to avoid vertical transmission and the target of 16.000 women was not met. The target of institutional childbirths also was not met and Mozambique continues to have one of the highest maternal mortality rates in the world. Recommendations resulting from the socio-anthropological study that is about to be finished, should help to revert this situation.
15. Although proceeding at a slower pace than in the previous years, the **recuperation of the bad credit of the Banco Austral** continued during 2006. From the beginning of the measures taken in 2002 onwards until the end of the year 2006, about 493 million MTn have been recuperated, as can be seen from the Informative Annex to the 4th Quarterly

Report of the Budget Execution of 2006, which corresponds to about 31% of the amount provided by the State. GoM signed contracts with agencies to guarantee the continuation of the recuperation process in future. According to the agreed report of the Joint Team on this issue, the PAPs were informed by the Government that the General Prosecutor of the Republic is taking follow-up actions on the forensic audit of the Banco Austral. The PAPs appreciate this information and the joint conclusion is that the indicator in the 2006 PAF concerning the Banco Austral has been met.

16. As part of the Joint Review a **meeting was held between the ambassadors of the PAP troika and GoM ministers** to discuss various points of a more political nature, including: the Banco Austral, Decentralization, Legal Reform, Agriculture and the Business Environment.
17. The assessment of performance in 2006 shows not only a positive performance in various areas represented by the PAF, but also areas where poor performance continued in 2006. Conscious of the risk posed by a cumulative poor performance in certain important areas for the sustainability and impact of the programme aimed at poverty reduction, it is recommended that in 2007 **special attention will be given to the following issues:**

Poverty Analysis

18. Various **studies on poverty** were undertaken in 2006, which contributed to improve the information base. It is important to continue these efforts, thereby offering improvements in the formulation and analysis of public policy. Challenges continue to be faced, especially related to the methodology (QUIBB, IAF). Meanwhile these studies allow for a better understanding of the various manifestations of poverty and its distribution among and impact upon the different demographic groups and regions of the country.
19. The important thing now is to use the analysis of the various sources to better focus the efforts and resources to where poverty occurs most, thereby making the link between poverty analysis and budget policy. Prior to the Mid Year Review the Poverty Analysis & Monitoring Systems working group (PAMS) will **analyse the studies** and identify key issues for strengthening the implementation strategies of the PARPA II through a more equitable allocation of public resources. Social protection programmes should attain the most vulnerable layers of the population, for example children, the elderly, disabled people and people affected by HIV/AIDS, victims of chronic malnutrition and family households headed by women. The lack of progress in the expansion of the vertical transmission prevention programme is cause for concern.

Decentralization

20. Within the context of decentralization **progress** has been noted in 2006 in the following areas: (i) creation of a structure for district governments with four integrated services; (ii) deconcentration of competencies in human resources management; (iii) establishment of consultative councils; (iv) introduction of a Local Investment Initiative Budget (OIIL). However, the implementation continues to face the following difficulties: (i) the allocation of responsibilities and functions at each operational level (central, provincial and district

level); (ii) deficient communication; (iii) confusion concerning the application of the OIIL; (iv) poor management capacity and service delivery.

21. There are **concerns** regarding: (i) delays in the preparation of the National Decentralized Planning and Finance Programme; (ii) the creation of public bodies within the municipalities; (iii) lack of progress in creating new municipalities; (iv) continuous decrease in terms of percentage of the fiscal transfers from the Budget to the municipalities. The National Decentralization Policy, which is in its formulation process, should deal with the range of subjects referred to and highlight both the decentralization of powers to the municipalities as well as the deconcentration of functions to local public bodies.

The Business Environment

22. It is increasingly important to emphasize the **business environment** and the need to improve it. Some progress is recorded in 2006, but specific and persistent problems remain, including: (i) access to credit; (ii) reimbursement of VAT; (iii) poor quality of national products; (iv) the Labour Law proposal; (v) with the exception of the Central Revenue Authority (ATM) and the Ministry of Industry and Commerce (MIC) no government body has undertaken any action aimed at eliminating the sharing of fines among the institutions and the inspectors. In implementing reforms in this area the following additional challenges stand out: (i) improvement of sectoral coordination; (ii) better monitoring of performance; (iii) strengthening of consultative mechanisms between the GoM, the private sector and civil society in the process of policy formulation; (iv) creation of consultative mechanisms at provincial and district level with a view to the deconcentration of competencies.

Rural Development and Agriculture

23. Rural development being a top government priority, more attention should be given to the cross cutting nature of this issue and to the consequent coordination among the actors. It is urgent to update the agrarian policy and approve and implement the **rural development strategy**, which clarifies the role of the state and the private sector in this process. Rural development calls for an increase in the productivity of the small producers. The Government should make efforts to ensure that agrarian public services relevant for the reality of the market, reach most producers. Rural markets are needed that are more competitive, offer better conditions to the small-scale farmer and provide access to inputs. District and provincial authorities will have to prioritize investments in rural infrastructure such as roads, electric energy, irrigation systems and water management and sanitation, aimed at meeting the needs of production, marketing and rural processing.

Natural Resources Management

24. Various questions related to this issue require attention. The implementation of existing legislation (especially that concerning land, forests and fishery) should be strengthened so that the citizen is able to better use his rights of access to natural resources and of participation in their management, and for a better sustainability of these resources.

Clarification is required of the integration of the **revenue of natural resources exploration** into the revenue management system of the state and of the criteria determining exploration fees.

Corruption

25. Recognizing that there has been notable progress with respect to the implementation of reforms in Public Finance Management, the risk of corruption remains considerable. In order to increase the viability of the system it is necessary to implement better management, including control and audit mechanisms that **guarantee compliance with the legal framework**, follow-up of illegalities and accountability. With respect to the inspection and fine system, it is important to make more progress with abolishing the sharing of fines among institutions and inspectors.

Legal Reform and Justice

26. **Progress has been shown** in the reform of the legal instruments that regulate the activities of the private sector. However, there are still delays in the planned legislative reform, involving the Organic Law of the Judicial Courts, submitted to the Assembly of the Republic, the Law on Community Courts, the Law on the IPAJ, the Penal Code and the Law of Criminal Procedure. Recognizing that these reforms are necessary to improve access to justice on the part of the citizens, the sector reaffirms its commitment to progress in this regard.

Human Resources Management

27. Various sectors expressed concern about the area of human resources, in particular in relation to the **slow pace of the salary reform**. This reform is considered indispensable for the realization of the necessary improvements of public services delivery. The salary updates reflect neither the real cost of living, nor the salary levels outside the public sector. This causes great difficulties in recruiting and retaining qualified staff at all levels, especially at district level. A coherent response is called for, rather than sectoral *ad hoc* solutions based on projects and consultancies. There is also the need to establish transparent and credible mechanisms and proceedings for the contracting of national and foreign technicians for projects and programmes.

Management of the external component, including counterpart funds and VAT

28. The **management of VAT payments, domestic counterpart funds and the state's debts** improved in 2006. However, this area faces major challenges and with the rising investments in infrastructure planned in 2007 there is an increasingly urgent need to find a solution to this problem. With a view to avoid breaking the VAT chain or changing the nature of the tax, the ideal technical option and the one preferred by the Government to solve this problem is the total funding of projects by donors, including the payment of taxes. It is important to verify to which extent the obligations of the state have been duly included in the 2007 budget, in order to avoid accumulation of debts.

29. The management of the **external component** continues to be complicated when funds remain off-budget and outside the Single Treasury Account (CUT). As of 2007 the database for aid to Mozambique, ODAMoz, can be the main source of information on commitments. It is necessary to ensure the inclusion of all partners in ODAMoz and improve the link with the Medium-Term Expenditure Framework (MTEF). The on-CUT guide should clarify and accelerate the process of including more external funds in the CUT.

Internal Revenue

30. There was a nominal increase in **internal revenue** but the target in percentage of GDP has not been met. Efforts to increase the collection of internal revenue must be intensified, with a major focus on revenue from the exploration of natural resources. In addition it is necessary to compensate for the loss, as of 2008, of customs revenue due to the regional integration.

Quality of the BdPES

31. Various factors contributed to not meeting the target set by the indicator on improved structure and quality of the **PES and the BdPES. Both documents have serious weaknesses with respect to their content and methodology**, including: (i) the lack of alignment between the BdPES and the Budget Execution Reports; (ii) the lack of an analytical connection between what was programmed (PES) and realized (BdPES); (iii) the need to complement the quantitative analyses with qualitative ones; (iv) the need to re-orient and organize the data collection and treatment system at all levels (from local to central). In addition, the time frame of the BdPES should be reconsidered so as to create a better linkage with the National Statistics System. The introduction of the PARPA II strategic matrix may have a positive impact on monitoring and management of the performance. The present challenge is to integrate the matrix of the PARPA II results and the sectoral performance frameworks, and to disaggregate the targets at decentralized level.
32. **The Joint Review considered that the achieved progress offers a satisfactory basis for the PAPs to maintain or increase the level of budget support. The commitments concerning general and sectoral support to the State Budget of 2008 will be made within 4 weeks after the final meeting of the Joint Review.**
33. The **overall performance of the PAPs in 2006 was mixed**. Notwithstanding a solid accomplishment of the PAPs in general, individual performances among the PAPs and in relation to the different targets varied quite considerably. The main **areas of progress** concerned the utilization of the Public Finance Management system of GoM and the increase in the percentage of general budget support (although this remains under the target). However, short term predictability showed a **poor performance** and five countries did not comply with one or more MoU provisions. Another **key concern** is the low proportion of programmatic aid (55% compared to the target of 70%). The target for the integration of funds in the Budget (OE) was not met, but important progress has been made recently, which should enable attaining the 2007 target.

III SUMMARY PER PILLAR OF WORKING GROUP REPORTS

Macro-economic Management and Poverty and Public Finance Management

Growth and macro-economic stability

34. The economic **performance was satisfactory** with a real GDP growth rate of 8,5% in 2006, above the objective of the Economic and Social Plan. The sectors showing the strongest growth in terms of gross production value were agriculture (11,1%), construction (23,6%) and transport and communications (21,2%). Agriculture recuperated after the drought from the year 2005. The average annual inflation rate in Mozambique of 13,2% in 2006 surpassed the PES target of 7,5%, with the accumulated rate being 9,4% in December. The appreciation of the real effective exchange rate of the Metical at the end of 2006 was 1,8%.
35. The **monetary basis** of 14,700 thousand million Meticaïs in December 2006 exceeded the programmed value with 700 thousand million Meticaïs. This was due to the **introduction of the new Metical**, so that this was a short-term expansion. The balance of international liquid reserves increased to USD 1.219 million, equivalent to a 4,4 months' coverage of goods and services imports, surpassing the programmed target. Despite the growth of interest rates in 2006, credit for the economy increased with a nominal amount of 6,2 thousand million Meticaïs, corresponding to a 29,2% rise. From 2005 to 2006 the value of exports increased 37% and 45,5%, including the big projects and excluding them respectively, revealing the dynamics of international trade. The level of external indebtedness diminished with the Multilateral Debt Relief Initiative, creating room for an increase in public expenditure to promote development.

Analysis of poverty and monitoring systems

36. To meet the objective of analysing poverty, the Government in collaboration with other partners conducted various **quantitative and qualitative studies** in 2006, which serve to enrich the knowledge about the complexity and occurrence of poverty in the country, such as for example the annual poverty report (RAP) elaborated by civil society (G20) and the study "Childhood Poverty in Mozambique – A Situation and Trends Analysis". The last study emphasizes that children from rural areas find themselves in worse conditions than their peers in urban areas. This suggests a more equitable distribution of resources between provinces/areas, giving priority to those that show the most alarming indicators and taking into account the gender perspective. In 2006, the methodology that allows for an estimate of poverty was perfected using Basic Well Being Indicators (QUIBB), conveying information that facilitates the following of the development of poverty in the country. The results are analysed in order to validate the methodology. Lessons learned show that there is a need for an analysis of the studies carried out so as to identify key issues for the strengthening of the implementation strategies of PARPA II and a more equitable strategic allocation of public recourses.
37. Relative to the PAF 2006 target on an improved structure and quality of the PES and BdPES, it should be noted that the **PES and BdPES structure was modified in the sense**

of improving its quality, with a focus on: (i) more emphasis on cross cutting issues; (ii) analysis of the Millennium Development Goals; (iii) introduction of the PARPA strategic matrix (including the PAF matrix) as an annex to the PES and the BdPES. The quality of the BdPES analysis did not improve significantly, however there are signs of better contributions by sectors. In conclusion, the target has not been met but progress was made.

38. The **challenges** identified are: (i) improvement of the alignment between the PES and the BdPES with a view to an effective planning and monitoring, possibly including a section on analysis and monitoring of poverty; (ii) improvement of the quantitative and qualitative analytical component of the BdPES. Among the **lessons learned** stand out the importance of the measurement of the proper PAF target in the area of monitoring and the need for a deliberate effort to improve the use of existing quality analyses with a view to improve public policy.

Overall analysis of Public Finance Management

39. In accordance with Annex V of the Terms of Reference for the Joint Review, it was agreed that following upon the March 2006 **evaluation of the Public Finance Management (PFM) using the standardised international methodology** of Public Expenditure and Finance Accountability (PEFA), an overall evaluation of the PFM would be included in the present Aide-Mémoire, based on the reports of the different working groups and on specific developments in 2006.
40. This analysis has as its point of reference the international standards in the main areas of Public Finance Management. A good system of PFM entails aggregated fiscal discipline, strategic allocation of resources and efficient service delivery. Aggregated fiscal discipline is, in general, satisfactory, taking into consideration the results foreseen in the SISTAFE reform that is being implemented, leading to improvements in transparency and comprehensiveness of the budget and in information on the budget execution. In global terms **progress has been recorded in PFM in the course of 2006**, but some areas remain a concern and are **challenges to be considered in 2007 and subsequent years**.
41. **The process of preparing and elaborating the Medium-Term Expenditure Framework (MTEF) improved**, with a better structural link between the strategic PARPA matrix and the annual planning process, more involvement of the sectors in the formulation and underpinning of the proposals, as well as a more all-embracing inclusion of external resources. However, the linking, appropriation and involvement of this process at provincial and district level remains a challenge.
42. **The planning process improved at central level** with respect to sectoral coordination, knowledge of processes and methodology, coherence, transparency in the resource allocations and the structure of plans. **The expansion of district planning also improved**, but there remains an urgent need of coordination and integration between central and district level and between territorial and sectoral levels. **The improvement of management and planning capacity in general continues to be a challenge**. Efficient implementation of decentralization objectives requires not only capacity building at

district level, but also clarity in the definition of competencies, tasks and responsibilities at provincial and district level.

43. The definition of the criteria for the **allocation of funds** continues to be raised as a concern at municipal level. The flow of funds of the Municipal Compensation Fund to the municipalities shows a decreasing trend in percentage of the budget, which calls for a more profound analysis, taking also into account the revenue and the investments in the municipalities. On the other hand, provincial allocations are still disproportional, taking into consideration factors such as access to basic social services, population and poverty levels (as shown in the recent UNICEF report on child poverty). Therefore a significant improvement in decisions on budget allocations is required, based on classifiers and on an analysis of equity issues in the budget. Progress can be made with executing programme budgeting.
44. Substantial efforts have been made to **integrate off-budget funds** in the planning process and to achieve more transparency in the budget execution through e-SISTAFE. Good progress was also noted in the planning of revenue as such (for example in the Ministry of Agriculture), but the sectors show the need for a better dissemination of the regulations for own revenue. The budgeting of counterpart funds for investment projects with external funding improved in the course of 2006, having contributed to a reduction of accumulated debts, mainly in the area of infrastructure.
45. One of the results with major impact foreseen in the SISTAFE reform is an increase in transparency, information on public expenditure and decreased risk of funds embezzlement through direct **budget execution**. The functionality that allows for direct budget execution, e-SISTAFE, was implemented in most ministries at central and provincial level. However, the implementation of the e-SISTAFE is still in its first stage, with a transition from the old system of fund advancements to a modern system of direct budget execution. Within this context, the overall situation of liquidity in the sectors and provinces improved, but problems remain at district level. Some common sectoral funds encounter impediments in the flow of funds and, consequently, in budget execution.
46. In spite of progress, there are still **gaps and weaknesses in public finance management** in some areas at **sectoral and provincial level**, especially with regard to accountability. The statement of the Administrative Court on the General State Accounts (CGE) of 2005 draws attention to these weaknesses and to the lack of compliance with the regulations. Delay in closure of accounts in the e-SISTAFE system, non-compliance with deadlines and errors in registry, documentation and accounting are weaknesses found. It would be worthwhile if the Ministry of Finance would make technicians available for a better follow-up and for providing assistance to the sectors (central and provincial) in the use of e-SISTAFE.
47. The improvement of the sectoral budget management requires the consolidation and further strengthening of the already improved **articulation between the Ministry of Finance and the sectors**. Such strengthening is also required between the central and local level, given the increased responsibility for budget management at local level.

48. With regard to the control of staff and payroll expenditures, the process for a more efficient control seems to be moving, given the start of the **public servants census**. This continues to be a major challenge, especially with respect to maintenance and control of the unified database that is to be created.
49. **Improvements in the quality of the budget execution report (BER)** have been observed concerning its format, transparency of information and terms for submission. It is expected that with the increase in direct budget execution through e-SISTAFE there will be an additional increase in the quality of information in the BER, and that it will also be possible to increase the speed of the process of closure of accounts.
50. Taking into consideration that in this initial phase of the implementation of the e-SISTAFE **the manual system is still being used**, more clarity is needed about the regulations in force and the compliance with the main accounting principles. At the level of the base management units (UGB) it is necessary to emphasize the need for maintaining the archive concerning administrative processes, including financial, budgetary and property accounting. In the area of Public Accounting the challenge will be developing still further the General State Accounts, better integrating the accounting of State property and the capital accounts.
51. In 2006, the number of completed internal audits almost doubled in comparison with the previous year, thereby increasing the coverage. Other important developments with regard to **internal auditing** during 2006 were the actions to follow-up on previously carried out audits in order to verify the level of implementation of recommendations made, as well as the increase in the number of decisions taken by the IGF on completed audits. These are important elements for the efficiency of auditing and internal control.
52. The strengthening of the capacity and quality of public finance management at provincial, district and municipal level poses an important challenge. Also improvement of the Subsystem for Internal Control (SCI) at these levels is essential, as is the continued strengthening of the institutionalisation of the **Internal Control Units (OCIs)** at central level. Weaknesses are still found in the full implementation of the training activities of the SCI, calling for the elaboration and approval of the plans for the subsystem.
53. **Improvements** were noted in the **capacity** (including through recruitment of staff) to carry out and extend internal and external audits, **improving the coverage of audited public expenditure**, with an emphasis on the audits conducted by the Administrative Court (TA) in various districts. The key question to be answered concerns the need for clearer attributing of responsibilities and better follow-up on the problems encountered and on the recommendations made in the audits that were conducted. This should also involve the highest levels of the sectors, the IGF and the legal system. The improvement of public access to decisions and to the Report and Opinion on the CGE of the Administrative Court, for example through the Internet and timely publication in the Bulletin of the Republic, should also be considered an important complement to the progress realized thus far.

54. The process of implementation of the **new procurement regulations** by the state is ongoing, but encountered some delays. There remains a challenge in the dissemination of the procedures in force for the provinces and districts. The creation of necessary structures for its full functioning continues to be a very important challenge, especially at provincial and district level. Training activities are ongoing, as well as the analysis for the integration of the procurement proceedings in the e-SISTAFE.
55. Important progress was made in 2006 with the inclusion of more own and earmarked **revenue** in the budget and in the BER. As was observed during the visits to the provinces and districts, there remains the problem of timely availability of these revenues for expenditure in accordance with the budget. According to the TA's report and opinion on the CGE, many difficulties are still encountered in accounting for the own revenue. Therefore it is increasingly necessary to create incentives for sectors to include their own revenue to a wider extent in the state budget. There is also the need to improve the management of the own revenue (with more rigour in registration and accounting). The process of including registration and classification of revenues in the e-SISTAFE has only just begun and should be consolidated.
56. Progress was made by the General Tax Directorate (DGI) in the **management and recuperation of taxes in arrears**, although the value retrieved was less than programmed. This work should continue more intensively, with higher priority for the larger debts and for the improvement of the control instruments by IT means. Given the challenge to increase revenue, transparency and improvement of the management of conceded tax exemptions is increasingly urgent: it would be important to consider analysing the possibility to include information on exemptions in the government reports submitted to the Assembly of the Republic, in particular the PES report.
57. The discussion about how to solve the problem of the **accumulated government debts associated with the payment of VAT** by the Government in investment projects with external funding, and the solution of pending cases, was initiated. Meanwhile GoM agreed to realize an external audit with support from donors, in order to evaluate and propose to the Government measures for the solution of the arrears in debt, which eventually will be approved by GoM.

2006 performance evaluation in Public Finance Management in relation to the PAF

58. Regarding the **analysis of the budget**, all targets of the PAF were met in 2006, reflecting a level of budget execution that is generally satisfactory: (i) more than 65% of the level of expenditure execution in the priority sectors, with levels for education and health higher than 50%; (ii) execution rates for current expenditures in goods and services highest in the priority areas; (iii) the level of current expenditure execution at provincial level higher than that of 2005. Good performance was also noted with respect to the targets of including own revenue and common funds in the OE 2007. It is still necessary to divulge a guide for how to put external funds on-CUT. An important step towards the improvement of the access to information on the external component of the budget was the transfer of the ODAMoz database to the Government.

59. **Areas that deserve more attention** are: (i) management of the external investment component, including a new approach of the common funds in order to align them with the existing legislation; (ii) predictability of the disbursements of the partners (General Budget Support, but also funds and projects) so as to integrate them in the consolidated budget cycle; (iii) sustainable solution of the VAT; (iv) transparency in the areas of state property and financial management of public enterprises and treasury loans to private companies; (v) improve the dialogue between the GoM and the Administrative Court in order to solve the critical points repeatedly brought up in the TA reports.
60. An evaluation of the State Budget 2007, the MTEF 2008-2010, the General State Accounts 2005 (CGE) and the Report and Opinion by the Administrative Court on the CGE 2005 has been carried out during the Joint Review. The main points are discussed in this **Aide Mémoire** and a more inclusive summary is to be found in Annex IV.
61. The 2006 performance concerning the consolidation of the **tax reform** showed a positive trend. Progress was registered in all areas. There were also some constraints associated with the preparation and management of the integration in the Central Revenue Authority (ATM) of the general tax and customs administrations. The two targets agreed upon for the PAF were not met, but progress has been made, observing the following: (i) revenue was 0,6 percentage points short of meeting the target of 14,8% of total revenue in percentage of GDP, despite a revenue increase; (ii) the target of elaborating and approving the Information Technology Development Plan (PDTI) within the framework of the establishment of the ATM was not met, but progress was made.
62. Total revenue collected in 2006 increased in real terms with 13,6% compared to 2005 and surpassed the budgeted value with almost 2%. However, the collection ratio in relation to the tax base was not achieved despite the 0,5 percentage points increase relative to 2005. Given the growth structure of the GDP, these results may indicate that the sectors driving growth are not the most important ones for domestic revenue, and a study/analysis of this issue is being recommended. On the other hand, there is also the need for reinforcing the efficiency and improvement of the administration and auditing, as well as for an analysis and review of the **fiscal benefit code** aimed at increasing the collection and transparent management of revenue from natural resources exploration.
63. Economic agents continued to lodge complaints about the **delay in VAT repayments**, but there were also many difficulties to be found in the constitution of the justifications, leading to suspensions or rejections due to irregularities in the requests. Despite the work being done in this respect by the administration, the challenge remains for a swifter management and dissemination of information.
64. The **Central Revenue Authority** was established and started to function, with a successful transition. A draft of the PDTI was elaborated at the end of 2006. Improvements were noted in customs control and dispatches. The installation of merchandise scanners in the port of Maputo contributed to a better control but also raised concerns about the high costs for the economic agents and the possible implications for the competitiveness in the region. Three laws were submitted to the Assembly of the Republic with a view to rationalize management and the attribution of fiscal benefits,

concerning specific taxes for mining activities and oil exploration and one law on the fiscal benefits for these sectors. The challenge remains to put into practice a more efficient control of conceded fiscal exemptions, in order to broaden the tax base and reduce tax evasion.

65. The PAF target for 2006 in the area of **procurement** reform was met with delay. The Central Procurement Supervision Unit (UFSA) was created in 2006, budgeted and started functioning, but with some delays. The evaluation of the strategy to implement the regulations is ongoing but an adequate monitoring system that allows for future measurement of performance still needs to be developed. UFSA staff and consultants were appointed, although not all were appointed to the corresponding functions. The link with the key ministries through the sector specialists foreseen in the UFSA regulations should - in addition to the Ministry of Public Works and Housing - also be realized for the other ministries with huge procurement volumes, such as Health and Education. Essential for the implementation of the regulations is the ongoing creation of all required Units for Execution and Management of Acquisition (UGEAs) and a direct and visible supervision by the UFSA of the UGEAs with high procurement volumes in a first phase. The various areas where procurement and the other norms and regulations converge, such as the type of control by the IGF and the TA and the integration with e-SISTAFE, still have to be taken care of.
66. In the first phase of the **SISTAFE** reform the functionality that allows for the realisation of direct budget execution was developed and made available. The main result planned for 2006, reflected in the target of the PAF indicator, was the implementation of the e-SISTAFE in all ministries at central and provincial level, thus initiating a transition from the old system of advancements of funds to a modern system of direct budget execution. This target was satisfactorily met.
67. The old system of **advancements of funds** is still in force, limiting the impact of the SISTAFE reform. Some challenges and areas were found that require more attention in the short term in order to achieve the immediate objectives of the reform, namely: (i) revision of the various registries (suppliers, staff, bank accounts) and allow for the integration with the Single Tax Identification Number (NUIT) so as to enable direct budget execution; (ii) more emphasis on the dialogue between the Ministry of Finance and the line ministries concerning the use of e-SISTAFE in budget execution, internal control and management, both at sector and at institutional level. This dialogue is important in order to avoid resistance against change and to facilitate the transition of the old system to the new one. It would be recommendable if the Ministry of Finance would continue to lead the SISTAFE reform, with more attention to the main objectives and to the advantages that the reform may bring if e-SISTAFE is being used as planned. In order to maximize the potential of the reform, the Ministry of Finance will have to put more emphasis on compliance with the legislation and the existing regulations on the part of the line ministries.
68. With the exception of the three municipalities in the northern region, all **internal audits** anticipated for the districts and municipalities have been realized, and at the end of 2006 the reports were in the phase of being completed. Audit teams visited 21 districts in all

provinces except Zambézia and 30 municipalities, corresponding to 16% of all districts and 91% of the municipalities. Of the total target group (districts and municipalities) 32% was audited, thus easily meeting the 20% target established for 2006. The creation of audit committees was initially foreseen for 2005, but was rescheduled to the present year. The creation and regulation of their functioning are essential for the effective implementation of the audit's recommendations. Also important will be the elaboration of a legal mechanism to clarify and internalise the roles and responsibilities of the different OCIs in the development of the SCI.

69. In 2006, the number of **external audit** reports completed, but still waiting for the verdict of the judge, was 155, thus surpassing the anticipated target of 70 completed audits. The number of judged audit reports increased to 45, compared to the year 2005, when 11 were judged. It is necessary to take measures to reduce the relative delay in the appreciation and confirmation of the audit processes.

Governance Pillar

70. In the area of governance three targets were met, nine were not met but showed signs of progress and one was not met. The process of the **Public Sector Reform** was marked by the establishment of the National Authority for Public Service (ANFP) and by the launch of the second phase of the reform. Its implementation, ongoing already, is expected to have impact on the quality of service delivery to the citizen. The **Anti Corruption** Strategy was approved in 2006, leading to sectoral commitments consolidated in matrixes with proper measures, which are expected to have an effect on the prevention of and fight against corruption. The **area of Decentralization** was marked by important progress, among which the introduction of the Budget for Local Initiatives Investment (OIL), which presents a positive dynamic, but needs to be extended to the municipalities. The **Justice Sector** could concentrate its efforts largely on improving the delivery of legal services, thanks to the development of human resources during the last years. The launch of the public debate on the Justice Vision gave a new impulse to the revision of the Integrated Strategic Plan of Justice and stimulated the conception of the Integrated Planning, Monitoring and Evaluation System of the sector. Meanwhile, partial progress was noted in the legal reform, with delays in the anticipated legal reforms. In comparison with the previous reviews, **some improvements in the quality of the dialogue** between the partners and the government could be welcomed.

Public Sector Reform

71. The three PAF indicators established for the **Public Sector Reform** were not met, but progress has been made for them to be met in 2007. The approval of the salary policy and the harmonization of the three existing data bases depend on the completion of the ongoing census of public servants and agents, a decision taken in 2006 together with the creation of the ANFP. With regard to indicator 40 (completion of the elaboration and the beginning of the implementation of the restructuring plans of seven ministries) performance was mixed. Two ministries completed the design of the new structures (Health and State Administration). The Government and the partners see the need to

redirect the restructuring process towards an approach that leads to significant impacts on service delivery.

72. Concerning indicator 41 (increase of new staff in the public sector recruited on the basis of transparent public competition) there were **no data** that allowed to check performance due to the absence of an initial data base. Recruitment norms have been established for public servants and agents. However, there is a need for **revision of the recruitment procedures of national and foreign personnel** for projects and programmes from this point of view. The year 2006 was marked by important activities: the creation and start of the ANFP (which became the supervisory body for the Public Sector Reform), the elaboration and approval of Phase II of the Public Sector Reform, the restructuring of the technical unit for the public service reform UTRESP and the elaboration and approval of the Anti-Corruption strategy (whose National Action Plan of five selected sectors was approved in the beginning of 2007).

Decentralization

73. In the area of **Decentralization** progress concerning the PAF indicators of 2006 was positive. The significant increase of audits and inspections at district and municipal level was recognized as a positive step, although their publication and dissemination will be made later, in accordance with the timetable. The execution and consolidation of the Budget for Local Initiative Investments in 2006 represents a significant step in the process of fiscal decentralization and in the efforts aimed at transforming the district governments into budget units in accordance with the Law on Local State Bodies 08/2003 (LOLE). In the same context, the impetus achieved in the rapid expansion of the local councils covering all districts and the participatory approach introduced in the OIIL programming, were equally encouraging achievements. However, it is necessary to better clarify and accompany the use of the district funds.
74. Despite these positive signs, there are some concerns. The first draft of the **National Decentralization Policy** (PND) did not correspond to the expectations created in the Joint Review of 2006, in terms of swiftness of the process and the level of its content. It is expected that the consultation process foreseen in 2007 will result in an improvement of the quality and the thoroughness of the document. It was noted that despite the progress in fiscal decentralization related to the districts, the trend of fiscal transfers to the municipalities did not correspond, in terms of percentage, with the vision of the PARPA II and other strategic decentralization documents. Despite the notable progress in the establishment of the IPCCs in all districts, a big challenge in the area of community participation remains capacity building in order to guarantee representative and good quality participation and active involvement of civil society in the preparation and monitoring of the plans. Finally, there were concerns on the part of the partners about the loss of impetus in the design of the National Programme of Decentralized Planning and Finance, and the consequences in terms of continuity of the programme in some provinces.

Justice Sector

75. The analysis of the degree of fulfilment of the PAF targets for the **Justice Sector** indicated that from the seven targets two were met, namely (45) on the handling of proceedings and (46) on prison management. The remaining ones were not met, although they did show signs of progress: (42 and 43) concerning corruption, (47) on the Vision, (48) on the reformulation of the plans and the monitoring system, and (49) concerning the legal reform. This result shows that the main concentration of efforts in the sector in 2006 was on improving legal service delivery, with an increase in the handling of proceedings, especially in the number of verdicts, and a decrease in the number of prisoners awaiting trial, thanks to the expansion of human resources in the last few years. The launch of the public debate on the Vision gave a new impulse to the revision of the Integrated Strategic Plan of Justice and stimulated the conception of an Integrated Planning, Monitoring and Evaluation System of the sector.
76. With respect to the **legal reform** partial progress should be noted with the approval of the Criminal Law, the creation of the Commercial Sections and the reform of the Notary Law, shaping part of the indicators 49 a), b) and c), respectively. However, there was a delay in the planned legislative reform, involving the Organic Law of the Judicial Courts, submitted to the Assembly of the Republic, the Law on Community Courts, the Law on the IPAJ, the Penal Code and the Law of Criminal Procedure. Meanwhile actions have been developed outside the indicators, among which the approval and enforcement of the Commercial Code and the Code of Commercial Registry. In addition one notes the innovation of the judicial management system, with the introduction in the judicial apparatus of functions for judicial administrator, head of prosecution services and senior technician of the justice administration.
77. No more **legal inspections** were carried out in 2006 in addition to the four reported in the Mid Year Review. Instead the judicial magistrates have been analysed and classified based on the previous inspections. In its turn the Public Ministry realized five inspections, two of which were investigations. The need for improvement of the jurisdictional activity, intensification of internal control measures, improved management of the discipline of the institutions of the sector and the gradual modernization of the services are main lessons to be drawn concerning performance in the area of justice in 2006. They should guide further development of the system as a whole. Crucial aspects that require more attention in the achievements of the justice system are: (i) the reduced staff of the judicial magistrature, of the Public Ministry and of the respective inspections; (ii) the scarce flow of information about the ongoing actions within the context of the fight against corruption; (iii) the delay in the approval of the strategic planning instruments of the sector, of the anticipated legislation and of the Action Plan for the Fight against Corruption.
78. The **Anti-Corruption** Strategy was approved in April 2006, leading to sectoral commitments consolidated in matrixes consisting of own measures. These commitments are expected to have effects on the prevention of and the fight against corruption. The approval of the strategy strengthened the commitment of Government to fight corruption.

There is, however, still the challenge to show concrete actions in the various sectors. It should be noted that the planning for 2007 within the context of the Public Sector Reform reflects concrete actions and resources to fight corruption in the sectors, but these actions are not reflected in the sector plans. The flow of information on the activities of the GCCC continued to be poor in 2006. Although accusations have been raised in some cases, their outcomes are still unknown.

Economic Development Pillar

Financial Sector

79. The performance of the **financial sector** in 2006 was characterized by significant progress in relation to the PAF, meeting two targets, while the remaining ones were not met but showed progress. The forensic audit on Banco Austral was completed and the report is now in the hands of the Public Ministry for due fulfilment. The Law on Bankruptcy (LFL) was submitted to Parliament.
80. The **banking sector** showed signs of good performance, characterized by a positive variation of 29,2% of nominal credit in 2006 as against the 48% registered in 2005 and a rather modest reduction of the average interest rates, with the spread reduced from 10,82% to 10,62%. The number of banking branches increased from 219 to 231 in 2006. The low level of presence of banks in the economy, especially in the districts, continues to be of great concern, because from the 128 districts in the country a mere 28 have banks. The **micro finance** sector performed well. The number of clients increased with 41,4% and the credit portfolio with 67%. The share of non-performing loans continued to decline, achieving 1,5% in 2006.
81. As far as **social security** is concerned, the year 2006 saw the enrolment of 1.788 contributors and 33.995 beneficiaries, as against the 1.500 and 20.000 that were foreseen. In accumulated terms, there are now 20.322 contributors and 643.328 beneficiaries. The system of social security covers the whole country, with a total of 11 Provincial Delegations and 21 District Directorates, apart from a significant number of local representations.

Private Sector

82. Some progress in the improvement of the business environment was registered in 2006, with the government having adopted the ***Doing Business Report*** as an instrument of objective reference for the evaluation of progress. Nonetheless, compared to other developing countries in Africa and in the world, the country's position in the ranking of *Doing Business* deteriorated. It should be noted that the data of *Doing Business* only refer to progress until March 2006. Other studies (e.g. CTA/MPD) were not that negative. There were significant improvements with regard to the setting up and registry of businesses, as a result of the computerization of the commercial registry, the elimination of the public deed and the electronic publication of the Bulletin of the Republic. With

these innovations, the period to start a business is now substantially shorter than target of ninety days as established in the PAF for this indicator.

83. The PAF indicators on private sector development for 2006 were: (18) reduction of the **cost of dismissal**, (19) **time to initiate a business** and (44) **abolition of the sharing of fines** through the elimination of all special decrees for the direct use of fines by the recipients (ministries, inspectors). Target 18 was not met but there was some progress. Target 19 has been met. Regarding target 44, MIC and the ATM took some steps but the other sectors did not follow these developments. Therefore, the target was not met but there was progress.
84. The slow reimbursement of VAT, the high cost of **scanning** containers and cargo, the high cost and limited access to financing for production purposes, the restrictions in granting credit in foreign currency and the inefficiency of the judiciary system continued to be mentioned by the private sector as constraints. It is necessary to strengthen the consultative mechanisms involving the government, the private sector and civil society in the process of formulating policies and legislation.

Agriculture

85. In **agriculture**, the four planned indicators for 2006 did not meet the targets that were foreseen. The indicator “% of the explorations that adopted at least one new technology” was not met, but registered some progress. The remaining three indicators were not met with the following achievement rates: areas (ha) with newly constructed and/or rehabilitated irrigation systems, paid from public funds: 80%; percentage of the processes for requiring a land title completed within ninety days: 74%; and percentage of animal husbandry explorations that vaccinated cattle: 85%.
86. There was good performance by the Ministry in preparation of its **Medium Term Fiscal Scenario** (MTEF). On a positive note, also the first version of the evaluation report of the National Program for Agrarian Development (PROAGRI I) was finalized, which served as a guide for the implementation of phase II. PROAGRI II took off and significant work was done with a view to complete the Memorandum of Understanding. The completion of the personnel framework and the updating of the database on personnel allowed for the incorporation of 632 workers and will be a solid basis for the preparation of the training plan. The Information Management System already became a reality in the Ministry.
87. Financial management is one of the big gains of **PROAGRI I**. However, some difficulties re-emerged that already had been solved in the context of the audits and accountability, as a consequence of the leaving of personnel. The Ministry of Agriculture (MINAG) faces serious challenges in the integration of gender aspects and environmental questions in its programming and planning. Being one of the main actors in poverty reduction, it is imperative for MINAG to try to integrate the efforts for the elaboration of a strategy that ensures an impact in the field. The MTEF should reflect the allocation of resources to investments in support of production.

88. Within the context of **impact monitoring**, it is essential to improve the degree of trust in quality of agricultural statistics. In order to implement the intensification programme, implementation mechanisms are being defined with a view to guarantee a better impact on the increase in production and productivity, as well as on food security and sustainability. This programme, although accepted by the partners, was conceived without being harmonized with them. After consultations, a consensus was reached that future programmatic MINAG directions would be previously harmonized, in accordance with what has been established in the MoU.
89. The decentralization poses new challenges for MINAG, now with new responsibilities and funds attributed to the **district governments**. MINAG has to establish competencies that guarantee the harmonization of the vertical and horizontal processes down to local level.

Roads

90. In 2006, the **road sector** presented a mixed performance in various areas: (i) the road indicators on rehabilitation of primary and tertiary roads saw a satisfactory implementation level; the targets for the rehabilitation of secondary roads and for periodic and routine maintenance were not met; (ii) the expenditure realized in relation to the roads budget corresponded to 94%, with most expenditure in rehabilitation of primary roads; (iii) the general conditions of the roads and the levels of passability improved in comparison to the previous years (target not met but showing progress); (iv) in the course of 2006 the levels of collection of funds of the Road Fund (FE) attained 102,5%. There was an increase in the investment funds of the Ministry of Finance channelled to the FE (2005: 631,0 million MTn; 2006: 770,90 million MTn).
91. The institutional reforms of the road sector are being implemented with a certain delay in relation to what was programmed initially. An important occurrence in 2006 was the finalization of the **Integrated Programme of the Road Sector (PRISE)**, which foresees a common approach of issues concerning the planning of all activities in the road sector. This means that from the approval of this instrument onwards, the donors of this sector will have to focus their funding in projects that are part of the PRISE. Simultaneously finalized were the sector PAF, the MoU and the Code of Conduct. The PAF constitutes a fundamental instrument for the analysis of the sector's performance and will help the monitoring of the programme that already has been approved. With regard to the MoU and the Code of Conduct, these will be approved in the course of 2007. Internal consultancies at the level of the cooperation partners are ongoing so that one can proceed to signing in the course of the fourth quarter.
92. The VAT continues to be a concern in this sector. As a matter of fact PRISE, with a budget of approximately one billion US dollars, will require a considerable effort on the part of the government to comply with its financial responsibilities, be it for the provision of funds for VAT be it for counterpart funds. The **clarification of the VAT issue** would help to stabilize the construction market and the prices charged by contractors.

93. With regard to the **lessons learned**, it should be emphasized that there are two levels of responsibility with respect to the Road sector and the Government at the highest level, namely: (i) the rapid finalization of the process of recruiting anticipated staff in accordance with the new organic structure through a transparent and credible process; the strengthening of planning; the sharing of information between the various bodies that constitute the system of road management and the cooperation partners; the maintenance and consolidation of the role of the Road Fund in relation to the donor/government coordination. (ii) the finalization of the policy of non-classified roads and the offering of a clear treatment of this kind of roads; internalisation of the procedures of approving tender documents, leading to a reduction in the time required for approval on the part of the government; effective control of the funds resulting from the taxes on fuel; good practices in managing funds and in implementing the programme, which create trust in the parties involved in the implementation of the PRISE and pave the way for a better adherence to sectoral budget support by the cooperation partners.

Energy

94. The target defined in the PAF for the energy sector in 2006 was met. Regarding the strategic PARPA II matrix, the operationalization of the **National Council for Electricity (CNELEC)**, the signing of the contract programme and the electrification of schools were not achieved, although being under way. The performance of the new connections resulted in an access increase from 7% in 2005 to 8,5% in 2006, which will allow for compliance with the 10% indicator for 2009. The indicator for natural gas production in Pande and Temane was met. The realization of new connections constituted the area that performed best. Poor performance is noted in the completion of the contract programme between the government and the Mozambique Electricity Company (EDM), although it does not mean a total failure in terms of performance and monitor indicators.
95. The lessons learned in this sector are: (i) failure of the competition criterion in the selection of the CNELEC members; (ii) the large contribution of the new connection technologies to the increase in the number of consumers; (iii) **EDM** performance constraint resulting from the present conditions in which funds from donations are passed on to EDM by the Ministry of Finance.

Fishery

96. This is the **first time** that the Fishery sector contributes to the Joint Review. There existed no indicator for the sector in the PAF 2006. Recently a working group for the sector has been established to develop indicators to be used in future reviews. The data of the sector indicate that 92% of the targets of the sector for 2006 were met. This clearly is a positive result, especially if compared with the progressive decrease of global capture, or even if applied in relation to the total of captures.
97. **Shrimps** continue to be the most important industry, representing a total of 59 million USD, despite a decrease of 13% in capture; fishery continues to be a sector of vital importance to the economy, representing revenue of 247,855 million USD. In addition, the fishery sector is a source of key nutrition and domestic consumption increased 2,4% in

2006. Cause for concern is the small increase in the production of aquaculture, given that this sub sector could offer a valuable contribution to the GDP if the necessary measures were taken. Within this context, the Ministry of Fishery recently approved the **Development Plan for Aquaculture in Mozambique**, based on the Code of Conduct for Responsible Fishery.

Human Capital Pillar

Health

98. The year 2006 was characterised by a certain stabilization of the performance in the **Health** sector and by a progressive evolution of activities. A decrease of imbalances in the use of services was noted. The global pattern of diseases was similar to that of 2005, with the exception of measles, which decreased, and malaria, which saw an increase in the number of cases and deaths. Nutritional problems continue to be a health problem for the population, especially in association with the impact of HIV/AIDS. The index for the inequity of access to services improved, a trend that has been observed since 2000, but the target was not met. The volume of external consultations saw an increase of 7,0% and the annual target of 18.719.000 consultations in 2006 was surpassed. 90% of the health units were covered with Integrated Management of Childhood Diseases (AIDI), surpassing the previously stipulated target of 80%. Access to ARVT expanded in 2006, and 120 additional facilities for ARVT treatment were opened and equipped, corresponding to 100% more than the 60 initially planned for this period.
99. From the 5 indicators that are part of the 2006 PAF, three met the targets (Coverage DPT/HB-3^d dose, consultations per inhabitant and patients treated with ARVT), two did not meet their target (coverage of institutional childbirths and HIV-positive pregnant women who receive prophylaxis), of which the last indicator shows some progress. Ongoing in the sector is the process of development and harmonization of the performance indicators aligned to the **PES II** and the PARPA II, focusing on the poverty index and on the equity of access to health services, especially to those related to HIV/AIDS.
100. **The best performing areas of the sector in 2006 were:** (i) the services consumption index; (ii) the increase in access to ART treatment; (iii) the integration of the vertical programmes in the existing programmes/services; (iv) the implementation of the Integrated Attention to Child Diseases strategy; (v) the ongoing integration of the component Newborns in the existing courses; (vi) the increase in vaccination of children under 1 year of age; (vii) acquisition and distribution of reference equipment, which showed significant progress; (viii) the financial area improved, above all in the component budget execution; (ix) improvements in registry/notification in the area of safe motherhood and the plan to fight malaria.
101. **The areas with poor performance of the sector in 2006 were:** (i) insufficient education and community mobilization; (ii) integration of the gender component in the programmes; (iii) indicators of nutritional vigilance continued to decrease; (iv) the plan to fight

tuberculosis: low disease detection rate; (v) weak harmonization of plans between central and provincial levels; (vi) weak financial management of donor funding; (vii) persisting problems in the area of human resources: posting and retention of personnel (there was a high turnover of staff); (viii) the number of pregnant women receiving prophylaxis for vertical transmission prevention: there was an increase in terms of the number of sites but the real number of women receiving the complete package was slightly below the planned target, despite the new approaches.

Education

102. In 2006 the sector of **Education** continued to report growth concerning its main indicators. The net enrolment rate in primary education was 87,1% as against the 85% that was planned. With respect to girls, it was 84% as against the 82% planned. In 2005⁴, the gross completion rate in the EP2 was 34% for both sexes, identical with the target planned. For girls, the rate was 27,3% against the 28% planned.
103. The areas of **progress** were the following: (i) the Strategic Plan for Education and Culture (PEEC) was finalized and approved by the government. The PEEC contains the political principles of the sector with a view to achieve the programmed targets in a comprehensive manner and a detailed matrix of performance indicators aligned with those of the PARPA/PAF; (ii) the Ministry of Education and Culture (MEC) and the partners in the sector fund (FASE) adopted a new memorandum of understanding that simplifies proceedings and aligns them with those of the financial administration of the state; (iii) the execution of the budget of 2006 was better than that of the previous year and very close to the approved for the period. Expenditure of the education sector was 21,1% of the total of the State Budget, excluding debt payments (20,4% in 2005) and showed an execution rate relative to the approved budget of 94% (92,4% in 2005); (iv) MEC completed the elaboration of a new database of human resources. After its installation in the provinces it will be provided with data of the national Human Resources census, which will improve the management of these resources. Although the completion rate is improving significantly, there is still need for paying more attention to girls and for improving the quality of learning in the school.
104. The biggest **challenge** is improving the quality, for which an increase in the teaching hours is essential. In this context it is urgent to eliminate teaching in three shifts, discourage late enrolment in schools, especially for girls, and correct the disparity age/class. The sector will have to build more schools in order to reduce the distance school/house, above all in the rural areas.
105. **Other challenges** are the following: (i) in the course of the next few years, the MEC will have to implement an adequate strategy for secondary education in order to deal with the high demand and with the aspects of quality, relevance and efficiency of this level of education; (ii) the MEC and the MF should continue with the efforts to eliminate the delays in disbursements, especially for the programmes running in the provinces, avoiding

⁴ It was agreed that the completion rate would be presented with a one-year delay, given that the data are only available as from the month of May of the following year.

interruptions in their development; (iii) the decentralization requires the improvement and alignment of the planning, budgeting and evaluation processes between the different levels. The provinces should transpose national targets into local ones, guarantee that they are met and ensure a more equitable allocation of funds; (iv) from the 1.467 classrooms planned for 2006, the MEC only completes 26⁵, while the remainder is still under construction, partly due to the delay in disbursement of the funds. The evaluation of the programme in terms of quality and construction capacity should enable the establishment of targets that are more executable in the short and medium term; (v) weak links continue to be noted between the processes of Public Sector Reform of the ANFP and those of the Education Sector Reform.

Water and Sanitation

106. According to the values presented in the PES Balance report, the targets foreseen in the 2006 PAF for the **Water and Sanitation** sector have been met in the case of the indicator for access to drinking water, but not for the indicator for access to sanitation, which remained slightly below the forecast value.
107. The sector's budget execution in 2006 can be considered positive, given that it achieved 89,5% according to the **Budget Execution Report (BER)**, while it should be pointed out that the National Water Directorate (DNA), which in previous years showed execution levels under 50% achieved a financial execution of 98,7% in 2006. Significant differences continue to exist between the values of the internal and external components of the Investment Budget mentioned by the BER and those mentioned by the institutions of the sector. It is recommended that the DNA and the Ministry of Finance (MF) properly reconcile the financial information prior to issuing the reports.
108. Some positive actions were taken in the liquidation of old debts through a better **coordination** between the institutions of the sector, the Ministry of Finance (MF), the Ministry of Planning and Development (MPD) and the Cooperation Partners, but the questions of debt and VAT remain critical issues. The trend to reduce the internal component of the Investment Budget of the National Water Directorate (DNA) in the last few years is reason for worry, because it may contribute to the running up of debts and it does not show a contribution to the increase of investments that the sector needs. The introduction of the SISTAFE had a positive impact on the execution and financial management of the sector. For a better efficiency and to better benefit from the full potential of the SISTAFE, the water and sanitation group considers it essential to install an Executing and Managing Unit (UGE) at the DNA, as well as in the other institutions of the sector.
109. The support of the Cooperation Partners continues to be poorly harmonized despite the joint efforts for the creation of a **SWAP**, which will try to include most Cooperation Partners. There is the need to pay special attention to the strengthening of institutional

⁵ It should be noted that in 2006 were also completed 479 classrooms of the pilot programme for accelerated construction of school infrastructure for primary education, initiated in November of 2005. For more details please see the section on infrastructure under point 2.1 General Education in the group report of annex IV.

capacity, mainly in aspects of planning, monitoring, administration and finance, at the DNA level, which is an important precondition for this institution to be able to effectively carry out the functions of sectoral coordination that have been attributed to it.

Social Welfare

110. **Social Welfare** did not have specific indicators in the 2006 PAF. According to the BdPES 2006, Social Welfare provided assistance to 86.104 Children in Difficult Circumstances, 62.918 of whom are Orphaned and Vulnerable Children (OVCs), representing 5,24% of the total of 1,2 million defined in the Action Plan for OVCs. However, the **Ministry of Women and Social Action** (MMAS) acknowledges that there may be actions developed by civil society organisations that are as yet not reflected in its annual plans and reports. Thus, MMAS and partners consider it important to strengthen the mechanism that allows for the sharing of information for an integrated planning and monitoring and evaluation system (PES, OE, BdPES). The MMAS signed a partnership agreement that initiated the creation of a monitoring and evaluation system and a database for the management of information concerning children.
111. The best performance was noted in the attendance of the most **vulnerable groups**. Demand was larger than foreseen in the area of institutional assistance (pre-school children, the elderly and the disabled) and in the programmes of basic social assistance (Food Subsidy, Direct Social Support and Social Benefits through Work). The over-performance with respect to the targets in these programmes (Food Subsidy Programmes 18%, Direct Social Support 138% and Social Benefits through Work 41%) was due to the redistribution of budget lines allocated to the community development and income generating programmes, which are in a phase of consolidation. Four guiding instruments for the assistance to the main target groups were approved.
112. Budget execution was 76,94% in relation to the overall value of the allocation to the sector. **Social protection** as a whole (comprehensive set of programmes) and institutional capacity building constitute priorities of the sector. The budget made available in 2006 corresponded to 0,7% of the OE total value. The implication of this provision is a lack of allocations of funds to budget lines for other forms of attending the target groups, as well as to institutional capacity building. The Programme for Social Action (PSA), which is supported by the OE, at present covers over one hundred thousand direct beneficiaries. Due to budget reasons the planned updating of the scale did not keep up with the periodic adjustments of the minimum wage level, leading to a situation where the value of the benefit represents less than 5% of the minimum wage.
113. The elaboration of the **sector's strategic plan** continues to be one of the major challenges. It depends in part on the validation of the results of the functional analysis of the sector carried out in 2006. At present, the absence of basic data on the various target groups hampers the measurement of the impact of the realized activities. The lack of financial, material and human resources, especially at district level, also constitutes a challenge.

Habitation

114. The only area of **Habitation** that performed better in 2006 was the one related to the making of regulations, which consisted of the elaboration and approval of the **Regulations on Urban Land** that complement the Land Law (Law n° 19/97). The norms are limited to definition of a uniform regime of access to land in urban areas, based on distribution plans elaborated on appropriate technical and legal criteria.
115. Concerning technical support to the local bodies that implement the **partial zoning plans**, seven from the eleven bodies in the provinces of Maputo and Zambézia were assisted. From 10.914 plots 4.325 were demarcated, corresponding to a realization rate of 40%. Budget execution was 69%, motivated by delays in the availability of financial means. The challenges for Habitation are: (i) more emphasis on the collaboration with the local authorities within the framework of Territorial Distribution and Planning; (ii) provide the populations with duly distributed space; (iii) provide techniques to improve the production of construction material, using local resources.

Cross Cutting Issues

HIV/ AIDS

116. Important progress was made in 2006 in meeting the targets from the 2006 PAF matrix on antiretroviral treatment and mitigation of the impacts on OVCs. Although some progress has been made, the HIV vertical transmission target was not met.
117. Among the well performing areas in 2006 stand out: the **antiretroviral** treatment—44.100 people received treatment, compared to 27.000 in 2005, 58% of whom are women and around 8% are children under 15 years of age. The network of health units offering antiretroviral treatment increased from 38 in 2005 to 150 in 2006, covering 70% of all districts. As far as **mitigation** is concerned, the government approved a budgeted multisectoral plan for the situation of Orphaned and Vulnerable Children, covering over 280.000 children with at least three basic services. The **political commitment** to the fight against HIV and AIDS was strengthened by the launch of the Presidential Initiative for the Fight against AIDS and its response in the ministries, provincial governments and the districts. The total **funding provided by the National Council for Combating Aids (CNCS) for the civil society organisations and government institutions** increased from 7 million American dollars in 2005 to 9,7 million dollars in 2006, while the average financial value provided to civil society doubled.
118. The poor performing areas in 2006 are: the **prevention of vertical transmission (PTV)**, because despite the increase in the number of units offering PTV (from 82 in 2005 to 222 in 2006) and in the number of women counselled and tested for HIV and, a mere 12.150 HIV-positive pregnant women received prophylaxis against PTV (8% of the needs). As a consequence, some 30.000 children were born with HIV in 2006 (half of these children will die before reaching the age of 2). **Government financing in the area of HIV and AIDS** for all sectors continues to be low. The internal allocation of resources to the CNCS

decreased notably for the third consecutive time and 90% of the allocated resources are from external sources. The delay in the recruitment of the Management Agent for Subprojects meant that the **management of grants continued to distract the attention of the CNCS Secretariat**, and in particular of the Provincial Centres, from its main mandate of coordinating and monitoring the national and sub national response. The **financial execution level of the CNCS Secretariat remains low** (from the 28,2 million dollars that were allocated, 16,6 have been spent, or 59%). The **prevention programmes** are being efficiently implemented in less than 50% of the schools, limiting the expansion of HIV and AIDS prevention among children and youth and the **Law for the protection of People-Living-With HIV/AIDS (PVHS)**, submitted by civil society and PVHS organisations is still waiting appreciation and approval by Parliament.

119. Among the lessons learned stand out the **Constraints concerning human and financial resources**, which limit the national response. To date, less than 20% of the people who seek ART treatment actually receive it and less than 10% of HIV-positive pregnant women receive prophylaxis to prevent vertical transmission. There is an **urgent need for strengthening the monitoring and evaluation capacity** of the ministries and the CNCS at national and provincial level. It is expected that the **Grant Management System** increases the number of large scale projects – those of type A and of the “facilitating agents”, essential for the development of capacity and the transfer of resources to small organisations at community level.
120. In addition there is need for stronger **alignment and harmonization**, taking into account that transaction costs for the government remain high despite the growing effort to coordinate and harmonize with the partners. There are still projects/programmes with different mechanisms for the development of reports and the implementation of the Memorandum of Understanding signed in March 2006 (and not yet in operation), constitutes a challenge for some international organisations in the sense of adopting the Principles of the Paris Declaration.

Gender

121. The PAF indicator “Approval and initiation of the implementation of the Gender Policy and the Implementation Strategy” **was not achieved, but progress has been made**. The Gender Policy and Implementation Strategy (PGEI) was approved by the Council of Ministers and is waiting to be approved by parliament.
122. **The best performing areas are:** (i) the MMAS made headway with capacity building, in particular about the Family Law and Gender Sensitive Budgeting; (ii) approval and submission of the Bill Against Domestic Violence; (iii) establishment of technical councils for the advancement of women in all provinces; (iv) creation of gender units in the education sector in all districts; (v) the gender gap is diminishing at the level of first grade primary education (EP1) (net enrolment rate of girls – target: 86%, result: 86%; percentage of girls attending EP1 increased from 46,3% in 2005 to 46,8% in 2006; (vi) the target of 42% for rural water coverage was met; (vii) the number of new connections in the area of energy surpassed the target.

123. **The areas with poor performance in 2006 are:** (i) health showed an increase in maternal mortality, a reduction in the number of institutional childbirths and failed to meet the target for avoiding vertical transmission of HIV; (ii) the inexistence of evaluation mechanisms of the MMAS hampers the performance analysis; (iii) in second grade primary education (EP2) and in secondary education (ESG), the gender gap remains big, and increases at every higher level (result: EP2 = 41,9%, ESG2 = 38,9%).
124. There is a continuous need for information disaggregated per sex in order to allow for analyses and for identifying the efforts made in the promotion of **gender equality and women empowerment**. It is necessary to introduce impact analysis (qualitative evaluation) in the women empowerment programmes (e.g. income generating programmes; capacity building programmes). It is also necessary to institutionalize evaluation mechanisms with clear indicators. This also concerns other sectors contained in the PAF indicators.

Food Security

125. The year 2006 was considered a “normal” year in the area of **food security**, owing to the good performance of the first and second agricultural season, the good development of animal husbandry and stability of the prices in most markets of the country. The availability of food, both at the level of the family households (AFs) and in the markets, was satisfactory. Access to food was reasonable at AF level, thanks to the prevailing relative stability of supply and demand of food products in most markets of the country. However, in remote areas prices were higher and access to basic products was limited for the poorest families.
126. Alarming levels of acute malnutrition in the country were not observed. The **Insufficient Growth** (CI) rate improved due to the stability of food availability, the absence of climatic setbacks and the implementation of interventions aimed at mitigating the effects of food insecurity (InSAN) on vulnerable groups, including children under 5 years of age. On the other hand, chronic malnutrition, reflected in Low Birth Weight (BPN), and the occurrence of malaria or anaemia in pregnant women continued to be alarming in the provinces of Cabo Delgado, Niassa, Nampula, Zambézia and in some districts of the provinces Gaza and Inhambane. This indicator continues to pose a threat to the development of human capital.
127. The Food and Nutrition Safety Technical Secretariat (**SETSAN**) conducted the first baseline study on Food and Nutrition Safety (SAN), which will provide a more profound analysis of the relation between food insecurity and malnutrition as a whole and will help research and the political agenda in this area. The SETSAN intends the results from this study to be validated by the National Institute for Statistics (INE) and integrated as a data base for the monitoring of poverty.

Demining

128. In 2006, the **Mine Action Programme in Mozambique** continued to register notable developments, mainly in the area of demining, in which some 10,5 million m² (target: 10

million m²/year), were cleared, 6.5 million m² were checked and around 23.900 mines and 1.600 non-exploded munitions were located and destroyed. 83 villages were freed, benefiting around 335 thousand people. However, compared to 2005 there was a decrease of 65,5% in the levels of clearing due to the termination of the activities of humanitarian operators (PAD, APN and RONCO) and the reduction of the activities of commercial operators.

129. The provinces of Niassa, Cabo Delgado, Nampula and Zambézia already have mined **areas that are recognized as being fully cleared**. The provinces of Tete, Sofala, Manica, Inhambane, Gaza and Maputo still face a critical situation with respect to mines. In 2006, 18 accidents were registered with 35 victims, 19 of whom were mortally wounded, which represents a decrease of 22% in the number of accidents and of 39% in the number of victims, compared to the year 2005.
130. For the realization of the activities, the programme counted on the **contribution of the international partners** in the magnitude of 3,7 million US\$ and of the government in the magnitude of 30 million meticaís. Compared to previous years (2004 with US\$ 14,4 and 2005 with US\$ 15,0 million), 2006 was the year with the lowest financial contribution of international partners. Until 2010 the programme needs a little over US\$ 50 million.

Environment

131. In the area of the environment, the most prominent progress in 2006 concerned the elaboration of the spatial planning methodology and the involvement of **MICOA** in the discussion of the national decentralization programme at MPD level. The collaboration with INE resulted in the preparation of the first **Environmental Statistics Compendium** at national level. As a result of the collaboration with the Ministry of Energy, the discussion on climate change and renewable energy is involving the sectors of Agriculture and Industry and Commerce.
132. Priorities for 2007 are the urgent need for approval of the **Environmental Strategy for the Sustainable Development of Mozambique and the Territorial Distribution and Planning bill**. In order to strengthen the intersectoral dialogue, MICOA will stimulate the creation of environmental units in the sectors, the functioning of the intersectoral technical reflection group and a more active role of the National Council for Sustainable Development (CONDES). With special attention to the level of district planning, the MICOA will deepen the integration process of the environmental agenda in the sectoral plans and programmes at all levels.

Rural Development

133. During the year 2006, the National **Directorate for the Promotion of Rural Development** (DNPDR) undertook activities within the context of promotion, coordination, formulation of strategies, research of processes and monitoring of development activities of rural areas. The target of the PARPA indicator for the area – six **Local Economic Development Agencies** (ADELs) at the end of the year – was met with the activation of the ADEL in Xai-Xai. Other results of 2006 were: the strengthening of

the market links through the actions of the Support Programme to the Agricultural Markets (PAMA); the completion of the technical document on the Rural Development Strategy and the formulation of new programmes with the completion of the design of the Development Project of Market Oriented Small Producers for the Zambezi Valley.

134. The failure to approve the new **Organic Regulation** of the Provincial Directorates of Planning and Finance hampers the institutional articulation between the central, provincial and local structures because of the unclarities it brings about. The monitoring of the rural development actions, programmes and projects was another area of poor performance in 2006.
135. The main **lessons learned** indicate the need to ensure an effective representation of the DNPDR at the level of all provinces of the country, within the context of the Promotion and Coordination of the Rural Development Activities. There is a need for a correct exit strategy of the Support Programme to the Agricultural Markets (PAMA) and its duplication. More attention will be given to the exercise of elaborating, implementing and monitoring the District Development Strategic Plan (PEDD). Priority will be given to the definition of the institutional framework and to the strengthening of the component of rural development promotion, investments and rural finance at the level of the DPPFs.

Science and Technology

136. In the course of 2006, the MCT expanded to the regions North, Centre and South, establishing **Regional Science and Technology Centres** and the Provincial and District Science and Technology Centres, with a view to facilitating the execution of its activities throughout the national territory and positioning Science and Technology as the first productive force of sustainable development.
137. Thematic scientific councils were created and programmes to support the realization of research projects and scientific expeditions were undertaken. Science and Technology Exhibitions were organized, as well as **mobile presentations of Science and Technology in schools and communities**. Also workshops were realized for the Dissemination of the Policy and the implementation of the Science and Technology Strategies. The Strategy and Action Plan for Intellectual Property was also elaborated this year. The implementation process of the electronic government strategy (e-Government) is ongoing.

Natural Disasters

138. In 2006, GoM approved the **Master Plan for Prevention and Mitigation** of natural disasters, whose strategic lines concern the following areas: imbalance of water resources, food and nutritional imbalance and emergency management and related means. The best performing areas are the intervention on arid and semi-arid areas where a beginning was made with the provision of water for agriculture, drinking water for animals and human consumption, and the situational survey in the communities with a view to develop non-agricultural community projects in the Resource and Multiple Use Centres (CERUM), in addition to the early warning system and the creation of the risk management committees in the communities.

139. The implementation of the different programmes in 2006 shows that it is important that the sectors at central and provincial level ensure the integration of the actions of the Master Plan in the PES and that the Consultative Councils in the districts use the Master Plan as a technical guide in the planning phase. Also to be continued is the process of creating **risk management committees in the communities, the divulgation of the early warning system for cyclones and floods**, in addition to the creation of a solid information and communication system.

IV PERFORMANCE OF PAPs IN 2006

140. The review of the **PAPs performance** in 2006 was carried out by an independent consultancy. The basis for the assessment was the PAP's 2006 PAF matrix, as agreed with the GoM and the PAPs during the Biannual Review of 2005. The next assessment of the PAPs performance will take place during the RC of 2008, using the PAP's new PAF matrix that is aligned with the Paris Indicators on Efficiency of Aid.
141. Overall, the PAPs performance was mixed. While the PAPs overall achievement was solid, **performances among the PAPs and in relation to the different targets varied quite considerably**. The main areas of progress were in using the public finance management system of the GoM and the increase of the percentage of overall budget support (although it remains below target). The year 2006 also saw the entry of a new and important PAP, the African Development Bank.
142. Meanwhile, **performance is poor with respect to short-term predictability**, which is a matter of great concern for the GoM and the PAPs, with five countries not complying with one or more MoU provisions. The PAPs agree to increase the number of consultations and the peer pressure to avoid a repetition of non-compliance with the MoU. Another key preoccupation is the small proportion of programmatic aid (55% compared to the target of 70%), even in the sectors with well-established SWAPs, Sector Wide Approaches (i.e. a mere 36% in the education sector). The PAPs agree to work to increase this percentage.
143. The target for the **integration of funds in the Budget** (OE) was not met, owing to some uncertainties in the definition of aid that should be on-budget and in the proceedings for incorporating it in the OE. It is acknowledged that important progress has been made recently both in the definition and in the proceedings, which in itself should make it possible for the 2007 target to be met.
144. In 2006, the PAPs carried out **213 missions as against the target of 167**. The PAPs agreed to reduce the workload of missions as well as other transaction costs, and a beginning was made already with assessing the division of tasks. The target of guidelines agreed upon by the technical cooperation was not met but the PAPs are determined to meet the changed targets agreed upon in September 2006 during the Biannual Review of this issue. The PAPs anticipate more guidance of the GoM in the process of the National Aid Policy that currently is being prepared.
145. Looking at the **individual performance of the partners**, the strongest (75% or more of the maximum number of points) were DFID, the Netherlands, Switzerland, Ireland, Sweden, Norway, Finland and Belgium. The EU, African Development Bank, the World Bank and Portugal all achieved between 60 and 76% while the remaining 6 PAP achieved less than 60%.
146. As pointed out in the report, care should be taken in interpreting these results because of the **portfolio composition of some PAPs**. Some donors improved their performance

considerably but didn't meet the targets yet and the improvement of their performance is not always reflected in the scoring. The PAPs having a large proportion of their external aid in the form of projects in the public sector need time to change the composition of their external aid portfolio, develop, or adhere to, joint programmes or make projects consistent with the PAP's PAF targets. It was agreed that the scoring mechanism might be discussed prior to the Biannual Review of 2007.

147. It is expected that the **PAPs who scored low for the year 2006 will do better in the coming years**, given the fact that they already initiated the process of developing a portfolio and a project management structure more in line with the PAP's PAF targets (and of the Paris Declaration). The government recognizes the need for a mixture of modalities, but prefers budget support. Despite the need and the joint desire to increase programme aid, it should be noted that projects could and should be better aligned, and that they can meet almost all indicators in the PAP's PAF matrix provided they comply with certain criteria and are aligned with national strategies and procedures.
148. The PAPs and the GoM strongly **advise France to align its definition of budget support** as soon as possible to those of the other PAPs. No matter how, this will have to be done before the new MoU enters into force. The question of Denmark's adherence to the consultation process of the MoU was mentioned in the report. Although Denmark feels that its decision not to disburse to the OE has been properly notified, the joint opinion of the GoM and the PAPs is that that was not the case. It is clear that the PAPs and the GoM need to continue to work on the proceedings in order to obtain a clear and common interpretation of the MoU.
149. With a view to improving the **adherence to and the alignment of the MoU principles**, the PAPs are collaborating with the GoM to submit the new PAP strategies to a peer review and they established a team for the Peer Review of the MoU concerning the sectors.
150. An important recommendation of the report is that the aid process should be better **incorporated in the medium term planning and development process**, and that the GoM has to assume leadership in the external aid process. The GoM is developing its Aid Policy and strengthened the MTEF process. The PAPs committed themselves to align their aid with the MTEF and to strengthen the medium term provisions in the following MoU for budget support, and possibly a new indicator for the PAP's 2008 PAF in order to improve predictability.

V IMPLEMENTATION OF THE MOU

151. In general, the MoU **reporting requirements were followed by the Government**, in accordance with section 15 of the MoU. They allowed for a continuous dialogue during 2006 and also served as a basis for the Joint Review 2007 (PARPA II, PES 2007, OE 2007, MTEF 2007-2009, PES Balance 2006, budget execution report 2006, CGE 2005, report and opinion of the Administrative Court 2005).
152. The PAPs did not assess the **Budget 2007** during the Mid Year Review 2006, and it was agreed to postpone the assessment to the Joint Review of 2007, which was done by the Budget Working Group. This group also assessed the **General State Accounts (CGE)** and the opinion of the **Administrative Court** of 2005. The result is part of the group report (see annex IV).
153. As for MoU statements on the assessment of Public Finance Management, it was decided in the Mid Year Review 2006 not to elaborate a separate report every year. It was agreed that for the Joint Review 2007 the **PFM assessment** would be based on the regular following of the respective PAF indicators and in other relevant and available analytic inputs. The result of this PFM assessment is integrated in Section III of the Aide-Mémoire.
154. The PAPs complied with their commitments in accordance with section 16 of the MoU concerning information requests. This time the **reporting of the PAP performance assessment was timely**; the only thing lacking was the Portuguese translation, which only became available in the second half of March.
155. The **monitoring and dialogue** processes were successfully followed between the two reviews and aligned with GoM's planning and budgeting cycle. The dialogue about the PARPA II resulted in a PAF 2007-2009 with forty indicators and targets fully aligned with the PARPA II strategic matrix. The dialogue in the Justice area improved after the Mid Year Review 2006.
156. The **sectoral annual reviews were an integral part of the Joint Review**, which allowed for an additional alignment of the dialogue processes, reviews and sector commitments with the GoM's planning and budgeting cycle. The Joint Review followed the approved timetable, with the exception of the postponement of the final session. The use of Portuguese as only language of communication in the review and the increased involvement of the MPD focal points facilitated the GoM leadership of the joint process.
157. It was agreed that **the following PAF 2008 indicators could be altered** prior to the Mid Year Review 2007: nr. 9 (on external audit), nr. 13 (on municipalities), nrs. 14 and 15 (on the Justice sector), nr. 31 (on the private sector) and nr. 35 (on agriculture). See Annex III for more information. Note that the targets for all PAF 2008 indicators will be defined during the Mid Year Review 2007.

158. Some **annexes** of the MoU needed to be **updated** (Annex 1: List of signatories; Annex 10: Exceptions to the MoU). Austria entered as a new PAP member. In accordance with the MoU requirements, the number of exceptions to Annex 10 was reduced.
159. In the Joint Review 2006 the PAPs decided to devise a **peer review mechanism for new bilateral agreements** (see ToR of the Troika in Annex 9 of the MoU), so that these agreements would be fully aligned with the MoU. This mechanism was put into effect in 2006, reviewing the new bilateral agreements proposed by Belgium, Norway, DFID and Italy. The peer review led to an improvement in the agreements, although not all final agreements passed the test of full alignment with the MoU.

Audits

(i) Value for Money audits

160. The MoU foresees the realization of **Value for Money audits** in a sample of activities relevant to poverty reduction. These audits should be executed by IGF, with the help of qualified and independent consultants. Despite the constraints (especially the lack of credible information on planned and realized actions), it is considered that these audits have brought a considerable added value. The recommendations have been well accepted by those audited and it is expected that in the sectors that were covered improvements will be introduced in terms of a management more directed towards the achievement of results. A third performance audit conducted in the context of the MoU concerned the water sector. During the Joint Review 2006, only the draft of the report was submitted due to the delays registered in the initial timetable. The final version is still under discussion in the water sector. The timetable (see annex V of the Aide-Mémoire) foresees the conclusion of this process in June.
161. It can be observed already that **the quality of the Value for Money audits improved**. In the report from 2005 (concerning the road sector) the component ‘value for money’ was limited. The audit took into consideration more organizational issues and questions concerning overall efficiency. In the audit of the water sector, on the contrary, much attention was given to questions concerning costs and the rational and efficient use of resources. Both the roads audit and the one related to water comment on weaknesses in financing and management of infrastructural projects and they recommend new models of financing, analysis of results and accounting of costs. The reports highlight the need to resolve the serious problems related to the VAT system. With respect to water, recommendations were made for a decentralized management in order to obtain a more efficient and effective performance.
162. In general, the **term for submitting** the previous audits **was very long**. One reason was the use of different financing and procurement systems for each new Value for Money audit. Therefore it is recommended: (i) to complete the audits in shorter periods of time; (ii) to establish a standard financing and procurement model that allows for more rapid and efficient actions; (iii) recommendations that are well clarified and guided.

163. During the Joint Review 2006 it was agreed that the next Value for Money audit would be in the justice sector and that it would be done in two years (2006-2007), so as to obtain a preliminary product for the Joint Review 2007 and a final product for the Joint Review 2008. Unfortunately, the preliminary product, the **Specific Audit Plan**, has not been elaborated to date. However, the proposed timetable in the ToR for the audit will be observed and the final product will be presented in the Joint Review 2008 (see annex V). The GoM guarantees the full cooperation of all parties involved in the audit. It had been decided during the Joint Review 2006 that the sector of Agriculture was the sector to be audited in 2007. However, during the Mid Year Review 2006 it was decided at political level that the assessment of Justice would take two years, that is 2006 and 2007. Thus, it was agreed with the **sector of Agriculture** during this Joint Review that that sector would be **assessed in 2008**.

(ii) Audit of the financial records of programme aid

164. The financial audit of the **flow of programme aid funds into the Treasury Account** in 2006 was carried out and the final report submitted within the term set. The opinion of the auditors is that the financial statements truly and correctly present the financial position of the Specific Transitory Account, in accordance with generally accepted accounting principles and practices.

165. Attention was drawn to the fact that the support of the German government was converted at a wrong exchange rate due to a failure of the Bank of Mozambique. The management report noted **two observations concerning the previous year that were not corrected yet**: (i) lack of harmonization of the transfer commissions charged by the Deutsche Bank; (ii) banking expenses charged by the Bank of Mozambique. It was also noted that the amount disbursed by the government of Sweden was unduly credited to a current account of the Bank of Mozambique with Deutsche Bank, an error that was immediately corrected. The auditors recommend that the Bank of Mozambique make all information available to the partners in order to guarantee that the transfers take place without incidents.

(iii) Audit of the State Accounts.

166. The **Administrative Court (TA) audits annually the State Accounts**. The audit of the General State Accounts (CGE) was analysed in detail by the Budget Working Group, also on the basis of an analysis done by Sal Consultancy. This analysis is included in the electronic version of the annexes and is available on the website of the PAPs. The main conclusions are part of the report on budget execution (see Annex IV). The TA concluded that the CGE 2005 has a wider scope than the CGE 2004. The number of public institutions that are annually visited slightly increased, thus contributing to the audit of the CGE increasingly being more complete and better documented. Part of the present comments of the TA, repeated each year, have their origin in the different interpretations of laws and regulations, or in the lack of clear regulations. A dialogue between the Ministry of Finance and the TA is necessary. In addition, GoM should correct the gaps in legislation, regulations and proceedings. This work is ongoing. An example is that the first manual of financial administration and accounting procedures already exists.

LIST OF ABBREVIATIONS

ADEL	Local Economic Development Agency
AIDI	Integrated Management of Childhood Diseases
ANFP	National Authority for Public Service
ATM	Central Revenue Authority
ARVT	Anti-Retroviral Virus Therapy
ARV	Anti-Retroviral Virus
BdPES	Execution Report of the Social and Economic Plan
BER	Budget Execution Report
BNP	Low Birth Weight
CGE	General State Account
CNCS	National Council on Combating AIDS
CNELEC	National Council for Electricity
CONDES	National Council for Sustainable Development
OVC's	Orphans and Other Vulnerable Children
CTA	Federation of Economic Associations
CUT	Single Treasury Account
DGI	General Tax Directorate
DNA	National Directorate of Water
EDM	Mozambique Electricity Company
EP1	First Level Primary Education (grades 1 to 5)
EP2	Second Level Primary Education (grades 6 and 7)
ESG	Secondary Education
e-SISTAFE	State Financial Administration System – electronic system
FASE	Education Fund
FE	Roads Fund
GBS	General Budget Support
GCCC	Central Anti-Corruption Office
IAF	Survey of Family Units
IGF	General Inspectorate of Finance
IGS	General Inspectorate of Insurance
IPCC	Intergovernmental Panel on Climate Change
IPAJ	Institute for Judiciary Assistance (for free)
IMF	International Monetary Fund
INSS	National Social Security Institute
IPCC	Community Consultation Institutions
LFL	Law on Bankruptcy
LOLE	Law on Local State Bodies
MCT	Ministry of Science and Technology
MDRI	Multilateral Debt Relief Initiative
MEC	Ministry of Education and Culture
MF	Ministry of Finance
MIC	Ministry of Industry and Commerce
MICOA	Ministry for Coordination of Environment Affairs

MINAG	Ministry of Agriculture
MINEC	Ministry of Foreign Affairs and Cooperation
MINT	Ministry of the Interior
MISAU	Ministry of Health
MMAS	Ministry of Women and Social Action
MPD	Ministry of Planning and Development
MTEF	Medium-Term Expenditure Framework
MTn	New Metical (Mozambican abbreviation of its currency)
MDG	Millennium Development Goals
NUIT	Single Tax Identification Number
OCI	Internal Control Unit
ODAMoz	Official Development Assistance for Mozambique database
OE	State Budget
OIIL	Investment Budget for Local Initiatives
PO	Poverty Observatory
PAF	Performance Assessment Framework
PAMA	Support Programme to the Agricultural Markets
PAMS	Poverty Analyses and monitoring Systems
PAP	Program Aid Partner
PARPA	Action Plan for the Reduction of Absolute Poverty
PAV	Expanded Vaccination Program
PEEC	Strategic Plan for Education and Culture
PEDD	District Development Strategic Plan
PGEI	Gender Policy and Implementation Strategy
PEFA	Public Expenditure and Finance Accountability
PES	Economic and Social Plan
PDIT	Information Technology Development Program
PFM	Public Finance Management
PND	National Decentralisation Policy
PRISE	Integrated Programme of the Road Sector
PROAGRI	National Program for Agrarian Development
PTV	Vertical Transmission Prevention
PVHS	People Living with HIV/AIDS
QUIBB	Questionnaire on Basic Indicators of Well-Being
SAN	Food and Nutritional Safety
SETSAN	Food and Nutrition Safety Technical Secretariat
SCI	Subsystem for Internal Control
SISTAFE	State Financial Administrative System
TA	Administrative Court
UGB	Base Management Unit
UGE	Executing and Managing Unit
UFSA	Functional Unit of Supervision of Acquisition
UGEA	Unit for Execution and Management of Acquisition
UTRESP	Technical Unit for Public Sector Reform
VAT	Value Added Tax

F.E.D.: 9

* TABLEAUX DE SYNTHES - PERIODE : 01.0000 a 12.2006 *

ACP MOZ MOZAMBIQUE : sans fonds regionaux

LIBELLE	DECIDE I/D	ENGAGE II/I	PAYE P/II	TEMP.DECIDE	TEMP.ENGAGE	TEMPORAIRE PAYE
** DOT. A ENVELOPE	372.376.549,08	0,00	0,00	0,00	0,00	0,00
MACRO-ECONOMIC SUPPORT	107.000.000,00	55.792.000,00	53.792.000,00	0,00	0,00	0,00
SECTORAL POLICIES / PROJECTS / PROGRAMME	238.868.184,72	140.399.631,99	73.353.353,02	0,00	0,00	0,00
!! TOT. TOTAL NIP A ENVELOPE(COTONOU)	345.868.184,72	196.191.631,99	127.145.353,02	0,00	0,00	0,00
** DOT. B ENVELOPE	8.850.000,00	0,00	0,00	0,00	0,00	0,00
EMERGENCY AID - AIDCO MANAGEMENT	5.000.000,00	4.000.226,40	1.589.343,69	0,00	0,00	0,00
EMERGENCY AID - ECHO MANAGEMENT	2.000.000,00	1.734.348,17	931.120,69	0,00	0,00	0,00
!! TOT. TOTAL B NIP ENVELOPE(COTONOU)	7.000.000,00	5.734.574,57	2.520.464,37	0,00	0,00	0,00
	7.655.784,05	5.351.584,38	15.630,83	0,00	0,00	0,00
T O T A L U X	360.523.968,77	207.277.790,94	129.681.508,22	0,00	0,00	0,00
** S O L D E S (DES NON...)		151.346.177,83	77.596.282,72		0,00	0,00

F.S.D. : 8 ACP MO2 MOZAMBIQUE : sans Fonds regionaux

LIBELLE	DECIDE I/O	ENGAGE I/I	PAYE P/I	TEMP.DECIDE	TEMP.ENGAGE	TEMPORAIRE PAYE
** DOT INDICATIVE PROGRAMME	189.569.072,34	0,00	0,00	0,00	0,00	0,00
INDICATIVE PROGRAMME (LOWE)	189.569.072,34	169.938.520,68	146.825.013,20	0,00	0,00	0,00
INTEREST RATE SUBSIDIES	6.090.284,91	6.090.284,91	5.215.609,59	0,00	0,00	0,00
RISK CAPITAL (TOTAL) (SHARE PARTICIP.+ Q	85.313.477,94	85.313.477,94	49.733.477,94	0,00	0,00	0,00
** DOT. STRUKTURAL ADJUSTMENT FACILITIES	131.209.243,48	0,00	0,00	0,00	0,00	0,00
STRUCTURAL ADJUSTMENT	131.209.243,48	116.215.177,20	116.215.177,20	0,00	0,00	0,00
STRUCTURAL ADJUSTMENT FUND DEBT SPECIA	14.994.066,28	14.994.066,28	14.994.066,28	0,00	0,00	0,00
I I TOT. OUTSIDE INDICATIVE PROGRAMME (DM	222.613.006,33	222.613.006,33	186.178.330,97	0,00	0,00	0,00
** DOT A ENVELOPE	142.032.000,00	0,00	0,00	0,00	0,00	0,00
TOTAL SIP A ENVELOPE (COTONOU)	142.032.000,00	142.032.000,00	142.032.000,00	0,00	0,00	0,00
T O T A L X	554.214.076,67	530.583.527,01	475.035.344,17	0,00	0,00	0,00
** S O L D E S (DES NON ...)		23.630.851,66	55.548.182,84		0,00	0,00

F.B.D = 7

ACP M32 MOZAMBIQUE : sans fonds régionaux

LIGELLE	DECIDE I/D	ENGAGE I/I	PAYE P/II	TSMP-DECIDE	TEMP. ENGAGE	TEMPORAIRE PAYE
** DOT. PROGRAMME INDICATIF	362.394.301,11	0,00	0,00	0,00	0,00	0,00
GRANTS (TOTAL)	162.394.301,11	161.590.358,23	158.320.036,48	0,00	0,00	0,00
EMERGENCY AID	6.160.660,03	6.160.660,03	6.160.660,03	0,00	0,00	0,00
AID FOR REFUGEES	26.176.779,61	26.080.958,20	26.080.958,20	0,00	0,00	0,00
RISK CAPITAL (TOTAL) (SHARE PARTICIP + Q)	28.164.833,61	28.164.833,61	28.164.833,61	0,00	0,00	0,00
SHAREX (TOTAL)	3.639.729,00	3.639.729,00	3.639.729,00	0,00	0,00	0,00
** DOT. PAS	30.000.000,00	0,00	0,00	0,00	0,00	0,00
STRUCTURAL ADJUSTMENT	30.000.000,00	30.000.000,00	30.000.000,00	0,00	0,00	0,00
!! TOT. OUTSIDE INDICATIVE PROGRAMME (LIM)	94.180.000,45	94.044.179,64	94.044.179,64	0,00	0,00	0,00
T O T A L X	256.534.101,56	255.634.537,27	252.364.215,52	0,00	0,00	0,00
** S O L D E S DES NON...		899.764,29	3.270.321,75		0,00	0,00



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EDF FORECASTS 2007 - 2008: PAYMENTS on ONGOING PROJECTS.

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0 N° INDIV COMMIT.	TITLE GLOBAL COMMITMENT	END date of implementat°	SITUATION END 2006			FORECASTS on PAYMENTS 1st SEM 2007				FORECASTS on PAYMENTS 2nd SEM 2007			
					GLOBAL COMMIT.	INDIV. COMMIT	RAC	ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR			
					AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP	1st SEMESTER	Low L	Medium M	High H	2nd SEMESTER	Low L	Medium M	High H
TOTAL ON ONGOING GLOBAL COMMITMENTS					587.240.685	405.013.969	182.226.716								
TOTAL ON ONGOING INDIVIDUAL COMMITMENTS					239.637.871	140.765.846	98.872.026	36.307.697	30.183.185	5.515.341	609.171	24.952.271	14.593.139	8.441.786	1.917.346
1994	7ACP MOZ19	0	EMERGENCY SUPPORT FOR ROADS REHABILITAION AND WATER SUPPLY	20021231	11.800.000	11.719.744	80.256								
1994	7ACP MOZ19	11	MARPLES CONSTRUCTION MZM 80.060.494.596 PART I	20020509	3.729.642	3.619.483	110.159	0	0	0	0	0	0	0	0
1994	7ACP MOZ19	Total	Individual Commitment		3.729.642	3.619.483	110.159								
1994	7ACP MOZ43	0	RECONSTRUCTION AND RESETTLEMENT PROGRAMME		12.000.000	11.961.659	38.341								
1994	7ACP MOZ43	24	VISAO MUNDIAL	20021205	230.478	184.382	46.096	0	0	0	0	0	0	0	0
1994	7ACP MOZ43	25	ACTION AID; 166.166 EUR; MAC/11/01/EC	20020131	166.166	132.933	33.233	33.233	0	33.233	0	0	0	0	0
1994	7ACP MOZ43	26	ACCAO AGRARIA ALEMA; 174.370 EUR; MAC 10/01/EC	20021130	175.000	139.496	35.504	0	0	0	0	0	0	0	0
1994	7ACP MOZ43	Total	Individual Commitment		571.644	456.811	114.833								
1994	7ACP MOZ47	0	ROADS REHABILITATION PROGRAMME ZAMBEZIA AND SOFALA PROVINCES	20031231	31.750.000	31.337.004	412.996								
1994	7ACP MOZ47	1	LAMONT - TA MAC 21/95/EC	20021031	1.589.384	1.451.219	138.165	40.000	40.000	0	0	0	0	0	0
1994	7ACP MOZ47	5	MARPLES CONSTR.; 80.060.494.596 MZM PART 2 ON 7.MOZ.47/5	20011215	4.330.192	3.008.334	1.321.858	1.123.361	1.123.361	0	0	0	0	0	0
1994	7ACP MOZ47	6	LAMONT - SUPPORT TO ANE IN CONTRACTUAL DISPUTE; MAC 1/05/EC	20060609	33.200	0	33.200	33.200	33.200	0	0	0	0	0	0
1994	7ACP MOZ47	7	BICON ENGINEERING - CONCILIATOR CONTRACTUAL DISPUTE;	20051231	19.217	0	19.217	16.000	16.000	0	0	0	0	0	0
1994	7ACP MOZ47	Total	Individual Commitment		5.971.993	4.459.553	1.512.440								
1994	7ACP MOZ50	0	RETURN & REINTEGRATION QUALIFIED AFRICAN NATIONALS PHASE III	19991231	400.000	400.000	0								
1994	7ACP MOZ50	1	OIM VOIR 7 RPR 287		400.000	216.739	183.261	0	0	0	0	0	0	0	0
1994	7ACP MOZ50	Total	Individual Commitment		400.000	216.739	183.261								
1994	9ACP MOZ23	0	(EX 06 P044) TRAINING FOR RAILWAY STAFF		4.007	1.924	2.083								
1994	9ACP MOZ23	1	CONSORTIUM EDICREL/INDICO CONSTRUCCOES LC (EX 06 P044 C003)		1.584	0	1.584	0	0	0	0	0	0	0	0
1994	9ACP MOZ23	2	EUROWORLD CONSULTING - LC 25	19920629	340	0	340	0	0	0	0	0	0	0	0
1994	9ACP MOZ23	Total	Individual Commitment		1.924	0	1.924								
1995	7ACP MOZ77	0	RURAL HEALTH SYSTEM REHABILITATION	20051231	26.000.000	21.284.126	4.715.874								



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EDF FORECASTS 2007 - 2008: PAYMENTS on ONGOING PROJECTS.

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0 N° INDIV COMMIT.	TITLE GLOBAL COMMITMENT	END date of implementat°	SITUATION END 2006			FORECASTS on PAYMENTS 1st SEM 2007				FORECASTS on PAYMENTS 2nd SEM 2007				
					GLOBAL COMMIT.	INDIV. COMMIT	RAC	ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR				
					AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP	1st SEMESTER	Low L	Medium M	High H	2nd SEMESTER	Low L	Medium M	High H	
1995	7ACP MOZ77	6	DP 1998 - PROVINCIAL	19990204	828.094	828.094	0	0	0	0	0	0	0	0	0	0
1995	7ACP MOZ77	7	DP 1998 - CENTRAL	19990204	100.600	100.600	0	0	0	0	0	0	0	0	0	0
1995	7ACP MOZ77	10	WP 05/99-04/00 - PROVINCIAL	20000430	1.867.750	1.867.750	0	0	0	0	0	0	0	0	0	0
1995	7ACP MOZ77	11	WP 05/99-04/00 - CENTRAL	20000430	76.592	76.592	0	0	0	0	0	0	0	0	0	0
1995	7ACP MOZ77	20	MIN.HEALTH; ADD WP 3 JULY 2000/JUNE 2002; 9.274.241.574 MZM	20020630	0	0	0	0	0	0	0	0	0	0	0	0
1995	7ACP MOZ77	25	SR NICHOLAS LTD -WORKS PHASE B-LOT 1; LC 07/02/EC	20051231	1.646.209	1.354.282	291.927	200.000	200.000	0	0	0	0	0	0	0
1995	7ACP MOZ77	26	PRICE WATERHOUSE COOPERS - AUDIT WP 1, 2 & 3; MAC 02/03/EC	20030331	14.100	9.480	4.620	0	0	0	0	0	0	0	0	0
1995	7ACP MOZ77	27	CMR - COMPANIE MEDICALI RIUNITE SPA	20031031	55.400	55.384	16	0	0	0	0	0	0	0	0	0
1995	7ACP MOZ77	29	S.R.NICOLAS; WORKS GILE & NAMARROI; LC 05/03/EC	20040310	207.000	182.141	24.859	24.437	0	24.437	0	0	0	0	0	0
1995	7ACP MOZ77	30	S.R.NICOLAS - WORKS PHASE B-LOT 2; LC 04/03/EC	20051231	2.920.005	2.718.378	201.627	0	0	0	0	0	0	0	0	0
1995	7ACP MOZ77	31	TECHSULT INTERNATIONAL - SUPERVISION GILE & NAMARROI;	20051231	52.100	24.340	27.760	27.760	0	27.760	0	0	0	0	0	0
1995	7ACP MOZ77	32	UNIT EXPORT - LOT 2 INCINERATORS; LC 02/03/EC	20031130	49.400	49.347	53	0	0	0	0	0	0	0	0	0
1995	7ACP MOZ77	38	SIEMENS - SUPPLY MEDICAL EQUIPMENT - CONTRACT LC/04/05/EC	20051001	276.903	249.213	27.690	27.690	0	27.690	0	0	0	0	0	0
1995	7ACP MOZ77	39	SUPPLY OF MEDICAL EQUIPMENT - LOT 5	20051231	67.200	67.121	79	0	0	0	0	0	0	0	0	0
1995	7ACP MOZ77	40	SUPPLY OF MEDICAL EQUIPMENT - PHASE A - LOT 1	20051231	680.000	611.251	68.749	68.749	0	68.749	0	0	0	0	0	0
1995	7ACP MOZ77	41	SUPPLY OF MEDICAL EQUIPMENT - PHASE A - LOT 2	20051231	432.000	388.196	43.804	43.804	0	43.804	0	0	0	0	0	0
1995	7ACP MOZ77	42	SUPPLY OF OFFICE FURNITURE	20051231	152.000	134.721	17.279	17.279	0	17.279	0	0	0	0	0	0
1995	7ACP MOZ77	44	AND EQUIPMENT - LOT 3 PROJECTA LDA - SUPERVISION	20050331	95.153	67.489	27.664	27.664	0	27.664	0	0	0	0	0	0
1995	7ACP MOZ77	45	PHASE B - LOT 1; MAC 01/04/EC TECNICA LDA - SUPERVISION	20051231	35.933	25.064	10.869	10.869	0	10.869	0	0	0	0	0	0
1995	7ACP MOZ77	Total	Individual Commitment		9.556.439	8.809.443	746.995									
1995	7ACP MOZ80	0	REINSERTION SOCIALE PROVINCES DE ZAMBEZIA & NIASSA.	19981001	5.600.000	5.504.179	95.821									



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					GLOBAL COMMIT.	INDIV. COMMIT	RAC	ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR				
					AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP	1st SEMESTER	Low L	Medium M	High H	2nd SEMESTER	Low L	Medium M	High H	
1995	9ACP MOZ24	0	(EX 06 P101) SUPPORT MOZAMBICAN STD/HIV STRATEGY WITHIN HE	20020331	6.017	6.017	0									
1995	9ACP MOZ24	1	(EX 06 P101 C013) LC 04/98 - SECI LOTE 12	19991231	0	0	0	0	0	0	0	0	0	0	0	0
1995	9ACP MOZ24	3	(EX 06 P101 C032) SERVICES CONTRACT MAC 07/05/EC - KPMG "F	20050914	6.017	3.592	2.425	2.425	2.425	0	0	0	0	0	0	0
1995	9ACP MOZ24	Total	Individual Commitment		6.017	3.592	2.425									
1995	9ACP MOZ25	0	(EX 06 P102) PRG DE FINANCEMENT D'1 ENS DE BOURSES POUR DE		75.994	17.255	58.738									
1995	9ACP MOZ25	2	(EX 06 P102 C007) BRITISH COUNCIL - DISTANCE LEARNING PROG	20080531	12.604	0	12.604	0	0	0	0	0	0	0	0	0
1995	9ACP MOZ25	Total	Individual Commitment		12.604	0	12.604									
1996	9ACP MOZ26	0	(EX 06 P103) APPUI INSTITUTIONNEL AUX SERVICES DE L'O.N.	20030630	221.907	1.870	220.038									
1996	9ACP MOZ26	1	(EX 06 P103 C002) MAC 02/98 - EDICREL REAB INST GON	19980608	1.870	0	1.870	0	0	0	0	0	0	0	0	0
1996	9ACP MOZ26	Total	Individual Commitment		1.870	0	1.870									
1998	8ACP MOZ6	0	SADC REGIONAL MONITORING, CONTROL & SURVEILLANCE OF FISHING	20061231	2.280.000	2.186.914	93.087									
1998	8ACP MOZ6	1	NAM/SADC-MCS/01/2001 - LUX-DEVELOPMENT - 6.133.585,39 NAD	20061231	1.123.000	1.030.034	92.966	92.966	92.966	0	0	0	0	0	0	0
1998	8ACP MOZ6	7	COMMITMENT REQUEST DD 13SEP 05 FROM NAM DEL	20060731	486.000	243.000	243.000	0	0	0	0	0	0	0	0	0
1998	8ACP MOZ6	Total	Individual Commitment		1.609.000	1.273.034	335.966									
1999	8ACP MOZ14	0	EU-MOZAMBIQUE PRIVATE SECTOR DEVELPT PROG.	20060630	4.800.000	2.039.512	2.760.488									
1999	8ACP MOZ14	1	INT.DEVELOP.ASS.- WORLD BANK GROUP	20050915	1.760.000	1.760.000	0	0	0	0	0	0	0	0	0	0
1999	8ACP MOZ14	3	PRIVATE SECTOR DEVELOPMENT PROJECT	20060501	244.685	220.217	24.469	0	0	0	0	0	0	0	0	0
1999	8ACP MOZ14	Total	Individual Commitment		2.004.685	1.980.217	24.469									
1999	8ACP MOZ15	0	NAMPULA TO NACALA ROAD REHABILITATION	20051231	36.580.000	33.700.011	2.879.989									
1999	8ACP MOZ15	2	GRINAKER LTA; 254.364.270.028	20051231	29.042.143	22.919.476	6.122.667	3.500.000	0	3.500.000	0	0	0	0	0	0
1999	8ACP MOZ15	4	MZM; LC 02/01/EC ARCUS GIBB -TA MINISTRY OF	20051231	978.086	936.919	41.167	41.167	41.167	0	0	0	0	0	0	0
1999	8ACP MOZ15	7	PUBLIC WORKS; MAC 03/03/EC FRAMEWORK CONTRACT AMS/451-LOT 2, FINAL EVALUATION OF NAMPUL	20051216	74.975	61.994	12.981	0	0	0	0	0	0	0	0	0



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					GLOBAL COMMIT.	INDIV. COMMIT	RAC	ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR				
					AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP	1st SEMESTER	Low L	Medium M	High H	2nd SEMESTER	Low L	Medium M	High H	
1999	8ACP MOZ15	8	LAMONT; 24.875.584.700 MZM; MAC 01/01	20051231	147.111	0	147.111	80.000	80.000	0	0	0	0	0	0	0
1999	8ACP MOZ15	Total	Individual Commitment		30.242.315	23.918.388	6.323.927									
1999	8ACP MOZ18	0	MOZAMBIQUE RURAL	20071231	30.000.000	26.741.098	3.258.902									
1999	8ACP MOZ18	2	DEVELOPMENT PROGRAMME SCOTT WILSON MANAGEMENT CONSULTANT ZAMBEZIA FEEDER ROADS	20071206	744.229	744.229	0	0	0	0	0	0	0	0	0	0
1999	8ACP MOZ18	4	BUDGET SUPPORT TO THE MINISTRY OF HEALTH, FCP	20071231	2.500.000	2.500.000	0	0	0	0	0	0	0	0	0	0
1999	8ACP MOZ18	7	TRANSTEC - TA - DESIGN AND IMPLEMENTATION APPLIED		128.098	76.859	51.239	50.000	50.000	0	0	0	0	0	0	0
1999	8ACP MOZ18	8	SCOTT WILSON MANAGEMENT CONSULTANT ZAMBEZIA FEEDER ROADS	20071206	929.771	187.450	742.321	200.000	200.000	0	0	150.000	150.000	0	0	0
1999	8ACP MOZ18	10	ROAD FUND - BRIDGES IN ZAMBEZIA - PE N.2 (09/06 - 12/07)	20071231	3.788.000	1.028.837	2.759.163	1.000.000	0	1.000.000	0	1.000.000	0	1.000.000	0	0
1999	8ACP MOZ18	11	PE1 (09/05-08/06) ROAD FUND - BRIDGES IN ZAMBEZIA	20060831	151.070	113.449	37.620	0	0	0	0	0	0	0	0	0
1999	8ACP MOZ18	Total	Individual Commitment		8.241.168	4.650.824	3.590.343									
2000	8ACP MOZ19	0	WATER RESOURCES MGMT/RURAL WTR SUPPLIES ZAMBESI RIVER BASIN	20071231	11.639.901	8.888.637	2.751.264									
2000	8ACP MOZ19	3	SEED TECHNICAL ASSISTANCE TO ZAMWAT PROJECT; MAC 03/02/EC	20070831	1.643.409	1.643.409	0	0	0	0	0	0	0	0	0	0
2000	8ACP MOZ19	7	ZAMWAT - PROJECT MANAGEMENT UNIT (PMU)- WP2	20050430	747.187	747.187	0	0	0	0	0	0	0	0	0	0
2000	8ACP MOZ19	9	PROGRAMME ESTIMATE NR. 3	20061231	922.851	922.851	0	0	0	0	0	0	0	0	0	0
2000	8ACP MOZ19	11	PRICE WATERHOUSE - AUDIT TO WP2 (ZAMWAT);MAC 13/05/EC	20060710	19.458	0	19.458	19.458	19.458	0	0	0	0	0	0	0
2000	8ACP MOZ19	12	COWI - MID TERM EVALUATION ZAMWAT PROJECT	20060816	73.157	43.894	29.263	29.263	29.263	0	0	0	0	0	0	0
2000	8ACP MOZ19	13	PROGRAMME ESTIMATE NR. 3	20070228	3.255.149	595.335	2.659.814	732.720	372.049	0	360.671	0	0	0	0	0
2000	8ACP MOZ19	14	SEED TECHNICAL ASSISTANCE TO ZAMWAT PROJECT; MAC 03/02/EC	20070831	1.097.921	201.128	896.794	200.000	200.000	0	0	350.000	200.000	0	150.000	
2000	8ACP MOZ19	Total	Individual Commitment		7.759.132	4.153.804	3.605.328									
2000	8ACP MOZ24	0	POST-FLOOD RECONSTRUCTION PROGRAMME IN GAZA PROVINCE	20051231	18.035.000	17.522.875	512.125									



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					GLOBAL COMMIT.	INDIV. COMMIT	RAC	ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR				
					AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP	1st SEMESTER	Low L	Medium M	High H	2nd SEMESTER	Low L	Medium M	High H	
2000	8ACP MOZ24	21	MOTT MACDONALD - LIMPOPO	20051231	612.540	21.407	591.133	100.000	100.000	0	0	0	0	0	0	0
2000	8ACP MOZ24	Total	Individual Commitment		612.540	21.407	591.133									
2002	7ACP MOZ120	0	BEIRA SANITATION PROJECT-DESIGN	20051231	1.850.000	1.577.650	272.350									
2002	7ACP MOZ120	2	SEURECA - DESIGN OF REABILITATION OF SANITATION	20051130	616.221	280.403	335.818	161.000	141.000	0	20.000	0	0	0	0	0
2002	7ACP MOZ120	Total	Individual Commitment		616.221	280.403	335.818									
2002	8ACP MOZ33	0	HEALTH SECTOR SUPPORT PROGRAMME	20091231	30.000.000	19.101.059	10.898.941									
2002	8ACP MOZ33	3	MINISTRY OF HEALTH - WP1	20040109	302.242	202.491	99.752	0	0	0	0	0	0	0	0	0
2002	8ACP MOZ33	6	MINISTRY OF HEALTH - SUPPORT TO GENERAL COMMON FUND	20071231	2.270.000	2.270.000	0	0	0	0	0	0	0	0	0	0
2002	8ACP MOZ33	7	MINISTRY OF HEALTH - PROVINCIAL COMMON FUND	20071231	1.500.000	1.500.000	0	0	0	0	0	0	0	0	0	0
2002	8ACP MOZ33	8	MINISTRY OF HEALTH - COMMON FUND MEDICAL SUPPLIES (FCMSM)	20071231	6.000.000	6.000.000	0	0	0	0	0	0	0	0	0	0
2002	8ACP MOZ33	12	SEED - TENDER DOSSIER PURCHASE MEDICAL EQUIPMENT;MAC 8/05/EC	20060508	43.926	13.610	30.316	21.530	13.610	7.920	0	8.786	0	8.786	0	0
2002	8ACP MOZ33	17	SR NICHOLAS - LC 04/03/EC - WORKS - PHASE B - LOT 2	20060630	1.872.995	321.120	1.551.875	400.000	187.000	0	213.000	400.000	0	250.000	150.000	0
2002	8ACP MOZ33	18	RUI SERRA - TA TO MINISTRY OF HEALTH; MAC 02/06/EC	20060811	4.999	2.500	2.500	2.500	0	0	2.500	0	0	0	0	0
2002	8ACP MOZ33	19	CPG - STUDY&SUPERVISION LOTS 3&8; MAC 11/05/EC	20071231	179.618	13.190	166.428	13.000	0	13.000	0	0	0	0	0	0
2002	8ACP MOZ33	20	CENTRA - STUDY & SUPERVISION LOTS 6&7;MAC 13/04/EC	20071227	184.423	11.737	172.686	13.250	13.250	0	0	66.250	66.250	0	0	0
2002	8ACP MOZ33	21	CPG - STUDY&SUPERVISION LOTS 4&5; MAC/12/05	20071231	214.000	13.588	200.412	13.000	0	0	13.000	0	0	0	0	0
2002	8ACP MOZ33	22	SR NICHOLAS - WORK - PHASE B - LOT 1	20071231	765.566	477.088	288.478	142.654	142.654	0	0	67.346	0	0	0	67.346
2002	8ACP MOZ33	23	PROJECTA LDA - SUPERVISION OF THE REHABILITATION/UPGRADING	20070831	80.776	47.196	33.580	17.000	17.000	0	0	0	0	0	0	0
2002	8ACP MOZ33	24	TECNICA LDA - SUPERVISAO DAS OBRAS DE REABILITACAO/AMPLIACAO	20070831	119.666	98.750	20.915	10.000	10.000	0	0	0	0	0	0	0
2002	8ACP MOZ33	25	GTZ - TA TO HEALTH SECTOR PROGRAMME; MAC 13/03/EC	20071214	2.615.006	759.738	1.855.268	470.000	0	470.000	0	750.000	0	200.000	550.000	0
2002	8ACP MOZ33	26	HTC MOZAMBIQUE CONSULTING; MAC 07/06/EC	20071231	89.712	0	89.712	30.000	30.000	0	0	30.000	30.000	0	0	0
2002	8ACP MOZ33	Total	Individual Commitment		16.242.928	11.731.007	4.511.922									



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					GLOBAL COMMIT.	INDIV. COMMIT	RAC	ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR				
					AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP	1st SEMESTER	Low L	Medium M	High H	2nd SEMESTER	Low L	Medium M	High H	
2002	8ACP MOZ41	0	POVERTY REDUCTION BUDGET	20070331	18.000.000	17.524.243	475.757									
2002	8ACP MOZ41	8	SUPPORT II (PRBS II) 2002-2005 AMS451/2005/111215 WITH IDC CONSORTIUM FOR CONTINUATION OF S	20070331	160.000	95.959	64.041	64.041	64.041	0	0	0	0	0	0	0
2002	8ACP MOZ41	9	ACE CONSORTIUM STUDY ON VAT REFUND SITUATION IN PUBLIC WORKS	20060915	100.204	61.613	38.591	38.591	38.591	0	0	0	0	0	0	0
2002	8ACP MOZ41	10	PE2 - RELANCAMENTO E REVITALIZACAO DO CDET DA DNPO	20060930	4.149	3.766	384	0	0	0	0	0	0	0	0	0
2002	8ACP MOZ41	Total	Individual Commitment		264.353	161.337	103.016									
2003	9ACP MOZ1	0	REHABILITATION OF THE NAMACURRA - RIO LIGONHA ROAD	20101231	65.000.000	64.686.444	313.556									
2003	9ACP MOZ1	2	CPG - SUPERVISION REHABILITATION NAMACURRA- RIO LIGONHA ROAD; NICHOLAS O DWYER -	20080831	1.454.475	232.939	1.221.536	280.000	280.000	0	0	300.000	300.000	0	0	0
2003	9ACP MOZ1	4	SUPERVISION REHABILITATION NAMACURRA- BCEOM-SUPERVISION	20080831	1.418.954	562.572	856.382	300.000	300.000	0	0	200.000	200.000	0	0	0
2003	9ACP MOZ1	5	REHABILITATION NAMACURRA- RIO LIGONHA ROAD, TAMEGA LDA - REHABILITATION	20080831	1.500.181	705.703	794.478	200.000	200.000	0	0	200.000	200.000	0	0	0
2003	9ACP MOZ1	6	NAMACURRA-RIO LIGONHA ROAD - TAMEGA LIMITADA	20070430	12.979.233	5.580.525	7.398.708	1.500.000	1.500.000	0	0	2.500.000	2.500.000	0	0	0
2003	9ACP MOZ1	7	REHABILITATION NAMACURRA - RIO LIGONHA ROAD; CMC - REHABILITATION	20070430	21.204.502	10.673.280	10.531.222	3.000.000	3.000.000	0	0	4.000.000	4.000.000	0	0	0
2003	9ACP MOZ1	8	NAMACURRA-RIO LIGONHA ROAD -	20070531	26.004.608	18.207.306	7.797.302	5.000.000	5.000.000	0	0	1.000.000	1.000.000	0	0	0
2003	9ACP MOZ1	Total	Individual Commitment		64.561.953	35.962.326	28.599.627									
2003	9ACP MOZ2	0	ROAD PERIODIC MAINTENANCE AND CAPACITY BUILDING PROGRAMME	20110630	14.000.000	13.908.981	91.020									
2003	9ACP MOZ2	1	CONTRIBUTION TO PERIDIC MAINTENANCE TROUGH THE ROAD FUND	20090630	12.000.000	4.000.000	8.000.000	4.000.000	4.000.000	0	0	4.000.000	0	4.000.000	0	0
2003	9ACP MOZ2	2	CAPACITY BUILDING - MOZ/7047/000	20060831	302.000	176.907	125.093	25.093	25.093	0	0	0	0	0	0	0



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					GLOBAL COMMIT.	INDIV. COMMIT	RAC	ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR				
					AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP	1st SEMESTER	Low L	Medium M	High H	2nd SEMESTER	Low L	Medium M	High H	
2003	9ACP MOZ2	5	ERNST & YOUNG - FINANCIAL AUDIT; MAC 03/06/EDF	20061118	22.101	16.110	5.991	5.991	5.991	0	0	0	0	0	0	0
2003	9ACP MOZ2	6	ARCUS GIBB - TA TO MINISTRY	20070226	369.972	0	369.972	369.972	369.972	0	0	0	0	0	0	0
2003	9ACP MOZ2	7	PUBLIC WORKS; MAC 04/06/EDF	20070331	270.908	112.304	158.604	158.604	158.604	0	0	0	0	0	0	0
2003	9ACP MOZ2	8	TECHNICAL ASSISTANCE TO ANE	20071231	944.000	260.611	683.389	200.000	200.000	0	0	483.389	483.389	0	0	0
2003	9ACP MOZ2		CAPACITACAO INSTITUCIONAL - PE N.2 (09/06 - 12/07)		13.908.981	4.565.932	9.343.048									
2003	9ACP MOZ2	Total	Individual Commitment		13.908.981	4.565.932	9.343.048									
2003	9ACP MOZ6	0	HEALTH SECTOR SUPPORT PROGRAMME II	20091231	25.000.000	24.500.000	500.000									
2003	9ACP MOZ6	1	MINISTRY OF HEALTH - SUPPORT TO GENERAL COMMON FUND	20071231	6.800.000	4.444.291	2.355.709	1.000.000	1.000.000	0	0	1.000.000	1.000.000	0	0	0
2003	9ACP MOZ6	2	MINISTRY OF HEALTH - PROVINCIAL COMMON FUND	20071231	5.700.000	4.383.000	1.317.000	658.500	658.500	0	0	658.500	658.500	0	0	0
2003	9ACP MOZ6	3	MINISTRY OF HEALTH - COMMON FUND MEDICAL SUPPLIES (FCMSM)	20071231	12.000.000	8.232.874	3.767.126	1.875.000	1.875.000	0	0	1.875.000	1.875.000	0	0	0
2003	9ACP MOZ6	Total	Individual Commitment		24.500.000	17.060.165	7.439.835									
2003	9ACP MOZ27	0	(EX 06 P112) RURAL TELECOMMUNICATIONS NETWORK IMPROVEMENT	20080331	7.347.859	5.324.519	2.023.341									
2003	9ACP MOZ27	3	(EX 06 P112 C002) TELVENT CONTRACT- SUPPLY AND INSTALLATIO	20070630	5.075.371	0	5.075.371	472.075	304.000	168.075	0	2.983.000	1.000.000	983.000	1.000.000	0
2003	9ACP MOZ27	4	(EX 06 P112 C001) SOFRECOM - SUPERVISION RUAL TELECOMMUNIC	20070704	249.147	7.486	241.661	60.000	60.000	0	0	80.000	80.000	0	0	0
2003	9ACP MOZ27	Total	Individual Commitment		5.324.519	7.486	5.317.033									
2004	9ACP MOZ4	0	NAO SUPPORT PROJECT	20111231	1.500.000	268.286	1.231.714									
2004	9ACP MOZ4	1	INSTITUTIONAL SUPPORT TO NAO - PE NR 1	20070131	268.286	174.949	93.337	0	0	0	0	0	0	0	0	0
2004	9ACP MOZ4	Total	Individual Commitment		268.286	174.949	93.337									
2004	9ACP MOZ7	0	AUGM. PLAFOND PROJET 8 ACP MOZ 24	20051231	1.900.000	1.873.860	26.140									
2004	9ACP MOZ7	1	COBA - TA FLOOD RECOVERY PROGRAM; AO 12 TO MAC 14/00/EC	20051231	311.500	235.290	76.210	62.000	0	62.000	0	0	0	0	0	0
2004	9ACP MOZ7	3	FINAL EVALUATION OF THE POST-FLOOD RECONSTRUCTION PROGRAMME	20051209	62.360	49.499	12.861	12.861	0	12.861	0	0	0	0	0	0
2004	9ACP MOZ7	Total	Individual Commitment		373.860	284.789	89.071									
2004	9ACP MOZ8	0	RURAL ROADS REHABILITATION AND MAINTENANCE	20101231	6.000.000	0	6.000.000									



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EDF FORECASTS 2007 - 2008: PAYMENTS on ONGOING PROJECTS.

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0 N° INDIV COMMIT.	TITLE GLOBAL COMMITMENT	END date of implementat°	SITUATION END 2006			FORECASTS on PAYMENTS 1st SEM 2007				FORECASTS on PAYMENTS 2nd SEM 2007					
					GLOBAL COMMIT.	INDIV. COMMIT	RAC	ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR					
					AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP	1st SEMESTER	Low L	Medium M	High H	2nd SEMESTER	Low L	Medium M	High H		
2004	9ACP MOZ11	0	SUPPORT TO THE JUSTICE SECTOR IN MOZAMBIQUE	20111231	10.000.000	9.760.000	240.000										
2004	9ACP MOZ11	1	UNDP - PROGRAMME SUPPORT TO JUSTICE SECTOR	20091221	9.760.000	1.886.107	7.873.893	3.500.000	3.500.000	0	0	0	0	0	0	0	0
2004	9ACP MOZ11	Total	Individual Commitment		9.760.000	1.886.107	7.873.893										
2004	9ACP MOZ12	0	RECONSTRUCTION OF CYCLONE DAMAGED SECTIONS OF ROADS IN FIVE	20081231	5.000.000	4.000.226	999.774										
2004	9ACP MOZ12	1	PE1 RECONSTRUCTION OF CYCLONE DAMAGED ROAD SECTIONS	20060831	729.000	707.810	21.190	0	0	0	0	0	0	0	0	0	0
2004	9ACP MOZ12	2	DETAILED DESIGN AND SUPERVISION OF THE REHABILITATION OF THE	20080322	182.306	41.332	140.974	50.000	50.000	0	0	50.000	50.000	0	0	0	0
2004	9ACP MOZ12	3	ERNST & YOUNG - AUDIT OF PE1 OF EMERGENCY		16.920	0	16.920	16.920	16.920	0	0	0	0	0	0	0	0
2004	9ACP MOZ12	5	RECONSTRUCTION OF CYCLONE DAMAGED SECTIONS OF ROADS IN FIVE	20071231	3.072.000	848.324	2.223.676	800.000	800.000	0	0	800.000	800.000	0	0	0	0
2004	9ACP MOZ12	Total	Individual Commitment		4.000.226	1.597.466	2.402.760										
2004	9ACP MOZ13	0	TECHNICAL COOPERATION FACILITY (TCF)	20101031	1.000.000	473.464	526.536										
2004	9ACP MOZ13	4	IMAGEM GLOBAL - IV MEETING OF NAO PALOP	20050630	36.784	28.229	8.555	0	0	0	0	0	0	0	0	0	0
2004	9ACP MOZ13	6	PREPARATION OF 2006 END-OF TERM REVIEW	20051216	79.813	74.534	5.279	0	0	0	0	0	0	0	0	0	0
2004	9ACP MOZ13	7	FRAMEWORK CONTRACT 2005/113123 - LOT 6 - PREPARATION OF THE	20060501	58.885	49.906	8.979	0	0	0	0	0	0	0	0	0	0
2004	9ACP MOZ13	8	LMC INTERNATIONAL - SUGAR	20060320	4.778	4.262	517	0	0	0	0	0	0	0	0	0	0
2004	9ACP MOZ13	10	ACTION PLAN SEMINAR INES M.RAIMUNDO - PREPARATION OF THE MIGRATION PROFILE FOR	20061130	4.900	0	4.900	4.900	4.900	0	0	0	0	0	0	0	0
2004	9ACP MOZ13	Total	Individual Commitment		185.160	156.931	28.229										
2005	9ACP MOZ14	0	CONSTRUCTION OF A BRIDGE OVER THE ZAMBEZI RIVER	20100531	25.000.000	24.848.484	151.516										
2005	9ACP MOZ14	1	MOTA-ENGIL - CONSTRUCTION OF A BRIDGE OVER THE ZAMBEZI RIVER	20090312	24.848.484	11.333.654	13.514.830	3.567.171	3.567.171	0	0	0	0	0	0	0	0
2005	9ACP MOZ14	Total	Individual Commitment		24.848.484	11.333.654	13.514.830										
2005	9ACP MOZ15	0	1 AUGMENTATION DU PLAFFOND	20101231	5.000.000	0	5.000.000										
2005	9ACP MOZ16	0	POVERTY REDUCTION BUDGET SUPPORT PROGRAMME (PRBS III)	20101231	95.000.000	43.792.000	51.208.000										
2005	9ACP MOZ16	3	UTRAFE - SISTAFE PRBSIII	20081231	4.000.000	2.000.000	2.000.000	0	0	0	0	2.000.000	0	2.000.000	0	0	0



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EDF FORECASTS 2007 - 2008: PAYMENTS on ONGOING PROJECTS.

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0 N° INDIV COMMIT.	TITLE GLOBAL COMMITMENT	END date of implementat°	SITUATION END 2006			FORECASTS on PAYMENTS 1st SEM 2007				FORECASTS on PAYMENTS 2nd SEM 2007				
					GLOBAL COMMIT.	INDIV. COMMIT	RAC	ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR				
					AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP	1st SEMESTER	Low L	Medium M	High H	2nd SEMESTER	Low L	Medium M	High H	
2005	9ACP MOZ16	Total	Individual Commitment		4.000.000	2.000.000	2.000.000									
2005	9ACP MOZ17	0	LIMPOPO RAILWAY LINE REHABILITATIO OF FACILITIES	20111231	6.000.000	61.929	5.938.072									
2005	9ACP MOZ17	1	TECNICA LDA - ACTUALIZACAO CADERNOS ENCARGOS; MAC 05/06/EC	20061116	61.929	0	61.929	50.000	50.000	0	0	0	0	0	0	0
2005	9ACP MOZ17	Total	Individual Commitment		61.929	0	61.929									
2005	9ACP MOZ18	0	BEIRA SANITATION PROJECT-WORKS AND SUPERVISION	20111231	32.950.000	0	32.950.000									
2006	9ACP MOZ19	0	UPGRADING OF THE MANHICA HEALTH CENTRE TO HOSPITAL STATUS	20111231	3.000.000	0	3.000.000									
2006	9ACP MOZ20	0	SUPPORT PROGRAMME TO NON-STATE ACTORS IN MOZAMBIQUE	20121231	4.000.000	0	4.000.000									
2006	9ACP MOZ21	0	FEASIBILITY STUDY FOR THE UPGRADING OF THE MILANGE-MOCUBA RO	20101231	1.500.000	0	1.500.000									
2006	9ACP MOZ28	0	TECHNICAL CO-OPERATION FACILITY II (TCF II)	20111220	2.000.000	0	2.000.000									
2006	9ACP MOZ29	0	PROAGRI II - SECTOR BUDGET SUPPORT TO FOOD SECURITY/AGRICULT	20121231	35.000.000	0	35.000.000									



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YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0 N° INDIV COMMIT.	TITLE GLOBAL COMMITMENT	END date of implementat°	FORECAST PAYMENTS 1st SEM 2008				FORECAST PAYMENTS 1st SEM 2008				A L A R M	COMMENTS
					ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR					
			TITLE INDIVIDUAL COMMITMENT		1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L	Medium M	High H		
TOTAL ON ONGOING GLOBAL COMMITMENTS														
TOTAL ON ONGOING INDIVIDUAL COMMITMENTS					7.559.202	6.722.223	836.979	0	10.867.703	5.106.598	5.120.000	641.105		
1994	7ACP MOZ19	0	EMERGENCY SUPPORT FOR ROADS REHABILITAION AND WATER SUPPLY	20021231									OK	RAC to be decormitted (See DEC Table)
1994	7ACP MOZ19	11	MARPLES CONSTRUCTION MZM 80.060.494.596 PART I	20020509	0	0	0	0	0	0	0	0	OK	RAC to be decormitted (See DEC Table)
1994	7ACP MOZ19	Total Individual Commitment											OK	
1994	7ACP MOZ43	0	RECONSTRUCTION AND RESETTLEMENT PROGRAMME										OK	
1994	7ACP MOZ43	24	VISAO MUNDIAL	20021205	0	0	0	0	0	0	0	0	OK	RAC to be decormitted (See DEC Table)
1994	7ACP MOZ43	25	ACTION AID; 166.166 EUR; MAC/11/01/EC	20020131	0	0	0	0	0	0	0	0	OK	
1994	7ACP MOZ43	26	ACCAO AGRARIA ALEMA; 174.370 EUR; MAC 10/01/EC	20021130	0	0	0	0	0	0	0	0	OK	RAC to be decormitted (See DEC Table)
1994	7ACP MOZ43	Total Individual Commitment											OK	
1994	7ACP MOZ47	0	ROADS REHABILITATION PROGRAMME ZAMBEZIA AND SOFALA PROVINCES	20031231									OK	
1994	7ACP MOZ47	1	LAMONT - TA MAC 21/95/EC	20021031	0	0	0	0	0	0	0	0	OK	Awaiting from ANE support documents for final payment.
1994	7ACP MOZ47	5	MARPLES CONSTR.; 80.060.494.596 MZM PART 2 ON 7.MOZ.47/5	20011215	0	0	0	0	0	0	0	0	OK	Contractual dispute finalised .Awaiting from ANE supporting documents for final payment.
1994	7ACP MOZ47	6	LAMONT - SUPPORT TO ANE IN CONTRACTUAL DISPUTE; MAC 1/05/EC	20060609	0	0	0	0	0	0	0	0	OK	Awaiting from ANE support documents for final payment.
1994	7ACP MOZ47	7	BICON ENGINEERING - CONCILIATOR CONTRACTUAL DISPUTE;	20051231	0	0	0	0	0	0	0	0	OK	Awaiting from ANE support documents for final payment.
1994	7ACP MOZ47	Total Individual Commitment											OK	
1994	7ACP MOZ50	0	RETURN & REINTEGRATION QUALIFIED AFRICAN NATIONALS PHASE III	19991231									OK	
1994	7ACP MOZ50	1	OIM VOIR 7 RPR 287		0	0	0	0	0	0	0	0	OK	
1994	7ACP MOZ50	Total Individual Commitment											OK	
1994	9ACP MOZ23	0	(EX 06 P044) TRAINING FOR RAILWAY STAFF (EX 06 P044 C001)										OK	
1994	9ACP MOZ23	1	CONSORTIUM EDICREL/INDICO CONSTRUCOES LC (EX 06 P044 C003)		0	0	0	0	0	0	0	0	OK	Awaiting final closure and decommitment.
1994	9ACP MOZ23	2	EUROWORLD CONSULTING - LC 25	19920629	0	0	0	0	0	0	0	0	OK	Awaiting final closure and decommitment.
1994	9ACP MOZ23	Total Individual Commitment											OK	
1995	7ACP MOZ77	0	RURAL HEALTH SYSTEM REHABILITATION	20051231									OK	



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					ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR					
			TITLE INDIVIDUAL COMMITMENT		1st SEMESTER	Low L	Medium M	High H	2nd SEMESTER	Low L	Medium M	High H		
1995	7ACP MOZ77	6	DP 1998 - PROVINCIAL	19990204	0	0	0	0	0	0	0	0	OK	
1995	7ACP MOZ77	7	DP 1998 - CENTRAL	19990204	0	0	0	0	0	0	0	0	OK	
1995	7ACP MOZ77	10	WP 05/99-04/00 - PROVINCIAL	20000430	0	0	0	0	0	0	0	0	OK	
1995	7ACP MOZ77	11	WP 05/99-04/00 - CENTRAL	20000430	0	0	0	0	0	0	0	0	OK	
1995	7ACP MOZ77	20	MIN.HEALTH; ADD WP 3 JULY 2000/JUNE 2002; 9.274.241.574 MZM	20020630	0	0	0	0	0	0	0	0	OK	
1995	7ACP MOZ77	25	SR NICHOLAS LTD -WORKS PHASE B-LOT 1; LC 07/02/EC	20051231	0	0	0	0	0	0	0	0	OK	Invoice under revision.
1995	7ACP MOZ77	26	PRICE WATERHOUSE COOPERS - AUDIT WP 1, 2 & 3; MAC 02/03/EC	20030331	0	0	0	0	0	0	0	0	OK	RAC to be decommitted (See DEC Table)
1995	7ACP MOZ77	27	CMR - COMPANIE MEDICALI RIUNITE SPA	20031031	0	0	0	0	0	0	0	0	OK	RAC to be decommitted (See DEC Table)
1995	7ACP MOZ77	29	S.R.NICOLAS; WORKS GILE & NAMARROI; LC 05/03/EC	20040310	0	0	0	0	0	0	0	0	OK	Contractor's claim still not processed by MISAU
1995	7ACP MOZ77	30	S.R.NICHOLAS - WORKS PHASE B-LOT 2;LC 04/03/EC	20051231	0	0	0	0	0	0	0	0	OK	
1995	7ACP MOZ77	31	TECHSULT INTERNATIONAL - SUPERVISION GILE & NAMARROI;	20051231	0	0	0	0	0	0	0	0	OK	Invoices still not processed by MISAU
1995	7ACP MOZ77	32	UNIT EXPORT - LOT 2 INCINERATORS; LC 02/03/EC	20031130	0	0	0	0	0	0	0	0	OK	RAC to be decommitted (See DEC Table)
1995	7ACP MOZ77	38	SIEMENS - SUPPLY MEDICAL EQUIPMENT - CONTRACT LC/04/05/EC	20051001	0	0	0	0	0	0	0	0	OK	RAC to be decommitted (See DEC Table)
1995	7ACP MOZ77	39	SUPPLY OF MEDICAL EQUIPMENT - LOT 5	20051231	0	0	0	0	0	0	0	0	OK	
1995	7ACP MOZ77	40	SUPPLY OF MEDICAL EQUIPMENT - PHASE A - LOT 1	20051231	0	0	0	0	0	0	0	0	OK	
1995	7ACP MOZ77	41	SUPPLY OF MEDICAL EQUIPMENT - PHASE A - LOT 2	20051231	0	0	0	0	0	0	0	0	OK	
1995	7ACP MOZ77	42	SUPPLY OF OFFICE FURNITURE	20051231	0	0	0	0	0	0	0	0	OK	
1995	7ACP MOZ77	44	AND EQUIPMENT - LOT 3 PROJECTA LDA - SUPERVISION	20050331	0	0	0	0	0	0	0	0	OK	DECOMMITMENT ONGOING
1995	7ACP MOZ77	45	PHASE B - LOT 1; MAC 01/04/EC TECNICA LDA - SUPERVISION	20051231	0	0	0	0	0	0	0	0	OK	DECOMMITMENT ONGOING
1995	7ACP MOZ77	Total	Individual Commitment										OK	
1995	7ACP MOZ80	0	REINSERTION SOCIALE PROVINCES DE ZAMBEZIA & NIASSA.	19981001									OK	RAC to be decommitted (See DEC Table)



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YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0 N° INDIV COMMIT.	TITLE GLOBAL COMMITMENT	END date of implementat°	FORECAST PAYMENTS 1st SEM 2008				FORECAST PAYMENTS 1st SEM 2008				A L A R M	COMMENTS
					ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR					
			TITLE INDIVIDUAL COMMITMENT		1st SEMESTER	Low L	Medium M	High H	2nd SEMESTER	Low L	Medium M	High H		
1995	9ACP MOZ24	0	(EX 06 P101) SUPPORT MOZAMBICAN STD/HIV STRATEGY WITHIN HE	20020331									OK	
1995	9ACP MOZ24	1	(EX 06 P101 C013) LC 04/98 - SECI LOTE 12	19991231	0	0	0	0	0	0	0	0	OK	
1995	9ACP MOZ24	3	(EX 06 P101 C032) SERVICES CONTRACT MAC 07/05/EC - KPMG "F	20050914	0	0	0	0	0	0	0	0	OK	
1995	9ACP MOZ24	Total Individual Commitment											OK	
1995	9ACP MOZ25	0	(EX 06 P102) PRG DE FINANCEMENT D'1 ENS DE BOURSES POUR DE										OK	
1995	9ACP MOZ25	2	(EX 06 P102 C007) BRITISH COUNCIL - DISTANCE LEARNING PROG	20080531	0	0	0	0	0	0	0	0	OK	Managed by HQ
1995	9ACP MOZ25	Total Individual Commitment											OK	
1996	9ACP MOZ26	0	(EX 06 P103) APPUI INSTITUTIONNEL AUX SERVICES DE L'O.N.	20030630									OK	
1996	9ACP MOZ26	1	(EX 06 P103 C002) MAC 02/98 - EDICREL REAB INST GON	19980608	0	0	0	0	0	0	0	0	OK	To be discussed HOP/IAT
1996	9ACP MOZ26	Total Individual Commitment											OK	
1998	8ACP MOZ6	0	SADC REGIONAL MONITORING, CONTROL & SURVEILLANCE OF FISHING	20061231									OK	
1998	8ACP MOZ6	1	NAM/SADC-MCS/01/2001 - LUX-DEVELOPMENT - 6.133.585,39 NAD	20061231	0	0	0	0	0	0	0	0	OK	
1998	8ACP MOZ6	7	COMMITMENT REQUEST DD 13SEP 05 FROM NAM DEL	20060731	0	0	0	0	0	0	0	0	OK	
1998	8ACP MOZ6	Total Individual Commitment											OK	
1999	8ACP MOZ14	0	EU-MOZAMBIQUE PRIVATE SECTOR DEVELPT PROG.	20060630									OK	
1999	8ACP MOZ14	1	INT.DEVELOP.ASS.- WORLD BANK GROUP	20050915	0	0	0	0	0	0	0	0	OK	RAC to be decommitted (See DEC Table)
1999	8ACP MOZ14	3	PRIVATE SECTOR DEVELOPMENT PROJECT	20060501	0	0	0	0	0	0	0	0	OK	RAC to be decommitted (See DEC Table)
1999	8ACP MOZ14	Total Individual Commitment											OK	
1999	8ACP MOZ15	0	NAMPULA TO NACALA ROAD REHABILITATION	20051231									OK	
1999	8ACP MOZ15	2	GRINAKER LTA; 254.364.270.028	20051231	0	0	0	0	0	0	0	0	OK	Final invoice expected. Forecast decommitment of above 2.000.000
1999	8ACP MOZ15	4	MZM; LC 02/01/EC ARCUS GIBB -TA MINISTRY OF	20051231	0	0	0	0	0	0	0	0	OK	Final invoice expected.
1999	8ACP MOZ15	7	PUBLIC WORKS; MAC 03/03/EC FRAMEWORK CONTRACT AMS/451-LOT 2, FINAL EVALUATION OF NAMPUL	20051216	0	0	0	0	0	0	0	0	OK	Final invoice expected .



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YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0 N° INDIV COMMIT.	TITLE GLOBAL COMMITMENT	END date of implementat°	FORECAST PAYMENTS 1st SEM 2008				FORECAST PAYMENTS 1st SEM 2008				A L A R M	COMMENTS
					ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR					
			TITLE INDIVIDUAL COMMITMENT		1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L	Medium M	High H		
1999	8ACP MOZ15	8	LAMONT; 24.875.584.700 MZM; MAC 01/01	20051231	0	0	0	0	0	0	0	0	OK	Final invoice expected.
1999	8ACP MOZ15	Total	Individual Commitment										OK	
1999	8ACP MOZ18	0	MOZAMBIQUE RURAL	20071231									OK	
1999	8ACP MOZ18	2	DEVELOPMENT PROGRAMME SCOTT WILSON MANAGEMENT CONSULTANT ZAMBEZIA FEEDER ROADS	20071206	0	0	0	0	0	0	0	0	OK	Replaced by 8 ACP MOZ 18-2
1999	8ACP MOZ18	4	BUDGET SUPPORT TO THE MINISTRY OF HEALTH, FCP	20071231	0	0	0	0	0	0	0	0	OK	
1999	8ACP MOZ18	7	TRANSTEC - TA - DESIGN AND IMPLEMENTATION APPLIED		0	0	0	0	0	0	0	0	OK	
1999	8ACP MOZ18	8	SCOTT WILSON MANAGEMENT CONSULTANT ZAMBEZIA FEEDER ROADS	20071206	100.000	100.000	0	0	0	0	0	0	OK	
1999	8ACP MOZ18	10	ROAD FUND - BRIDGES IN ZAMBEZIA - PE N.2 (09/06 - 12/07)	20071231	0	0	0	0	0	0	0	0	OK	
1999	8ACP MOZ18	11	PE1 (09/05-08/06) ROAD FUND - BRIDGES IN ZAMBEZIA	20060831	0	0	0	0	0	0	0	0	OK	Decommitment expected
1999	8ACP MOZ18	Total	Individual Commitment										OK	
2000	8ACP MOZ19	0	WATER RESOURCES MGMT/RURAL WTR SUPPLIES ZAMBESI RIVER BASIN	20071231									OK	
2000	8ACP MOZ19	3	SEED TECHNICAL ASSISTANCE TO ZAMWAT PROJECT; MAC 03/02/EC	20070831	0	0	0	0	0	0	0	0	OK	Replaced by 8 ACP MOZ 19-14
2000	8ACP MOZ19	7	ZAMWAT - PROJECT MANAGEMENT UNIT (PMU)- WP2	20050430	0	0	0	0	0	0	0	0	OK	
2000	8ACP MOZ19	9	PROGRAMME ESTIMATE NR. 3	20061231	0	0	0	0	0	0	0	0	OK	Replaced by 8 ACP MOZ 19-13
2000	8ACP MOZ19	11	PRICE WATERHOUSE - AUDIT TO WP2 (ZAMWAT);MAC 13/05/EC	20060710	0	0	0	0	0	0	0	0	OK	
2000	8ACP MOZ19	12	COWI - MID TERM EVALUATION ZAMWAT PROJECT	20060816	0	0	0	0	0	0	0	0	OK	
2000	8ACP MOZ19	13	PROGRAMME ESTIMATE NR. 3	20070228	0	0	0	0	0	0	0	0	OK	
2000	8ACP MOZ19	14	SEED TECHNICAL ASSISTANCE TO ZAMWAT PROJECT; MAC 03/02/EC	20070831	150.000	0	150.000	0	0	0	0	0	OK	
2000	8ACP MOZ19	Total	Individual Commitment										OK	
2000	8ACP MOZ24	0	POST-FLOOD RECONSTRUCTION PROGRAMME IN GAZA PROVINCE	20051231									OK	



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YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0	TITLE GLOBAL COMMITMENT	END date of implementat°	FORECAST PAYMENTS 1st SEM 2008				FORECAST PAYMENTS 1st SEM 2008				A L A R M	COMMENTS
					ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR					
		N° INDIV COMMIT.	TITLE INDIVIDUAL COMMITMENT		1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L	Medium M	High H		
2000	8ACP MOZ24	21	MOTT MACDONALD - LIMPOPO	20051231	0	0	0	0	0	0	0	0	OK	Project completed in 2005. Awaiting final invoice by DNA.
2000	8ACP MOZ24	Total	Individual Commitment										OK	
2002	7ACP MOZ120	0	BEIRA SANITATION PROJECT-DESIGN	20051231									OK	
2002	7ACP MOZ120	2	SEURECA - DESIGN OF REABILITATION OF SANITATION	20051130	0	0	0	0	0	0	0	0	OK	Project completed. Awaiting final invoice by DNA.
2002	7ACP MOZ120	Total	Individual Commitment										OK	
2002	8ACP MOZ33	0	HEALTH SECTOR SUPPORT PROGRAMME	20091231									OK	
2002	8ACP MOZ33	3	MINISTRY OF HEALTH - WP1	20040109	0	0	0	0	0	0	0	0	OK	
2002	8ACP MOZ33	6	MINISTRY OF HEALTH - SUPPORT TO GENERAL COMMON FUND	20071231	0	0	0	0	0	0	0	0	OK	
2002	8ACP MOZ33	7	MINISTRY OF HEALTH - PROVINCIAL COMMON FUND	20071231	0	0	0	0	0	0	0	0	OK	
2002	8ACP MOZ33	8	MINISTRY OF HEALTH - COMMON FUND MEDICAL SUPPLIES (FCMSM)	20071231	0	0	0	0	0	0	0	0	OK	
2002	8ACP MOZ33	12	SEED - TENDER DOSSIER PURCHASE MEDICAL EQUIPMENT;MAC 8/05/EC	20060508	0	0	0	0	0	0	0	0	OK	
2002	8ACP MOZ33	17	SR NICHOLAS - LC 04/03/EC - WORKS - PHASE B - LOT 2	20060630	0	0	0	0	641.105	0	0	641.105	OK	contract value after Add. No. 1 is 4,361,111€ instead of 4,793,000€ committed
2002	8ACP MOZ33	18	RUI SERRA - TA TO MINISTRY OF HEALTH; MAC 02/06/EC	20060811	0	0	0	0	0	0	0	0	OK	
2002	8ACP MOZ33	19	CPG - STUDY&SUPERVISION LOTS 3&8; MAC 11/05/EC	20071231	0	0	0	0	0	0	0	0	OK	completion of design still ongoing
2002	8ACP MOZ33	20	CENTRA - STUDY & SUPERVISION LOTS 6&7;MAC 13/04/EC	20071227	66.250	66.250	0	0	26.936	26.936	0	0	OK	2 x 13250 cost/month supervision
2002	8ACP MOZ33	21	CPG - STUDY&SUPERVISION LOTS 4&5; MAC/12/05	20071231	0	0	0	0	0	0	0	0	OK	completion of design still ongoing
2002	8ACP MOZ33	22	SR NICHOLAS - WORK - PHASE B - LOT 1	20071231	78.478	78.478	0	0	0	0	0	0	OK	
2002	8ACP MOZ33	23	PROJECTA LDA - SUPERVISION OF THE REHABILITATION/UPGRADING	20070831	16.580	16.580	0	0	0	0	0	0	OK	end of supervision
2002	8ACP MOZ33	24	TECNICA LDA - SUPERVISAO DAS OBRAS DE REABILITACAO/AMPLIACAO	20070831	10.915	10.915	0	0	0	0	0	0	OK	end of supervision
2002	8ACP MOZ33	25	GTZ - TA TO HEALTH SECTOR PROGRAMME; MAC 13/03/EC	20071214	635.268	0	635.268	0	0	0	0	0	OK	Rider for 650.000 EUR to be signed, included in "New Individual Comm."
2002	8ACP MOZ33	26	HTC MOCAMBIQUE CONSULTING; MAC 07/06/EC	20071231	0	0	0	0	29.712	29.712	0	0	OK	end of Phase I
2002	8ACP MOZ33	Total	Individual Commitment										OK	



MOZAMBIQUE

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YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0	TITLE GLOBAL COMMITMENT	END date of implementat ^o	FORECAST PAYMENTS 1st SEM 2008				FORECAST PAYMENTS 1st SEM 2008				A L A R M	COMMENTS
			TITLE INDIVIDUAL COMMITMENT		ESTIMATION of RISK FACTOR			ESTIMATION of RISK FACTOR						
		N ^o INDIV COMMIT.			1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L	Medium M	High H		
2002	8ACP MOZ41	0	POVERTY REDUCTION BUDGET	20070331									OK	
2002	8ACP MOZ41	8	SUPPORT II (PRBS II) 2002-2005 AMS451/2005/111215 WITH IDC CONSORTIUM FOR CONTINUATION OF S	20070331	0	0	0	0	0	0	0	0	OK	
2002	8ACP MOZ41	9	ACE CONSORTIUM STUDY ON VAT REFUND SITUATION IN PUBLIC WORKS	20060915	0	0	0	0	0	0	0	0	OK	
2002	8ACP MOZ41	10	PE2 - RELANCAMENTO E REVITALIZACAO DO CDET DA DNPO	20060930	0	0	0	0	0	0	0	0	OK	RAC to be decommitted (See DEC Table)
2002	8ACP MOZ41	Total	Individual Commitment										OK	
2003	9ACP MOZ1	0	REHABILITATION OF THE NAMACURRA - RIO LIGONHA ROAD	20101231									OK	
2003	9ACP MOZ1	2	CPG - SUPERVISION REHABILITATION NAMACURRA- RIO LIGONHA ROAD;	20080831	250.000	250.000	0	0	0	0	0	0	OK	
2003	9ACP MOZ1	4	NICHOLAS O DWYER - SUPERVISION REHABILITATION NAMACURRA- BCEOM-SUPERVISION	20080831	0	0	0	0	0	0	0	0	OK	
2003	9ACP MOZ1	5	REHABILITATION NAMACURRA- RIO LIGONHA ROAD,	20080831	200.000	200.000	0	0	0	0	0	0	OK	
2003	9ACP MOZ1	6	TAMEGA LDA - REHABILITATION NAMACURRA-RIO LIGONHA ROAD -	20070430	1.000.000	1.000.000	0	0	0	0	0	0	OK	
2003	9ACP MOZ1	7	TAMEGA LIMITADA REHABILITATION NAMACURRA - RIO LIGONHA ROAD;	20070430	2.000.000	2.000.000	0	0	0	0	0	0	OK	
2003	9ACP MOZ1	8	CMC - REHABILITATION NAMACURRA-RIO LIGONHA ROAD -	20070531	0	0	0	0	1.000.000	1.000.000	0	0	OK	
2003	9ACP MOZ1	Total	Individual Commitment										OK	
2003	9ACP MOZ2	0	ROAD PERIODIC MAINTENANCE AND CAPACITY BUILDING PROGRAMME	20110630									OK	
2003	9ACP MOZ2	1	CONTRIBUTION TO PERIDIC MAINTENANCE TROUGH THE ROAD FUND	20090630	0	0	0	0	0	0	0	0	OK	both the remaining tranches are expected to be disbursed in the current year
2003	9ACP MOZ2	2	CAPACITY BUILDING - MOZ/7047/000	20060831	0	0	0	0	0	0	0	0	OK	



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YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0 N° INDIV COMMIT.	TITLE GLOBAL COMMITMENT	END date of implementat°	FORECAST PAYMENTS 1st SEM 2008				FORECAST PAYMENTS 1st SEM 2008				A L A R M	COMMENTS
					ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR					
			TITLE INDIVIDUAL COMMITMENT		1st SEMESTER	Low L	Medium M	High H	2nd SEMESTER	Low L	Medium M	High H		
2003	9ACP MOZ2	5	ERNST & YOUNG - FINANCIAL AUDIT; MAC 03/06/EDF	20061118	0	0	0	0	0	0	0	0	OK	
2003	9ACP MOZ2	6	ARCUS GIBB - TA TO MINISTRY PUBLIC WORKS; MAC 04/06/EDF	20070226	0	0	0	0	0	0	0	0	OK	
2003	9ACP MOZ2	7	TECHNICAL ASSISTANCE TO ANE	20070331	0	0	0	0	0	0	0	0	OK	
2003	9ACP MOZ2	8	CAPACITACAO INSTITUCIONAL - PE N.2 (09/06 - 12/07)	20071231	0	0	0	0	0	0	0	0	OK	
2003	9ACP MOZ2	Total	Individual Commitment										OK	
2003	9ACP MOZ6	0	HEALTH SECTOR SUPPORT PROGRAMME II	20091231									OK	
2003	9ACP MOZ6	1	MINISTRY OF HEALTH - SUPPORT TO GENERAL COMMON FUND	20071231	0	0	0	0	0	0	0	0	OK	
2003	9ACP MOZ6	2	MINISTRY OF HEALTH - PROVINCIAL COMMON FUND	20071231	0	0	0	0	0	0	0	0	OK	
2003	9ACP MOZ6	3	MINISTRY OF HEALTH - COMMON FUND MEDICAL SUPPLIES (FCMSM)	20071231	0	0	0	0	0	0	0	0	OK	
2003	9ACP MOZ6	Total	Individual Commitment										OK	
2003	9ACP MOZ27	0	(EX 06 P112) RURAL TELECOMMUNICATIONS NETWORK IMPROVEMENT	20080331									OK	
2003	9ACP MOZ27	3	(EX 06 P112 C002) TELVENT CONTRACT- SUPPLY AND INSTALLATIO	20070630	0	0	0	0	1.620.000	0	1.620.000	0	OK	
2003	9ACP MOZ27	4	(EX 06 P112 C001) SOFRECOM SUPERVISION RUAL TELECOMMUNIC	20070704	51.711	0	51.711	0	49.950	49.950	0	0	OK	
2003	9ACP MOZ27	Total	Individual Commitment										OK	
2004	9ACP MOZ4	0	NAO SUPPORT PROJECT	20111231									OK	
2004	9ACP MOZ4	1	INSTITUTIONAL SUPPORT TO NAO - PE NR 1	20070131	0	0	0	0	0	0	0	0	OK	
2004	9ACP MOZ4	Total	Individual Commitment										OK	
2004	9ACP MOZ7	0	AUGM. PLAFOND PROJET 8 ACP MOZ 24	20051231									OK	
2004	9ACP MOZ7	1	COBA - TA FLOOD RECOVERY PROGRAM; AO 12 TO MAC 14/00/EC	20051231	0	0	0	0	0	0	0	0	OK	Final invoice expected.
2004	9ACP MOZ7	3	FINAL EVALUATION OF THE POST-FLOOD RECONSTRUCTION PROGRAMME	20051209	0	0	0	0	0	0	0	0	OK	Final invoice expected.
2004	9ACP MOZ7	Total	Individual Commitment										OK	
2004	9ACP MOZ8	0	RURAL ROADS REHABILITATION AND MAINTENANCE	20101231									OK	



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YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0 N° INDIV COMMIT.	TITLE GLOBAL COMMITMENT	END date of implementat°	FORECAST PAYMENTS 1st SEM 2008				FORECAST PAYMENTS 1st SEM 2008				A L A R M	COMMENTS
					ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR					
			TITLE INDIVIDUAL COMMITMENT		1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L	Medium M	High H		
2004	9ACP MOZ11	0	SUPPORT TO THE JUSTICE SECTOR IN MOZAMBIQUE	20111231									OK	
2004	9ACP MOZ11	1	UNDP - PROGRAMME SUPPORT TO JUSTICE SECTOR	20091221	0	0	0	0	3.500.000	0	3.500.000	0	OK	
2004	9ACP MOZ11	Total	Individual Commitment										OK	
2004	9ACP MOZ12	0	RECONSTRUCTION OF CYCLONE DAMAGED SECTIONS OF ROADS IN FIVE	20081231									OK	
2004	9ACP MOZ12	1	PE1 RECONSTRUCTION OF CYCLONE DAMAGED ROAD SECTIONS	20060831	0	0	0	0	0	0	0	0	OK	
2004	9ACP MOZ12	2	DETAILED DESIGN AND SUPERVISION OF THE REHABILITATION OF THE	20080322	0	0	0	0	0	0	0	0	OK	
2004	9ACP MOZ12	3	ERNST & YOUNG - AUDIT OF PE1 OF EMERGENCY		0	0	0	0	0	0	0	0	OK	
2004	9ACP MOZ12	5	RECONSTRUCTION OF CYCLONE DAMAGED SECTIONS OF ROADS IN FIVE	20071231	0	0	0	0	0	0	0	0	OK	
2004	9ACP MOZ12	Total	Individual Commitment										OK	
2004	9ACP MOZ13	0	TECHNICAL COOPERATION FACILITY (TCF)	20101031									OK	
2004	9ACP MOZ13	4	IMAGEM GLOBAL - IV MEETING OF NAO PALOP	20050630	0	0	0	0	0	0	0	0	OK	RAC to be decommitted (See DEC Table)
2004	9ACP MOZ13	6	PREPARATION OF 2006 END-OF TERM REVIEW	20051216	0	0	0	0	0	0	0	0	OK	RAC to be decommitted (See DEC Table)
2004	9ACP MOZ13	7	FRAMEWORK CONTRACT 2005/113123 - LOT 6 - PREPARATION OF THE	20060501	0	0	0	0	0	0	0	0	OK	RAC to be decommitted (See DEC Table)
2004	9ACP MOZ13	8	LMC INTERNATIONAL - SUGAR	20060320	0	0	0	0	0	0	0	0	OK	RAC to be decommitted (See DEC Table)
2004	9ACP MOZ13	10	ACTION PLAN SEMINAR INES M.RAIMUNDO - PREPARATION OF THE MIGRATION PROFILE FOR	20061130	0	0	0	0	0	0	0	0	OK	
2004	9ACP MOZ13	Total	Individual Commitment										OK	
2005	9ACP MOZ14	0	CONSTRUCTION OF A BRIDGE OVER THE ZAMBEZI RIVER	20100531									OK	
2005	9ACP MOZ14	1	MOTA-ENGL - CONSTRUCTION OF A BRIDGE OVER THE ZAMBEZI RIVER	20090312	3.000.000	3.000.000	0	0	4.000.000	4.000.000	0	0	OK	
2005	9ACP MOZ14	Total	Individual Commitment										OK	
2005	9ACP MOZ15	0	1 AUGMENTATION DU PLAFFOND	20101231									OK	
2005	9ACP MOZ16	0	POVERTY REDUCTION BUDGET SUPPORT PROGRAMME (PRBS III)	20101231									OK	
2005	9ACP MOZ16	3	UTRAFE - SISTAFE PRBSIII	20081231	0	0	0	0	0	0	0	0	OK	


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					ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR						
					1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L	Medium M	High H			
2005	9ACP MOZ16	Total	Individual Commitment												
2005	9ACP MOZ17	0	LIMPOPO RAILWAY LINE REHABILITATIO OF FACILITIES	20111231											
2005	9ACP MOZ17	1	TECNICA LDA - ACTUALIZACAO CADERNOS ENCARGOS; MAC 05/06/EC	20061116	0	0	0	0	0	0	0	0	0	OK	
2005	9ACP MOZ17	Total	Individual Commitment												
2005	9ACP MOZ18	0	BEIRA SANITATION PROJECT-WORKS AND SUPERVISION	20111231											
2006	9ACP MOZ19	0	UPGRADING OF THE MANHICA HEALTH CENTRE TO HOSPITAL STATUS	20111231											
2006	9ACP MOZ20	0	SUPPORT PROGRAMME TO NON-STATE ACTORS IN MOZAMBIQUE	20121231											
2006	9ACP MOZ21	0	FEASIBILITY STUDY FOR THE UPGRADING OF THE MILANGE-MOCUBA RO	20101231											
2006	9ACP MOZ28	0	TECHNICAL CO-OPERATION FACILITY II (TCF II)	20111220											
2006	9ACP MOZ29	0	PROAGRI II - SECTOR BUDGET SUPPORT TO FOOD SECURITY/AGRICULT	20121231											

ANNEX 4.2 - Budget Lines forecast

Forecast start semester	2007 S1
Forecast end semester	2007 S2

Domain	ALL
Delegation in charge	MZ
Budget line	ALL

Mozambique

Budget line	Domain	Contract nr	Status	Decision nr	Contract			Situation before forecast			2007 S1	Forecasts			2007 S2	Forecasts			After forecast
					FDI Date	Contracted	Paid	RAL	Contracted	Paid	Recovered	Contracted	Paid	Recovered	RAL				
21.030300	NGO co-financing (PVD)	ONG-PVD/2001/011-680	Ongoing	- no decision	1/04/2008	978.186	880.367	97.819	0	97.819	0	0	0	0	0	0	0		
21.030300	NGO co-financing (PVD)	ONG-PVD/2001/011-706	Ongoing	- no decision	28/02/2008	1.000.000	900.000	100.000	0	100.000	0	0	0	0	0	0	0		
21.030300	NGO co-financing (PVD)	ONG-PVD/2001/011-792	Ongoing	- no decision	28/02/2008	688.291	655.047	33.244	0	33.244	0	0	0	0	0	0	0		
21.030300	NGO co-financing (PVD)	ONG-PVD/2003/020-756	Ongoing	ONG-PVD/2002/001-09	1/05/2010	716.092	528.156	187.936	0	116.327	0	0	0	0	0	0	71.609		
21.030300	NGO co-financing (PVD)	ONG-PVD/2003/020-758	Ongoing	ONG-PVD/2002/001-09	1/06/2008	728.968	656.072	72.896	0	72.896	0	0	0	0	0	0	0		
21.030300	NGO co-financing (PVD)	ONG-PVD/2003/020-770	Ongoing	ONG-PVD/2002/001-09	1/01/2008	750.000	675.000	75.000	0	75.000	0	0	0	0	0	0	0		
21.030300	NGO co-financing (PVD)	ONG-PVD/2003/020-777	Ongoing	ONG-PVD/2002/001-09	1/03/2009	750.000	675.000	75.000	0	0	0	0	75.000	0	0	0	0		
21.020301	Food Security	FOOD/1999/048-345	Ongoing	FOOD/1999/002-502	31/12/2006	2.000.000	1.962.964	37.036	0	273.483	0	0	0	0	0	0	-236.447		
21.020200	Food Security	FOOD/2000/048-568	Ongoing	FOOD/2000/002-530	31/12/2007	5.800.000	5.800.000	0	0	0	0	0	0	0	0	0	0		
21.050300	HEALTH	SANTE/2003/049-109	Ongoing	SANTE/2002/004-971	1/01/2009	3.894.210	3.504.788	389.422	0	0	0	0	389.422	0	0	0	0		
21.020100	Food Security	FOOD/2002/051-087	Ongoing	FOOD/2002/002-357	1/01/2007	8.400.000	8.400.000	0	0	0	0	0	0	0	0	0	0		
21.020301	Food Security	FOOD/1996/053-695	Ongoing	FOOD/1996/003-469	31/12/2005	943.216	794.626	148.590	0	0	0	0	0	0	0	0	148.590		
21.020200	Food Security	FOOD/1997/053-737	Ongoing	FOOD/1997/003-473	31/12/2005	2.050.000	4.100.000	-2.050.000	0	0	0	0	0	0	0	0	-2.050.000		
21.020301	Food Security	FOOD/2003/056-839	Ongoing	FOOD/2002/002-351	19/07/2010	2.837.373	1.975.605	861.768	0	578.031	0	0	0	0	0	0	283.737		
21.020301	Food Security	FOOD/2004/056-842	Ongoing	FOOD/2001/002-513	1/05/2010	1.176.629	668.366	508.263	0	0	0	0	390.600	0	0	0	117.663		
21.020301	Food Security	FOOD/2003/056-847	Ongoing	FOOD/2002/002-351	11/07/2010	2.653.203	1.915.453	737.750	0	0	0	0	472.430	0	0	0	265.320		
21.020301	Food Security	FOOD/2003/056-852	Ongoing	FOOD/2002/002-351	14/06/2010	1.740.125	1.197.448	542.677	0	338.113	0	0	338.113	0	0	0	-133.549		
21.020301	Food Security	FOOD/2003/056-871	Ongoing	FOOD/2002/002-351	21/06/2010	1.771.779	1.246.361	525.418	0	348.240	0	0	0	0	0	0	177.178		
19.040500	Human rights & Democracy	DDH/2003/060-531	Ongoing	DDH/2003/005-646	12/01/2009	501.699	472.141	29.558	0	29.558	0	0	0	0	0	0	0		
21.020301	Food Security	FOOD/2003/060-736	Ongoing	FOOD/2002/002-351	10/07/2010	1.386.923	1.007.066	379.857	0	0	0	0	241.165	0	0	0	138.692		
21.020200	Food Security	FOOD/2003/061-773	Ongoing	FOOD/2001/002-342	31/12/2006	5.800.000	5.800.000	0	0	0	0	0	0	0	0	0	0		
21.030300	NGO co-financing (PVD)	ONG-PVD/2004/062-024	Ongoing	ONG-PVD/2003/004-56	26/01/2010	749.000	544.712	204.288	0	0	0	0	129.388	0	0	0	74.900		
21.040300	Environment	ENV/2003/063-241	Ongoing	ENV/2002/004-267	31/12/2008	1.587.232	578.668	1.008.564	0	0	0	0	524.000	0	0	0	484.564		
21.030300	NGO co-financing (PVD)	ONG-PVD/2004/063-352	Ongoing	ONG-PVD/2003/004-56	1/10/2009	593.601	327.806	265.795	0	103.218	0	0	0	0	0	0	162.578		
19.040500	Human rights & Democracy	DDH/2004/063-975	Ongoing	DDH/2003/005-646	15/06/2009	1.155.797	332.724	823.073	0	0	0	0	0	0	0	0	823.073		
19.060102	Antipersonnel mines	MAP/2003/076-590	Ongoing	MAP/2003/005-808	1/07/2008	1.000.000	900.000	100.000	0	100.000	0	0	0	0	0	0	0		
21.050300	HEALTH	SANTE/2004/080-318	Ongoing	SANTE/2003/005-897	2/09/2009	2.250.000	1.415.915	834.085	0	609.085	0	0	0	0	0	0	225.000		
21.020301	Food Security	FOOD/2004/081-761	Ongoing	FOOD/2003/005-776	30/09/2009	2.000.000	1.500.000	500.000	0	250.000	0	0	100.000	0	0	0	150.000		
21.020302	Food Security	FOOD/2004/084-319	Ongoing	FOOD/2003/005-776	16/01/2009	6.500.000	5.100.000	1.400.000	0	1.100.000	0	0	0	0	0	0	300.000		
21.020301	Food Security	FOOD/2004/084-367	Ongoing	FOOD/2003/005-776	30/07/2011	9.500.000	8.000.000	1.500.000	0	1.500.000	0	0	0	0	0	0	0		
21.020301	Food Security	FOOD/2004/086-524	Ongoing	FOOD/2002/002-357	22/01/2010	5.800.000	4.000.000	1.800.000	0	1.800.000	0	0	0	0	0	0	0		
19.040500	Human rights & Democracy	DDH/2004/087-149	Ongoing	DDH/2003/005-954	1/07/2008	89.847	79.792	10.055	0	10.055	0	0	0	0	0	0	0		
19.040500	Human rights & Democracy	DDH/2004/087-180	Ongoing	DDH/2003/005-954	1/07/2008	88.627	78.339	10.288	0	10.288	0	0	0	0	0	0	0		
19.040500	Human rights & Democracy	DDH/2004/087-184	Ongoing	DDH/2003/005-954	1/07/2009	84.270	76.506	7.764	0	7.764	0	0	0	0	0	0	0		
19.040500	Human rights & Democracy	DDH/2005/088-714	Ongoing	DDH/2004/006-103	1/07/2010	638.144	206.671	431.473	0	183.829	0	0	0	0	0	0	247.644		
19.040500	Human rights & Democracy	DDH/2005/088-989	Ongoing	DDH/2004/006-103	1/12/2009	672.554	228.798	443.756	0	211.822	0	0	0	0	0	0	231.934		
19.040500	Human rights & Democracy	DDH/2005/089-167	Ongoing	DDH/2004/006-103	1/12/2009	713.133	235.700	477.433	0	226.327	0	0	0	0	0	0	251.106		

ANNEX 4.2 - Budget Lines forecast

Forecast start semester	2007 S1
Forecast end semester	2007 S2

Domain	ALL
Delegation in charge	MZ
Budget line	ALL

Mozambique

Budget line	Domain	Contract nr	Status	Decision nr	Contract			Situation before forecast			2007 S1	Forecasts			2007 S2	Forecasts			After forecast
					FDI Date	Contracted	Paid	RAL	Contracted	Paid	Recovered	Contracted	Paid	Recovered	RAL				
21.030300	NGO co-financing (PVD)	ONG-PVD/2005/094-701	Ongoing	ONG-PVD/2004/006-233	9/07/2010	819.000	289.565	529.435	0	223.767	0	0	0	0	0	0	0	305.668	
21.030300	NGO co-financing (PVD)	ONG-PVD/2005/094-856	Ongoing	ONG-PVD/2004/006-233	10/07/2012	750.000	139.799	610.201	0	133.795	0	0	0	0	0	0	0	476.406	
21.030300	NGO co-financing (PVD)	ONG-PVD/2005/095-011	Ongoing	ONG-PVD/2004/006-233	31/08/2010	720.694	240.075	480.619	0	204.275	0	0	0	0	0	0	0	276.344	
21.030300	NGO co-financing (PVD)	ONG-PVD/2005/095-459	Ongoing	ONG-PVD/2004/006-233	10/07/2011	662.020	181.060	480.960	0	103.690	0	0	0	0	0	0	0	377.271	
21.030300	NGO co-financing (PVD)	ONG-PVD/2005/095-505	Ongoing	ONG-PVD/2004/006-233	9/07/2010	341.717	114.064	227.653	0	96.741	0	0	0	0	0	0	0	130.912	
21.030300	NGO co-financing (PVD)	ONG-PVD/2005/095-618	Ongoing	ONG-PVD/2004/006-233	10/07/2010	1.500.000	450.694	1.049.306	0	449.653	0	0	0	0	0	0	0	599.653	
21.050300	HEALTH	SANTE/2005/096-157	Ongoing	SANTE/2004/006-079	28/02/2010	2.025.000	879.942	1.145.058	0	0	0	0	471.279	0	0	0	0	673.779	
21.030300	NGO co-financing (PVD)	ONG-PVD/2005/096-937	Ongoing	ONG-PVD/2004/006-241	10/01/2010	444.940	159.250	285.690	0	120.598	0	0	0	0	0	0	0	165.092	
21.020301	Food Security	FOOD/2004/097-446	Ongoing	FOOD/1999/002-527	31/12/2006	229.167		229.167	0	99.394	0	0	0	0	0	0	0	129.773	
21.020301	Food Security	FOOD/2004/097-447	Ongoing	FOOD/1999/002-527	31/12/2006	159.362		159.362	0	0	0	0	0	0	0	0	0	159.362	
21.020301	Food Security	FOOD/2004/097-452	Ongoing	FOOD/1999/002-527	31/12/2006	773.748	508.860	264.888	0	100.000	0	0	0	0	0	0	0	164.888	
21.020301	Food Security	FOOD/2004/097-453	Ongoing	FOOD/1999/002-527	31/12/2006	681.031	496.016	185.015	0	496.016	0	0	0	0	0	0	0	-311.001	
21.020100	Food Security	FOOD/2005/104-710	Ongoing	FOOD/2004/016-902	30/09/2009	400.000	180.000	220.000	0	0	0	0	0	0	0	0	0	220.000	
21.020200	Food Security	FOOD/2005/104-719	Ongoing	FOOD/2004/016-902	21/02/2011	14.000.000	7.920.000	6.080.000	0	4.500.000	0	0	0	0	0	0	0	1.580.000	
21.020302	Food Security	FOOD/2005/104-719	Ongoing	FOOD/2004/016-902	21/02/2011	14.000.000	7.920.000	6.080.000	0	5.000.000	0	0	0	0	0	0	0	1.080.000	
21.050300	HEALTH	SANTE/2006/105-398	Provisional	- no decision					0	0	0	2.488.500	864.000	0	0	0	0	1.624.500	
21.020100	Food Security	FOOD/2005/106-078	Ongoing	FOOD/2004/016-902	17/04/2008	184.957	92.479	92.479	0	0	0	0	92.479	0	0	0	0	0	
19.040500	Human rights & Democracy	DDH/2005/108-010	Ongoing	DDH/2004/016-742	1/10/2008	89.931	71.945	17.986	0	0	0	0	17.986	0	0	0	0	0	
19.040500	Human rights & Democracy	DDH/2005/108-012	Ongoing	DDH/2004/016-742	3/01/2009	99.476	71.639	27.837	0	25.851	0	0	1.986	0	0	0	0	0	
19.040500	Human rights & Democracy	DDH/2005/108-041	Ongoing	DDH/2004/016-742	1/07/2009	99.666	37.422	62.244	0	51.666	0	0	0	0	0	0	0	10.578	
19.040500	Human rights & Democracy	DDH/2005/108-045	Ongoing	DDH/2004/016-742	1/07/2009	50.000	16.949	33.051	0	27.285	0	0	0	0	0	0	0	5.766	
19.020400	Antipersonnel mines	MAP/2005/109-807	Ongoing	MAP/2004/006-040	31/12/2008	900.000	474.679	425.321	0	0	0	0	0	0	0	0	0	425.321	
19.060102	Antipersonnel mines	MAP/2005/109-807	Ongoing	MAP/2004/006-040	31/12/2008	900.000	474.679	425.321	0	425.321	0	0	0	0	0	0	0	0	
21.040300	Environment	ENV/2006/114-879	Decided	ENV/2006/017-911		298.976	0	298.976	0	155.741	0	0	0	0	0	0	0	143.235	
21.030300	NGO co-financing (PVD)	ONG-PVD/2006/118-801	Ongoing	ONG-PVD/2005/017-213	1/07/2011	487.000		487.000	0	0	0	0	130.897	0	0	0	0	356.103	
21.030300	NGO co-financing (PVD)	ONG-PVD/2006/119-236	Ongoing	ONG-PVD/2005/017-213	29/06/2012	716.632	0	716.632	0	0	0	0	164.877	0	0	0	0	551.755	
21.020200	Food Security	FOOD/2006/122-352	Ongoing	FOOD/2005/017-787	31/12/2013	7.500.000		7.500.000	0	500.000	0	0	2.000.000	0	0	0	0	5.000.000	
21.020302	Food Security	FOOD/2006/122-352	Ongoing	FOOD/2005/017-787	31/12/2013	7.500.000		7.500.000	0	2.000.000	0	0	0	0	0	0	0	5.500.000	
19.040500	Human rights & Democracy	DDH/2006/125-713	Ongoing	DDH/2005/017-478	1/07/2011	90.000		90.000	0	0	0	0	0	0	0	0	0	90.000	
19.040500	Human rights & Democracy	DDH/2006/125-789	Ongoing	DDH/2005/017-478	1/07/2011	100.000		100.000	0	0	0	0	0	0	0	0	0	100.000	
19.040500	Human rights & Democracy	DDH/2006/125-790	Ongoing	DDH/2005/017-478	1/07/2011	99.430		99.430	0	0	0	0	0	0	0	0	0	99.430	
19.040500	Human rights & Democracy	DDH/2006/125-815	Ongoing	DDH/2005/017-478	15/01/2011	82.648		82.648	0	0	0	0	0	0	0	0	0	82.648	
21.020100	Food Security	FOOD/2006/131-142	Ongoing	FOOD/2002/002-357	12/01/2007	4.990		4.990	0	4.990	0	0	0	0	0	0	0	0	

ANNEX 4.2 - Budget Lines forecast

Forecast start semester	2007 S1
Forecast end semester	2007 S2

Domain	ALL
Delegation in charge	MZ
Budget line	ALL

Mozambique

Budget line	Domain	Contract nr	Status	Decision nr	Contract FDI Date	Situation before forecast			2007 S1	Forecasts		2007 S2	Forecasts		After forecast
						Contracted	Paid	RAL	Contracted	Paid	Recovered	Contracted	Paid	Recovered	RAL

Notes:

- This report contains contracts and invoices in status provisional, committed, decided and ongoing.
- Contracts in this report without a budget line mentioned have no forecast registered.
- Contracts without the analytical breakdown entered in CRIS will not appear in this report.
- Data in this report will have been refreshed the day before the 'Last Report Refresh' date mentioned at the bottom of the

ANNEX 4.3 -EAMR table 2 Pipeline (Budget)

Country:

MOZAMBIQUE

2007												2008				Amount of proposal in million €	TBL
Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Q1	Q2	Q3	Q4		

2007 BUDGET

EIDHR Micro-projects (AWP 2006)																Amount of proposal in million €	TBL
Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Q1	Q2	Q3	Q4		
a) forecast (Jan07)						EV	CO								0,52	EIDHR	
b) actual realised																	

2006 NGO Co-financing (Project) Budget Line 210203																Amount of proposal in million €	TBL	
Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Q1	Q2	Q3	Q4			
a) forecast (Jan07)						EV	EV					CO					4,00	ONG
b) actual realised																		

2006 NGO Co-financing (Block Grants) Budget Line 210203																Amount of proposal in million €	TBL	
Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Q1	Q2	Q3	Q4			
a) forecast (Jan07)						EV	EV					CO					0,50	ONG
b) actual realised																		

2007 Sugar Budget line 210319																Amount of proposal in million €	TBL
Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Q1	Q2	Q3	Q4		
a) forecast (Jan07)				PIF	COM			DEC								1,50	SUGAR
b) actual realised																	

TOTAL

	6,52
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DEC = Decision de la Commission (posting of global commitment)
 LAU = Lauching of the Call for Proposals
 EV = Evaluation of the Applications
 FA= Signature of the Financing Agreement (FOOD)
 CO = Signature of the Contract

ANNEX 4.3 -EAMR table 2 Pipeline (EDF)

Country: **MOZAMBIQUE**

NIP	2007												2008		Amount of proposal in million €	
	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	1st semester	2nd semester		
Bus. Env. Support & Trade-BEST																
a) forecast (Jan07)			DFP			DEC	FA								5,75	
b) actual realised																
Population and Housing CENSUS																
a) forecast (Jan07)		DPF	COM	DEC	FA										11,00	initial DFP with 9 Me- proposed 2M increase
b) actual realised																
PRBS III increase Rider																
a) forecast (Jan07)					COM	DEC	FA								50,00	ETR additional ressources - Rider for 2008 extension
b) actual realised																
BEIRA SANITATION increase Rider																
a) forecast (Jan07)					DEC										5,00	Rider to 9 ACP MOZ 018
b) actual realised																
Food Security Programme																
a) forecast (Jan07)																
b) actual realised		FA													35,00	
Milange-Mocuba works & supervision																
a) forecast (Jan07)						DFP		COM	DEC	FA					13,50	High Risk - pending HQ decision due to timing + 15.00 RIP
b) actual realised																
Beira-Machipanda feasibility and design																
a) forecast (Jan07)		DFP			DEC	FA									1,60	
b) actual realised																
Capacity building TA MPWH																
a) forecast (Jan07)		FIP	DFP			DEC	FA								2,80	
b) actual realised																
HEALTH SECTOR SUPPORT increase Rider																
a) forecast (Jan07)						DEC									5,00	
b) actual realised																
Road maintenance SBS																
a) forecast (Jan07)		FIP	DFP			DEC	FA								10,50	New PF with
b) actual realised																6M€ Rural Roads decommitted + 5M€ Rio Save-Muxungue
TOTAL NIP																
															105,15	
RIP																
Milange-Mocuba works & supervision																
a) forecast (Jan07)						DFP		DEC		FA					15,00	High Risk - pending HQ decision due to timing 13.50 NIP
b) actual realised																
TOTAL RIP																
															15,00	

For European Development Fund:

PIF = Submission of Project Identification Fiche (where applicable)
 DFP = Submission of Draft Financing Proposal to HQ
 COM = Presentation to the relevant Committee (where applicable)
 DEC = Decision de la Commission (posting of global commitment)
 FA = Signature of the Financing Agreement (or Rider)



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EDF FORECASTS 2007 - 2008: PAYMENTS on ONGOING PROJECTS.

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0		TITLE GLOBAL COMMITMENT	END date of implementat°	SITUATION END 2006			FORECASTS on PAYMENTS 1st SEM 2007				FORECASTS on PAYMENTS 2nd SEM 2007				
		N° INDIV COMMI T.	DEL RESPONS	TITLE INDIVIDUAL COMMITMENT		GLOBAL COMMIT.	INDIV. COMMIT	RAC	ESTIMATION of RISK FACTOR			ESTIMATION of RISK FACTOR					
						AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP	1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L	Medium M	High H	
TOTAL ON ONGOING GLOBAL COMMITMENTS						20.009.015	14.804.027	5.204.988									
TOTAL ON ONGOING INDIVIDUAL COMMITMENTS						87.900	0	87.900	0	0	0	0	0	0	0	0	0
1995	7ACP RPR380	0		BEIRA-INCHOPE ROAD REHABILITATION(CF 7 MOZ 66)		20.000.000	14.795.507	5.204.493									
1995	7ACP RPR380	5		SAUTI - BEIRA-INCHOPE ROAD REHABILITATION; MAC 06/05/EC	20060730	87.900	0	87.900	0	0	0	0	0	0	0	0	
	7ACP RPR380	Total Individual Commitment				87.900	0	87.900									
2001	7ACP RPR775	0		FINANCIAL AUDIT OF COST ESTIMATE 1 OF PROJECT 7 RPR 135	20010831	9.015	8.521	494									

ANNEX 4.4 -Regional Forecast 2007



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CO-OPERATION OFFICE



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(amounts in €)

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0 N° INDIV COMMI T.	DEL RESPONS	TITLE GLOBAL COMMITMENT		FORECAST PAYMENTS 1st SEM 2008				FORECAST PAYMENTS 1st SEM 2008				A L A R M	COMMENTS
				TITLE INDIVIDUAL COMMITMENT	END date of imple-mentat°	ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR					
						1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L	Medium M	High H		
TOTAL ON ONGOING GLOBAL COMMITMENTS															
TOTAL ON ONGOING INDIVIDUAL COMMITMENTS						0	0	0	0	0	0	0	0		
1995	7ACP RPR380	0		BEIRA-INCHOPE ROAD REHABILITATION(CF 7 MOZ 66)										OK	
1995	7ACP RPR380	5		SAUTI - BEIRA-INCHOPE ROAD REHABILITATION; MAC 06/05/EC	20060730	0	0	0	0	0	0	0	0	OK	
	7ACP RPR380	Total Individual Commitment												OK	
2001	7ACP RPR775	0		FINANCIAL AUDIT OF COST ESTIMATE 1 OF PROJECT 7 RPR 135	20010831									OK	

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	FORECASTS 2007										
	1st SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	TARGET ANNEE
New Global Commitments	10.000.000					7.000.000					17.000.000
New Individual Commitments	1.317.996	385.766	150.939	781.291	461.236	4.991.471	1.277.127	2.128.067	1.586.277	2.341.161	2.802.396
Payments	1.606.682	470.262	184.000	952.420	562.262	2.434.673	622.940	1.038.000	773.733	1.141.940	1.704.202
Decommitments back to the NIP	1.952.024										1.952.024
Decommitments to recommit	0					6.925					6.925
Reduction of Old RAL	1.993.687	1.692.267	29.000	272.420	1.706.767	579.398	483.398	76.000	20.000	521.398	2.228.165

	FORECASTS 2008										
	1st SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	TARGET ANNEE
Engagements Individuels	1.850.000	1.140.309	540.717	168.974	1.410.667	1.750.000	750.772	810.185	189.043	1.155.864	2.566.532
Payments	1.915.974	1.180.974	560.000	175.000	1.460.974	1.620.000	695.000	750.000	175.000	1.070.000	2.530.974

R A L	SITUATION on 01/01/2007		SITUATION on 31/12/2007	
	ALL PROJECTS	PROJETS decided before YEAR 2002	ALL PROJECTS	PROJETS decided before YEAR 2002
Σ Ongoing GLOBAL COMMITMENTS	26.961.543	20.271.543	#REF!	#REF!
R A C	7.149.739	2.117.631	#REF!	#REF!
R A P	2.927.923	1.607.057	#REF!	#REF!
R A L	10.077.661	3.724.688	#REF!	#REF!
% RAL / Σ GLOBAL COMMIT.	37%	18%	#REF!	#REF!
Nbr of years to absorbe RAL	6		#REF!	

	Amount	Nbr
Ceiling increase riders	0	0
Extension Date		0
Réaménagement budgétaire		0
Modification DTA		0
Total number of projects		0

ANNEX 4.6 - EIB Projects

Mozambique: Loan Portfolio as at 11 April 2007

Loans from Risk Capital Resources

Loan no	Project	Convention	Signed on	Status	Sector	Amount signed	Amount Disbursed	Amount Cancelled	Amount Outstanding
70654	LOMACO PROJECT	Lome - Convention 3	19/05/1987	Fully Reimb	Section D : Manufacturing	3.000.000,00	3.000.000,00		0
70754	MOZAMBIQUE CEMENT	Lome - Convention 3	8/11/1988	Fully Reimb	Section D : Manufacturing	6.000.000,00	6.000.000,00		0
70817	BANCO DE MOCAMBIQUE	Lome - Convention 3	18/07/1990	Fully Reimb	Section Z : Global Loans, Grouped Loans	6.000.000,00	1.902.000,00	4.098.000,00	0
70906	COMPANHIA DO CAJU DE NACALA	Lome - Convention 4	22/12/1992	Disbursed	Section D : Manufacturing	3.000.000,00	3.000.000,00		3.000.000,00
70915	ANCUABE GRAPHITE MINE PROJECT	Lome - Convention 4	28/06/1993	Disbursed	Section C : Mining And Quarrying	2.900.000,00	2.900.000,00		0,00
70916	ANCUABE GRAPHITE MINE III	Lome - Convention 4	9/07/1993	Disbursed	Section C : Mining And Quarrying	450.000,00	450.000,00		450.000,00
70962	PESCAMAR	Lome - Convention 4	26/07/1994	Fully Reimb	Section B : Fishing	6.000.000,00	4.742.937,00	1.257.063,00	0
70965	CAHORA BASSA SOUTH AFRIC - B	Lome - Convention 4	7/09/1994	Disbursed	Section E : Electricity, Gas And Water Supply	20.000.000,00	16.571.896,81	3.428.103,19	3.209.922,92
71051	ANCUABE GRAPHITE MINE II	Lome - Convention 4	30/05/1996	Disbursed	Section C : Mining And Quarrying	500.000,00	500.000,00		0
71106	MOZAL ALUMINIUM SMELTER	Lome - Convention 4 - prot.2	22/06/1998	Disbursed	Section D : Manufacturing	19.000.000,00	16.108.865,41	2.891.134,59	16.108.865,41
20139	MOTRACO C	Lome - Convention 4 - prot.2	29/06/1999	Disbursed	Section E : Electricity, Gas And Water Supply	8.200.000,00	8.200.000,00		8.200.000,00
20186	MONAPO	Lome - Convention 4 - prot.2	28/07/1999	Disbursed	Section D : Manufacturing	1.000.000,00	1.000.000,00		1.000.000,00
20353	MARAGRA SUGAR B (SS)	Lome - Convention 4 - prot.2	30/11/1999	Disbursed	Section D : Manufacturing	3.500.000,00	3.500.000,00		2.187.500,00
20363	PRIVATE SECTOR SUPPORT MOZAMBIQUE	Lome - Convention 4 - prot.2	1/12/1999	Disbursed	Section Z : Global Loans, Grouped Loans	10.000.000,00	5.589.920,00	4.410.080,00	1.350.079,79
20907	TDM TELECOMMUNICATIONS	Lome - Convention 4 - prot.2	28/12/2000	Disbursed	Section I : Transport, Storage And Communication	6.000.000,00	6.000.000,00		4.000.200,00
21061	PRIVATE SECTOR SUPPORT - EQUITY FUND	Lome - Convention 3	30/05/2001	Signed	Section Z : Global Loans, Grouped Loans	2.923.292,80	982.226,38	1.941.066,42	982.226,38
21219	EDM BEIRA STUDY	Lome - Convention 4 - prot.2	20/09/2001	Disbursed	Section E : Electricity, Gas And Water Supply	1.000.000,00	373.981,53	626.018,47	373.981,53
21398	MOZAL II	Lome - Convention 4 - prot.2	11/12/2001	Disbursed	Section D : Manufacturing	20.000.000,00	13.160.711,00	6.839.289,00	12.314.485,90
21844	ACCOR AMORIM HOTELS	Lome - Convention 4 - prot.2	10/12/2002	Disbursed	Section H : Hotels And Restaurants	4.000.000,00	4.000.000,00		4.000.000,00
22127	MOTRACO II	Lome 4b-add res (comm.)	2/07/2003	Signed	Section E : Electricity, Gas And Water Supply	580.000,00	0		0
22127	MOTRACO II	Lome - Convention 3	2/07/2003	Signed	Section E : Electricity, Gas And Water Supply	1.170.000,00	0		0
22604	MOMA TITANIUM MINERALS	Cotonou agreement	18/06/2004	Signed	Section C : Mining And Quarrying	15.000.000,00	14.437.500,00		14.437.500,00
22605	MOMA TITANIUM MINERALS	Cotonou agreement	18/06/2004	Disbursed	Section C : Mining And Quarrying	40.000.000,00	40.000.000,00		48.594.771,39
22733	MOZ/RSA NATURAL GAS-UPSTREAM COMPONENT	Cotonou agreement	22/10/2004	Signed	Section C : Mining And Quarrying	10.000.000,00	10.000.000,00		8.964.200,12
23084	MOMA TITANIUM C	Cotonou agreement	30/06/2005	Signed	Section C : Mining And Quarrying	2.750.000,00	0		0
23252	MOZAMBIQUE-SOUTH AFRICA NATURAL GAS	Lome 4b-add res (comm.)	15/11/2005	Signed	Section C : Mining And Quarrying	16.100.000,00	0		0
23252	MOZAMBIQUE-SOUTH AFRICA NATURAL GAS	Lome 4b-add res (comm.)	15/11/2005	Signed	Section I : Transport, Storage And Communication	18.900.000,00	0		0
23573	MAPUTO WATER SUPPLY	Cotonou agreement	21/07/2006	Signed	Section E : Electricity, Gas And Water Supply	31.000.000,00	0		0
23743	ECOCIMENTO FIBRE CEMENT	Cotonou agreement	5/12/2006	Signed	Section D : Manufacturing	1.300.000,00	435.000,00		435.000,00
TOTAL RISK CAPITAL RESOURCES						260.273.292,80	162.855.038,13	25.490.754,67	129.608.733,44

Loans from the Bank's Own Resources

Loan no	Project	Convention	Signed on	Status	Sector	Amount signed	Amount Disbursed	Amount Cancelled	Amount Outstanding
17647	MOZAL ALUMINIUM SMELTER	Lome - Convention 4 - prot.2	13/07/1998	Disbursed	Section D : Manufacturing	38.000.000,00	37.050.947,21	949.052,79	19.363.615,94
20132	MOTRACO A	Lome - Convention 4 - prot.2	28/06/1999	Disbursed	Section E : Electricity, Gas And Water Supply	19.900.000,00	19.900.000,00		13.082.482,86
20352	MARAGRA SUGAR A (SO)	Lome - Convention 4 - prot.2	30/11/1999	Disbursed	Section D : Manufacturing	3.500.000,00	3.500.000,00		2.283.750,00
20906	TDM TELECOMMUNICATIONS	Lome - Convention 4 - prot.2	28/12/2000	Disbursed	Section I : Transport, Storage And Communication	3.000.000,00	3.000.000,00		2.088.000,00
21883	MOTRACO II	Lome - Convention 4 - prot.2	20/12/2002	Signed	Section E : Electricity, Gas And Water Supply	10.000.000,00	10.000.000,00		9.089.093,73
21987	MOZAMBIQUE-SOUTH AFRICA NATURAL GAS A	Lome - Convention 4 - prot.2	28/03/2003	Disbursed	Section C : Mining And Quarrying	23.000.000,00	23.000.000,00		17.924.916,88
21987	MOZAMBIQUE-SOUTH AFRICA NATURAL GAS A	Lome - Convention 4 - prot.2	28/03/2003	Disbursed	Section I : Transport, Storage And Communication	27.000.000,00	27.000.000,00		21.042.293,72

ANNEX 4.6 - EIB Projects

TOTAL OWN RESOURCES 124.400.000,00 123.450.947,21 949.052,79 84.874.153,13

Loans from the Commission

Loan no	Project	Convention	Signed on	Status	Sector	Amount signed	Amount Disbursed	Amount Cancelled	Amount Outstanding
80390	REHAB. CAHORA-BASSA	Lome - Convention 3	10/07/1995	Fully Reimb		15.000.000,00	7.226.233,60	7.773.766,40	-
TOTAL COMMISSION						15.000.000,00	7.226.233,60	7.773.766,40	0
GRAND TOTAL:						399.673.292,80	293.532.218,94	34.213.573,86	214.482.886,57

ANNEX 5 - Other instruments

STABEX

Balances by the end of 2003 reached the amount of 4.3 M €. The Framework of Mutual Obligations was signed in July 2006 in Brussels and a short-term technical assistance was requested for the three STABEX implementing MINAG agencies, IIAM, IAM and INCAJU in the formulation of the Implementation Protocol and its annexes. The Action Plan and its main activities, as well as the Research Protocols and the Monitoring and Evaluation System, had already been agreed with these Institutions. Hopefully the Implementation Protocol will be signed by the NAO, EC Head of Delegation and MINAG before end of April 2007, after which the first tranche of 1.5 M € will be immediately disbursed for the first year of STABEX implementation. STABEX funds will finance a Programme of agricultural research in cotton, cashew, cassava and potato for a period of three years.

Water and Energy Initiatives

The results of the evaluation committee of the first call for proposals of the ACP-EU Water Facility were published on the 25th of January 2006 and Mozambique received € 29.6 M (16,5% of the total funds for all ACP countries), for projects which will provide access to safe water for around 1.1 million people and access to adequate sanitation for around 270.00 people. The following grant contracts were signed between July and August 2006 and are being currently implemented:

- 1) “Maputo Water Supply Project, MWSP. FIPAG” This project has been a positive experience of coordination and harmonization between donors, which culminated on the signature of a Memorandum of Understanding on the 18th of July 2006 in Brussels. The project has funds from EIB (€ 26.9 M), EC (€ 25 M), Government of Mozambique (€ 11.1 M), AFD (€ 6.6 M), FMO (€ 6.6 M). This project aims at increasing access to water in the Maputo from current 38% to 72% by 2011.
- 2) “Improvement of the Livelihood of rural and peri-urban poor through increased access to safe and sustainable water, sanitation and hygiene facilities (UNICEF)”. EC contribution € 2.78 M and UNICEF contribution € 2.78 M. Aims at increasing access to safe and affordable water, sanitation and hygiene facilities to vulnerable people, in four rural districts and four peri-urban areas of the Provinces of Sofala and Zambezia,
- 3) “Water Supply and Sanitation Project (Aga Khan Foundation Mozambique)” EC contribution € 1.6 M, Aga Khan Foundation and CIDA contribution: € 0.6 M. The project will contribute to this long-term goal by improving access to safe, affordable and sustainable water supply and sanitation services for 70% of the population in 5 rural districts of Cabo Delgado Province.
- 4) “Strategic Planning for Agricultural Water Management in Mozambique (FAO)”. EC contribution € 250.404 and Government of Mozambique contributes with € 83.500. The objective of the action is to develop an updated irrigation policy and implementation strategy in Mozambique

A second call for proposals for the ACP-EU Water Facility was launched on March 2006 with a total Budget of € 178 M for all ACP countries and the deadline for submissions was on June 2006. A total of 14 proposals requesting funds around € 16 M were received for Mozambique. They were evaluated by the Delegation and final results from the evaluation committee will be published on early 2007.

The call for proposals for the ACP-EU Energy Facility was launched on June 2006 (€ 220 M) and the deadline for submissions was on October 2006. A total of 16 proposals were received for Mozambique, requesting funds up to € 36 M. The final decisions of the evaluation committee will be published around May 2007.

A seminar for promoting each facility was organised by the Delegation on the 1st of April and on the 11th of July 2006, in order to encourage national and international organisations to present proposals and to present the guidelines in detail.

Other Infrastructure

Although infrastructure projects in the Health Sector Support Programme (8 ACP MOZ 33) had been affected by delay, the construction of the Health Facilities in Zambezia (two hospitals and three health centers) was almost completed, but power connections to the main board line are missing in some of the facilities as a result of a long standing unsatisfactory relation between contracting authority, supervision and contractor. This has led to a situation of works executed, but not covered by administrative orders and therefore of invoices not in conformity with contractual requirements. The Delegation closely follows the issue looking for a remedial action in early 2007.

Meanwhile, the third phase of the programme started with the tendering for construction of additional 14 health centers in the peripheral network (Muaine, Pury, Mamala, Corruane, Mareia, Dachudua, Sabelua, Nantuto, Sangalaze, Catal, Alto Mutola, Cariua, Muzo, Tapata) to be financed with 8th EDF resources. Works are expected to start in May 2007 to be completed in 12-15 months with CMC as selected contractor.

In addition the Feasibility Study and Detailed Design of the Hospital in Manhiça having more than 100 beds (9ACP MOZ 21) tendered in 2006 is now at the completion stage, with the target of launching the tender for works during the summer 2007.

Regarding the 9 ACP MOZ 27 Rural Telecommunications Network Improvement, in September 2006 the Supplier Telvent started the installation works in Inhambane province which is expected to be completed within the next two months, worth about € 3.5 million plus € 1.2 million of spare parts, training and relevant TA. The objectives of this project is the enhancement of the rural network communications from the existing centres of transmission by using radio techniques to support the transmission up to the boundary rural zones in the Provinces of Inhambane (under implementation) and Gaza provinces (due to begin next month after completion in Inhambane) .

EC-Mozambique Fisheries Agreement

In 2006, 14 surface longliners and 35 seiners have applied fishing licenses to fish tuna in Mozambique under the EC- Mozambique Fisheries Agreement, which ended last December 2006. Although the tuna component of the Agreement was fully utilized in

2006, the deep-water shrimp component had no demand at all. For this reason, deep-water shrimp was not granted in the new Agreement. Fisheries relations between the European Union and Mozambique date back 1988 when a first Fisheries Agreement was concluded. This agreement subsequently lapsed and was renewed in 2004 and ended in December 2006.

The new EC-Mozambique Fisheries Partnership Agreement, which was signed in December 2006 and entered into force on 1 January 2007 for a period of five years, provides fishing opportunities for EU 84 purse seiners and 85 surface longliners to fish tuna in Mozambican waters, which are set out in the Protocol attached to this Agreement. The quota for tuna and related species is 10.000 tons following the scientific advice of the IOTC and in response to requests from Member States. In return, the annual EU financial contribution will be 900,000 €, fully earmarked for support to the Mozambican fisheries policy. In addition to the financial contribution from the Community a payment of more than 300,000 € is expected from ship owners in the form of licence fees.

Regional cooperation

Transport infrastructure

Together with its commitment on rural roads and maintenance, the EC has continued to strengthen its strategic focus on enhancing regional integration through the study of rehabilitation and intermodal connectivity of important regional connections such as Milange-Mocuba and Beira- Machipanda road, best known as the Beira corridor.

The rehabilitation works of the Beira to Inchope road (7.ACP.RPR.380) which is a part of Beira Machipanda was actually completed in 2001. After commissioning the road suffered in 2001/2002 flooding of the low lying stretches due to the exceptional rainy season. In order to re-establish the road to an acceptable level of service, an additional intervention remains to be carried out in 2007 by using € 5 M still available in the project allocation. Beyond this remedial work, the rehabilitation of the entire 300 Km road from Beira to Machipanda has been pointed out as a strategic regional priority to link Beira to the neighbouring SADC countries. In this connection a visual road assessment was jointly conducted on 15 November 2006 by the EC Delegation and ANE staff providing in general terms the information necessary for the completion of a draft financing proposal for a feasibility study and detailed design to be funded under the 9th EDF. Relevant construction works will in principle be carried out under 10th EDF.

The Regional Indicative Programme for SADC in the 9th EDF initially provided an indicative amount of €15 M earmarked for the rehabilitation of the Milange-Mocuba road. The Mozambique National Indicative Programme similarly allocated in total €15 M for design/supervision (€1.5 M) and works (€13.5 M). However, as the tender for the design and supervision on Milange-Mocuba road (185 km) (9 ACP MOZ 21) were approved late in December 2006, with implementation starting only in May 2007, the funding for relevant works contracts had to be postponed under 10th EDF.

PALOP

The regional programme PALOP II was signed in 1997 to help the five countries concerned to make best use of their respective assets and their common economic, social and cultural resources with a view to promoting their integration into the world economy and thereby contributing to their modernization and development. The three main focal areas of cooperation are institutional development together with central and local public administration; employment and training and culture. The three non focal areas are statistics, educational system, tourism and environment. The financial envelope amounts to €30 M. The programme has registered significant delays in project preparation and implementation.

In the annual meeting EC-PALOP held in Brussels in January 2006, it was decided to make the Mozambique NAO the PALOP Permanent Regional Authorising Officer, responsible for the overall coordination of the programme and assisted by a unit within his services financed by the means of a Programme Estimate. A Steering Committee conformed by the five NAO will meet annually and review progress. Moreover, the pipeline was also finalised, and a chef de file was agreed for each of the projects. The three ongoing projects (Statistics, Justice, and Public Administration) proved to be relevant and running at good speed, and Statistics and Justice will have a second phase.

Future projects on Health, Employment, Cultural Initiatives, are under preparation in the course of 2006 and early 2007 allowing for a timely approval and commitment of funds. It was agreed that the Macroeconomic Institute should be discussed at a later stage, the 2M€ having been absorbed by the health project.

In a meeting with Commissioner Michel in December 2006, it was discussed that the focal area for a multi-country programme in the 10th EDF would be good governance, including governance at local and municipal level, and culture as non-focal area.

The Technical Cooperation Facility (coordination structure) FA under the responsibility of Mozambique, was signed in January 2007 and a short TA was recruited to identify TA needs for the PALOP coordination unit and prepare the tender file, to be launched in 2007.

Thematic budget lines

During 2006 two grants were awarded under the 'NGO Co-financing' (out of 24 proposals submitted for Mozambique). New contracts under the 'Environment' (one) and 'Health' (one) will start in early 2007.

There are currently fifteen Co-financing projects ongoing; three under 'Poverty related diseases'; two in the environment; and two in 'actions against antipersonnel mines'. Five projects ended during the year. The total value of ongoing contracts as at 31 December was €24.5m.

During the year all but four projects were monitored internally, and RoM monitored four projects, which were graded 'b' on average. Most projects deliver positive short terms impacts, but sustainability is elusive, mainly because the actions are too dependent on

financial incentives and technical support provided by the project. There is also substantial room for improvement in monitoring and evaluation, particularly by the EU partner: lessons are not being learned.

In May, AIDCO C 4 hosted a regional seminar in Mozambique with the objective of discussing with NGOs the focus of the new 'Non-State Actor and Local Authority' thematic programme. Mozambique has been selected as a priority country for the new programme.

Important contributions to the justice system and to the democratic development are done via support to Non State Actors through the EIDHR initiative. Two local calls for proposals for Human Rights micro-projects were successfully launched in 2006 (in June for the AWP 2005 - € 0.46 M, and in December for the AWP 2006 - € 0.515 M). Four new contracts were signed in December under the first CFP. It has been encouraging the fact both the quantity of the proposals and the institutional capacity of the existing partners implementing micro-projects has been improving.

European Investment Bank

The European Investment Bank (EIB) has a significant historic project portfolio in Mozambique in ACP terms. With a total of €400 M in signed loans, the Bank has four main types of operations: (i) loans from Own Resources (€125 M in signed loans), (ii) Risk Capital operations (€160 M of signed operations), (iii) Investment Facility operations (€100 M of signed operations) and (iv) Special Loans on EC mandate (€15 M). The sectors covered range from energy, to mining, telecommunications, tourism, water, industry, agriculture, and fisheries; both on public and private sectors. In 2006, the EIB signed two operations under the Investment Facility: Ecocimento Fibre Cement Project (€1.3m) and Maputo Water Supply Project (€31m). The latter was the first ever Mozambican project in the water sector and benefited from a close cooperation between the EC and the EIB, reflected in the award of a ACP-EU Water Facility grant for the operation. Disbursements in 2006 amounted to €27.5 million. In the future, EIB's support in Mozambique will be much linked to the financial instruments shared with the EC, namely through the Infrastructure Trust Fund, while also contemplating private sector operations on a project demand basis.

ANNEX 6 - Transport Sector PRISE: Summary Preliminary Uses of Funds by Year

-USD million-

Component	2007-2009	2007	2008	2009
Overhead				
Administrative	37.0	12.5	12.7	12.1
Capacity Building	25.1	8.7	8.8	7.6
Programs	7.2	2.3	3.0	2.0
Total Overhead	69.6	23.4	24.4	21.7
Civil Works				
Urban Road Maintenance Funds	17.2	5.5	5.7	6.0
Provincial Consultants	18.0	6.0	6.0	6.0
Emergency works	16.0	5.0	6.0	5.0
Unpaved Road Maintenance	88.6	29.5	29.5	29.5
Paved Road Maintenance	124.1	28.4	38.2	57.5
Total Maintenance	263.9	74.4	85.5	104.0
Rehabilitation and Upgrade				
Bridge Rehabilitation and Construction	131.3	69.5	51.2	10.9
Regional and District Roads	101.7	15.3	43.2	43.1
National Roads Rehabilitation	232.2	70.2	79.6	82.4
National Roads Upgrade	199.2	11.9	51.1	136.3
Investment Engineering	45.4	12.4	16.2	16.8
Roads and Bridges Investment	709.8	276.7	241.4	289.5
Total Civil Works	973.7	253.3	326.8	289.5
Total PRISE 2007-2009	1,043.2	276.7	351.3	415.2

About 70 % of the programme is donors funded, while the remaining 30% by GOM.