



**USAID**  
FROM THE AMERICAN PEOPLE

| **MOZAMBIQUE**



# COUNTRY DEVELOPMENT COOPERATION STRATEGY (CDCS)

DECEMBER 2020 – DECEMBER 2025

## ACRONYMS

ACLED	Armed Conflict Location & Event Data Project
ADIN	Agency for Integrated Development of the North
ADPP	Development of People for People ( <i>Ajuda de Desenvolvimento de Povo para Povo</i> )
ANAC	National Administration for Conservation Areas
ARV	Antiretroviral
AQUA	National Agency for Environmental Quality Control
BHA	Bureau of Humanitarian Assistance
CDCS	Country Development Cooperation Strategy
CEFM	Chil, early and Forced Marriage
CHEMO	Consortium composed of World Vision and Food for the Hungry
CISM	Manhiça Health Research Centre ( <i>Centro de Investigação em Saúde de Manhiça</i> )
CLA	Collaborating, Learning, and Adapting
CCN	Cooperating Country Nationals
CHW	Community Health Worker
COSACA	Consortium is comprised of Oxfam, Save the Children and CARE
COVID 19	Coronavirus Disease 2019
CSO	Civil Society Organization
CSOSI	Civil Society Organization Sustainability Index
CTA	Confederation of Business Association of Mozambique
CVE	Countering Violent Extremism
DEA	Drug Enforcement Administration
DFC	Development Finance Corporation
DREAMS	Determined, Resilient, Empowered, AIDS-free, Mentored, and Safe
FID	UK Department for International Development
NAB	National Directorate for Environmental Assessment
DO	Development Objective
DOAG	Development Objective Agreement
DoD	United States Department of Defense
DoS	United States Department of State
DRR	Disaster Risk Reduction
EU	European Union
FEWSNET	The Famine Early Warning Systems Network
FDC	Fundação para o Desenvolvimento da Comunidade
FRELIMO	Mozambique Liberation Front ( <i>Frente de Libertação de Moçambique</i> )
FSO	Foreign Service Officer
FY	Fiscal Year
G2G	Government to Government Agreement
GBV	Gender-based violence
GDP	Gross Domestic Product
GRM	Government of Mozambique
H2n	Association h2n
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
ICT	Information communication technology
IDA	International Development Association
IMF	International Monetary Fund
INGC	National Disaster Management Agency

INGO	International non-governmental organization
IP	Implementing Partner
IR	Intermediate Result
IS- M	Islamic State Mozambique
J2SR	Journey to Self-Reliance
LNG	Liquefied natural gas
MADER	Ministry of Agriculture and Rural Development
MCC	Millennium Challenge Corporation
MEL	Monitoring, Evaluation, and Learning
MIC	Ministry of Industry and Commerce
MOPHRH	Ministry of Public Works, Housing and Water Resources
MoU	Memorandum of Understanding
NGO	Non-Governmental Organization
NRM	Natural resource management
N'weti	Health Communication ( <i>Comunicação para Saúde.</i> )
OGAC	Office of the U.S. Global AIDS Coordinator
OTI	Office of Transition Initiatives
PEPFAR	President's Emergency Program for AIDS Relief
PSE	Private Sector Engagement
PMI	President's Malaria Initiative
PMP	A Performance Management Plan
PPL	The Bureau for Policy, Planning and Learning
PPP	Public-Private Partnership
PQG	Quinquennial Government Plan ( <i>Programa Quinquenal do Governo</i> )
RDR	Redefining our Relationship with Partner Governments
SDGs	Sustainable Development Goals
SETSAN	Food Security and Nutrition Secretariat
TB	Tuberculosis
UN	United Nations
UNICEF	United Nations Children's Fund
UniLurio	Lúrio University ( <i>Universidade Lúrio</i> )
US	United States
USAID	United States Agency for International Development
USG	United States Government
USPSC	U.S. Personal Services Contractors
VE	Violent Extremism
WASH	Water, Sanitation and Hygiene
WCS	World Conservation Society
WFP	World Food Programme

## TABLE OF CONTENTS

<b>I. EXECUTIVE SUMMARY</b>	<b>6</b>
CDCS GOAL	6
COUNTRY ROADMAP	7
STRATEGIC CHOICES	7
RESULTS FRAMEWORK DIAGRAM	9
<b>II. COUNTRY CONTEXT</b>	<b>9</b>
KEY FACTORS	9
ALIGNMENT WITH COUNTRY PRIORITIES	10
COUNTRY ROADMAP	11
TRANSITION PLANNING	12
<b>III. STRATEGIC APPROACH</b>	<b>12</b>
THE U.S. RELATIONSHIP WITH THE GOVERNMENT OF MOZAMBIQUE	12
USE OF HOST COUNTRY RESOURCES	12
ENGAGING THE PRIVATE SECTOR	13
ROLE OF CIVIL SOCIETY	13
EFFORTS OF OTHER UNITED STATES ACTORS	14
FINANCING SELF-RELIANCE	14
SCENARIO PLANNING	15
<b>IV. RESULTS FRAMEWORK</b>	<b>16</b>
GOAL STATEMENT AND NARRATIVE	16
DEVELOPMENT OBJECTIVE I: HEALTHIER AND BETTER EDUCATED MOZAMBICANS, ESPECIALLY THE YOUNG AND VULNERABLE	16
IR 1.1: QUALITY OF HEALTH AND EDUCATION SERVICES IMPROVED	19
IR 1.2: UTILIZATION OF HEALTH AND EDUCATION SERVICES EXPANDED, FOCUSING ON YOUTH AND GENDER	20
IR 1.3: RESILIENT HEALTH AND EDUCATION SYSTEMS STRENGTHENED	21
DEVELOPMENT OBJECTIVE 2: DIVERSIFIED AND INCLUSIVE ECONOMIC GROWTH	22
IR 2.1: TARGETED DEMOCRATIC PROCESSES STRENGTHENED	24
IR 2.2: IMPLEMENTATION OF ECONOMIC GOVERNANCE STRENGTHENED	25
IR 2.3: STRENGTHENED BUSINESS ENABLING ENVIRONMENT	26
IR 2.4: PROFITABILITY OF AGRICULTURAL AND OTHER TARGETED ENTERPRISES INCREASED	27

DEVELOPMENT OBJECTIVE 3: RESILIENCE OF VULNERABLE POPULATIONS TO KEY SHOCKS INCREASED	28
IR 3.1: HOUSEHOLD NUTRITION AND FOOD SECURITY INCREASED	31
IR 3.2: SUSTAINABLE MANAGEMENT AND USE OF WATER AND SANITATION FOR TARGET POPULATIONS INCREASED	32
IR 3.3: NATURAL RESOURCES MANAGEMENT IMPROVED	32
IR 3.4: TARGETED COMMUNITIES BETTER PREPARED TO WITHSTAND VIOLENT EXTREMISM AND MITIGATE CONFLICT	33
IR 3.5: TARGETED COMMUNITIES BETTER PREPARED FOR NATURAL DISASTERS	34
<b>V. MONITORING, EVALUATION, AND LEARNING</b>	<b>35</b>
MISSION MEL APPROACH	36
<b>VI. ANNEXES</b>	<b>37</b>

## I. EXECUTIVE SUMMARY

### CDCS GOAL

Mozambique has one of the most variable development trajectories of any country in sub-Saharan Africa. Currently, one of the world's poorest countries, Mozambique also stands at the threshold of a natural gas-fueled economic boom. Mozambique hopes to become a major gas exporter within the next ten years, following the discovery of more than 150 trillion cubic feet of offshore gas. If the \$60 billion total investment proceeds, it will be a game-changer for the country's development trajectory - "for better or worse". The Mission is acutely aware of the cautionary examples of "the resource curse", scattered across the African continent, and those examples have informed this strategy.

The choices that collectively comprise this strategy are premised on the Mission's view of the upcoming five-year strategy period as the opening of a limited window in which to prepare for the arrival of the extractive income, so that it brings positive change for the country, its government, and its people. This strategy period serves as an opportunity to mitigate the headwinds that currently exist and increase the likelihood of an eventual favorable extractive outcome.

The headwinds, however, are significant, as Mozambique ranks 180th of 189 countries on the *2019 Human Development Index*. Debt distress, widening income inequality, and corruption are significant constraints. Increasingly frequent natural disasters, lack of formal employment, poor health and education opportunities and outcomes present additional challenges. Moreover, emerging threats to economic stability and democratic governance in the form of flawed elections<sup>1</sup> and increasing violent extremism in the north of the country, and the as-of-yet untallied effects of COVID-19 across the developmental landscape further illustrate the multitude and magnitude of current constraints.

This 2020-2025 Country Development Cooperation Strategy (CDCS) outlines how USAID will support Mozambique on its Journey to Self-Reliance (J2SR), and progress toward the ultimate objective of ending Mozambique's need for humanitarian and development assistance. This is not a transition strategy, but rather a preparation strategy, which sets the stage for a future transition, the timing of which will depend upon the arrival of significant extractives revenue.

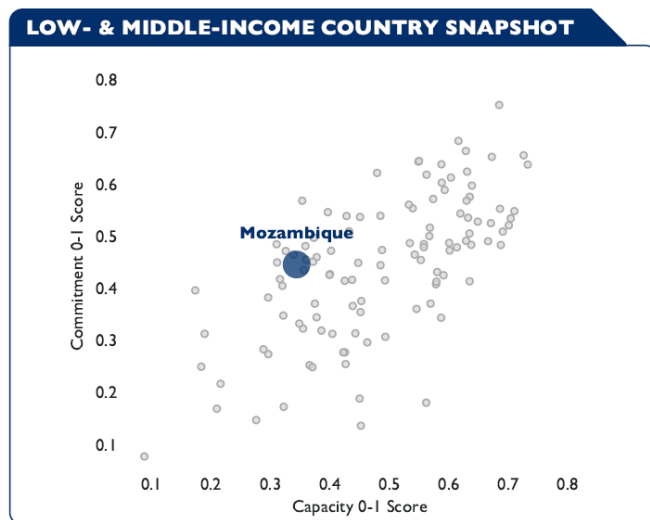
The goal of this strategy is to support and help shape a resilient Mozambique, prepared for the future. USAID will promote a peaceful, prosperous, and healthy Mozambique, where citizens benefit from expanded investments. USAID/Mozambique will achieve this goal through three Development Objectives (DOs) that prioritize fortifying the foundational elements required to advance Mozambique's self-reliance: 1) healthier and better educated Mozambicans, especially the young and vulnerable; 2) diversified and inclusive economic growth; and 3) increased resilience of vulnerable populations<sup>2</sup> to key shocks. This CDCS will prioritize implementation of USG gender equality-related initiatives, strategies, and policies to strengthen gender equality and female empowerment across sectors.

---

<sup>1</sup> According to the October 18, 2019 U.S. Embassy statement on its observation of Mozambique's national elections, "while the elections appeared "peaceful" and "orderly," election observers "witnessed a number of irregularities and vulnerabilities that raise questions about the integrity of these procedures," and "several incidents of serious violence and intimidation, including the assassination of a civil society leader in the run-up to election day, were disturbing and may have contributed to public doubts about a safe and fair election environment."

<sup>2</sup> For purposes of this strategy, the Mission uses the term vulnerable populations to discuss groups and communities at a higher risk for marginalization as a result of barriers limiting access to social, economic, political and/or environmental resources. Each DO programs to assist vulnerable populations, to include women and youth, within programmatic areas in which it enjoys a comparative advantage.

## COUNTRY ROADMAP



Mozambique's location in the upper-left quadrant of the self-reliance snapshot suggests a medium degree of commitment and a relatively low level of capacity. The FY 2020 *Journey to Self-Reliance Country Roadmap* for Mozambique reinforces the choice of strategic priorities set forth in this strategy.

***Commitment:*** The commitment dimension of the roadmap gauges the degree to which Mozambique's policies and laws reflect the country's desire to solve its own challenges. As detailed in the country context section, Mozambique's performance varies, and, generally, is not trending in a positive direction. In the aftermath of the 2016 hidden debts scandal<sup>3</sup>, reflected in the low score in liberal democracy and open government, this strategy

will increase USAID's focus on strengthening governmental accountability and commitment to sustainable results to prepare for the gas-fueled economic boom. The inclusive development indicators show a negative trend in the areas of social group equality and economic gender gap. This strategy will focus the Mission's financial investments/program resources and direct technical engagement to aid Mozambique in improving health and education outcomes, agricultural incomes, and resilience among women and marginalized groups needed to mitigate socio-economic inequities. The economic policy data paints a picture where the business and investment environment is below average and is trending negatively. This strategy will help shape policy that allows for a more favorable business investment environment.

***Capacity:*** The roadmap's capacity dimension is an indication of Mozambique's ability to manage its own development journey across the dimensions of political, social, and economic development. Mozambique shows low capacity, with seven of the ten sub-dimensions scoring below the average score for low-middle income countries. This clearly shows the need across sectors, in some cases to initiate improvements starting from a very low baseline, in others to consolidate and build upon previous gains. For example, within the government capacity sub-element, government effectiveness is below average and is trending negatively, citizen capacity is also below average, and economic capacity is well below average in all areas. Many of these indices skew differently in different geographic areas<sup>4</sup> and this strategy considers these regional variations.

## STRATEGIC CHOICES

Informed by over 35 years of USAID experience in Mozambique, by the country's needs, Government of Mozambique (GRM) priorities, USAID's comparative advantages, and in coordination with international donors and key local stakeholders, this strategy focuses upon the foundational building blocks that will support Mozambique in its preparation for the arrival of unprecedented gas-fueled revenue and the

<sup>3</sup>Between 2013 and 2014 three state-backed companies took on more than \$2bn of questionable debt, guaranteed by the government (equivalent to about 13 percent of GDP). Some \$1.2bn of it was borrowed in secret, behind the backs of Parliament and the public. The hidden loans were revealed in 2016, but only now is justice catching up with the alleged conspirators, who are accused of pocketing millions. <https://www.economist.com/middle-east-and-africa/2019/08/22/a-2bn-loan-scandal-sank-mozambiques-economy>

<sup>4</sup> Mozambique Economic Update : Mind the Rural Investment Gap: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/480651580155354219/mozambique-economic-update-mind-the-rural-investment-gap>

accompanying opportunities to advance its J2SR. As Mozambique's leading bilateral donor in health, USAID/Mozambique will continue to focus health funds, which comprise 85 percent of its annual budget, on the prevention and treatment of HIV/AIDS, TB, and malaria. Additionally, the Mission will continue to improve maternal, child, and infant health and nutrition, and will increase the availability of family planning and reproductive health services. USAID/Mozambique will respond to the GRM's request for assistance in the education sector by expanding its bilingual early grade reading program to reach children through grade six. The Mission will further develop its relationship with the GRM, incentivizing an increased level of transparent and accountable governance and management at national, provincial, and community levels across sectors to include health, education, business, natural resource management, agriculture, and WASH.

In past years, Mission activities were more diffuse, generally spread throughout Mozambique's 11 provinces. This strategy will promote a programmatic focus on northern and central Mozambique, regions with enormous potential, but home to large populations with significant unmet needs. Additionally, this strategy incorporates the revitalization of food security, agriculture, and resilience programming, through an injection of additional funding, a departure from a more traditional focus on production, to include resilience to protracted shocks and recurrent crises. Moreover, the Mission has created permanent positions for a gender specialist and a youth advisor, which reflects this strategy's increased commitment to gender and youth. Finally, this strategy contemplates a shift from a narrow economic growth programming lens to a broader sustainable, diversified economic growth and governance lens, which promotes public financial management based on transparency and accountability, and serves as an alternative development model to other influential suitors, focusing on a mutually beneficial partnership and self-reliance, as opposed to opacity, debt, and dependency.

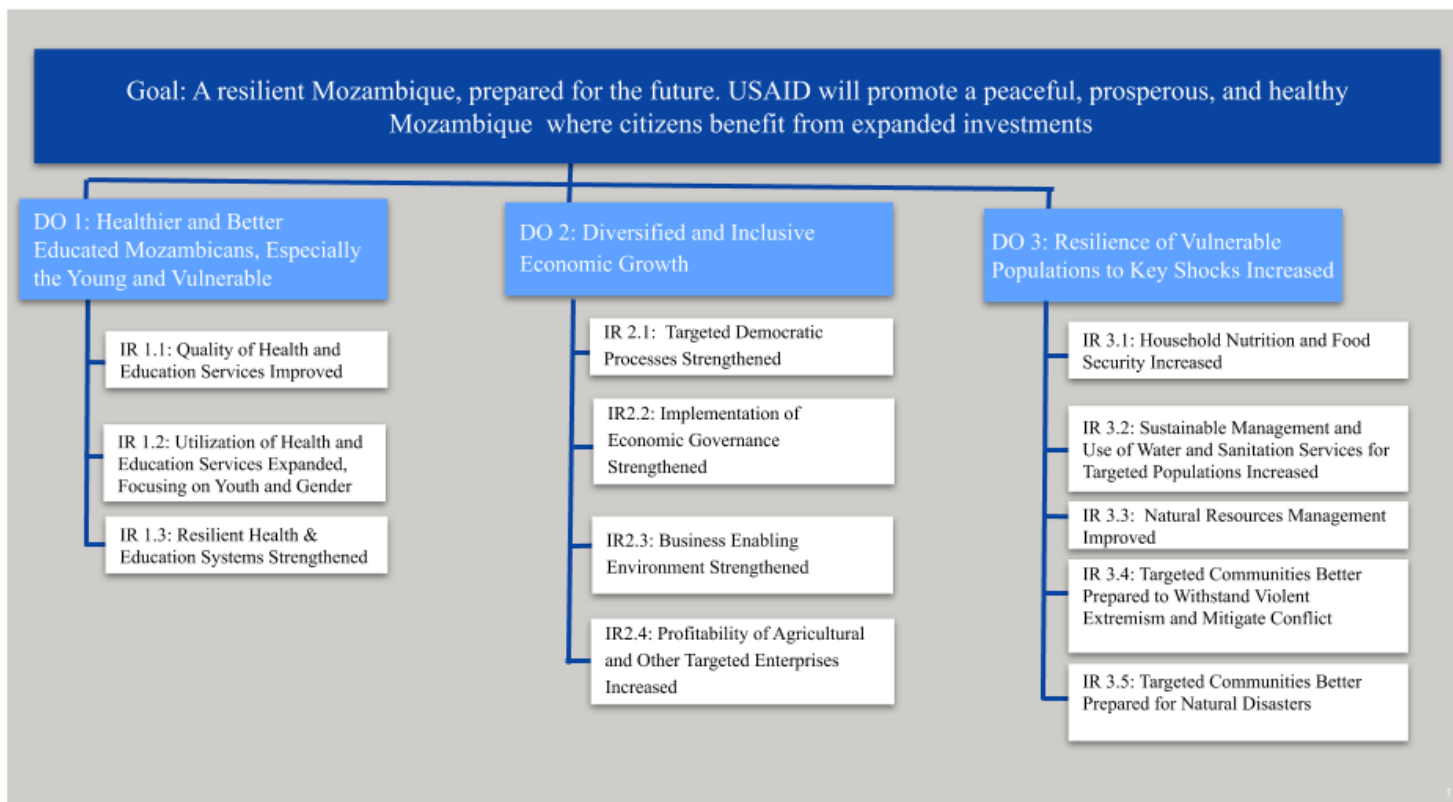
Across the DOs, the Mission will work to strengthen gender equality, reduce gender gaps, and address key challenges--such as child, early and forced marriage (CEFM) and gender-based violence (GBV) that are critical to the country's J2SR. Within DO 1, the Mission will promote equitable access to health services, and support the transformation of gender norms and behaviors that affect family planning and quality nutrition. Activities within DO 2 will improve the GRM's ability to address the worsening economic gender gap by building entrepreneurship and technical capacity for youth and women. DO 3 will prioritize the reduction of resilience gaps between men and women at the household, community, and systems levels. The Mission aims to create economic opportunities for women within the agricultural and extractives sectors; strengthen women's decision-making and access to resources within the water, sanitation, and hygiene (WASH) sector; increase opportunities and outcomes for women and girls living in or near national parks and protected areas; strengthen youth resilience to radicalization and recruitment into violent extremism (VE), recognizing the particular vulnerabilities of economically disadvantaged young men; and tackle the poverty and social norms that result in CEFM, particularly within the context of growing violent extremism and population displacement.

As a Tier 2 country in the *2020 State Department Trafficking in Persons Report*, the GRM continues to make progress towards the elimination of human trafficking. Through this CDCS, the Mission will work to improve governance, with an emphasis on improving the GRM's commitment to rule of law and supporting the GRM in establishing foundational conditions for improved responsiveness to citizens. Strengthening these areas will further support the nation in combating human trafficking.

Mozambique is not a country of concern per the *Department of State's International Religious Freedom Report*. Mozambique's Constitution provides for freedom of religious thought and expression and prohibits religious discrimination in the workplace. Other laws protect individual religious freedom against abuses by government or private actors. The U.S. Embassy works with the GRM to ensure that there is a high level of societal respect, as demonstrated by laws and practices, for religious freedom.



## RESULTS FRAMEWORK DIAGRAM



## II. COUNTRY CONTEXT

### KEY FACTORS

Mozambicans, as a people, have a well-documented history of resilience, surviving civil war, recurrent droughts, natural disasters, and health epidemics. Over many generations, they have adapted well in the face of adversity and significant stress. The Mozambican government, however, is less than 50 years old, and is still finding its footing.

Mozambique is a poor, sparsely populated country with high fertility and mortality rates<sup>5</sup> and a rapidly growing, young population – 45 percent of the population is younger than 15 years of age. Mozambique’s high poverty rate (63 percent live on less than \$2 a day)<sup>6</sup> is perpetuated by frequent natural disasters, high disease burden, high population growth, low agricultural productivity, and an unequal distribution of wealth. Mozambique has the world’s second-largest HIV epidemic, with the second-highest number of AIDS-related deaths and new infections. The country is also a global malaria “hotspot,” and an estimated 43 percent of children under 5 years of age are stunted. In primary education, there are serious learning limitations - on average, only 4.9 percent of children in grade 3 have literacy skills at grade level, well below neighboring African countries. Moreover, poor school attendance and learning outcomes – which often lead to dropping out – remain a major challenge, especially for girls. Some of the most common

<sup>5</sup> 2017 Population CENSUS - Fertility Rate 5.2; Infant Mortality Rate 67.3; Maternal Mortality Rate 451.6

<sup>6</sup> Mozambique Multidimensional Poverty Analysis Status and Trends (January 2019), Embassy of Sweden at 4.

reasons for lower school attendance for girls, even at the primary level, include poverty, higher domestic workloads for girls, the lack of female role models, sexual abuse at school, gender-based violence, child marriage, and unintended or early pregnancy.

Corruption is also a pervasive problem across sectors. In 2016, the disclosure of over \$2 billion in illegal “hidden loans” taken by Mozambican officials from international banks caused the IMF and many Western development partners to cut off budget support to Mozambique. Additionally, in 2019, the country was devastated by back-to-back cyclones, which killed at least 600 people and damaged or destroyed at least 240,000 homes, creating recovery needs estimated at \$3.02 billion. Additionally, since late 2017, an Islamic violent extremist group now linked to the Islamic State and known as Islamic State-Mozambique (IS-M) has carried out over 580 attacks against government and civilians in gas-rich Cabo Delgado, killing nearly 2,000 people and causing more than 570,000 internal displacements.

Although discussed in the Executive Summary, it is worth repeating: following the discovery of more than 150 trillion cubic feet of offshore gas, Mozambique expects to become a major gas exporter within the next ten years. When the \$60 billion investment proceeds, it will be a game-changer for the country’s development trajectory, a trajectory that this strategy treats as critical.

### ALIGNMENT WITH COUNTRY PRIORITIES

As illustrated in the RF, this CDCS focuses on healthier and better educated Mozambicans, diversified and inclusive economic growth, and resilience of vulnerable populations. As shown in the table below, the Mission’s DOs complement the priorities set forth in the Mozambican government’s recently developed 5-year national plan, the *Plano Quinquenal do Governo (PQG) (2020-2024)*:

ALIGNMENT OF US-MOZAMBIQUE PRIORITIES	
<p><b>USAID/Mozambique Development Objectives:</b></p> <ol style="list-style-type: none"> <li>DO 1: Healthier and Better Educated Mozambicans, Especially the Young and Vulnerable (J2SR Sub-Dimensions: Government Capacity, Citizen Capacity, and Open and Accountable Governance )</li> <li>DO 2: Diversified and Inclusive Economic Growth (J2SR Sub-Dimensions: Inclusive Development, Government Capacity, Civil Society Capacity, Capacity of the Economy, and Open and Accountable Governance )</li> <li>DO 3: Resilience of Vulnerable Populations to Key Shocks Increased (J2SR Sub-Dimensions: Inclusive Government, Government Capacity, Citizen Capacity, and Economic Policy )</li> </ol>	<p><b>Government of Mozambique Development Priorities:</b></p> <ol style="list-style-type: none"> <li>Develop Human Capital and Social Justice: Increase delivery of quality services such as health and education</li> <li>Boost Economic Growth, Productivity and Job Creation</li> <li>Strengthen the Sustainable Management of Natural Resources and the Environment</li> <li>Strengthen Democracy, Reconciliation, and Preserve National Unity and Cohesion</li> <li>Promote Good Governance and Decentralization: Promote actions that contribute to the strengthening of citizens' trust in State institutions</li> </ol>

The GRM’s PQG also makes special mention of the need to promote gender equality, social inclusion, and protection of the most vulnerable, which links well with the Mission’s planned programming in furtherance of the USAID gender policy and in-country identified needs.

The Mozambican Government recognizes that it has one of the best opportunities on the African continent to transform its economy and transition towards middle income status. In fact, President Filipe Nyusi proclaimed during a September 2020 event: “*We have to transform Mozambique into a productive and sustainable country. We cannot continue to live on donations.*” According to the IMF, fiscal revenue from gas projects could account for more than 50 percent of total revenues by the late 2020s. While this could be delayed a few years given the final investment decision postponement by ExxonMobil and the current decline in petroleum prices, the potential value of Mozambique’s natural gas deposits suggests they will be developed. This strategy is designed to support Mozambique’s efforts to optimize its “window of opportunity.”

## COUNTRY ROADMAP

*Commitment:* As noted previously, the commitment dimension of the roadmap assesses the degree to which Mozambique’s policies, actions, and practices support its progress towards solving its own development challenges. Mozambique’s performance in the three commitment sub-dimensions is not trending in a positive direction. A lower-than-average ranking in the areas of liberal democracy demonstrates that although the country has a relatively strong legal framework to uphold civic and political freedoms, Mozambique needs to overcome the excessive influence of the executive branch, as this concentration of power limits the exercise of liberal democracy. The inclusive development sub-dimension, although scoring slightly above average for low- and middle-income countries, shows a negative seven-year trend in the areas of social group equality and economic gender gap. The economic policy sub-dimension paints an inconsistent picture in which the policy framework is relatively strong (trade freedom) and the implementation side is very weak, as reflected in a very low business & investment environment score. Moreover, environmental policy reflects as above average and is trending positively. In general, the roadmap shows a medium degree of commitment. However, the Mission believes that this is a reflection of an above-average policy framework with a lower degree of transparent implementation and enforcement.

*Capacity:* Mozambique’s uneven but generally low level of capacity, as illustrated by the country roadmap, indicates need across multiple sectors, in some cases to reverse trends and achieve initial gains, in others to consolidate and build upon previous successes. For example, both government effectiveness and citizen capacity roadmap data show a lack of capacity and a negative trend. Moreover, economic capacity is also well below average. In priority sectors, strategic programming will address the issues in the sectors from which the disappointing data is drawn. For example, the Mission will: improve access to quality health and education services in specifically targeted areas; work with multiple levels of the GRM and at community levels to increase the resilience and self-sufficiency of individuals, communities and governmental entities; and engage with civil society and the media to increase civil society effectiveness. The Mission believes that capacity gaps at all levels constrain critical service delivery needs in the social sector. To address these gaps, the strategy aims to build upon investments made in the local systems so that they become stronger, less reliant on donors and less vulnerable to shocks.

This strategy was developed throughout 2020 as the COVID-19 pandemic impacted development in Mozambique, requiring an assessment of what doing the business of development in a post-COVID-19 landscape will look like. Undoubtedly, Mozambican development will experience negative impacts. However, the crisis will also present opportunities for improved development business models. Moreover, COVID-19 illustrates the importance of scenario planning and adaptive management in the development and implementation of this strategy. USAID will continue to monitor the impacts of COVID-19 in Mozambique and reassess its strategic approach, as appropriate, throughout the CDCS period.

## **TRANSITION PLANNING**

In light of the many development challenges discussed previously, Mozambique is not expected to become self-reliant within the timeframe of this CDCS. However, given the unique moment and complex development trajectory, this CDCS will work to set a strong foundation for increased resilience and, ultimately, the Mozambican self-reliance that will be required to sustainably mitigate negative factors like VE, debt distress, corruption, natural disasters, and pandemics, and to increase the ability to leverage the once-in-a-lifetime opportunity presented by the expected extractives revenue.

## **III. STRATEGIC APPROACH**

### **THE U.S. RELATIONSHIP WITH THE GOVERNMENT OF MOZAMBIQUE**

USAID's assistance to Mozambique began during the decade following independence in 1975, with humanitarian responses to natural disasters, including emergency food aid during droughts and supplying water pumps in response to a disastrous cyclone in early 1984. Beginning in 1989, within the context of broad Government of Mozambique reforms, the USAID program grew to include new policy reform activities focused on liberalizing and privatizing agricultural production and food markets.

When the 1992 Mozambique Peace Agreement, brokered by the Community of Sant'Egidio, ended 16 years of civil war, USAID began a war-to-peace transition program which continued to respond to emergency needs resulting from war and drought. The Mission also supported the peace process and the reintegration of Mozambicans into productive and economic activities. After the nation's first democratic elections in 1994, the Mission began working to increase the private sector's role in developing economic policy and improving the trade and investment climate. In response to increasing levels of HIV/AIDS prevalence in the early 2000s, USAID expanded HIV/AIDS prevention and care programs to the point where Mozambique now has one of the largest PEPFAR programs in the world.

Despite peace agreements and intermittent democratic progress in the past two decades, Mozambique continues to struggle to part with the past, as evidenced by flawed elections and recurrent political violence. However, the peace accord and the associated agreement on disarmament, demobilization, and reintegration, signed in August 2019, put within reach a definitive end to years of on-again, off-again GRM-Renamo armed conflict. Only with the continued engagement and full support of USAID, interagency partners, and other international partners will Mozambique move to a more stable, democratically inclusive, and prosperous country on the road to self-reliance.

### **USE OF HOST COUNTRY RESOURCES**

The Mission recognizes that leveraging host country resources is not only a means of achieving assistance objectives, but also directly contributes to USAID's overall goal of increasing self-reliance and eliminating the need for assistance. This strategy will prioritize appropriate use of local resources, as determined by public and private capacity in various sectors, technical and fiduciary risk, and the policy priorities of the host government. The Mission will actively engage the government at all levels and across sectors to improve its attention to gender equality issues and improve women's participation and leadership. To further its use of local resources, USAID/Mozambique intends to continue its strategy of direct financing of development activities implemented by the host government (G2G). As the GRM rolls out its own decentralization policy, the mission anticipates increased direct financing to provincial-level governments.

As shown in the FY 2021 roadmap, the GRM has instituted generally sound policies, however, implementation is weak. To improve policy execution and support shared accountability, the Development Objective Agreement (DOAG) under negotiation for implementation of this CDCS includes express provisions calling for establishment of a joint USAID-GRM steering committee as a forum for ongoing coordination of USAID assistance with host government initiatives, policy-level discussions affecting USAID assistance, and cooperative resolution of any administrative issues related to program implementation. The Mission's significant PEPFAR budget and OGAC's mandate to prioritize local partners also ensures the intensive use of local partners in the health sector.

The Mission is also taking steps to align its development programming with GRM priorities and systems, so that the government can assume a greater leadership role in USAID-supported projects. This includes providing a clear process for: expediting use of tax exemptions by USAID partners; actively participating in the above-referenced joint steering committee; and fulfilling its obligations to USAID as an implementer of G2G activities.

## **ENGAGING THE PRIVATE SECTOR**

Even if the GRM, with Mission support, delivers on the promise of a healthier and better educated citizenry, without private sector growth and job opportunities, citizens will fall back into the same poverty traps that have held back countless generations. Corruption, poor policy implementation, industries and sectors threatened by state or monopoly capture, and non-equitable growth continue as key constraints to broad-based investment. Although these challenges are daunting, Mozambique has an opportunity, unique on the African continent, to capitalize on its own resources, move towards middle income status, and improve the lives of millions of its citizens. Mozambique's world-class energy resources are now under development, and fiscal revenues from the gas projects could account for tens of billions of dollars beginning in the late 2020s. Mozambique also has significant untapped agriculture potential, rare marine and terrestrial biodiversity, and underdeveloped coal and mineral resources. Given its unique potential, the choices of the Mozambican authorities over the next ten years will significantly determine the development trajectory of the country.

With over 35 years of development experience in Mozambique, USAID will partner with the GRM, bringing credible convening power, strong in-country networks, and technical expertise to strengthen enabling environments to help Mozambicans benefit from increased investments across sectors. USAID will increase women's equitable opportunities within the private sector and engage the private sector to improve gender equality. To improve health and education outcomes, USAID will support private sector participation in health commodity supply chains, tuberculosis programming, and educational materials distribution. For the more than 70 percent of Mozambicans whose primary incomes come from agriculture, USAID will leverage private sector resources to increase economic opportunities in various sectors, but especially agriculture, with a focus on increasing opportunities for youth. To increase resilience for particularly vulnerable populations in Northern Mozambique, USAID will partner with the private sector to address vulnerabilities and, where appropriate, develop innovative, sustainable, and market-based solutions.

## **ROLE OF CIVIL SOCIETY**

A strong and vibrant civil society is essential to encourage greater GRM transparency and accountability. Despite the significance of their roles, civil society organizations (CSOs) continue to face challenges related to registration, processes, fees, and financial sustainability. CSO harassment and safety are also continuing concerns. For example, the elections in 2019 were marked by the murder of a CSO director leading observations, who was killed by members of an elite security force. However, CSOs have enjoyed some success. For example, after the hidden debt scandal became public in 2016, CSOs helped, and continue to

help, to keep national and international attention focused on the issue, prompting Mozambican efforts to hold party members accountable. Moreover, after Cyclones Idai and Kenneth devastated towns and cities in central and northern regions, joint efforts by the government, CSOs, and development partners resulted in the provision of emergency water, food and health care to more than two million cyclone-affected Mozambicans.

USAID's support to CSOs remains fundamental, and the strategy will build upon its long history of supporting CSOs in advocating more strategically, implementing health and education activities, observing domestic elections, and improving organizational capacities. Specifically, the Mission plans to partner with CSOs to advocate more effectively and influence more transparent, accountable, and inclusive economic governance. Programming will also seek to work with CSOs led by or representing women, youth, and other vulnerable groups to increase food security, enhance gender-appropriate WASH practices, combat GBV, and augment natural resource management.

## **EFFORTS OF OTHER UNITED STATES ACTORS**

With the stakes high in Mozambique, engagement and support from the full USG team is essential to success. Cross-agency collaboration is particularly prominent in the country's health portfolio. The Centers for Disease Control and Prevention (CDC) established an office in Mozambique in 2000 with an initial focus on the prevention of mother-to-child transmission of HIV under the LIFE Initiative. The launch of PEPFAR in 2004 and the U.S. President's Malaria Initiative (PMI) in 2005 expanded CDC's support. In this strategy, CDC will continue to work closely with USAID to address HIV, tuberculosis, malaria, and influenza as well as strengthening its laboratory, surveillance, and workforce capacity to respond to disease outbreaks.

In addition to collaborative efforts in the health sector, the Mission will collaborate with interagency partners--such as the Departments of State and Commerce--to capitalize on the interagency *Prosper Africa Framework*. As highlighted in his speech launching Prosper Africa at the 2019 Corporate Council on Africa Conference in Maputo, then-Administrator Mark Green emphasized, "*Prosper Africa pulls together, harmonizes, and harnesses our foreign assistance tools in ways that will promote stability and good governance, and an enterprise-friendly, enabling environment.*" The new approach is already bearing fruits, as reflected by EXIM Bank approving a direct loan of up to \$5 billion to support the export of U.S. goods and services for the development and construction of the natural gas project located in Northern Mozambique. The U.S. Development Finance Corporation (DFC) approved a loan of up to \$200 million to Temane Electricity Generation Station and agreed to provide up to \$1.5 billion in political risk insurance to support the commercialization of natural gas reserves in Mozambique's Rovuma Basin. Further, the full USG team--including USAID, State, DoD, and DEA--is engaged in northern Mozambique to counter violent extremism by supporting law enforcement, improving strategic communications, and delivering socio-economic development programming.

In 2019, the Board of Directors of the Millennium Challenge Corporation (MCC) selected Mozambique for development of a second compact. Mozambique successfully completed its first MCC compact in 2013 and has recently demonstrated encouraging policy improvement on the MCC Scorecard. The new compact will build on the country's continued commitment to economic reform and its prior relationship with the MCC. In this strategy period, USAID will work with MCC to support Mozambique's continued progress in the areas of economic development, governance, and democratic reform.

## **FINANCING SELF-RELIANCE**

Mozambique's ability to eventually finance its own development is central to this strategy. More importantly for Mozambique, it is critical that, with expected extractive revenues, the government improve

expenditure efficiency, transparent economic governance, and debt reduction. Unfortunately, the COVID-19 pandemic struck Mozambique at a weak moment in its economic history, as the country attempted to recover from/respond to three major shocks: the hidden debt crisis; the devastating effects of Cyclones Idai and Kenneth; and the significant expansion of violent extremism across the northern half of Cabo Delgado. The country's main challenges include maintaining macroeconomic stability--considering exposure to commodity price fluctuations--and reestablishing confidence through improved economic governance and increased transparency, including the transparent handling of the hidden debt investigation. Moreover, structural reforms are needed in support of the currently struggling private sector.

USAID will build upon various successes that support increased revenues and accountable governance, including the creation of the Confederation of Business Association of Mozambique (CTA) along with the launch of Prosper Africa, which included the signing of an MoU between the U.S. Commerce Department and Mozambique's Ministry of Economy and Finance as a means to boost two-way trade. In particular, USAID will improve health and education government delivery systems to mobilize, allocate, and spend public resources effectively, efficiently, equitably, and with accountability. This strategy will also enhance the capacity and commitment of key GRM entities to set the stage to democratically and transparently manage expected increased extractive revenues. USAID will also strengthen resilience to shocks and stresses that threaten to undermine the economy and divert needed GRM development financing to respond to humanitarian crises.

## **SCENARIO PLANNING**

During the development of this strategy, it became clear that various unknowns--such as delayed LNG revenues, expanded violent extremism in the north, and democratic backsliding--could have major impacts on the strategy's successful implementation. As a result, the Mission chose scenario-based planning as a tool to help assess various possibilities and potential adaptive responses. In addition to future unknowns, Mozambique continues to adjust the strategy in real time to a new COVID-19 reality, which, unfortunately, includes rapidly increasing case counts, diminished economic activity, reduced demand for commodities, and large declines in projected GDP growth.

In order to plan for various scenarios, the Mission engaged experts from PPL and the Mission's monitoring, evaluation and learning mechanism to facilitate discussions across DO teams. Considering economic, political, conflict, and social dimensions, these experts facilitated various discussions around worst case and best case scenarios, including ideas of potential responses. The intention was not to predict the future, but rather to test how the CDCS could expand, contract and shift in relation to changing contexts. The Mission will use this tool as a guide for potential adaptations during various pause and reflect opportunities over the strategy period, including portfolio reviews, quarterly data reviews, CDCS stocktaking, and other learning events.

## **IV. RESULTS FRAMEWORK**

### **GOAL STATEMENT AND NARRATIVE**

USAID is well positioned to help Mozambique prepare to capitalize on resource revenues, while building on its earlier investments to address foundational conditions for self-reliance. USAID's goal for the 2020-2025 CDCS is to support and help shape a resilient Mozambique, prepared for the future. Since independence, Mozambique has survived more than its fair share of shocks: droughts, floods, cyclones, conflict, violent extremism, income inequality, poor education, and epidemics. However, progress on the J2SR requires more than survival. It requires resilience; the ability to bounce back stronger. This strategy seeks to strengthen Mozambique's overall resilience by investing in people, households, communities, and gender-equitable systems to better manage vulnerabilities and adapt to inevitable shocks. Only then may Mozambique begin to shake off its dependence on external humanitarian and development assistance. USAID will promote a peaceful, prosperous, and healthy Mozambique, where citizens benefit from expanded investments. USAID/Mozambique will achieve this goal through three DOs that prioritize fortifying the foundational elements required to advance Mozambique's self-reliance: 1) healthier and better educated Mozambicans, especially the young and vulnerable; 2) diversified and inclusive economic growth; and 3) increased resilience of vulnerable populations to key shocks. Our existing relationships, technical expertise, and convening power put us in a strong position to partner with the GRM, the private sector, CSOs, and other donors to achieve these objectives.

### **DEVELOPMENT OBJECTIVE I: HEALTHIER AND BETTER EDUCATED MOZAMBICANS, ESPECIALLY THE YOUNG AND VULNERABLE**

#### **DEVELOPMENT HYPOTHESIS**

**If** USAID improves the quality and utilization of sector services, while strengthening systems, and if the GRM, communities, the private sector, and civil society invest and participate in health and education activities; **then** USAID efforts will result in healthier and better educated Mozambicans, creating a more prosperous and self-reliant Mozambique.

#### **DEVELOPMENT NARRATIVE**

The link between education and health, although not simple, is inextricable. Poor health is highly correlated with low educational attainment. Poor health also often causes educational setbacks and interferes with continued schooling. In short, health conditions, disabilities, and unhealthy behaviors can all affect, and be affected by, educational outcomes. Research has linked girls' education to: reductions in child and maternal mortality; improved child nutrition and health; lower birth rates; improved economic productivity and growth; and protection of girls from HIV/AIDS, abuse and exploitation. Moreover, the education and health sectors in Mozambique face many similar service quality issues, access challenges, and systems constraints, including limitations in the areas of financing, planning, and human and material resources. The inextricable link between desired outcomes in the health and education sectors underlies the Mission's decision to form this integrated DO. Healthier Mozambicans with higher education levels will better contribute to a more productive workforce and an empowered citizenry. Children and youth who are healthier will succeed in learning, with greater analytical capacity, growing into more productive adults, better able to benefit from employment and livelihood opportunities. When girls stay in school, they are less vulnerable to the risks of child marriage and early pregnancy, and more likely to be active leaders in society. Education in Mozambique can play a key role in the country's revitalization, as schooling underpins economic growth, and effective schooling is associated with higher wages, higher political participation, and leads to healthier



life choices. This strategy will build upon notable improvements in under-five mortality achieved over the last 20 years. Moreover, programming will reduce deaths from malaria, HIV, TB, maternal causes, and COVID. These advances will substantially contribute to Mozambique's overall development as a nation. Importantly, by investing in people, households, communities, and systems to better manage vulnerabilities and adapt to inevitable shocks in the critical areas of health and education, this DO will contribute to the strategy's goal of strengthening Mozambique's overall resilience.

## **THE JOURNEY TO SELF-RELIANCE**

Mozambique's low Country Roadmap scores in open and accountable governance and citizen capacity are concerning. In particular, Mozambique scores well below the average on the open government dimension, which reflects opaque financial and programmatic management and increasing risks of corrupt service delivery practices. Moreover, all dimensions of citizen capacity are ranked low, reflecting poor education quality, high levels of child mortality, and limited access to WASH facilities. In response, USAID will support and incentivize various dimensions of commitment by improving supply chain data, supporting human resource management, and promoting increased accountability and community oversight. Programming will also strengthen citizen capacity by improving school governance, supporting antenatal care, increasing family planning access, reducing gender inequalities and improving women's agency, and positively influencing WASH behaviors.

The Mission will also build upon previous efforts to bolster the enabling environment for the private sector, as well as to increase private sector engagement in providing health care and commodity delivery. In fact, the Mission recently added an FSO private sector alliance builder, whose full-time job is to strengthen PSE across DOs and help mission staff more effectively partner with the private sector. Private sector involvement in education will occur through corporate social responsibility actions such as school construction and materials provision. Under DO 1, USAID will also seek to maximize private sector investment and public-private partnerships (PPPs) to help fill critical resource gaps in health and education by identifying and addressing factors which limit private sector participation. The Mission will increase private sector access to financing tools, incentives, market data, and employment and labor market research. Programming will also foster academic-corporate partnerships and improve nascent insurance and health payment schemes. Other challenges USAID will work to address, in partnership with the public and private sectors, include: laws and regulations that largely exclude pharmacies from providing health services; lack of appropriate financial incentives to promote partnerships with industry and investment in educational materials and infrastructure; and improving health and educational services.

Through close engagement with the GRM, the Mission continues to work to redefine its relationship. In fact, USAID is currently viewed by the GRM as an equal partner in health and education policy development, as demonstrated by a USG-supported policy shift to approve multi-month HIV drug distribution, which was a critical course of action needed to improve HIV retention and reduce the burden on health clinics. Other aspects of our relationship are more challenging, yet still present opportunities. For example, the GRM decentralization process appears to have promoted increased national-level control of provincial health and education services, including budgets, fragmenting responsibilities rather than effectively decentralizing functions and financing. Lack of clarity regarding these changes has slowed the Mission's efforts to finalize health G2G agreements with provinces. USAID will work directly with the GRM to clarify responsibilities at the provincial level to support effective, efficient, and responsive service delivery.

As seen in many developing countries, simply collecting large sums of extractive royalties will not necessarily put Mozambique on the path to self-reliance. Mozambique will require systems and safeguards to ensure government transparency and accountability and to prepare for increased private enterprise and

capital. For Mozambique, where debt levels exceed GDP and LNG revenues may be ten years away, increased efficiency in government expenditure for health and education will be key. Programming in both health and education will tackle the sources of risk, improve revenue management, and incentivize the private sector to help fill the gaps of poorly performing state-owned enterprises.

With debt-service on loans worth billions of dollars siphoning significant financial resources, the risks of continued debt distress and impending economic contractions threaten the country’s ability to advance its own vision of self-reliance. In response, the Mission will significantly increase partnerships with local institutions, invest in strategic infrastructure to increase access to rural schools and clinics, and promote transparent and accountable financial management to ensure local governments build public trust and deliver citizen-responsive services.

**ALIGNMENT WITH MOZAMBICAN GOVERNMENT PRIORITIES**

The support that this DO will provide to Mozambique is aligned with the Health Ministry’s ten-year strategy and the Ministry of Education’s draft *Ten-Year Strategic Education Plan*<sup>7</sup>. Both ministries have gender strategies with strong GBV interventions. This support is also aligned with the broader GRM priority of developing human capital and social justice by increasing delivery of quality services such as health and education. Each year, USAID works with GRM counterparts to define priorities in the annual *National Health Sector Strategic Plan* and the annual provincial-level plans, ensuring ongoing alignment. Technical approaches, aligned with government policy in GRM strategies, match global best practices and USAID approaches. For example, malaria control efforts supported by PMI are coordinated with the National Malaria Control Program and PEPFAR priorities to introduce better ARV regimens as part of GRM policy. In education, USAID plans to invest in the Education Sector Support Fund, a \$100 million multi-donor account. Our participation in fund meetings has already elevated the sector partners’ commitment to improved learning outcomes and enhanced school governance for primary education across the country. Frequent technical exchanges, and the presence of USAID-funded technical advisors in counterpart offices further promote strong alignment.

Assumptions	Risks
<ul style="list-style-type: none"> <li>• Effective approaches to address the effects of COVID-19 and mitigate the effects of other shocks in the medium and long-term will be adopted and implemented.</li> <li>• The GRM will continue to stimulate private sector partnerships to improve basic service coverage areas and reduce socioeconomic disparities.</li> <li>• The GRM will continue its current commitment to curriculum reform and a focus on literacy instruction in local languages in the early grades of primary school.</li> <li>• Political decentralization and local governance will empower communities and local organizations to co-create models of local development.</li> <li>• Enough skilled human resources for both sectors will be trained and retained.</li> <li>• Political will and resources exist to maintain and improve health and education systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Pandemics, climate change, and other shocks impact GRM finances and development gains.</li> <li>• Lack of access to finance is a serious constraint for the private sector.</li> <li>• Underdeveloped financial system, poor infrastructure, and high operating costs.</li> <li>• Corruption at national and sub-national levels.</li> <li>• High donor dependency for funding in basic social and health and education sectors.</li> <li>• Failure to fully involve and empower women and youth in addressing issues such as GBV.</li> <li>• Continuing security concerns impact the delivery of basic services in some provinces.</li> <li>• Most vulnerable groups, such as girls, are last to go back to school after extreme weather events.</li> </ul>

<sup>7</sup> Mozambique Ministry of Education Strategic Education Plan for 2020-2029, p. 97

## **IR 1.1: QUALITY OF HEALTH AND EDUCATION SERVICES IMPROVED**

### **IR OVERVIEW**

There is a growing acknowledgement by the GRM that access to services is not enough to improve outcomes. The provision of quality health and education services in Mozambique requires delivery of: appropriate, gender-sensitive medical care that the patient needs when the patient needs it; and the educational instruction that will allow Mozambican boys and girls equal opportunities to flourish and become productive Mozambican citizens. Both must be provided in affordable, safe, and effective ways. Despite longstanding Mission efforts in areas like family planning, reproductive health, maternal and child health, HIV/TB/Malaria testing, care and treatment, and primary education, the current quality of Mozambique's health and educational services remains in need of improvement. In response, the Mission will improve health and education service quality, ensuring that children, youth, women, and other vulnerable groups benefit from quality, responsive, and tailored services that meet their needs - and that communities are empowered to demand quality services. Achieving this result will require in-depth understanding of the barriers to use of services. If services are of good quality, tailored to meet people's needs, and consistently available, then vulnerable groups, including women and youth, will have the opportunity to improve their health and educational outcomes. To accomplish IR 1.1, the Mission will work with both health and education pre- and in-service institutions to develop and improve skills and behaviors of service delivery personnel, including the ability of teachers and health workers to provide appropriate, gender-sensitive services. The Mission will strive to improve facility readiness to provide quality services to beneficiaries. USAID expects to not only improve technical and pedagogical skills, but also soft skills, counseling, and ethical standards of staff, as well as leadership at all levels. Training alone is insufficient; supportive supervision, mentoring, values workshops, and quality improvement initiatives are among techniques that the Mission plans to employ.

At the community level, USAID will work with citizens to hold providers accountable. In health, USAID will strengthen the capacity of community health workers, who are playing key roles in improving community and household health. To help monitor public service providers, USAID will encourage the use of community scorecards, as well as community-led groups such as health committees and girls' clubs. In education, USAID will continue to collaborate with the Global Partnership for Education to share lessons learned, strengthen the quality of training, coaching, and support for in-service teachers, school directors, and school pedagogical directors, and to improve school management and administration. USAID will also promote the formation of community-led school committees.

Improving quality of services will include a range of approaches: training providers to treat and counsel adolescents appropriately; addressing cultural beliefs about childbearing, thus delaying pregnancy and preventing HIV infection; improving the sample transport system to reduce the time between testing and treatment for TB patients, thus increasing the likelihood that TB-positive patients will start and complete treatment; and improving facility management, for example by modifying hours of service and ensuring private spaces for clients where appropriate.

### **LINKS TO MOZAMBIKAN GOVERNMENT POLICIES AND PRIORITIES**

Both the Education and Health Ministry strategies highlight the focus on quality service delivery. In the *Ministry of Education Strategic Education Plan for 2020-2029*, the second strategic objective is to "assure learning quality," which supports its mission of implementing an inclusive, equitable, efficient, effective, and innovative national education system, capable of guaranteeing lifelong quality learning. The *Ministry of Health Strategic Plan for 2014-2019* includes as its second objective: "improve quality and responsiveness" in support of its mission to lead the generation and provision of more and better basic health services. Each of these ministries has a strong gender strategy that focuses on reducing barriers to girls' education and health-seeking services which are directly linked to the national gender strategy. Both

ministries partake in the gender coordination group that is led by the Ministry of Gender, Children and Social Action.

## **STRATEGIC PARTNERS**

Most development actors in the health and education sectors in Mozambique are aligned with USAID's approach of increasing quality with an ultimate vision of increased self-reliance. The United Kingdom, Ireland, Finland, and Canada, among others, work in both health and education, and coordinate efforts through the Health Partners' Group, the Education Partners' Group, and the Global Partnership for Education in Mozambique, as well as in one-on-one meetings. The Mission will take advantage of various opportunities for donor partnership, including co-financing Mozambique's education support fund, which reflects the shared objectives of Canada, Finland, Germany, Ireland, UNICEF, and the World Bank to improve access to bilingual education and reduce teacher absenteeism. Additionally, the Mission will continue to identify opportunities to work with key local organizations to include NGOs and research and university organizations.

## **IR 1.2: UTILIZATION OF HEALTH AND EDUCATION SERVICES EXPANDED, FOCUSING ON YOUTH AND GENDER**

### **IR OVERVIEW**

A large body of evidence confirms that many Mozambicans go without health care and fail to attend school, despite availability of these services. While IR 1.1 addresses the supply side, or the availability of effective health care and education, IR 1.2 will tackle the demand side, by addressing the barriers that constrain use of health facilities and schools.

Under IR 1.2, USAID will support increased utilization of health and education services, with a strong focus on reaching youth and incorporating gender considerations. To build a strong foundation for children, youth, women, and other vulnerable groups, USAID will increase opportunities for equitable access and use of age-appropriate quality services. USAID will work with communities to address social, cultural, and gender norms which hinder access, and with the GRM and other stakeholders to address additional barriers. Activities will work across the socio-emotional framework, recognizing that healthy behaviors are influenced not only by individual knowledge, attitudes, and self-efficacy, but also by factors at the personal relationship, community, and societal levels, such as agency, communications, and norms. USAID views effective, transformative gender and youth approaches as essential elements, not only across health and education programs, but across the entire CDCS.

Under this IR, USAID will expand programs, such as the Determined, Resilient, Empowered, AIDS-free, Mentored, and Safe (DREAMS) activity, which address harmful cultural and social norms and provide a model for expanded promotion of positive norms, enabling adoption of habits and behaviors important for good health and learning among young women at risk for HIV. Other examples of approaches that will improve access and increase adoption of positive behaviors include: campaigns that promote social distancing, mask wearing, and appropriate hygiene to reduce COVID-19 infections; providing access to ARV medication through private pharmacies or expanding workplace HIV interventions; using private sector marketing agency expertise to create tailored HIV prevention and treatment messages that appeal to young men, key drivers of the epidemic in Mozambique; and engaging community leaders to address entrenched and harmful norms that adversely affect young women. Gender-based violence, including CEFM, is a pervasive problem in Mozambique, causing a negative impact in many areas, to include HIV prevention and treatment, and girls' completion of primary and secondary school. Entrenched beliefs about girls and women threaten achievement of all three IRs and can poison any possibilities of achieving quality

health service outcomes, education outcomes, or enhancing trust in government, civil society, or private sector providers. For that reason, efforts to address these issues will be keys to overall success.

## **LINKS TO MOZAMBIKAN GOVERNMENT POLICIES AND PRIORITIES**

USAID programming reflects the first objective of the *Ministry of Education Strategic Education Plan*, which is to “guarantee the inclusion and equity in access, participation and retention.” This objective includes a focus on school environments that are safe, favorable to learning, gender-sensitive, and protective of children’s rights. The *Ministry of Health Strategic Plan* also includes in its first objective, a directive to “increase access and use,” which aligns with and reflects IR 1.2 programming.

## **STRATEGIC PARTNERS**

Strategic partners include both the Ministries of Health and Education, along with the Ministry of Gender, Children, and Social Action. The Mission will also focus on developing partnerships with local institutions and the private sector and will leverage resources from foundations to improve the health and education of vulnerable groups.

## **IR 1.3: RESILIENT HEALTH AND EDUCATION SYSTEMS STRENGTHENED**

### **IR OVERVIEW**

As Mozambique moves along its J2SR, it is important that USAID build GRM, civil society, and private sector capacity to effectively plan for, manage, and lead health and education resources, programs, and systems. More effective, responsive, gender-sensitive, and resilient systems will ensure reliable services that all Mozambicans, but particularly vulnerable groups like women, youth, and HIV key populations, require to thrive. USAID will use innovative approaches, improving supply chain data to promote availability of essential commodities, and supporting human resource management and retention, implementation of gender-sensitive policies, and use of data for decision-making. By supporting these foundational systems and policies, USAID will contribute to an enabling environment which prioritizes quality, client and gender-centered care and services at all levels. USAID will also improve the quality of infrastructure, address gender concerns, facilitate private sector involvement, and contribute to reductions in corrupt service delivery practices, in both sectors, by promoting increased accountability and community oversight. By prioritizing country ownership and collaborating with local partners, USAID will improve resilience and the capacity for self-reliance in the health and education sectors.

Resilient health systems are critical to the ability of Mozambique to respond more rapidly to a disease outbreak such as COVID-19. Programming will support timely data provision and analysis to inform decisions, effective policy implementation, and improved efficiencies in supply chains to move life-saving commodities to people in need. Additionally, with USAID’s support, staff that are well-trained on infection prevention, treatment, triage, and other key procedures are better prepared to combat COVID or other disease outbreaks. Resilient education systems are better prepared to adapt to crises and more able to utilize relevant modalities to reach women, children, and other vulnerable populations. During strategy implementation, USAID will continue to monitor COVID and other shocks, and will adjust according to the evolving situation.

## **LINKS TO MOZAMBIKAN GOVERNMENT POLICIES AND PRIORITIES**

USAID programming under this IR directly aligns with objectives six and seven of the *Ministry of Health Strategic Plan*, namely, to “increase transparency and accountability” and “strengthen the health system”

respectively. Additionally, the *Ministry of Education Strategic Plan*'s third objective strives to “ensure transparent, participatory, efficient, and effective governance,” which also aligns with IR 1.3 programming. Both ministries have an inclusion and gender equality strategy that prioritizes gender in the planning of interventions, budgeting, human resources and improved client services.

## STRATEGIC PARTNERS

Strategic partners will include provincial governments, with direct G2G assistance designed to improve financial management, programmatic accountability, and service delivery. Under this IR, USAID will also partner directly with private sector entities to help the government focus on core competencies.

## DEVELOPMENT OBJECTIVE 2: DIVERSIFIED AND INCLUSIVE ECONOMIC GROWTH

### DEVELOPMENT HYPOTHESIS

**If** democratic processes and institutions of economic governance are strengthened, the business enabling environment is improved, and the profitability of agricultural and other targeted enterprises is increased; **then** Mozambique will be better able to leverage profitability from the extractive and agricultural sectors to increase incomes and create jobs which will lead to more diverse and inclusive economic growth.

### DEVELOPMENT NARRATIVE

Despite significant challenges to development, Mozambique has an opportunity to transform its economy and advance towards middle income status. According to the IMF, gas revenue could account for more than 50 percent of total government revenues by the next decade. Utilizing its diversified and inclusive economic growth objective, the Mission will enable the improvement of the business environment through increased governmental accountability to citizens and increased dialogue among stakeholders. Additionally, Mission programming will promote the importance of the rule of law, transparency, and civic engagement, as prerequisites to Mozambique's ability to finance self-reliance at multiple levels of government. USAID/Mozambique will support investment in agriculture-based rural livelihoods and will invest in women and youth entrepreneurship and economic empowerment, which is critical to reducing longstanding societal inequalities. USAID's efforts in support of the development of a more favorable policy environment and government commitment to effectively and transparently managing public resources would dramatically increase the likelihood of diverse and inclusive economic growth. Furthermore, expanding and strengthening women's access to productive resources and markets; eliminating regulatory, legal, policy, and cultural barriers; and investing in women's economic opportunities will help accelerate Mozambique's economic growth. This inclusive growth will contribute to USAID's strategic goal to promote a peaceful, prosperous, and healthy Mozambique where citizens benefit from expanded investments. Additionally, by investing in people, households, communities, and systems to better manage vulnerabilities and adapt to inevitable shocks in the critical areas of economic growth and democratic governance, this DO will contribute to the strategy's goal of strengthening Mozambique's overall resilience.

### THE JOURNEY TO SELF-RELIANCE

The effects of weak government institutions, endemic corruption, flawed elections, a challenging business environment, and low competitiveness in agriculture, are reflected in Mozambique's low scores on J2SR metrics related to open and accountable governance and the business environment.

The poor and declining score under liberal democracy demonstrates that although the country has a relatively strong legal framework to uphold civic and political freedoms, the excessive concentration of power within the executive branch limits the exercise of liberal democracy. Mozambique trails other low-income countries and is trending downward in adoption of open government policies to share information, foster citizen participation, and establish effective mechanisms of accountability to citizens. Under the economic policy J2SR metric, Mozambique has mixed performance, with comparatively low tariff and non-tariff barriers that place the country in a favorable position on trade freedom. The declining performance under the business and investment environment highlights the urgent need for implementation of improved policies to promote investment.

To address these constraints to Mozambique's J2SR, DO 2 will support the efforts of civil society entities and the media to expose corruption and positively influence budget and policy decisions. USAID will also support citizen efforts to hold the government accountable for improving public services and making responsive and transparent budget decisions in a geographically equitable fashion. Interventions to improve public-private-civil society dialogue on policy development will further strengthen the capacity of these crucial stakeholders, while efforts to build entrepreneurship and technical capacity for youth and women will improve the worsening economic gender gap.

In addition to increased engagement with civil society, DO 2 will focus on engaging the private sector to accelerate the J2SR. Specifically, programs will strengthen the business enabling environment to accelerate private sector competitiveness and attract investments. Support for improved access to technology and capital, accompanied by entrepreneurship training, especially for women and youth, will increase the profitability of agriculture and other targeted enterprises. Together, these efforts will help to counter the economic retrenchment that accompanied the COVID-19 pandemic. USAID will continue to engage with the public and private sectors to identify opportunities to increase use of local goods, services and labor in the extractive industry to broaden the positive impacts of economic growth.

To strengthen citizen-centered economic governance and improve domestic resource mobilization as a means of financing self-reliance, USAID programs will inform key economic governance reforms, and strengthen public financial management systems. Potential opportunities include providing support to: an inclusive national dialogue; the development of a sovereign wealth fund; and the achievement of specific PFM reform measures identified in the GRM's *2019 Report on Transparency, Governance and Corruption*<sup>8</sup>. Programming will maintain a specific focus on transparent and effective allocation of public resources. Interventions to increase citizens' access to public revenue information and to encourage public-private-civil society dialogue will help to ensure that those resources are channeled to democratically determined national priorities. The prospects of increased government resources highlight the need to strengthen the capacity of GRM systems. The Mission will also work to redefine its relationship with the GRM by facilitating increased direct policy engagement among the donor community, implementing partners, and GRM counterparts. As a result, the relationship among the various stakeholders will be based on mutually agreed upon goals and will encourage GRM ownership. Where appropriate, USAID will seek to implement programs through host country systems, especially in the areas of policy and infrastructure.

## **ALIGNMENT WITH MOZAMBIKAN GOVERNMENT PRIORITIES**

Diversified and inclusive economic growth, aligns well with many of the GRM's plans, as highlighted in the *GRM Five-Year PQG strategy (2020-2024)*, Priority II: "Boost economic growth, productivity and job creation." This DO's main goal is to adopt a more diversified and competitive economy that creates more job opportunities, especially for young people. This GRM priority is supported by several strategic objectives, three of which directly align with DO 2. Specifically, IR 2.2 is aligned with GRM Strategic

---

<sup>8</sup> [Republic of Mozambique : Diagnostic Report on Transparency, Governance and Corruption](#)

Objective I: “Promote a balanced macroeconomic environment and public financial management,” and supports achievement of the reform measures of the GRM’s *Report on Transparency, Governance, and Corruption (2019)*. IR 2.3 aligns with Strategic Objective II - “Improve the business environment to attract national and international private investment,” while IR 2.4 is aligned with Strategic Objective III - “Ensure the transformation and modernization of the way of organizing production and internal and external trade.”

In addition, DO 2 interventions will support other GRM strategies, including: “Accelerating development in the northern region of the country,” which is the goal of the recently established Agency for Integrated Development of the North (ADIN); “Improve local governance of Mozambique subnational institutions,” through the recent *GRM Decentralization Framework*; “Improve the business environment” through the implementation of the *Action Plan for Improving Business Environment*; and “Investing in the transformation and modernization of agricultural production,” through the Ministry of Agriculture’s SUSTENTA program.

Assumptions	Risks
<ul style="list-style-type: none"> <li>● Large natural gas investments proceed in Cabo Delgado.</li> <li>● Decentralization is implemented in alignment with 2018 Mozambican Constitutional amendments.</li> <li>● Continued deconcentration of the political system.</li> <li>● Mozambique’s economy, particularly the currently decimated tourism sector, rebounds from the devastating impacts of COVID-19.</li> </ul>	<ul style="list-style-type: none"> <li>● The governance system becomes more centralized, reducing space for local stakeholders.</li> <li>● Falling petroleum prices lead investors to delay/cancel gas liquefaction investments.</li> <li>● Insufficient public sector revenue limits government capacities.</li> <li>● Large extractive investments proceed and cause overvaluation of the Metical, limiting prospects for agricultural and other non-extractive industries (Dutch Disease).</li> <li>● Climate shocks, such as floods and cyclones, negatively impact agricultural productivity and the viability of agricultural investments.</li> <li>● The impacts of COVID-19 on key sectors, (e.g. tourism), and on international trade negatively impact economic development.</li> <li>● Violence engulfs much of Cabo Delgado and extends into Nampula Province, limiting economic growth overall, and threatening the viability of extractive industries.</li> <li>● Violence in central Mozambique limits trade along the Beira-Harare Corridor.</li> <li>● Increased temperatures, variable rainfall, and extreme weather events negatively impact crop production, along with the businesses that rely on the agriculture sector.</li> </ul>

## IR 2.1: TARGETED DEMOCRATIC PROCESSES STRENGTHENED

### IR OVERVIEW

Over the past two decades, both civil society and the media have rallied at critical moments to demand greater government transparency and accountability. However, significant challenges persist, including



harassment of journalists, self-censorship, and a downward trend in donor funding for civil society.<sup>9</sup> In order for Mozambican citizens to meaningfully influence government policies and demand accountability, civil society and the media will need to inform citizens and advocate effectively on increasingly complex, data-driven, and sensitive issues of economic governance at national and local levels. This IR will seek to harmonize USAID messaging in support of citizen-centered democratic governance across all relevant mission activities. It will also expand Mission efforts to engage new partners and support new coalitions, including women and youth leaders, religious groups, academia, and professional and business associations, to reinforce the founding principles of Mozambique's democracy. Women must be equally and meaningfully engaged within and across each of these governance efforts.

## **LINKS TO MOZAMBICAN GOVERNMENT POLICIES AND PRIORITIES**

USAID efforts to strengthen democratic processes (IR 2.1), more specifically to strengthen the accountability of government to non-government stakeholders, and to increase citizens' access to critical economic governance information, support Pillar I (Strengthening democracy and promoting national unity) of the *GRM's Five-Year Program (PQG) 2020-2024*.

## **STRATEGIC PARTNERS**

Activities under this IR will engage with women and youth leaders, professional and business associations, and religious and community leaders to encourage greater accountability and inclusion in subnational governance. To strengthen the implementation of key economic governance reforms, civil society organizations will be critical to promote evidence-based advocacy and inclusive public debate. Building on successful past programming, USAID will partner with a consortium of Mozambican media organizations to strengthen investigative journalism, promote community radio stations, and expand Mozambican citizens' access to quality information.

## **IR 2.2: IMPLEMENTATION OF ECONOMIC GOVERNANCE STRENGTHENED**

### **IR OVERVIEW**

Over the next decade, Mozambique's commitment and capacity to effectively manage public resources must be strengthened to seize the potential from natural gas exportation, its position as a trade corridor to inland countries, and favorable agricultural opportunities. Mozambique's current capacity to effectively manage public resources is severely limited, both at the national and subnational levels. Provincial and local government officials need the skills, systems, and incentives for accountable and gender-equitable management of public resources. Recent decentralization reforms will require significant changes in subnational financial management procedures and increased coordination among various key stakeholders. This IR will focus its efforts on building the skills and strengthening key systems of subnational governments for accountable and inclusive economic governance. This will ensure that a strong oversight system is in place that reduces opportunities for corruption or inefficiencies to make the allocation of public revenues more equitable and responsive to Mozambican citizens, especially under-represented and vulnerable populations.

## **LINKS TO MOZAMBICAN GOVERNMENT POLICIES AND PRIORITIES**

USAID efforts to strengthen the implementation of economic governance (IR 2.2), including improvement of public financial management and implementation of economic governance reforms are aligned with the

---

<sup>9</sup> 2018 Civil Society Organization Sustainability Index Report  
<https://www.fhi360.org/sites/default/files/media/documents/resource-csosi-2018-africa-report.pdf>

GRM's Strategic Objective 1: Balanced macroeconomic environment and public finance management, as well the reform measures of the *GRM's Report on Transparency, Governance, and Corruption (2019)*.

## **STRATEGIC PARTNERS**

Activities under this IR will engage relevant Mozambican government ministries such as the Ministry of Finance and the Ministry of State Administration and Public Services, as well as provincial, municipal, and district governments and professional associations. The Mission also envisions a new partnership with the internal audit entities within the Ministry of Economy and Finance, Ministry of Health, and Ministry of Education. Additionally, this IR will explore opportunities to partner with key civil society oversight organizations.

## **IR 2.3: STRENGTHENED BUSINESS ENABLING ENVIRONMENT**

### **IR OVERVIEW**

Strengthening the business enabling environment through policy reform is critical to accelerate private sector competitiveness, attract investments, and create jobs. However, Mozambique ranks 135th (out of 190 countries) in the *World Bank's 2019 Doing Business Report* and is not keeping pace with other countries in implementing reforms. Given the prospective natural gas bonanza, the next ten years represent a critical period for Mozambique to address multiple challenges through increased engagement with the private sector and civil society. An improved policy environment is required for balanced growth beyond the extractives industry, to diversify the economic base through expanding agriculture and other strategic sectors. IR 2.3 will address challenges and obstacles holding back private sector competitiveness through effective public-private-civil society policy dialogue, increasing women's influence and empowerment within the private sector, and improving implementation and monitoring of policies by public and private institutions. Activities designed under this IR will strive to ensure that marginalized groups, to include women and young adults, are meaningfully engaged in policy analysis, development and implementation.

### **LINKS TO MOZAMBIKAN GOVERNMENT POLICIES AND PRIORITIES**

IR 2.3 is aligned with the *GRM's Five-Year Program (PQG) 2020-2024 Priority II*: "Boost economic growth, productivity and job creation" and its Strategic Objective II - "improve the business environment to attract national and international private investment." IR 2.3 is also aligned with the *Ministry of Industry and Commerce Action Plan for Improving the Business Environment (2019-2020)*, which prioritizes actions to make "Mozambique more attractive to investment, and companies more competitive." In addition, interventions under this IR support several GRM strategies, such as *2020-2024 Agriculture Development Plan and Trade Policy and Strategy* and will contribute to ADIN's main objective of accelerating development in the northern region.

## **STRATEGIC PARTNERS**

USAID will engage local actors including the GRM, (particularly the Ministry of Industry and Commerce, as the focal point for economic policy reform), local government authorities (particularly the Municipality of Maputo as the benchmark for the Doing Business Report), private sector associations, civil society, think tanks, and academia. USAID will continue collaboration with other development actors through the Private Sector Working and Agriculture and Rural Economic Development Working Group.

## **IR 2.4: PROFITABILITY OF AGRICULTURAL AND OTHER TARGETED ENTERPRISES INCREASED**

### **IR OVERVIEW**

Agriculture is the mainstay of the economy, contributing more than a quarter of Mozambique’s GDP and employing more than 70 percent of the total labor force. The agricultural sector is dominated by smallholders, whose landholdings range in size from 0.5 to 1.5 hectares, though there are some larger enterprises engaged in production and agro-processing. Mozambique’s population is young and fast growing. Sixty-six percent of the population is under 24. Moreover, in rural settings, 95 percent of the women labor force are subsistence farmers, 58 percent of women are illiterate and by tradition women do not inherit land, leaving them at a disadvantage especially when faced with socio- economic and environmental shocks. According to a 2017 political economy analysis, “with the current rate of population growth, nearly half a million people join the workforce every year – representing a tremendous opportunity, but also a major challenge if jobs are not created at a corresponding rate.” The country’s formal economy has struggled to create employment to address this growing population. The largest population concentration is in the north, an area that has been historically neglected and where USAID intends to focus most of its agricultural programming. The Mozambican agricultural markets are thin, with few, and in some places, nonexistent supporting services.

USAID will invest in increasing entrepreneurship and technical capacity of business owners and employees, particularly youth. The Mission will pursue opportunities to promote the use of local businesses and the employment of local labor for extractive industries. Programming will focus on agriculture-related industries that employ large numbers of people. Interventions will provide skills and tools that increase competitiveness for women-led businesses, improve access to capital, information, energy and technologies that are foundational tools for businesses to grow operations. For example, programming will expand the use of quality seeds and water management techniques to increase agricultural profitability. Mozambique has great potential to expand renewable energy generation, which could be used for powering local households and industry, as well as for generating revenue through exportation to neighboring countries. Programming will also expand use of ICT tools, such as mobile money, to strengthen linkages between farmers and buyers. Increased profitability of agriculture and other targeted enterprises will increase jobs and expand the demand for local goods and services. Mozambique’s economy will be more inclusive when businesses, farmers, and other stakeholders have improved access to markets, thereby increasing the value and volume of sales. Growth will be more inclusive when traditionally marginalized actors, like smallholder farmers--especially youth and women--are engaged in, and benefitting from, the expansion of markets and trade. USAID will continue to provide technical assistance and networks to improve agricultural market linkages between producers, buyers, and consumers. As demonstrated during the global logistics disruptions during the COVID-19 pandemic, there is great opportunity and need for increased local food production to meet local demand.

### **LINKS TO MOZAMBIKAN GOVERNMENT POLICIES AND PRIORITIES**

Proposed USAID interventions to improve profitability of agricultural and other enterprises (IR2.4) align well with the *GRM’s Five-Year Program (PQG) 2020-2024*, Priority II: “Boost economic growth, productivity and job creation,” and its Strategic Objectives III: “Ensure the transformation and modernization of the way of organizing production and internal and external trade.” These interventions are also aligned with the vision of the National Sustainable Development Fund, which aims to promote sustainable initiatives by bringing structural changes to rural production, with support from the recently launched World Bank Integrated Management of Agriculture and Natural Resources Project.

## STRATEGIC PARTNERS

Local actors involved in attaining these results will include relevant government ministries such as the Ministry of Agriculture and Rural Development, the Ministry of Industry and Commerce, Provincial Government authorities, farmer associations, agribusinesses, business associations, universities and technical training institutions, the banking sector, and other donors.

## DEVELOPMENT OBJECTIVE 3: RESILIENCE OF VULNERABLE POPULATIONS TO KEY SHOCKS INCREASED

### DEVELOPMENT HYPOTHESIS

**If** USAID programming, in concert with the GRM, private sector, and other donors, increases household food security and nutrition and access to clean water and sanitation, improves sustainable management of natural resources, and prepares vulnerable communities to mitigate and withstand conflict, violent extremism, market and price shocks, and stresses and natural disasters; **then** the resilience capacities of these households and communities will be increased, and Mozambique will be less likely to backslide on its journey to self-reliance.

### DEVELOPMENT NARRATIVE

Mozambique's significant natural gas reserves, other mineral deposits, plentiful fertile land and water, and noteworthy biodiversity provide the potential in the coming decades for the country to finance its own development. However, Mozambique's high income inequality and its vulnerability to natural disasters (particularly floods, droughts, and cyclones), persistent conflict, and growing violent extremism threaten to derail its J2SR. Unless the root causes of these vulnerabilities are addressed, Mozambique could remain dependent on external humanitarian and development assistance for the foreseeable future, and could even risk ceding parts of its territory to violent extremists.

DO 3 focuses on vulnerable populations in northern and central Mozambique and on the specific shocks/stresses of natural disasters, food insecurity, and violent extremism. It contributes to the broader CDCS goal of a Mozambique whose overall economy, governance systems, and ability to finance self-reliance are more resilient to a broad range of shocks. DO 3 targets a specific geographic region and segment of the population particularly exposed to climatic and conflict/violence shocks. It seeks to smooth the transition of humanitarian assistance, currently provided through the Office of Transition Initiatives and Food For Peace programs in northern Mozambique, to development assistance programs. It contributes to the CDCS goal by complementing DO 1 efforts to strengthen human capacity and the resilience of health and education systems, and DO 2 efforts to build resilience through a diversified economy and accountable government. Under DO 3, targeted resilience programming through intentional sequencing, layering, and integration will build capacity at the household, community, and systems levels to withstand key shocks. While DO 3 focuses on climatic and violence/conflict-related shocks and stresses, USAID recognizes that other types of shocks--such as individual and household-level health shocks, pandemics, and household financial volatility--also drive household vulnerability and insecurity. Efforts in DO 3 will complement and benefit from DO 1 work to strengthen the resilience of health and education systems, as well as DO 2's support for a more diversified and resilient economic system. Given the strong linkages between health, agriculture, food security, nutrition, and WASH, DO 3 activities will be coordinated and, where appropriate, layered and sequenced with health and education activities under DO 1 and agriculture and local governance activities under DO 2.

Within targeted vulnerable communities and households, USAID will prioritize the resilience of women and youth, who often have lower incomes, fewer assets, poorer nutrition, and less social capital from which to draw in the event of a shock. Women in Mozambique--and particularly in the northern and central regions--generally marry young, and give birth to an average of five children who face an uphill battle for survival due to poverty, poor nutrition, lack of clean water and sanitation, and poor hygiene. Given these challenges, USAID will prioritize activities that strengthen gender equality, with a focus on gender-based violence and child marriage, to reduce vulnerability gaps between men and women at the household, community, and system levels. This includes supporting women to increase household income through diversification and sustainable intensification of natural resource-based livelihoods, as well as improving the health and nutrition of their families through access to diverse diets, clean water, and improved sanitation and hygiene. Together, these investments will increase women's incomes, access to resources, decision-making opportunities, and protection from violence and exploitation.

Mozambican youth--comprising more than 60 percent of the population--have grown up in a post-war era that has in some ways failed to meet their expectations for security, education, and economic opportunity in an independent, peaceful, resource-rich nation. Increasingly disillusioned, they struggle to fill traditional roles, with education and income levels too low to support their families. Particularly in the north, young men face pressure to join violent extremist groups, while young women face the risk of being forcibly married into them. As youth are often among the most vulnerable to conflict, violent extremism, and other shocks, USAID will prioritize increasing youth incomes and creating opportunities for youth to engage in positive ways in their households and communities.

## **THE JOURNEY TO SELF-RELIANCE**

While Mozambique performs better than average in some components of the Country Roadmap, in recent years it has worsened in key commitment areas such as social group equality and economic gender gap--leaving women, youth, and marginalized groups more vulnerable to shocks. It also remains far below average in capacity indicators such as poverty rate and child health, which are critical to resilience. DO 3 targets these areas, as well as aspects of government effectiveness and environmental policy. By addressing these core elements of the J2SR--in partnership with DOs 1 and 2--DO 3 will build resilience and mitigate the effect of shocks while strengthening public institutional capacity and engaging the private sector to reduce grievances that may contribute to violence and conflict.

Most of the results that USAID/Mozambique aims to achieve under DO 3 will be achieved through close engagement with the private sector. To achieve food security and nutrition outcomes (IR 3.1), USAID will help farmers increase incomes through improved market linkages and may work with the private sector to improve access to micro-nutrients, protein, and fortified foods for vulnerable households. To address the extreme lack of access to clean water and sanitation services (IR 3.2), USAID will strengthen the policies, regulations, management capacity, and access to finance needed to enable private sector providers to meet these needs in the face of public sector financing shortfalls. The Mission's approach to managing natural resources (IR 3.3) includes improving household incomes through sustainable natural resource-based livelihoods, and working with private sector partners in the areas of tourism and marketing of non-timber forest products (e.g. coffee, cashew, honey). USAID will build on its successful history of GDAs and continue to pursue new PSE opportunities.

Within DO 3, USAID will strengthen Mozambique's resilience to shocks and stresses that threaten to undermine the economy and divert GRM development financing to respond to humanitarian crises. Under IR 3.2, USAID will strengthen the role of the private sector and promote tools such as public-private partnerships to meet demands for water and sanitation. These payment-for-services approaches are expected to improve service delivery while simultaneously reducing burdens on over-stretched public finances.

Similarly, through co-management approaches with private sector entities, USAID will continue to lead on innovative models to improve management of parks and conservation areas while drawing on needed external financing to ensure sustainability (IR 3.3). Community-based approaches to preparing for and managing the impacts of disasters will draw upon local capacity to build self-reliance and reduce public expenditures (IR 3.5). Under IR 3.4, USAID will strengthen communities’ ability to withstand violent extremism and mitigate conflict, thus contributing to the stability that is a fundamental prerequisite for Mozambique’s self-reliance.

DO 3 programming aims to reduce GRM dependence on external humanitarian assistance, and to build the capacity of Mozambicans and their government to more effectively prepare for, mitigate, and respond to crises. Under this DO, USAID seeks to redefine its relationship with the GRM from one of ongoing humanitarian assistance to one of partnership, with an explicit focus on vulnerable populations’ resilience to both quick-onset disasters and longer-term stressors.

**ALIGNMENT WITH MOZAMBICAN GOVERNMENT PRIORITIES**

DO 3 aligns with multiple GRM priorities, articulated in its recently approved five-year plan for 2020-2024. For example, the entire DO aligns with the GRM’s focus on developing human capital and social justice, to include strengthening gender equality and social protection for vulnerable populations, with a focus on youth. Additionally, IR 3.1 aligns with the GRM priority of transforming and modernizing the agriculture sector by ensuring greater integration of farming families into national and international markets, thereby increasing household incomes and increasing food security and nutritional self-reliance. Moreover, IR 3.2 aligns with the GRM’s stated desire to Increase access to sustainable water and sanitation infrastructure and improve hygiene practices. Furthermore, IR 3.3 aligns with the GRM’s efforts to strengthen the sustainable management of natural resources and the environment, while IR 3.4’s foci on combating violent extremism and consolidating the peace process, and strengthening citizen trust in state institutions, align with GRM goals of strengthening democracy, reconciliation, and preserving national unity and cohesion, and promoting good governance and decentralization. Finally, IR 3.5’s construction of climate-resilient infrastructure is consistent with the GRM’s priority of reducing the vulnerability of communities, the economy, and infrastructure to climatic risks and natural and man-made disasters.

Assumptions	Risks
<ul style="list-style-type: none"> <li>● GRM follows through on its commitment to invest at least ten percent of the national budget in agriculture.</li> <li>● The GRM allows for complementary cash transfer programming.</li> <li>● The GRM continues to support regulatory reforms to increase private sector participation in the WASH sector.</li> <li>● Cabo Delgado and Nampula will continue to be semi-permissive spaces where USAID’s local partners are able to work.</li> <li>● The GRM will continue efforts to counter Islamic State-Mozambique.</li> <li>● Humanitarian crises will continue with high levels of internally displaced people.</li> </ul>	<ul style="list-style-type: none"> <li>● Changing climate patterns will limit agricultural yields, damage or destroy infrastructure, and cause more frequent and catastrophic weather events.</li> <li>● When faced with shocks, vulnerable Mozambicans with limited resources will resort to coping mechanisms that are unsustainable (e.g., asset selling, charcoal burning, illegal logging and mining) and/or harmful (e.g., child marriage).</li> <li>● Market systems will be disrupted due to COVID-19.</li> <li>● In the absence of peace and security, populations will accept any entity (including Islamic State-Mozambique or other VEOs) that offers stability.</li> <li>● Security risks, especially in Cabo Delgado, will make some areas off-limits to USAID implementing partners and could result in destruction of USAID-built infrastructure. Such risks will also likely increase the cost of operations in the</li> </ul>

<ul style="list-style-type: none"> <li>• Climate-affected natural hazards (droughts, floods, storms) will occur with increased frequency and intensity.</li> <li>• USG support for humanitarian assistance, disaster preparedness and climate resilience will continue.</li> <li>• Implementation of the Peace and National Reconciliation Agreement continues to move forward.</li> </ul>	<p>province. Cabo Delgado could become non-permissive, requiring USAID operations to cease or be conducted remotely. Insurgents could start to target CSOs and humanitarians.</p> <ul style="list-style-type: none"> <li>• Security actors use tactics that violate human rights and civil liberties in response to insurgency, creating incentives for communities to radicalize.</li> <li>• Violence spreads beyond Cabo Delgado, affecting more of USAID’s programs and affecting a greater proportion of the Mozambican population.</li> <li>• Climate shocks, such as floods, can potentially be a secondary driver that increases violent extremism.</li> </ul>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

### **IR 3.1: HOUSEHOLD NUTRITION AND FOOD SECURITY INCREASED**

#### **IR OVERVIEW**

Diversifying and increasing household income will build resilience within vulnerable populations to shocks and stresses. Focusing on increasing smallholder production, crop diversification, and productivity while simultaneously working with the private sector to open market opportunities will ensure that households are able to meet their nutritional needs. Engaging holistically, USAID will work at household, community, district, and provincial levels, and will focus on improving access to food and incomes through agriculture and other livelihood initiatives, combating under-nutrition, especially for children under two and pregnant and lactating women, so as to improve the overall resilience of Mozambicans as a whole. Recognizing that women’s entrepreneurship and economic empowerment are critical components of household resilience, this IR will place special emphasis on the food and nutritional security and livelihoods of youth, and young women, and combatting child marriage and intimate partner violence.

#### **LINKS TO MOZAMBICAN GOVERNMENT POLICIES AND PRIORITIES**

The Ministry of Agriculture and Rural Development’s (MADER) first two objectives are focused on assistance to, and the development of, smallholder farming. This is in keeping with the SUSTENTA program, which aims to integrate smallholder farmers into value chains and increase incomes. The GRM has indicated that it devotes more than ten percent of its entire budget to the SUSTENTA program. The Ministry of Health, along with the Food Security and Nutrition Secretariat (SETSAN), are keen collaborators in focusing on food security and nutrition outcomes. The key challenge in this area is the multi-faceted nature of poverty, food security, and nutrition. The GRM seems to have the right policies in place, but the difficulty is in addressing the challenges holistically.

#### **STRATEGIC PARTNERS**

Strategic partners include MADER; the Ministry of Health; the Ministry of Gender and Social Action; and the Provincial and District Directorates.

## **IR 3.2: SUSTAINABLE MANAGEMENT AND USE OF WATER AND SANITATION FOR TARGET POPULATIONS INCREASED**

### **IR OVERVIEW**

Achievement of increased sustainable management and use of water and sanitation for target populations will contribute to the overall DO 3 goal of improving the well-being and resilience of vulnerable communities, especially among women and girls. To achieve this purpose, USAID will: strengthen WASH sector governance through participatory dialogue with GRM counterparts coupled with a focus on strengthening local systems; expand availability of water and sanitation services by catalyzing domestic private sector resources, including establishing an enabling environment for women entrepreneurs' business development, to complement public sector investments; address harmful gender norms that prohibit women and girls from equally benefiting from WASH investments; and accelerate adoption of key WASH behaviors that not only lead to improved health outcomes, but also address sustainability by ensuring that investments in physical infrastructure are used and maintained.

### **LINKS TO MOZAMBIKAN GOVERNMENT POLICIES**

The *GRM National Strategy for Development (2015-2035)*, and “*Action Plan for the Implementation of the Sustainable Development Goals (SDGs) in the Water Supply and Sanitation Sector 2015-2030*” reflect the GRM’s focus on improving the water and sanitation sectors in Mozambique. The newly revised Constitution provides opportunities for advancing decentralization of planning, investment and management of government services, including water and sanitation services, to provinces and districts. The GRM and development partners have committed to support the decentralization process in the WASH sector. Mozambique has policies and regulations in place to provide improved access to safely managed water and sanitation, but gaps in capacity of the WASH agencies and lack of prioritization for WASH funding limit its ability to reach its goals, making it even more important for USAID to seek private sector-driven solutions where feasible.

### **STRATEGIC PARTNERS**

Strategic partners include the Ministry of Public Works, Housing and Water Resources (MOPHRH) and several of its directorates (to which USAID provides direct funding and/or capacity development support); UNICEF; the World Bank; and DFID. The Mission will take advantage of shared objectives across donors, including coordinating geographic target areas for WASH programming with the World Bank to make safe water more accessible.

## **IR 3.3: NATURAL RESOURCES MANAGEMENT IMPROVED**

### **IR OVERVIEW**

Achievement of improved natural resources management (NRM) in select landscapes will contribute to the overall DO 3 goal of improving the well-being and resilience of vulnerable communities, especially among women and girls. To achieve this result, USAID will strengthen GRM institutional capacity to implement and enforce NRM laws, policies, and strategies; apply participatory, community-based and co-management NRM models; and improve alternative livelihoods for NRM-dependent communities. To the extent possible, NRM programs will strengthen local systems to counter threats to forests, fish and wildlife; leverage sustainable finance through private-sector engagement and alliances; and integrate biodiversity conservation, climate resilience, gender-based violence, and women/girl’s empowerment outcomes. Capacity development activities will align with the *US Eliminate, Neutralize, and Disrupt Wildlife*



*Trafficking Act* and Congressional earmarks for USAID Biodiversity, Counter Wildlife Trafficking and Climate Adaptation programs.

## **LINKS TO MOZAMBIKAN GOVERNMENT POLICIES**

The Constitution of the Republic of Mozambique states that all citizens have both the right to a healthy environment and the obligation to protect it from degradation. The Constitution also states that all natural resources, renewable and non-renewable, terrestrial and marine, belong to the state. It calls for the establishment of areas for the conservation of nature, and for policies to protect the environment and encourage sustainable use of natural resources. The GRM has a number of policies (laws, strategies, action plans, and regulations) that address management of forests, fisheries and wildlife. Notable among these are the *National Biodiversity Strategy for Mozambique: 2015-2035*, which includes 20 targets. Most recently, the *GRM's Five-Year Plan (2020-2024)* includes “strengthening sustainable management of natural resources and the environment” as one of its top priorities. Although the J2SR Roadmap gives what it calls “biodiversity and habitat protections” in Mozambique a score of 0.9 out of 1, or 90 percent, ranking it as very advanced globally, that score is mainly based on the fact that Mozambique has a very large fraction of its terrestrial area – 26 percent – designated as conservation areas, on paper at least. The score is not a very accurate reflection of the effectiveness of biodiversity conservation and NRM policies and their implementation. From a GRM perspective, securing sustainable finance with an international “co-management” partner agreement for all conservation areas is a target.

## **STRATEGIC PARTNERS**

Strategic partners include the GRM Parliamentary Group for NRM; the Ministry of Land and Environment; the National Administration for Conservation Areas (ANAC); the National Agency for Environmental Quality Control (AQUA); the National Directorate for Environmental Assessment (DNAB); the Ministry of Seas, Interior Waters and Fisheries; and private foundations that partner with the GRM to conserve key biodiverse areas.

## **IR 3.4: TARGETED COMMUNITIES BETTER PREPARED TO WITHSTAND VIOLENT EXTREMISM AND MITIGATE CONFLICT**

### **IR OVERVIEW**

Since October 2017, communities in Cabo Delgado have been attacked by IS-M. The rate and severity of violent extremist attacks have steadily increased since 2018, sparking mass displacement throughout the coastal districts of the province. The violence, coupled with limited socio-economic development in the province, poses serious risks to Mozambique’s J2SR (including to the LNG development that has the potential to transform it into a middle-income country) and regional stability. Consequently, this IR focuses on supporting resilience in targeted communities at the local level to withstand VE and mitigate conflict. It directly supports the CDCS goal and DO 3, but is also critical to achieving DO 2, focused on economic governance, by increasing trust between vulnerable communities and government. This IR recognizes how VE impacts women, girls, and youth differently and subsequently will target change agents and key influencers in these vulnerable populations to foster greater community stability and resilience.

USAID/Mozambique will use three approaches for this IR: 1) building social cohesion within and between targeted communities, 2) increasing trust between vulnerable communities and government; and 3) identifying and strengthening the ability of local change agents and key influencers, particularly women and youth, to implement locally led preventing and countering violent extremism (P/CVE) initiatives. These approaches are based on USAID’s comparative advantages in Mozambique: connections to local

government and communities via USAID/OTI and DRG local governance programming; ongoing partnership with the new GRM agency ADIN; USAID's leadership in the P/CVE community of practice in Mozambique; and USAID development and humanitarian assistance programming capable of identifying and reaching change agents and key influencers in the north. Under this IR, USAID will support Women, Peace and Security objectives and work closely with Interagency partners, including DoS and DoD, as part of post's whole-of-government strategy to counter IS-M.

## **LINKS TO MOZAMBICAN GOVERNMENT POLICIES**

The *GRM's Five-Year Plan (2020-2024)* includes as one of its three pillars "Reinforce democracy and preserve unity and national cohesion." The Plan prioritizes engaging youth in activities that build a sense of national cohesion. The work conducted under this IR will contribute to that pillar and will complement that of the GRM's nascent ADIN. As ADIN develops a strategy using a whole of government approach to combat VE, USAID's work under this IR will address underlying drivers that contribute to instability.

## **STRATEGIC PARTNERS**

Strategic partners include ADIN, local CSOs, traditional and religious groups, municipal and provincial governments, community radio stations, women and youth groups. USAID will continue collaboration with other development partners and their relevant implementing partners.

## **IR 3.5: TARGETED COMMUNITIES BETTER PREPARED FOR NATURAL DISASTERS**

### **IR OVERVIEW**

While the National Disaster Management Agency (INGC) has overall responsibility for coordinating disaster preparedness and response at the national and provincial levels, district governments are ultimately responsible for community-level disaster preparedness and coordination of relief efforts. USAID will work to strengthen provincial-level coordination and district-level disaster preparedness and response plans and capacity, with a linkage to decentralization support activities under DO 2. USAID will also increase access to, and use of, climate-resilient community infrastructure like schools, health facilities, and markets in areas affected by Cyclones Idai and Kenneth. In targeted areas, USAID will strengthen community-based disaster management--including prevention, mitigation, preparedness, response, and recovery.

## **LINKS TO MOZAMBICAN GOVERNMENT POLICIES**

The GRM's new *Law on Disaster Management and Risk Reduction (2020)* emphasizes that disaster risk management (DRM) should be decentralized as an area of public administration and lays out the provincial- and district-level DRM functions and entities. It highlights the importance of prevention and the participatory and inclusive nature of DRM and notes that disaster recovery must be sustainable, minimizing the risk of future disasters. The new law creates a window of opportunity for USAID to link disaster management to other decentralization efforts while the experience of several major disasters remains fresh.

## **STRATEGIC PARTNERS**

USAID will work closely with other members of the Humanitarian Country Team (including other donors and INGO consortiums such as COSACA and CHEMA), and with the World Bank--which has provided

significant funding for DRR at the central level--to encourage operationalization of the new law at the provincial and district levels. INGC will also be a key partner in implementing this IR.

## **V. MONITORING, EVALUATION, AND LEARNING**

USAID/Mozambique's strategy requires an innovative and flexible Monitoring, Evaluation, and Learning (MEL) system to effectively understand and learn how it contributes to Mozambique's J2SR during this important period. This strategy will incorporate the following three principles: (1) strengthening the use of local systems; (2) employing strong coordination and collaboration; and (3) emphasizing and applying flexibility within restricted or non-permissive environments. Across these three principles, the Mission will incorporate gender-responsive MEL in all programming. For example, the Mission will use all applicable standard and custom gender indicators, analyze sex-disaggregated data for decision-making, and promote gender-sensitive data management.

USAID/Mozambique will continue to intentionally deepen engagement with local systems and strengthen capacity and commitment of key local actors. This will require greater emphasis on building local MEL capacity as well, for example, ensuring that local actors have the tools to generate useful and credible data, and the ability to use these tools to track local conditions. In addition, the Mission will use its best efforts to strengthen and use locally developed and locally owned gender-sensitive MEL systems instead of creating or duplicating systems. By using local data sources, local data collection processes, locally identified and managed indicators, not only will the Mission operate more cost-effectively, it will also contribute to better harmonization of MEL processes, better decision-making, and greater ownership of development results by communities and host government.

By ensuring strong coordination and collaboration among USAID's IPs, other donors, the GRM, and other key stakeholders, USAID aims to leverage best practices and lessons learned to obtain better data and, ultimately, better results. The Mission will facilitate joint investments, planning, prioritization, target-setting, and better return on investments. For example, the Mission is exploring ways to develop provincial MEL plans where all donor and government interventions link-up to a joint and agreed upon MEL plan or framework. The Mission is also planning joint site visits and joint evaluations with the GRM and other donors implementing in the same geographic areas. These efforts are enhanced by the Mission's recent placement of provincial advisors in Nampula and Zambézia provinces. These advisors, based within provincial government offices, are part of the Mission's MEL team and play a key role in strengthening coordination between IPs and government, and in strengthening locally led, gender-appropriate MEL efforts.

Flexibility within restricted or non-permissive environments is essential in light of the monitoring complexities presented by issues as varied as the limiting effects of violent extremist activity in Cabo Delgado or declarations of pandemic-related states of emergency in particular provinces. Whenever Mission staff is limited in its ability to physically monitor in traditional ways, USAID will employ flexible and adaptable approaches to provide the necessary oversight. One example is the intention of the Mission to look for opportunities to rally beneficiaries, local governments, and stakeholders to contribute to monitoring programs for activities in which they are involved. In addition to providing essential activity information, this approach has the potential to increase commitment and ownership of the interventions.

## MISSION MEL APPROACH

The Mission's PMP will embody flexibility and adaptability, as well as the required rigor and quality to effectively support decision-making and adaptive management. Key approaches, as described below, will include: scenario tracking; collaboration, learning, and adapting; knowledge management; the use of appropriate indicators; and strong data management.

The Mission plans to develop a system and dashboard that will track scenarios described in this CDCS. This system will be integrated into existing apparatus, such as the Mission's Portfolio Review process, enabling the Mission to better track and understand emerging trends within or across identified scenarios, and allowing the Mission to adapt the strategy as appropriate. Examples of trends and data that may be tracked as part of this exercise are: violent extremist activity in the northern part of the country, the flow of extractive income to the government, state of gender equality, implementation of the decentralization process, and opening or closing of civil society and media space.

Collaboration, learning, and adapting is another key contributor to improving development effectiveness. The Mission intends to use CLA in a more systematic and intentional manner throughout the program cycle. One example is the Mission's intent to develop and implement pause and reflect moments that will ensure space for appropriate feedback loops, thereby allowing for routine consultation with key stakeholders and beneficiaries. These pause and reflect moments will serve the critical purpose of allowing the Mission to "check the pulse" of activities on the ground. The Mission is also committed to capturing and applying knowledge and experience resulting from its programs, thus extending the impact of past investments, and facilitating adaptation to new operational and local contexts. The Mission will develop a robust evaluation and CLA plan which identifies key information gaps, methods to capture critical knowledge and adaptive approaches. The Mission will monitor regularly and intentionally to obtain critical information for decision-making as an alternative to more complex or costly approaches.

Appropriate levels and numbers of contextual, performance, and process indicators are indispensable tools for informing Mission programmatic decisions. Thus, the Mission plans to track and/or develop high-level contextual indicators that track trends and key assumptions; performance level indicators that measure DOs, IRs and sub-IRs; and process-level indicators that will assist the Mission in tracking other non-performance data, such as internal staff capacity, integration and coordination, and decision-making processes. By doing this in connection with the development of provincial or zonal MEL plans, the Mission will also explore the very unique and varied geographical differences. This will allow the Mission to monitor the pulse of the geographical differences and better tailor design and implementation decisions to specific situations. In addition, the Mission will carefully and intentionally identify linkages between portfolio data and the J2SR indicators so as to better demonstrate program influence on the self-reliance dimension indicators that measure Mozambique's Journey to Self-Reliance.

Finally, the Mission will seek to strengthen data management and streamline data collection processes, reducing the number of duplicative systems and processes, using existing systems when available, and innovating when current systems are insufficient. Strengthening data management will entail ensuring that existing MEL processes and tools have the necessary rigor and are interconnected to allow relevant data to flow efficiently, so that it is available to decision makers. Performance reports will tell the implementation story and will be used along with information derived from other monitoring and CLA efforts as well as evaluation findings, to provide evidence during Mission portfolio reviews and other regular pause and reflect moments.

## **VI. ANNEXES**

- I.** [Journey to Self-Reliance Country Roadmap](#)
- II.** [Climate Change Analysis](#)