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**COUNTRY DEVELOPMENT
COOPERATION STRATEGY
(CDCS)**

2014-2020

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MAP: Republic of Mozambique¹



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ABBREVIATIONS AND ACRONYMS

| | |
|----------|--|
| ADS | Automated Directives System |
| APE | <i>Agente Polivalente Elementares</i> (Community Health Workers) |
| ART | Antiretroviral Therapy |
| ATB | Agriculture, Trade, and Business |
| CAT | Central Africa Time |
| CDC | Centers for Disease Control and Prevention |
| CDCS | Country Development Cooperation Strategy |
| CNE | Central Electoral Commission |
| COR/AOR | Contracting Officer's Representative/Agreement Officer's Representative |
| CSO | Civil Society Organization |
| C-TIP | Counter- Trafficking in Persons |
| DFID | Department for International Development (United Kingdom) |
| DG | Democracy and Governance |
| DHS | Demographic Health Survey |
| DO | Development Objective |
| DOTS | Directly Observed Short-Course Therapy |
| DRG | Democracy, Human Rights, and Governance |
| EI | Extractive Industry |
| EIU | Economist Intelligence Unit |
| ETOA | Environmental Threats and Opportunities Assessment |
| FDI | Foreign Direct Investment |
| FP/RH | Family Planning/Reproductive Health |
| FRELIMO | <i>Frente de Libertação de Moçambique</i> (Mozambique Liberation Front) |
| FSN | Foreign Service National |
| FTF | Feed the Future |
| FY | Fiscal Year |
| G8 | Group of 8 Governments |
| G19 | Group of 19 International Donors |
| G2G | Government to Government |
| GBS | General Budget Support |
| GBV | Gender-Based Violence |
| GCC | Global Climate Change |
| GCCC | <i>Gabinete Central de Combate à Corrupção</i> (Central Office for the Fight Against Corruption) |
| GDP | Gross Domestic Product |
| GHI | Global Health Initiative |
| GIS | Geographic Information System |
| GRM | Government of Mozambique |
| HIV/AIDS | Human Immunodeficiency Virus Infection/Acquired Immunodeficiency Syndrome |
| HOC | Heads of Cooperation |
| HOM | Heads of Mission |
| ICT | Information and Communication Technologies |
| IHO | Integrated Health Office |
| INE | National Institute of Statistics |
| IP | Implementing Partners |
| IR | Intermediate Result |

| | |
|--------|--|
| JRS | Joint Regional Strategy |
| LAM | <i>Linhas Aéreas de Moçambique</i> (Mozambique Airlines) |
| LNG | Liquefied Natural Gas |
| M&E | Monitoring and Evaluation |
| MCC | Millennium Challenge Corporation |
| MIC | Ministry of Industry and Trade |
| MICS | Multiple Indicator Cluster Study |
| MDG | Millennium Development Goal |
| MDM | <i>Movimento Democrático de Moçambique</i> (Democratic Movement of Mozambique) |
| MOH | Ministry of Health |
| MNC(H) | Maternal, New-born, and Child (Health) |
| MRR | Mission Resource Request |
| MSRP | Mission Strategic Resource Request |
| NGO | Non-Governmental Organization |
| OE | Operating Expenses |
| OVC | Orphans and Vulnerable Children |
| PAD | Project Approval Document |
| PAF | Performance Assessment Framework |
| PARP | <i>Plano de Acção de Redução de Pobreza</i> (Poverty Reduction Action Plan) |
| PD&L | Program Design and Learning |
| PEPFAR | U.S. President's Emergency Plan for AIDS Relief |
| PES | <i>Plano Económico e Social</i> (Economic and Social Plan) |
| PESS | <i>Plano Estratégico do Sector Saúde</i> (National Health Sector Strategic Plan) |
| PFOC | Program-Funded Operational Costs |
| PFMRAF | Public Financial Management Rapid Assessment Framework |
| PGR | <i>Procurador-Geral da República</i> (Attorney General's Office) |
| PHC | Primary Health Care |
| PMI | U.S. President's Malaria Initiative |
| PMTCT | Preventing Mother-to-Child Transmission |
| RENAMO | <i>Resistência Nacional Moçambicana</i> (Mozambican National Resistance) |
| SBCC | Social and Behavior Change Communication |
| SETSAN | Technical Secretariat for Food Security and Nutrition |
| SME | Small- and Medium-Sized Enterprises |
| SMS | Short Message Service |
| SWAp | Sector-Wide Assistance Program |
| Sub-IR | Sub-Intermediate Result |
| SUN | Scaling Up Nutrition |
| TB | Tuberculosis |
| UN | United Nations |
| UNICEF | United Nations Children's Fund |
| U.S. | United States |
| USAID | United States Agency for International Development |
| YALI | Young African Leaders Initiative |

I. DEVELOPMENT CONTEXT, CHALLENGES, AND OPPORTUNITIES

Development Context

Mozambique stands at a crossroads in its national development trajectory. The quality of leadership during the next five years will determine whether the country's citizens are able to participate broadly in emerging economic opportunities and a more open political order that prioritizes human development and achievement of Millennium Development Goals (MDG). Any drift toward an alternative path that leads to entrenchment of a political elite dedicated to sustaining their own power to serve as gatekeepers to the nation's wealth should be mitigated through diplomacy and development resources.

Long thought of as a post-conflict, relief-to-development success story, Mozambique has experienced years of solid economic growth since the Rome Peace Accords of 1992, coupled with stubbornly persistent levels of poverty. Mozambique's United Nations (UN) *Human Development Index* indicators remain among the worst in the world despite decades and billions of dollars of international development assistance. Recently however, encouraging and positive trends have emerged. Infant mortality rates have moved significantly lower (down from 153 per 1,000 live births in 2003 to 97 in 2011), and progress in terms of access to lower primary school (grades 1-5) has rapidly expanded to provide coverage in all geographical areas of the country, both urban and rural. Despite such laudable progress, key challenges exist and will have to be overcome.

Mozambique's capital, Maputo, and its regional capitals in the center and north of the country, have been redoubts for international development partners from around the world since the early 1990s. Today, the aid agency set is joined, and often eclipsed, by eager investors and business men and women from East Asia, South Asia, Brazil, Europe, and the U.S. looking to take advantage of emerging business opportunities. Abundant natural resource wealth, which includes extractive industries as well as fertile, arable land, has placed the country prominently on the foreign direct investment (FDI) map.

Wealth from natural resource extraction is the greatest potential game changer for this strategy period. The recent discovery of an enormous reserve of hydrocarbons stands to position Mozambique as one of the world's leading exporters of liquefied natural gas, and has therefore changed the country's development profile and foreign assistance landscape dramatically. USAID's development strategy recognizes the substantial impacts this game changer can have on reducing poverty if the Government of the Republic of Mozambique (GRM) chooses to harness this enormous potential for equitable economic growth and responsible use of increased public revenues.

Context: Natural Resources and Geography

Mozambique's natural resources and geography create both opportunities and challenges for the country's future, ranging from the massive trove of newly discovered hydrocarbons and threatened biodiversity, to its commercial gateways to Africa's interior and extensive vulnerability to climate change.

Mozambique shares borders with six southern African countries, so regional trade is vital for the economy. Its long, open borders increase risks to security, and challenge Mozambican institutions to provide solutions to police the borders, address trafficking in persons, monitor illegal drugs, and stop the poaching of endangered species.

This country's rich biodiversity also captures international attention. Lake Niassa is one of the largest and most biologically diverse freshwater lakes in the world, and Gorongosa Mountain is Mozambique's last remaining tropical montane ecosystem, a fragile refuge for lions, elephants and other highly threatened

wildlife species.² If properly managed, this biodiversity is a long-term asset that will provide sustainable livelihoods through related industries such as tourism.

Low-lying coastal plains cover nearly half of Mozambique’s land mass, making large parts of the country particularly vulnerable to cyclones and extreme flooding. With several urban centers located on coast, the economic infrastructure and numerous population centers are highly vulnerable to climate change.³

Again, perhaps the most striking feature on the development horizon is the recent discovery of massive mineral and petrochemical resources. In addition to its current wealth of coal and other minerals, Mozambique is now projected to become one of the world’s top exporters of liquefied natural gas (LNG) over time, and revenues from these extractive resources could move Mozambique from a low- to medium level of human development in as few as ten years.

Context: Social and Demographic

Mozambique’s dismal *Human Development Index* ranking of 185 out of 187 countries and territories indicates the magnitude of the development challenges facing the country.⁴ Over 70% of the population lives in rural areas, and nearly half the population is illiterate.⁵ Outside of Maputo, infrastructure is degraded or non-existent and access to public services is extremely limited. More than half of the population lives farther than a 45-minute walk from a health facility,⁶ and the surging young population spells trouble for an already overburdened public system.

This young age structure of the population, or “youth bulge,” is an important factor looming over the future.⁷ The best current estimate is that half the population is under fifteen years of age, and the percentage is steadily increasing. The youth bulge has profound implications for Mozambique, particularly for an agriculture sector that is underproductive and a public system that is overstretched. As the population grows, the GRM will need to expand health and education services even more quickly to keep pace, and significantly increase agriculture productivity in order to maintain affordable prices and continue making progress on improved nutrition.

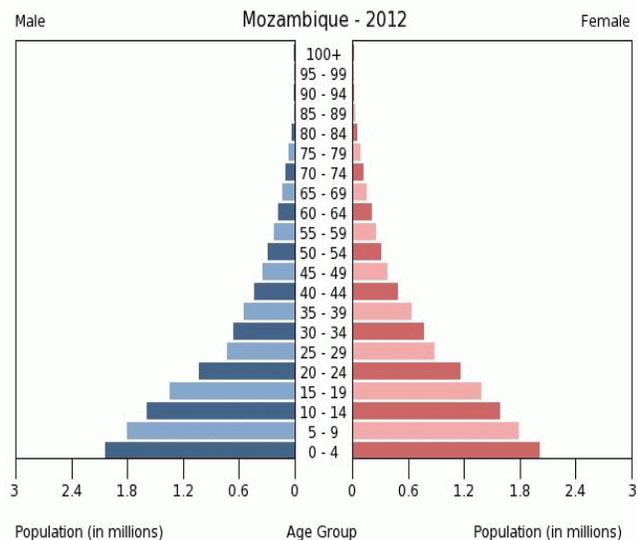


Figure 1. Age Distribution in Mozambique

Context: Political and Economic

Over the last two decades Mozambique has made significant gains, from consolidating peace and introducing a multi-party, democratic government to transitioning into a market-based economy that achieves sustained, high growth. Mozambique elected its current president, Armando Guebuza, in the December 2004 elections,

² USAID. Environmental Threats and Opportunities Assessment (ETOA), November 2012.
³ Droughts and flooding associated with adverse climatic change also affect agricultural production upon which 85% of the population depends for livelihoods and survival.
⁴ United Nations Development Program (UNDP) Human Development Index 2012 data (187 countries ranked; where 1 = high level of human development).
⁵ Ministry of Education Strategic Plan 2012-2016. Results from a baseline assessment of early-grade reading, however, call into question the validity of this finding and suggest that the functional literacy rate is significantly lower.
⁶ National Institute of Statistics (INE). Study of Household Expenditures, 2009.
⁷ U.S. Census Bureau International Database, 2012. In comparison, 6.7% of the population is under 15 years in the U.S..

and re-elected him in October 2009. President Guebuza has reshuffled the cabinet several times, most recently in October 2012, and the country is gearing up for presidential and legislative elections in 2014.

The *Frente de Libertação de Moçambique* (FRELIMO) dominates the political and economic space in Mozambique, and will likely do so through 2020, if not beyond.⁸ The traditional opposition party, *Resistência Nacional Moçambicana* (RENAMO), continues to agitate in the central region of Sofala with periodic eruptions of deadly conflict. Despite this friction, civil war is perceived as unlikely. The opposition is fragmenting as younger generations shift support toward other parties, specifically the *Movimento Democrático de Moçambique* (MDM). The mayors of Beira (third most populous city) and Quelimane (seventh most populous city) are from MDM. RENAMO currently holds no mayoral positions, in part due to their boycott of the last municipal elections.

Over the past decade, the GRM has successfully managed key macro-economic functions of the state, and maintained a consistently high economic growth rate of over 7%, which is higher than the regional average. In 2008, the World Bank reported that Mozambique had a Gini index of 46, with the poorer 60% of the population having less than 30% of the share of income, and the highest 10% having over 36% of the income.⁹ Analysts predict extremely high growth in capital-intensive sectors associated with the extractive industries and weak growth in agriculture and other sectors responsible for providing employment and livelihoods for a vast majority of Mozambique's population.¹⁰

Challenges

The most significant challenges that USAID/Mozambique anticipates during this strategic period include concerns about democratic governance, human and institutional capacity, social welfare, agricultural productivity, environment, youth, gender, and transportation. Addressing these challenges will be critical to making substantive progress on Mozambique's development.

Challenge I: Extreme Poverty

The staggering facts bear repeating again: Mozambique is 185 out of 187 on the world's *Human Development Index*, which reflects extensive hardship among the Mozambican people. National institutions are tasked to reduce absolute poverty for the majority;¹¹ improve education for a predominantly rural and under-educated population; improve maternal health and reduce the high incidence of malaria, HIV/AIDS, and other diseases;¹² and improve food security and nutritional status of women and children under five. The high birth rate, high maternal mortality and high illiteracy compound these challenges. Health system weaknesses – including drug stock-outs due to a weak commodity logistics system, severe shortage of health workers,¹³ inadequate financing across the sector, and poor collection, management, and use of data – hinder Mozambique's efforts to address these challenges and meet MDG targets.

The low level of educational attainment is a factor that compounds all

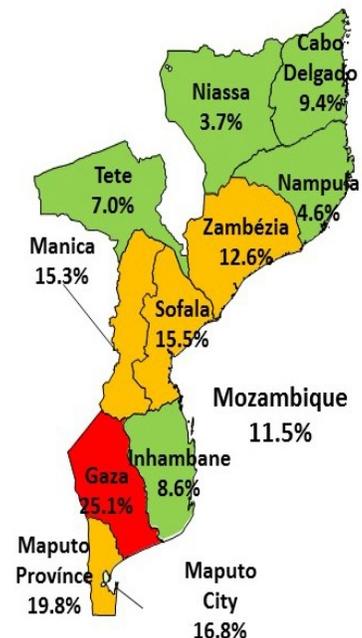


Figure 2. HIV rate of children under five by province (%)
(INSIDA 2009)

⁸ Economist Intelligence Unit. Country Report: Mozambique, June 2013.

⁹ <http://www.tradingeconomics.com/mozambique/gini-index-wb-data.html>

¹⁰ Ibid.

¹¹ The World Development Index, 2011, indicates that 59.6% live on less than \$1.25 per day.

¹² The HIV Prevalence rate is 11.5% nationally, and ranges up to 25.1% in the most afflicted province. Malaria remains the leading cause of death for children under five years of age.

¹³ There are 6.5 doctors per 100,000 people and 28 nurses per 100,000 people according to the Ministry of Health, 2012.

development challenges in Mozambique. The primary school net completion rate is a depressing 15% through grade 7 (30% urban versus 7% rural); with a literacy rate for Mozambicans 15 years of age or older of 47%, overall, and 33% for females. Completion rates have stagnated within the last three years.¹⁴ Due to inadequate infrastructure, poor teaching methodology, limited instruction and time in school, and high absenteeism among students, teachers, and school administrators, less than 2% of students demonstrate the desired level of reading fluency.^{15,16}

Challenge 2: Weak Democracy

Strengthening democratic governance is the highest strategic priority of the U.S. Mission to Mozambique.¹⁷ Mozambique consistently underperforms the already-low average within the region on internationally recognized governance measures, doing only better than Angola and Zimbabwe.^{18,19,20} The World Bank's "Ease of Doing Business" Index, a measure of economic governance, has also decreased each year since 2010. Public disaffection with the state of governance may explain an observed drop in turnout

elections in Mozambique is that FRELIMO competes with little to no meaningful opposition except in a few provinces.

There are numerous governance challenges in Mozambique, both in the quality of governance from the state and in the effectiveness of the demand for good governance from citizens and civil society. Other than at the presidential and mayoral levels, individual politicians or government leaders are not directly accountable to the citizens they are meant to serve, while inclusion and broad-based democratic participation are scarce and arguably discouraged.

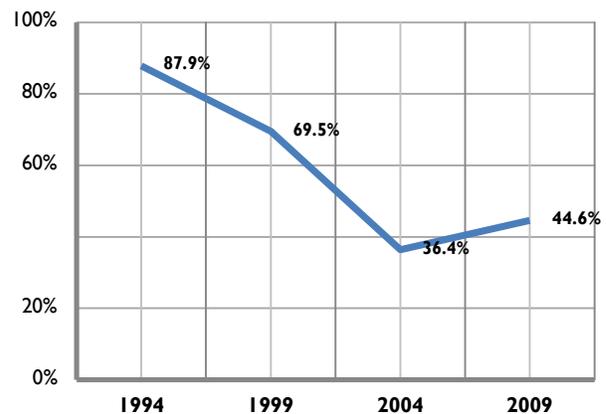


Figure 3. Percent of Electorate Voting in National Elections²¹

Challenge 3: Low Institutional Capacity

Concerns about human and institutional capacity were cited in all assessments conducted for the CDCS, and were a common theme expressed in consultations. Mozambique's low level of human and institutional capacity impacts the quality of government leadership and technical oversight, the government's capacity to absorb donor funds, and civil society's ability to support accountability – all in the face of an upcoming resource boom.

The quality of leadership within key government sectors is highly variable and can be unpredictable over a period of time.²¹ Low levels of human and institutional capacity lead to weak governance. Rapid expansion

¹⁴ Ministry of Education; MISCS 2008.

¹⁵ USAID *Aprender a Ler* Impact Evaluation in Nampula and Zambezia provinces, 2013.

¹⁶ USAID. Baseline report for the USAID *Aprender a Ler* Impact Evaluation, June 2013.

¹⁷ The U.S. Ambassador restated the priority of governance during the CDCS Phase II digital video conference. Governance is listed as the first priority in the CAS 2009 – 2014 and Mission Resource Request (MRR).

¹⁸ Mozambique's overall score during 2006 – 2012 is 54.17 out of a top "good governance" score of 100, lower than the southern Africa regional average (58.65).

¹⁹ Mozambique scores 3.38 versus a regional average of 3.58 (scale scored 1 – 7, where 7 = high "freedom"), Calculations based on data provided by Freedom House (<http://www.freedomhouse.org/report/freedom-world>).

²⁰ Mozambique scores 27.29 versus a regional average of 34.98 (scored 1 – 100, where 100 = "very clean" or little corruption reported). Data provided by Transparency International's Corruption Perceptions Index.

²¹ Leadership within Ministry of Health's National Malaria Control Program changed six times over the previous year.

and increasing disparities between those who will benefit and the fragility of a population living on the edge may threaten social stability (see Scenario 4 under “Critical Assumptions and Risks”).²²

Rapid EI growth will impact institutions across government and society. Municipalities have very low capacity to respond to the competitive job market that is expected to result from rapid EI growth. Municipalities need professional schools providing short- and longer-term training to fill the skills gap, investment in trainings, and development of human capacity. During CDCS consultations, municipal stakeholders encouraged USAID to be more engaged at the municipal level, and to focus on strengthening their skills, capacity, and quality.²³

Furthermore, Mozambican institutions have a limited capacity to absorb donor support. For example, USAID and the United Nations Children’s Fund (UNICEF) make significant investments in training community health workers (APEs), but the government struggles to take them onto their payroll. Local government has little capacity and resources to invest in teacher training activities or in-service training sessions, which leads to continuation of poor quality instruction and inadequate student performance.²⁴

Finally, with the influx of international mining and gas firms descending upon small communities, there is a need to strengthen community leadership in partnership with civil society organizations (CSOs) to negotiate resettlement rights and to monitor and hold these private and public entities accountable to local communities.²⁵

Challenge 4: Low Agricultural Productivity

Low agricultural productivity significantly impacts Mozambique’s economy, environment and public health, due to low yields, destructive practices, and poor nutrition. Mozambique’s agricultural sector is dominated by small farms with an average holding of under two hectares (about five acres) and very low productivity (800 kilograms per hectare versus 12,000 kilograms per hectare in the United States farm belt). Use of improved technology is extremely limited, with adoption rates below 5% for fertilizers, pesticides, and improved seeds. Agricultural extension services reach an estimated 8.3% of farmers. Less than 6% of the total number of loans made in 2012 occurred in the agricultural sector. Smallholders, the vast majority of the Mozambican population, are among the poorest people in the world. Their agricultural practices, which involve burning vast amounts of land, including those in the national parks every year, are some of the most environmentally destructive agents in Mozambique. Low levels of production and lack of diversity lead to some of the highest rates of child stunting in the world (44% nationally and 51% within the 23 districts in the Feed the Future (FTF) zone of influence).

Challenge 5: Significant Environmental Threats

The most menacing threats to Mozambique’s environment and biodiversity range from destructive agriculture and extractive practices, to poaching, climate change, and the government’s low capacity to manage them.²⁶

Mozambique’s natural resources (marine, riparian and lacustrine habitats; biologically diverse areas including Gorongosa Park and Lake Niassa; woodland forests and hardwood timber; minerals; and natural gas) can be assets that promote sustainable economic growth and livelihoods. With competing needs and population growth already increasing pressure on these unique and limited resources, the issue of livelihoods must be addressed if conservation is to be sustainable. A recent and alarming increase in poaching and wildlife

²² Ibid.

²³ Provincial consultations conducted for the CDCS.

²⁴ Ibid.

²⁵ Provincial and Maputo based consultations.

²⁶ Findings summarized from the ETOA, November 2012, unless otherwise noted.

trafficking threatens Mozambique's biodiversity and drastic steps are necessary if Mozambique is to protect key species such as elephants, rhinos, and lions that are declining at an increasing rate.

Mozambique's urban centers, specifically its coastal cities, serve as the country's economic hubs and drivers of development. These coastal cities house much of the country's key infrastructure and productive workforce, which are vital to sustaining the strong economic growth levels Mozambique has enjoyed over the past few years. Yet the Government of Mozambique (GOM) National Institute for Disaster Management (INGC) and international development agencies have identified Mozambique's coastal cities as some of the most vulnerable to climate change in Africa. These urban centers are also subject to degradation due to unregulated extractive industries and unplanned urban development. Local leaders need to develop plans to mitigate these risks and hazards.

Many factors impact Mozambique's capacity to manage its natural resources effectively: poverty and population dynamics, lack of public awareness and consultation, unregulated tourism, the lack of political constituency for the environment, loss of cultural values and social capital due to 40 years of independence and civil war, lack of coordination and harmonization of legislation, lack of capacity to implement biodiversity-related legislation, and the lack of financial mechanisms to fund the initiatives needed in this area. The recent boom in the mining sector may be a threat or a benefit, depending on whether Mozambique takes a short-term exploitation strategy or a longer-term approach that transforms non-renewable resource use (mining) toward productive, inclusive socio-economic investments.

Challenge 6: More Youth, Fewer Opportunities

Youth in Mozambique represent the country's future, and highlight many of its current challenges, which range from poor education and lack of employment to mounting pressure on already overburdened public systems. Youth perceive a future of limited opportunities for higher education and jobs, with selection and hiring depending largely upon political connections.²⁷ Primary school completion rates in Mozambique are low. Participants in the CDCS youth assessment spoke of Mozambique's lack of infrastructure and qualified teachers. School fees and associated costs are major obstacles to accessing education. Corruption and gender-based violence (GBV) including sex-for-grades in schools is common.²⁸ Work is also a leading concern for youth. The youth bulge is increasing and will require economic opportunities and jobs in order for the younger generations to contribute to economic growth, democracy, and social stability. With the growing demand for technical skills, more young people may consider technical and vocational education as a viable alternative to completing formal schooling, but resources are limited for this option as well.

Challenge 7: Growing Gender Gap

In one of the world's poorest countries, Mozambican women and girls are hit particularly hard by extreme poverty, HIV/AIDS epidemic, low levels of education, high maternal health risks, limited economic prospects, and cultural beliefs that disadvantage them. Fewer girls complete a lower primary school education than boys (27% of girls versus 40% of boys). As a result, women are less literate than men in urban areas (36% of women versus 65% of men) and in rural areas (23% of women versus 65% of men). The overall literacy rate for women is 37% and worse in Mozambique's populous provinces of Nampula (23%) and Zambezia (21%). Overall, 96% of all working women in Mozambique are unskilled laborers working in the informal sector. Only 4% of working women in Mozambique are formally employed in the government or private sector. Women collect firewood, access water, and gather fruit and other foodstuffs to feed their families, and are

²⁷ Material presented here is based on consultations with youth representatives in Maputo for the CDCS, reinforced by findings of the Voice of the Next Generation: An assessment of Youth in Mozambique.

²⁸ USAID Gender Assessment, June 2013.

often not engaged decision making roles beyond their family. Women’s lack of collateral hinders their access to credit, and compounds the cycle of gender inequality.²⁹

Challenge 8: Difficult Travel

Transportation and logistics support around the country are an operational challenge that the Mission faces on a continual basis. Distances are considerable and infrastructure is poor outside Maputo. The national airlines, *Linhas Aéreas de Moçambique* (LAM – Mozambique Airlines) holds a monopoly on domestic flights, and fares are typically five to ten times higher than those in neighboring South Africa or the United States – even more expensive than transcontinental flights. The Mission implements much of its portfolio in the northern provinces, with emphasis first on Nampula and Zambezia, and then Sofala and Manica. The need for site visits by Mission staff increases operational costs. For historical colonial resource extraction reasons, the country’s developed infrastructure generally only run east-west, which not only complicates oversight but also implementation such as the distribution of bed nets, contraceptives, and other health commodities in the provinces. Moreover, land transportation along coastal provinces is extremely difficult during the rainy season.

Opportunities

As Mozambique stands at this crossroads in its development, the next five years will determine whether the country’s leadership successfully seizes upon opportunities to manage resources for the human development of its citizenry and generate brighter prospects for Mozambique’s future.

Opportunity 1: Reduce Extreme Poverty

In his 2013 State of the Union address, President Obama pledged that the United States would “join our allies to eradicate extreme poverty in the next two decades by connecting more people to the global economy; by empowering women; by giving our young and brightest minds new opportunities to serve, and helping communities to feed, and power, and educate themselves; by saving the world’s children from preventable deaths; and by realizing the promise of an AIDS-free generation.” USAID/Mozambique embraces this ambitious goal and is striving to ensure that its programs are directed toward this end. Throughout its portfolio, USAID/Mozambique addresses the poor and under-served by expanding the range of those who benefit from socio-economic development, accelerating broad-based growth and resilience, expanding high quality education, and targeting health and nutrition services to high-disease burden geographic areas and under-served populations in rural areas. The Mission also invites new ideas and fresh perspectives to its development efforts to find innovative solutions to our greatest challenges. In order to monitor progress, the Mission selected one of its primary indicators to be poverty prevalence.

Opportunity 2: Responsibly Manage Resource Boom

In order to be able to use resource-generated revenues in an equitable, inclusive manner that improves physical, human, and institutional infrastructure, Mozambique first must avoid two risks posed by the resource boom: the threat of foreign exchange appreciation and Dutch disease³⁰. The GRM has already said

²⁹ Gender Assessment, June 2013; Land Tenure Assessment, June 2013; Extractive Industry Assessment, June 2013.

³⁰ In economics, the “Dutch disease” is the apparent relationship between the increase in exploitation of natural resources and a decline in the manufacturing sector (or agriculture). The mechanism is that an increase in revenues from natural resources (or inflows of foreign aid) will make a given nation's currency stronger compared to that of other nations (manifest in an exchange rate), resulting in the nation's other exports becoming more expensive for other countries to buy, making the manufacturing sector less competitive. While it most often refers to natural resource discovery, it can also refer to “any development that results in a large inflow of foreign currency, including a sharp surge in natural resource prices, foreign assistance, and foreign direct investment”. The term was coined in 1977 by *The Economist* to describe the decline of the manufacturing sector in the Netherlands after the discovery of a large natural gas field in 1959.

it is committed to responsible macro-economic fiscal management and long-term competitiveness. If so, the windfall tax revenues would permit the government to move to a tax system that is good for business and investment, and perhaps more importantly, would permit large funding flows to be available for better public services and decreased donor dependency. Such a decrease in dependency would influence the bilateral relationship between the USG and GRM toward a development agenda that is more driven and owned by Mozambique. USAID is currently the lead donor on policy support to the GRM, and will continue to provide technical support for analytical policy support to assist the GRM's efforts. The Mission has already provided leadership and technical support for the responsible management of Mozambique's natural resources through analysis of foreign exchange appreciation and options for local content, and will continue to seek opportunities to enhance the responsible management of the resource boom.

Opportunity 3: Build Local Capacity

Even without the extractive industry resource boom, local capacity would still need to be enhanced, but the additional resources certainly raise the stakes. If the GRM successfully avoids Dutch disease and foreign exchange appreciation, and finds itself with windfall revenues available, then it will need the capacity to manage those resources, and CSOs will need the capacity to advocate for and monitor those resources.³¹ Because the CDCS goal of more inclusive socio-economic development is dependent upon the capacity of government and non-government institutions, local capacity building approaches are woven throughout each of the DOs. For example, DO 1 will support national prosecutors, politically active youth, and election monitors; DO 2 will embed technical staff in ministries, provide targeted national-level policy analysis, and will bolster trade groups, professional societies, and public-private partnerships; DO 3 will enhance the government's capacity for ownership of education at the national, provincial, and district levels, and will work to strengthen parent-teacher associations; and DO 4 will mentor the Ministry of Health on prioritizing facilities and desired health outcomes, and will work to improve the skills and competencies of the health workers. Further examples of the Mission's focus on local capacity building are provided in the DO descriptions provided in Section III.

Opportunity 4: Expand Commercial Agriculture

One of the greatest economic opportunities facing the country is to transform subsistence farming into commercial agriculture, and to create opportunities in urban areas for those displaced by this transformation. To transform the rural sector successfully, Mozambique must simultaneously improve a business environment that is currently hostile to investment and competitiveness, and generate productivity gains in agriculture in order to make the sector an engine of rural poverty reduction and broad-based, inclusive economic growth. Most agriculture production in Mozambique is from smallholder families, whose productivity is very low. Smallholder farmers can significantly increase productivity by linking to commercial agri-business in the short run in order to increase their standard of living. Firms such as Cargill, AGCO, and India's UPL are interested in developing agri-business in Mozambique, and USAID has an opportunity to encourage this transformation during this strategic period. In the long-run, rural family-based farming needs to shift toward commercial farm labor, which will provide greater potential for increasing rural incomes, and eventually replace unproductive labor with more productive employment opportunities elsewhere.

Opportunity 5: Grow Tourism, Conserve Biodiversity

Mozambique is currently drawing international attention in partnership with philanthropic foundations such as The Carr Foundation and The Wildcat Foundation. These foundations are investing significant funds to support biodiversity and conservation projects in critical areas. Given its attractive biodiversity, Mozambique has great potential for developing the tourism sector as a means to create sustainable employment and economic growth in the country. USAID can assist Mozambique to acquire the managerial skills, enact the

³¹ USAID Extractive Industry Impact Assessment, July 2013.

necessary policy environment, and develop the public understanding needed to realize opportunities in this sector. Necessary changes to policy include the need to liberalize the national airspace, relax visa requirements and fees, and to create a more tourist-friendly environment through improved services and standards. Mozambique also needs to improve enforcement of environmental laws, and to improve capacity for land use and coastal zone planning. In addition, the GRM must improve coordination of the relevant ministries and agencies around sustainable management of the environment. A parallel need is to build the capacity of communities and CSOs to engage in environmental protection.

Opportunity 6: Increase Political Space

Another opportunity during this CDCS period is to stimulate political competition and public demand for change. Recent results of the Afrobarometer, a nationally representative public opinion poll of adults in Mozambique, indicate broad-based public support for improved government accountability.³² Mozambique will have its presidential, parliamentary and provincial elections in 2014. Most adults perceive that civil society organization (CSO) representatives are not truly independent from the power of the ruling party. At the same time, CSOs like the *Observatorio Eleitoral* and *Parlamento Juvenil*, which include members of multiple parties and religious groups, have made strides in improving oversight and political debate in the country. Because stronger CSOs provide for a wider exposure of information to the public, which in turn help to expand political space, an opportunity exists for USAID to support organizations such as *Observatorio Eleitoral* and *Parlamento Juvenil* that are dedicated to enhancing the public debate and creating a more level playing field.

Opportunity 7: Expand Youth Opportunities

The young voting age population can be an important force for change in Mozambique. Youth comprise a sizeable proportion of the voting electorate and were seen as helping to elect various non-FRELIMO mayoral candidates into power. USAID's 2012 YouthMap survey found that nearly all youth surveyed (90%) intend to vote and that nearly all of them (97%) believe that corruption exists in this country. In the same survey, the youth surveyed also expressed concern about the availability of future jobs opportunities and quality education.³³ Job creation and better education are two major opportunities for USAID, and will be key aspects of this strategy's Development Objectives, particularly through increased agriculture productivity and through improved early grade reading and vocational training. The development of young leaders is also an opportunity that USAID/Mozambique will be seizing through the Young African Leaders Initiative (YALI), which will bring 500 African participants annually to the U.S. for leadership training around the themes of business and entrepreneurship, civic leadership, and public administration. A key opportunity for the Mission will be to work with participants following their summer training and help them to identify follow-on activities, particularly within the private sector, in order to advance their development as future leaders in Mozambique.

Opportunity 8: Increase GRM Commitment to Reform

The GRM's commitment to a reform agenda is central to the Mission's portfolio, and poses several opportunities. The government's capacity for internal reform is dependent both on the president's commitment to a reform agenda and on the bureaucracy's ability to implement such an agenda competently. Reform is also a multi-sectoral effort, involving areas such as labor law, tax policy, and industrial and commercial licensing; no single ministry can drive the process. Overall, the GRM has weak institutional arrangements for implementing policy reforms, and private sector association advocacy for policy reforms has had mixed results in recent years due to government resistance. The donor community mostly agrees on the priority reforms, and still retains influence with the GRM to motivate reform. With the

³² The Quality of Democracy and Governance in Mozambique: Country Specific Issues, Survey Results of Public Opinion Afrobarometer, June 26, 2013. The Afrobarometer polled 2400 adults in face-to-face interviews with a standardized instrument, November 17 – December 9, 2012.

³³ International Youth Foundation. Voice of the Next Generation: An assessment of Youth in Mozambique, December 2012.

bilateral relationship potentially steering toward a lower dependence on donor resources, the window of opportunity and leverage to influence this commitment to reform is immediate.

Donor and Host Country Alignment

Most donor aid in Mozambique is coordinated through the country's Group of 19 Donors (G19) which includes bilateral government donors, the World Bank, the African Development Bank, and the European Commission. The United Nations (UN) and the U.S. are not full members, but are Associate Members of the G19. The G19 donors disburse funds mostly related to transportation, general budget support, and water and sanitation. USAID and the UN coordinate assistance and program implementation with the G19, particularly in the area of health and social welfare. Within the last year several G19 donors (Belgium, the Netherlands, and Spain) withheld their GBS contributions over concerns about corruption.³⁴

Mozambique's Poverty Reduction Action Plan (PARP, *Plano de Acção de Redução de Pobreza*) sets forth development objectives for the medium term, and establishes indicators for monitoring implementation. The document's overarching goal is inclusive economic growth for reducing poverty, and its development objectives are to 1) increase output and productivity in the agriculture and fisheries sectors; 2) promote employment, and 3) foster human and social development; along with two cross-cutting support pillars for improved governance and macroeconomic fiscal management.³⁵ USAID's Development Objectives, described in detail further below, align closely with Mozambique's objectives and cross-cutting pillars (see Annex II).

Overarching U.S. Foreign Policy Considerations

The Republic of Mozambique is strategically important to the U.S. for its terrestrial and maritime location, its potential to assume more responsibility in regional peace and security, for its potential to contribute to food security and water resources in the region, and its supply of natural resources. A number of foreign policy considerations influence this CDCS, from the U.S. National Security Strategy and Department of State Joint Regional Strategy to various other Presidential Initiative strategies, earmarks, directives, and policies.

The United States Government priority for Africa is to promote job creation and economic growth; combat corruption while strengthening good governance and accountability; responsibly improve the capacity of African security and rule of law sectors; and work through diplomatic dialogue to mitigate local and regional tensions before they become crises.³⁶

The Department of State's Joint Regional Strategy 2015-2017 guides USAID implementation during the CDCS to: 1) promote opportunity and development in sub-Saharan Africa; 2) promote food and nutrition security; 3) transform Africa health systems; 4) improve the management of natural resources and enable countries to accelerate their transition to climate-resilient, low-emission sustainable economic development; and, 5) improve gender-equitable access to and quality of education and training at all levels.

Currently, USAID/Mozambique's portfolio is 100% earmarked by Presidential Initiatives and other requirements. The Mission has no funds to use at its own discretion, and the vast majority of its programming falls under strategies that were approved prior to this CDCS. As such, Presidential Initiatives and USAID global strategies greatly influenced the strategic choices made in this CDCS. These existing strategies, initiatives, and policies that guide the Mission's portfolio include Feed the Future (FTF), Global

³⁴ <http://www.btcctb.org/en/blog/general-budget-support-mozambique-alive-again>. While some donors are reducing funding, others are discussing making increases in GBS areas such as orphans and vulnerable children (OVC).

³⁵ A new Five-Year Plan would be expected following the next elections in 2014, and a new action plan would be designed to implement this. Due to its alignment with the Agenda 2015 Millennium Development Goals for Mozambique, the USAID Mission anticipates that future major objectives will stay in line with the PARP.

³⁶ National Security Strategy, 2010.

Health Initiative (GHI), President’s Emergency Plan for AIDS Relief (PEPFAR), President’s Malaria Initiative (PMI), and Global Climate Change Initiative (GCC).

This CDCS also responds to and/or aligns with USAID’s *Counter-trafficking in Persons Policy; Power Africa Initiative; Education Strategy; Gender Equality and Female Empowerment Policy; Strategy on Democracy, Human Rights, and Governance; Water and Development Strategy; the United States Strategy to Prevent and Respond to Gender-based Violence Globally; Biodiversity Policy* (once developed); and the *National Action Plan for Women in Peace and Security*. Section III discusses alignment of these policies and strategies, and implementation under the CDCS.

CDCS Strategic Choices

USAID/Mozambique developed its strategy and portfolio based on evidence about effective development approaches as well as constraints, with an aim to maximize its development impact. The country context, consultations with government and civil society, work of other development partners, existing strategies and earmarks, and numerous assessments, evaluations, and studies were all used to make decisions about the strategy’s structure and approach. Annex VI contains a list of twenty primary and secondary sources that were used to inform the strategy’s empirical base. Information was deliberated at CDCS offsites, staff retreats, and DO team discussions. In short, the team selected optimal paths and discarded others based on evidence and limitations, and arrived at the strategy and program portfolio presented herein.

While USAID programs work throughout the country, the Mission’s cross-sectoral programming converges in the provinces of Zambezia and Nampula primarily for reasons of population density and poverty (economic, educational, and epidemiological need). These two provinces contain more than half of Mozambique’s children, and are host to high disease prevalence and the highest rates of stunting in the country. These provinces also contain or are adjacent to three of the country’s main trade corridors: Nacala (linking Mozambique to Malawi and Zambia), Beira (linking Mozambique to Zimbabwe), and the N1 (key North-South road connecting Nacala and Beira corridors through Zambezia province). Finally, depending on the sector, development partners are either strongly present (health) or not present at all (education).

USAID projects seek to maximize the unmet potential in Zambezia and Nampula, capitalize on synergies, collaborate with development partners there and fill critical gaps where necessary. For example, USAID/Mozambique is combining health, nutrition, and agriculture programming in both Nampula and Zambezia through activities called “Strengthening Communities through Integrated Programming” (SCIP). A major new Mission activity, “Strengthening Agribusiness and Fostering Rural Alimentation” (SAFRA), will combine nutrition, water, sanitation, and hygiene with agriculture and investment interventions in the two provinces. In terms of development partner collaboration, USAID closely coordinates efforts with CIDA and UNICEF for maternal child health, and for education, at the request of the host government, fills a void left by DANIDA’s exit from Zambezia and Nampula.

In Section III below, under each DO’s “Focus and Selectivity” statement, there is further discussion of the “roads taken and not taken” and the evidence-based reasoning that informed the Mission’s strategic choices for each DO.

Collaborating, Learning, and Adapting

One of the unique goals of USAID’s Program Cycle and this CDCS is to institutionalize adaptability in programming to changing circumstances, new knowledge, and new evidence. The Mission programs will institutionalize collaboration, continuous learning and adaptive implementation throughout the Program Cycle in order to: 1) increase the effectiveness and relevance of programs; 2) catalyze learning and capacity

building among local actors to support country-led development; and 3) sustain an optimal fit between their programs and the broader context even as the country conditions change.

Collaborating means the Mission will work with others where it makes sense. Learning means that the Mission will draw on evidence and experience, test our development hypotheses and implementation methods, and share lessons about what works and what does not. Adapting means that the Mission will make iterative course corrections while we implement in order to our goals more quickly and improve our overall effectiveness.

While learning is not new, a focused, strategic and resourced learning plan can help maximize development results by helping the Mission and implementing partners coordinate their efforts, collaborate for synergies, learn more quickly and make iterative, timely course corrections. Monitoring and Evaluation (M&E) are important parts of Learning (see Section V “Monitoring and Evaluation”), but they are part of a much larger picture for keeping programs adaptable. As such, the Mission developed a Learning Action Plan (see Annex VII) for potential actions that address business process and human resource issues, as well as key areas of knowledge management, from knowledge creation and capture, to knowledge synthesis, sharing, and application. Key players in this plan who will ensure that the learning is fully utilized by the Mission include Program Officers, the Mission’s M&E team (including GIS), subject matter experts from technical teams, the Mission’s Gender advisor, Contracting Officers, as well as the host country government, implementing partners, universities, and other development partners. The Mission will also adapt and expand on existing processes, mechanisms and budgets, as further outlined in Section V (“Monitoring and Evaluation”) below.

In order to ensure that collaborating, learning, and adapting occur throughout implementation, USAID/Mozambique will:

- **Facilitate Strategic Collaboration** through technical working group coordination, partner meetings by sector, portfolio reviews with the host government, and geographic information system coordination with implementing partners, development partners, and the host government.
- **Fill Knowledge Gaps** through implementation of the robust Learning Action Plan, a well-trained Mission M&E team, and the support of the learning/M&E contractor.
- **Ensure Indicators and Targets are Grounded in Evidence** with a well-trained Mission M&E team and the support of the learning/M&E contractor.
- **Capture Learning** through implementation of our standardized mission order on portfolio reviews, which requires learning capture at three levels, from the Contracting/Agreement Officer’s Representative (COR/AOR) to the Project Team to the DO Team.
- **Facilitate Knowledge Exchange with a Wide Range of Stakeholders** through partner and donor gatherings as well as online postings.
- **Promote a Learning Culture** with the support of the learning/M&E contractor.
- **Adapt Projects Quickly and Effectively** through coordinated communication with technical and support offices.

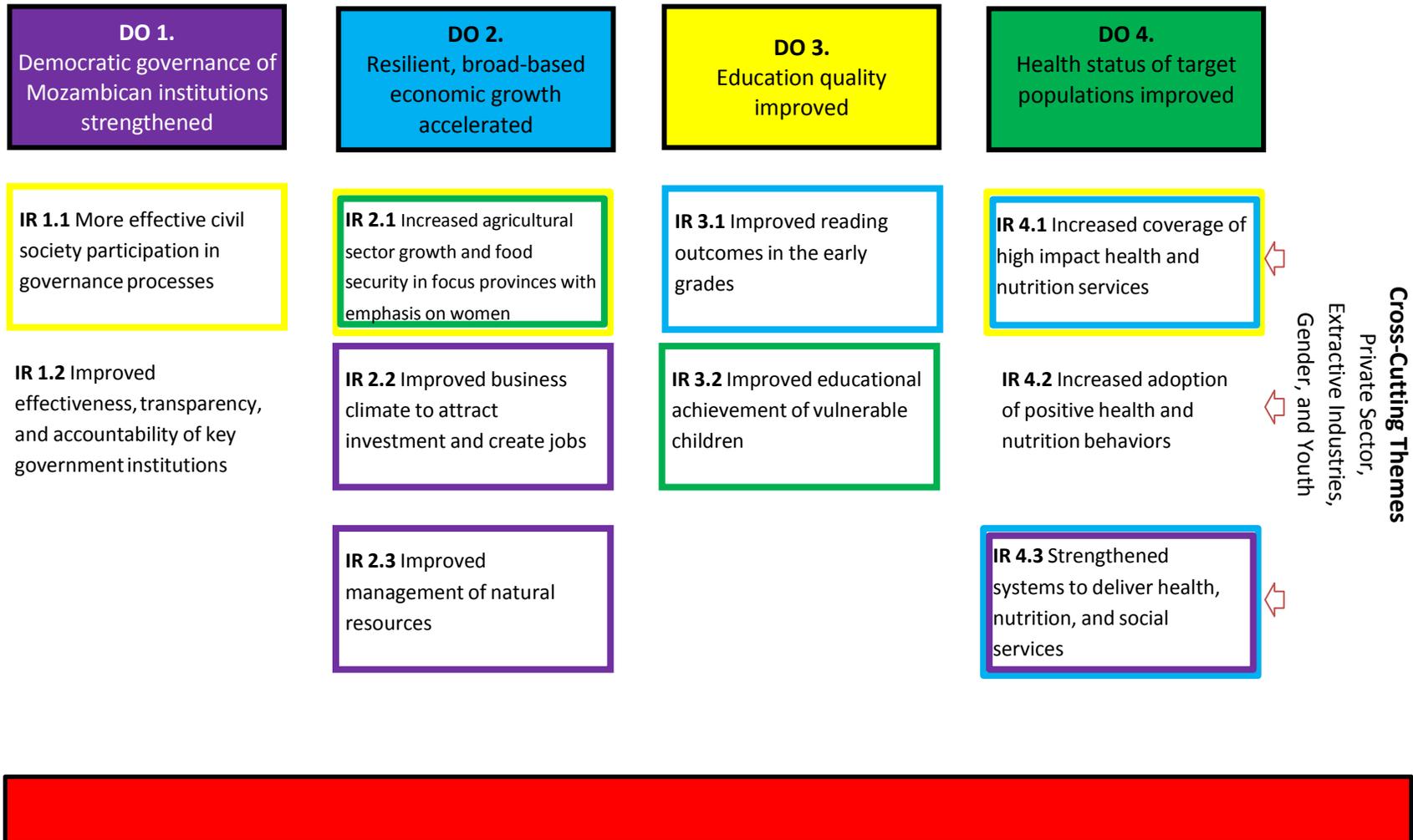
Monitoring the Game Changer

Specifically with regards to the Extractive Industry game changer, the Mission will monitor critical assumptions, activity performance, and operating context using an array of tools. Given the game changer’s potential impact across the entire portfolio, the Mission needs strong and continual coordination between all DO teams, including:

- **Regular Internal Reviews.** DO Teams, Project Teams, and COR/AORs are required by Mission Order to hold regular reviews of progress and issues, including the critical assumptions, game changer
- **Stakeholder Meetings.** DO Teams, Project Teams, and COR/AORs should also meet with partner(s), sector experts, donors, host government to triangulate and share information as well as review activity-level progress. Such reviews improve communication, strengthen the quality of collaboration, and ultimately improve development impact.
- **Mission Program Economist.** This officer provides a technical rigor and analytical capability regarding the game changer. She is responsible for coordinating efforts between the DO teams on EI activities, including the coordination of the Extractive Industries Assessment follow-up work (discussed below).
- **Extractive Industries (EI) Assessments.** The “How USAID Can Assist Mozambique to Cope with the Impending Resource Boom” assessment document provided recommendations on how USAID can respond to and monitor the country’s game changer. USAID/Mozambique will conduct reviews and updates of this EI Assessment, including a more robust mid-term assessment in 2016. This mid-term assessment will include a review of USAID’s monitoring, evaluation and learning of the EI situation. Additional assessments will be undertaken as necessary.
- **Mozambique Policy Mechanism.** The Mission currently supports the “Support Program for Economic and Enterprise Development” (SPEED), which is funded through a RAISE PLUS IQC task order. SPEED is the only think tank/analytical is designed to enhance broad-based economic growth in Mozambique by improving the trade and investment environment. The mechanism focuses on the enabling business environment and works primarily to influence governmental policy advocacy, change, and implementation. SPEED ends in September 2014, and a follow-on mechanism is currently being designed. The EI Assessment was conducted by SPEED, and USAID/Mozambique will use SPEED and its follow-on mechanism to conduct further EI assessments and analyses.
- **EI Working Group.** The Supervisory Democracy Officer is a member of the EI Working Group.
- **The Extractive Industries Transparency Initiative (EITI).** Similar to the EI Working Group, USAID has membership with the Secretariat.

II. CDCS RESULTS FRAMEWORK

USAID/Mozambique Goal: Mozambique leverages emerging opportunities to achieve inclusive socio-economic development.



NOTE: Development Objectives (DOs) are color coded. Color-coded boxes surrounding the Intermediate Results (IRs) indicate cross-linkages between program areas

III. CDCS GOAL, DEVELOPMENT HYPOTHESIS, AND OBJECTIVES

The focus of the U.S. Government development response, along with its Group of Eight (G8) and Group of Twenty (G20) development partners, is to improve the quality of life for all Mozambicans, particularly the poor, underserved, and marginalized. Donors, private sector, and the GRM are all partners in the development effort. USAID's comparative advantage, broadly speaking, is its ability to leverage opportunities with its large-scale financial resources and technical expertise. To assist the Government of Mozambique, and bring benefit to the people of this country, the overarching goal of USAID development assistance 2014 – 2018 is captured by the following statement: ***Mozambique leverages emerging opportunities to achieve inclusive socio-economic development.***

The strategy's development hypothesis is that *if a healthy and politically active citizenry has been educated and trained to succeed in a private sector and government that diligently pushes for competitive free-market practices and responsible natural resource management, then Mozambique will achieve sustainable, inclusive socio-economic development.*

Democratic Governance: First and foremost, if a responsive, democratically elected and accountable government is capable of managing its resources and policies, then education, health, and economic growth can happen. On the other side of the same coin, if a civil society is capable of interpreting available information and advocating for its views, then the feedback loop between the people and its representative government exists, and progress in economic growth, education, and health can occur. Thus, effective civil society participation and capable governance, transparency, and accountability are interdependent. One cannot succeed without the others, and all are necessary for inclusive socio-economic development.

Economic Growth: Secondly, resilient, broad-based economic growth would allow more families to enjoy better education, better health care, and more time for democratic, community participation. Such growth would accelerate if productive policies and practices were adopted (particularly in the agriculture sector that employs 70% of Mozambicans and many women), if the business policy environment improved to attract foreign investment, and if Mozambique managed its natural resources better. Improvements in the agriculture sector would have the widest transformative reach for Mozambique's poor (especially women in the near term), while foreign direct investment would provide the multiplier effect to this productive potential. Expanded biodiversity conservation and sound natural resource management would provide additional economic opportunities in perpetuity through sustainable tourism and resource extraction (forestry, fisheries, and minerals), while enhanced climate change resilience would protect the economic centers along Mozambique's coast.

Education: Thirdly, a better educated populace would be more productive (through literacy and better gender equity and empowerment), better able to access health care and adopt healthy behaviors (through savings, literacy, and gender equity and empowerment), and more active in expressing needs and demanding services (through literacy, access to information, and improved health). Moreover, by providing better education to a broader swath of the population, socio-economic development becomes more inclusive.

Health: Finally, healthier people could be better educated (through better physical and cognitive development, and more time in school), more productive (with more time working, better focus, and more capability), and more participatory in the community (with better ability to access information, get organized, and articulate demands). People's health will improve if there are adequate systems to deliver health services, if the health services are available and used, and if people actually adopt healthy behaviors.

In summary, democratic governance, economic growth, education and training, and health are each critical to address in Mozambique, and the Mission must target them collectively if it is to achieve inclusive socio-

economic development in the country. In other words, the four areas together are necessary and sufficient to achieve the goal. If the Mission were to focus on only one, two, or three of the areas but neglect the remainder, then the Mission's efforts would fail to achieve the overarching goal. For example, inclusive socio-economic growth would not occur despite the best economic policies that create countless jobs for a strong and healthy workforce if the citizenry is not sufficiently educated to perform the needed work. Therefore, in order to achieve inclusive socio-economic development, USAID/Mozambique must focus on all four of the following DOs, listed below in priority order:

DO 1: Democratic governance of Mozambican institutions strengthened

DO 2: Resilient, broad-based economic growth accelerated

DO 3: Education quality improved

DO 4: Health status of targeted population groups improved³⁷

The causal linkages within the DOs and their respective Intermediate Results (IR) and sub-Intermediate Results (sub-IR) are explained in each DO section below.

Development Objective I: Democratic Governance of Mozambican Institutions Strengthened

Civil society participation and capable, responsive governance are both necessary for effective rule. As stated above, one cannot succeed without the other, and both are necessary for inclusive socio-economic development. If Mozambique is to manage its economic, health, and education responsibilities successfully, particularly with the upcoming resource boom from the extractive industry, then both the government and civil society will have to be at their peak performance.

The factors that affect governance in Mozambique are deeply embedded in the country's history of colonization, independence, and civil war.³⁸ For an older generation of Mozambicans, FRELIMO was the "father" of the country, hence synonymous with the state. The power of the party is still very much embodied in the President, and there is limited countervailing power to check this executive power. The judicial system is underfunded and often ineffective, and transparency of key government decisions, including agreements between the leading business interests and senior party leadership, is often lacking.³⁹

Political intention to strengthen the accountability of GRM institutions exists at the highest level in some parts of the government. The Attorney General's Office (*Procurador-Geral da República* (PGR)) works to operationalize the good governance strategic objectives in the PARP, and is actively implementing a strategic plan designed to make the institution more effective in controlling crime and combating corruption while building institutional credibility and citizen trust.⁴⁰ The Central Office for the Fight against Corruption (GCCC) operates within the PGR, and investigates allegations of corruption and theft of state property within the public sector. The GCCC's caseload has steadily increased from 534 cases in 2009, of which 27 went to trial, to 660 by October 2010. GCCC investigations have resulted in 190 convictions of state employees and resulting trials in lower courts.⁴¹ These efforts strengthen the public accountability of state

³⁷ USAID's four development objectives align with the PARP. Additionally, the technical area objectives align with sector strategies including the *Plano Estratégico do Sector Saúde* (Health Sector Strategic Plan); the Multi-Sectoral Action Plan to Reduce Chronic Under nutrition; the *Plano Económico e Social - PES* (Economic and Social Plan); and the *Plano Estratégico Para o Desenvolvimento do Sector Agrário, PEDSA 2010 – 2019* (Strategic plan for development of the agriculture sector 2010 – 2019), among many.

³⁸ DG assessments refer to a "big boss syndrome" in which colonial authorities empowered local factors to carry out their objectives with limited interaction with the larger society.

³⁹ USAID/Mozambique. Democracy and Governance Assessment, February 2009.

⁴⁰ <http://allafrica.com/stories/201208200438.html>

⁴¹ http://www.iaaca.org/AntiCorruptionAuthorities/ByCountriesandRegions/Mozambiquejigou/201202/t20120210_802436.shtml.

institutions. The GRM also became an Extractive Industries Transparency Initiative (EITI) candidate country in 2009, and is EITI Compliant since October 26, 2012. The EITI Secretariat releases reports that account for the monies paid to government institutions by private companies in the oil, gas, and mining sectors.⁴²

However, Mozambique continues to score low on governance measures, as discussed above. The reform process is slow and lengthy, and there is low capacity to improve governance within the GRM. For one, state officials are not unanimous in support of reform. The actors that benefit from “bad governance” (including graft associated with perpetuation of weak administrative systems) have a strong incentive to stay entrenched and to benefit from opportunities connected to rapid economic growth. The development challenge with the government side is to support a reform agenda in the short-term, while encouraging the expansion of political space and political competition in the long-term.

Assessments completed for the CDCS also identify a role on the civil society side of the governance challenge in Mozambique. A strong and vibrant civil society – one that includes and empowers women - is needed to fulfill its watchdog role over a government that is only weakly accountable to its citizens. In particular, civil society can oversee the management of the incoming government revenues expected from the extractive industries, and to hold the government accountable for delivery of essential public services.⁴³ USAID’s Democracy, Human Rights, and Governance (DRG) Strategy indicates that, in this political context, the Mission’s best options are to work through selected public “islands of excellence” to improve governance, and to promote pluralism and citizen participation.

This DO will seek to strengthen foundations necessary for the long-term democratic governance of Mozambican institutions. Within the core DRG portfolio, the Mission is supporting GRM institutions that have demonstrated their effectiveness in governance reform. With civil society, the Mission will target institutions – and work deliberately in those institutions to include women – with expertise in the critical areas of election monitoring, anti-corruption, service delivery oversight, and policy advocacy. DRG initiatives will also contribute to improved governance in other sector portfolios: economic governance, specifically relating to the extractives and land tenure issues with a focus on women’s land rights; and oversight of delivery of education and health services. To the extent possible, the Mission will emphasize sub-national institutions including local governments, community-based organizations, and community radio stations. Such improvements in governance will extend benefits to all strategic sectors, from the macro-economy and extractive industries to health, biodiversity, and education.

The impact of extractive industry exploitation is a central dimension of DO 1. IR 1.2 that focuses on transparency and accountability. Supporting the *Parlamento Juvenil*, Gorongosa National Park, the Niassa Reserve, PGR, GCCC, and other organizations and institutions to respond to illegal activities directly addresses one aspect of extractive industry growth. Another critical step is to mobilize CSOs to increase public awareness of exploitation issues within extractive industries, and therefore increase the demand for governance and inclusive benefit from these opportunities. Poaching and trafficking in wildlife body parts is another illegal abuse of a natural resource that USAID must help mitigate under this development objective.

Structurally, the Mission’s Development Objective 1 – ***Democratic governance of Mozambican institutions strengthened*** – is supported by two IRs: IR 1.1 More effective civil society participation in governance processes, and IR 1.2 Improved effectiveness, transparency, and accountability of key government institutions. Under this DO, most of USAID’s support aligns with the PARP’s second governance priority – strengthen democratic institutions and the rule of law, transparency, and integrity of public institutions and services.

⁴² <http://eiti.org/Mozambique>. The next report is due December 2013.

⁴³ Ibid.

Results Framework for DO 1

DO 1. Democratic Governance of Mozambican Institutions Strengthened

Indicators:

- World Bank Worldwide Governance
- Ibrahim Index of African Governance
- Afrobarometer

IR 1.1 More Effective Civil Society Participation in Governance Processes

Sub-IR 1.1.1 Increased capacity of civil society organizations

Sub-IR 1.1.2 Citizens better informed of their rights and responsibilities

Sub-IR 1.1.3 Increased collaboration of civil society, government, and other stakeholders

Indicators:

- USAID CSO Sustainability Index
- IREX Media Sustainability Index
- % of supported CSOs that are directed by women or include women on their executive board

IR 1.2 Improved Effectiveness, Transparency, and Accountability of Key Government Institutions

Sub-IR 1.2.1 Strengthened capacity of institutions to combat corruption

Sub-IR 1.2.2 Improved management of extractive industry

Indicators:

- Open Budget Index
- New EITI+ Indicator
- Transparency International Corruption Index
- MCC Ruling Justly (see Uganda)

IR 1.1 More Effective Civil Society Participation in Governance Processes

Development Hypothesis: More effective civil society participation in governance processes (IR 1.1) depends on access to information (sub-IR 1.1.2), capacity to respond to that information (sub-IR 1.1.1), and increased stakeholder dialogue about that information (sub-IR 1.1.3). By having capable CSOs informed of the issues and talking with each other and the government, then civil society participation in advocacy and oversight becomes significantly more effective.

The Mission will prioritize assistance to the following civil society actors: 1) CSOs committed to advocating for sound management of Mozambique's natural resource wealth; 2) CSOs promoting effective delivery of services within the scope of USAID's presidential initiatives (GHI/PEPFAR, Feed the Future, and Global Climate Change); and 3) CSOs promoting core elements of USAID's DRG priorities, including youth and female empowerment, combating corruption, access to information, and free, fair, and credible elections.⁴⁴

• Sub-IR 1.1.1 Increased Capacity of Civil Society Organizations

CSOs play a lead role in advancing governance for the public good by providing channels for citizen voice and through their (potential) ability to hold government accountable. The Mission will target organizations that demonstrate a commitment to their mission or cause and whose advocacy efforts give voice to citizens and increase their influence on the political process.⁴⁵ The Mission, in cooperation with its development partners, will continue to build the capacity of civil society along a continuum – by strengthening

⁴⁴ Included in the definition of CSOs are community health boards and university groups that operate independently of their associated university.

⁴⁵ These organizations may include human rights and pro-democracy groups, professional associations, religious institutions, business associations, natural resource management groups, and informal bodies such as student and youth movements. Service delivery organizations are also often active in civic or political affairs on policy issues.

organizational capacity and the ability to attract and manage funding, recruit qualified staff, and analyze policy, and thereby successfully advocate on behalf of their constituents.

The electoral process is fragile due to a tightly controlled and politically compromised electoral commission and inadequacy of independent oversight. One element of this strategy is to provide election support through the 2013 – 2014 elections period and again in preparation for the 2018-2019 election cycle to the extent that funding is available. Conducting free and fair elections is a necessary step for improving governance overall. Specifically, USAID will support civil society to further strengthen capacity for election observation, conflict mitigation, and parallel vote tabulation in the Presidential and National Assembly and provincial elections in 2014.

- **Sub-IR 1.1.2 Citizens Better Informed of Rights and Responsibilities**

Developing an effective media is a significant challenge and opportunity for developing democracy in Mozambique. There is great need to increase the amount and quality of information that is available to the public. For example, communities are increasingly faced with important decisions regarding access to and use of their lands. A surge in economic production brought by EI growth will also bring forth important decisions as families respond to these opportunities. In-country migration and relocation brings consequences for health and livelihoods, and people will require quality information to benefit themselves and their communities.

A capable and engaged civil society sector (sub-IR 1.1.1) is a necessary condition to strengthen institutions of governance. An informed constituency is also necessary to support the work of CSOs (sub-IR 1.1.2). Democratic governance presupposes an educated and informed constituency that is motivated to demand good government. A more capable civil society sector, in partnership with a more effective media sector, will better inform a Mozambican citizenry that remains largely illiterate and under-educated about development issues that are important for their communities. An increase of quality information is needed to reach beyond Maputo and the other big cities to inform people of their rights and responsibilities. The content of media supported by USAID includes important health messaging, market information that is vital to the mainly agriculture-based workforce, and news of government programs and services, as well as policy and politically relevant affairs.

USAID will improve the quality of information provided to citizens by state and non-state media and enhance the organizational capacity (viability) of independent media organizations in Mozambique. Under the Media Strengthening Program, USAID is promoting a more diverse, independent, and effective media environment by building the capacity of media professionals, strengthening key institutions to analyze and advocate for policy reforms, and increasing the quality and sustainability of community radio stations. Media institutions will be national in scope with a focus on building the capacity of all conduits (radio, television, print, and new media). USAID support from health, Counter-Trafficking in Persons (C-TIP), and GBV initiatives will assist the media to increase coverage of critical issues in these areas.

USAID will build the capacity of the School of Communication and Arts (ECA) at the Eduardo Mondlane University to improve the learning environment and available resources for high-quality journalism education of future media professionals. The Media Strengthening Project, now being implemented, intends to improve the quality information that is available to citizens on issues related to democracy and the increased independence of the media. Support to other institutions may be considered in the future subject to availability of funds.

- **Sub-IR 1.1.3 Increasing Collaboration of Civil Society, Government, and Other Stakeholders**

Institutional sustainability requires government acceptance of the role and contribution made by civil society in national development. Collaboration around governance activities includes community

participation in planning of education and health services provision, as well as producer associations for agricultural markets. These initiatives bring DRG approaches to bear on the development challenges faced by other technical areas. Public fora, including election debates and community meetings related to land and environmental issues are other opportunities to make governance more inclusive and increase the legitimacy of the government.

Advocacy is weak at all levels and in all sectors. The Mission intends to build capacity of this sector to be more effective, focusing on CSO and public relationships, and closing the gap between citizens and CSOs. The multi-sector Annual Program Statement model provides opportunities for cross-sectorial work to strengthen governance through CSOs in health, education, environment, addressing gender issues throughout. USAID anticipates designing a Health Sector Local Governance activity under DO 4 that will run throughout the strategic period.

Other activities include supporting multi-stakeholder platforms that bring together representatives from civil society, the private sector, and government to address areas of mutual concern; EI policy advocacy; support to local governance for collaboration in planning, budgeting, and monitoring of health services; and supporting youth activities that provide young people with constructive opportunities for social, economic, and political engagement through youth organizations. Women's participation in governance processes, including decision making, is emphasized under this sub-IR.

IR 1.2 Improved Effectiveness, Transparency, and Accountability of Key Government Institutions

Development Hypothesis: USAID can maximize its impact on the government's effectiveness, transparency, and accountability (IR 1.2) by strengthening the government's main accountability institution (sub-IR 1.2.1) and helping to establish structure and oversight for Mozambique's newest, most economically dominant sector (sub-IR 1.2.2).

There are few institutions within government that are committed to holding the state publicly accountable for the quality of its governance. Because the Attorney General's Office has demonstrated a commitment to combating corruption in Mozambique, the Mission will deepen its engagement with this "island of excellence" in order to increase accountability of GRM institutions. The Mission may also support Mozambique's EITI Secretariat to enable effective implementation of the enhanced EITI standards recently approved at the 6th Biennial EITI Global Conference in Australia.

Other institutions will be considered over the course of the strategic period depending upon availability of funds and their demonstrated commitment toward reform and good governance. One possibility is to support other institutions that are responsible for implementation of anti-corruption legislation, especially newly created institutions, such as ethics commissions. Additionally, the Mission may support key accountability institutions if conditions for reform increase over the CDCS period. Examples include the Ministry of Finance, the Ministry of Justice, and other GRM institutions involved in transparency related to EI. Other opportunities to advance governance may include support to local governments for enhancing transparency of the EI revenues, budget formulation and implementation, and for land tenure issues. Given the present emerging situation around extractive industry resources, further engagement in transparency, accountability, and planning beyond the approaches already elaborated in this strategy would be premature. However, as stated earlier, the Mission will continue to seek opportunities as they emerge.

This IR aligns to the PARP's Support Pillar 1: *"Enhance transparency and accountability"* and includes:

- **Sub-IR 1.2.1 Strengthened Capacity of Institutions to Combat Corruption**

Illustrative activities include support to the PGR/GCCC to build institutional capacity and support the implementation of anti-corruption legislation.

- **Sub-IR 1.2.2 Improved Management of Extractive Industry**

Better "management" of the industry is a more holistic concept that includes, but is not limited to, the management of the funds generated by the extractive industries. Under this DO and sub-IR, the DRG team will invest in civil society organizations that are able to voice concerns and constructive policy recommendations with regard to the management of the extractive industries as a whole, ranging from environmental, human rights, and social impact issues as well as how best to manage revenue generated by the sector. The team also plans to co-fund a policy research and advocacy activity that will commission evidence-based research, drawing on global best practices and lessons learned, on how best to manage the sector, including revenue management but also other critical policy issues (e.g. local content rules, regulatory framework, environmental and social impact, etc.). If the opportunity presents itself, the team will also partner with the EITI Secretariat (situated within the Ministry of Mineral Resources) in order to better implement the new requirements of the enhanced EITI+ regime. However, other donors are better positioned to provide technical assistance to the GRM on various aspects of the Extractive Industry sector. The World Bank recently launched a 5-year, \$50m Mining and Gas Technical Assistance Program (MAGTAP) to which DFID has contributed an additional \$10m. On a recent visit from Washington, a State Department Energy Bureau expert commented that the existing World Bank program is an excellent resource and far outstrips what the USG can provide via programs such as the Energy Governance and Capacity Initiative (EGCI). From an attribution perspective, it is clear that USAID cannot be accountable for effective management of the extractive industries. But USAID/Mozambique, via a cross-cutting effort to be undertaken by all DO teams, can and should contribute to improved management of the extractive industries. The activities under sub-IR 1.2.2 will in particular focus on the transparency, accountability, and participatory aspects of improved governance, or management, of the sector.

Focus and Selectivity

USAID will only support institutions that have demonstrated political will and have made tangible progress in enhancing transparency and accountability. PGR and GCCC continue to meet this requirement. USAID will consider supporting other institutions both internal and external to the GRM, such as Enhanced EITI, if they meet this criterion over the CDCS period and if budgets permit. Examples of discarded efforts include work with the police, the parliament, and the judiciary. Police was a focus in the previous Mission strategy, but after significant effort in trying to establish inroads with the institution, little headway was made, and renewed collaboration was dismissed for this strategic period. The Mission will also not support the parliament because the structural and cultural incentives relating to the institution do not exist for it to play a constructive role in strengthening democracy and governance in Mozambique. Finally, the judicial system was also discarded because it has been a significant recipient of donor resources to little effect. As a result, other donors are withdrawing support from the judiciary. Also, strengthening municipal governance remains important, but a number of G19 donors are already providing resources in the area. In terms of civil society, the Mission seeks organizations that are not already receiving substantial funds from other donors. For example, the Center for Public Integrity is an effective organization, but a number of donors already fund it. In order to expand our reach to communities and deal with local issues, the Mission seeks to support organizations that are not based exclusively in Maputo and are active in extractive regions.

Sustainability and Achievement of the Development Objective

USAID/Mozambique's 2009 DG Assessment reported that a few democratically structured groups with mass member-based organizations and faith-based NGOs are capable of reaching large numbers of people throughout the country via their networks. These organizations receive funding from outside sources, including a variety of church sources in the U.S., Europe, and Japan. Most CSOs in Mozambique, however, tend to work only when donor funds are available. When projects cease and funds dry up, many CSOs stop work and wait until more funds arrive or they move on to new donor-supported projects.

Sustainability in the civil society sector remains limited. Long-term sustainability will require CSOs to improve their institutional effectiveness by introducing organizational reforms and professional procedures into both internal management systems (e.g., for programs, personnel, and finances) and external relations (e.g., with clients, governments, and donors). Many CSOs intend to supplement the value of commitments and voluntary efforts of their members by taking on service-delivery tasks, thereby reducing reliance on donors and promoting long-term financial self-reliance.

This DO will be achieved if civil society successfully advocates for policies that increase transparency and accountability, and effectively engages with government counterparts to improve policy implementation and service delivery. Electoral processes will have been declared free, fair, and peaceful as a result of improved oversight by credible CSOs. The PGR and GCCC will have created the systems and built the capacity needed to implement new anti-corruption legislation, and responsiveness to and successful prosecution of corruption cases will have increased. GRM will engage with private sector and civil society to increase short- and long-term citizen benefit from the extractive industries development. The Mozambican media will have successfully promoted the competition of ideas and expanded the range of options for citizens to voice their concerns and discuss a range of policy alternatives. Journalists will have successfully improved skills to investigate and report on transparency, corruption issues, and other priority development challenges.

Development Objective 2: Resilient, Broad-based Economic Growth Accelerated

The best approach to achieve resilient, broad-based growth and private sector investment in Mozambique is to focus on four priorities: agriculture, economic policy, biodiversity, and climate change. Because the agriculture sector employs the majority of Mozambicans, mostly women, yet is still extremely unproductive, the sector holds the most potential to increase broad-based economic growth and reduce extreme poverty. Better economic policies would not only enable the agriculture sector transformation but would also help attract much-needed investment and foment job creation. Finally, given Mozambique's unique biodiversity and vulnerability to climate change, economic growth would be accelerated by strengthening conservation through sustainable tourism and protecting the major economic centers along the coast.

USAID will integrate policy reform, research, technology transfer, business and market development, community empowerment, women's empowerment, human capacity development, and forge public/private partnerships within three intermediate results: IR 2.1 Increased agricultural sector growth and food security in focus provinces with emphasis on women, IR 2.2 Improved business climate to attract investment and create jobs, and IR 2.3 Improved management of natural resources. This approach aligns with the GRM's *Poverty Reduction Action Plan 2011 – 2014*.

DO 2's investments in capacity building will improve Mozambique's ability to manage effects of extractive industries and better achieve the CDCS goal of inclusive socio-economic growth. The Mission will address some of the policy dimensions to extractive industry growth tied to mineral resources as well as tourism, terrestrial and marine conservation, and natural resource management overall. IR 2.2 focuses on the overall business enabling environment (sub-IR 2.2.1); the land tenure issue that results, in part, from increased

investments coming into Mozambique (sub-IR 2.2.2); and increased linkages between SMEs and megaprojects (large-scale industrial, agricultural and mining projects) (sub-IR 2.2.3). The Mission will address some of the environmental consequences of extractive industry growth under IR 2.3. USAID is currently supporting development of the draft Mozambique Conservation Law, and will advocate for the GRM to consider the consequences of extractive growth in priority landscapes. Oil exploration in Lake Niassa and coal exploitation/mining on mountainous terrain bordering the lake potentially threatens lake waters and rare endemic species that are unique and valuable on a global scale. USAID will advocate for full consideration of environmental-economic costs when the GRM considers the benefits to exploiting mineral resources (sub-IR 2.3.1). Pemba, a center of extractive production, is a priority city for USAID's climate resilience mitigation, and will provide a model for how urban planning addresses the impact of extractive industry growth (sub-IR 2.3.2).

Because Mozambique is a country faced with chronic poverty, it has populations that are affected by climate almost every year through droughts, severe flooding, and reduced crop yields from extreme temperatures. These recurring crises impede achievement of USAID's development assistance objectives, especially in the agricultural sector. In response to this extreme poverty and vulnerability, USAID is designing resiliency into all three IRs:⁴⁶

- Under IR 2.1, USAID will promote drought tolerant crops; conservation agriculture; business partnerships; and diversified smallholder production systems.
- IR 2.2 will support renewable energy and secure land tenure.
- IR 2.3 will develop natural resource management and biodiversity conservation linked to income and employment. Activities under IR 2.3 will also support climate resilience in select urban coastal cities to protect economic assets (i.e., agro-processing; trade infrastructure; tourism), livelihoods, and people; and develop an enabling environment to reinforce resiliency as a central theme in urban planning.

Strategies and initiatives that existed prior to this CDCS also direct the Mission's efforts in this DO, including three Presidential Initiatives – Feed the Future (FTF), Global Climate Change (GCC), Power Africa, as well as an Agency-wide goal of "Conservation of Biological Diversity."

Approved in 2011, the *Mozambique Feed the Future FY 2011-2015 Multi-Year Strategy* responds to pervasive poverty and under-nutrition by increasing agricultural production and access to major transportation corridors as resources to promote economic growth and increase food security in the region.⁴⁷ The *New Alliance for Food Security and Nutrition in Mozambique* further adds to USAID commitments in agriculture by stimulating GRM policy reform and leveraging private sector investment.

USAID's *Climate Change and Development Strategy 2012 – 2016* prioritizes three strategic objectives. Of these, the second objective - *Increase resilience of people, places, and livelihoods through investments in adaptation* – and the third objective – *Strengthen development outcomes by integrating climate change in Agency programming, learning, policy dialogues and operations* – guide Mission efforts to increase climate resilience in a country that is highly vulnerable to adverse climate change.

⁴⁶ The USG has responded to previous climatic crises in Mozambique through humanitarian assistance. This component of resiliency is programed outside this CDCS. (See USAID's Building Resilience to Recurrent Crisis, December 2012).

⁴⁷ High unemployment and under-nutrition despite an average rate of 8% growth in GDP indicates that Mozambique is at-risk of jobless economic growth, a trend that may increase with expansion in the extractive industries.

The *Power Africa* initiative, a five-year, \$7 billion, whole-of-government effort, intends to double access to power in sub-Saharan Africa. Though not among the initial six partner countries, Mozambique is expected to be a partner in Power Africa for responsible oil and gas management.

Finally, conserving Mozambique's vital biodiversity assets – unique water systems, forests, and wildlife – is a national and international priority. Improving environmental management and conservation in Mozambique requires an appreciation of the competing claims for resources that support livelihoods, as well as balancing trade-offs within critical governance challenges. Economic growth through sound natural resource management can and should be the policy pursued in protected areas and their surrounding regions (buffer zones) as achieved in other parts of the world.

All of these global strategies set the framework for Mozambique's DO 2 during this strategic period.

Results Framework for DO 2

DO 2. Resilient, Broad-based Economic Growth Accelerated

Indicators:

- Formal jobs created in the agricultural and tourism sectors.
- Prevalence of poverty (<US\$1.25/day) (FTF ZOI Survey)
- Private sector investment in agriculture and tourism (FTF)

IR 2.1 Increased Agricultural Sector Growth and Food Security in Focus Provinces with Emphasis on Women

Sub-IR 2.1.1 Increased agricultural productivity of crops of high nutritious and commercial value

Sub-IR 2.1.2 Increased agribusiness competitiveness

Indicators:

- Proportion of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income, employment) (GNDR-2)
- Household income of USAID-supported beneficiaries
- Prevalence of households with moderate to severe hunger

IR 2.2 Improved Business Climate to Attract Investment and Create Jobs

Sub-IR 2.2.1 Improved policies for broad-based business and trade implemented

Sub-IR 2.2.2 Increased equitable access to land and tenure security

Sub-IR 2.2.3 Increased linkages between smallholders, SMEs and megaprojects for inclusive growth

Sub-IR 2.2.4 Increased investment in and access to energy sources

Indicators:

- World Bank Doing Business, distance-to-frontier measure

IR 2.3 Improved Management of Natural Resources

Sub-IR 2.3.1 Improved biodiversity conservation in priority landscapes linked to income and employment activities

Sub-IR 2.3.2 Increased climate resilience in selected Mozambican coastal cities

Indicators:

- Gains and losses of large mammal species in targeted parks
- # of laws (...) or regulations addressing climate change and/or biodiversity conservation officially adopted and implemented as a result of USG assistance (F #4.8.2-28)
- # of stakeholders with increased capacity to adapt to climate variability and change as a result of USG assistance (F #4.8.2-26)

IR 2.1 Increased Agricultural Sector Growth and Food Security in Focus Provinces with Emphasis on Women

Development Hypothesis for IR 2.1: Agricultural sector growth and food security for women will increase (IR 2.1) if there is more productivity of highly nutritious and marketable crops (sub-IR 2.1.1) and more competitiveness among agribusinesses (sub-IR 2.1.2). More production of nutritious, commercially valuable foods will increase incomes for producers and improve nutrition for consumers, while more competition among agribusinesses will spur innovation, efficiency, product availability, and lower prices.

While increased agricultural productivity may increase food security and reduce extreme poverty, it may also decrease employment in the long run, as fewer farmers are needed to produce more food. However, a rise in tourism, including USAID-supported nature-based tourism (IR 2.3) and other off-farm enterprises such as light manufacturing and urban services, would help offset falling employment (IR 2.2).

USAID integrates gender-based analysis into all of its agriculture investments and employs the Women's Empowerment Index to measure empowerment, agency, and inclusion of women in the agricultural sector. In Mozambique, the overwhelming majority of women in the labor force work in the agricultural sector, where they mostly work as unskilled agricultural laborers. The long-term economic well-being of Mozambican women is directly related to the performance and growth of the agricultural sector.

This IR corresponds with the PARP's General Objective 1: "*Increase output and productivity in agriculture and fisheries sectors*,"⁴⁸ and includes:

- **Sub-IR 2.1.1 Increased Agricultural Productivity of Crops of High Nutritious and Commercial Value**

Illustrative activities include supporting agricultural research and technology transfer, developing agricultural input markets, adult literacy and numeracy training, and increasing the capacity of farmer organizations, with a priority to use Development Credit Authority loan guarantees to benefit women-owned agribusinesses and tourism.

- **Sub-IR 2.1.2 Increased Agribusiness Competitiveness**

USAID will work with private sector partners to promote increased investment leading to broad-based growth that improves smallholder farmers' incomes. USAID will engage with civil society and private sector to advocate for improved land tenure and property rights security for smallholder farmers. This work will be done through a future flagship value-chain activity as well as through public-private partnerships with investors.

IR 2.2 Improved Business Climate to Attract Investment and Create Jobs

Development Hypothesis for IR 2.2: The business climate to attract investment and create jobs will improve (IR 2.2) if better business and trade policies are implemented (sub-IR 2.2.1), if there is more equitable access to land and tenure security (sub-IR 2.2.2), if there are stronger linkages between SMEs and megaprojects (sub-IR 2.2.3), and if there is more investment in and access to energy sources (sub-IR 2.2.4). With an improved business enabling environment, international companies will be more willing to operate in Mozambique, which would provide additional jobs. Ensuring clearer property rights would incentivize businesses to make longer-term ownership commitments, which would increase production, competition, jobs, and attract further investment. Improving linkages between small- and large-scale producers would tighten value chains, improve efficiency (because the megaprojects could source their needs more locally), increase local production and income, and create jobs.

The current business environment stifles private sector growth and job creation. Inadequate access to improved technologies and output markets decrease the efficiency of agricultural production. An outdated policy environment compounds the problem, leading to low levels of income and impeded development of a strong middle class. A favorable business climate for private investment and job creation in agriculture, tourism, light industry, and other sectors is necessary to promote broad-based economic growth. IR 2.2 focuses on business policy reform, forging business linkages between SMEs and megaprojects, overcoming key constraints to private investment and competitive business development, and increasing investments and access to energy sources. All these factors constrain private sector development, and overcoming them is a necessary condition for economic transformation, including the transformation of agriculture from an

⁴⁸ USAID linkages to the PARP are displayed in Annex 1.

inadequate safety net to a path out of poverty. Additional constraints include access to land and land tenure security; and workforce development (under IR 3.3). IR 2.2 supports both IR 2.1 and IR 2.3.

This IR aligns with the PARP's General Objective 2, Priority 1: "*Promote employment through multi-sectoral actions to improve business climate to attract investments and stimulate SMEs & micros, leverage employability, facilitate linkages between supply and demand. Improve employment for target groups (women, youth, disabilities, HIV/AIDS infected),*" as well as supporting agricultural transformation, tourism, and development of other sectors including light manufacturing and services.

Under this IR are:

- **Sub-IR 2.2.1 Improved Policies for Broad-based Business and Trade Implemented**

Illustrative activities include conducting policy analysis to demonstrate the potential impacts on SMEs and smallholder farmers of potential new policies and supporting policy dialogue between government and private sector to encourage broad-based economic growth. This will include a focus on policies identified in the New Alliance for Food Security and Nutrition. Emphasis will be placed on accelerating issuance of land use rights (DUATs) to allow smallholders (women and men) to secure tenure and to promote agribusiness investment, including by adopting procedures for obtaining rural DUATs that decrease time and cost (Policy Commitment 6), and on developing and approving regulations and procedures that authorize communities to engage in partnerships through leases or sub-leases (*cessao de exploração*) (Policy Commitment 7). This work will be done through the Mission's lead policy activity in collaboration with the upcoming flagship value chain activity.

- **Sub-IR 2.2.2 Increased Equitable Access to Land and Tenure Security**

As part of this effort, USAID will represent the USG in the place of MCC in the Land Consultative Forum to work with other donors and the Ministry of Agriculture to promote policy discussion and debate on land issues.

- **Sub-IR 2.2.3 Increased Linkages between Smallholders, SMEs, and Megaprojects for Inclusive Growth**

Illustrative activities include promoting linkages for provision of goods and services between smallholder farmers, large "nucleus" farms with outgrower schemes, traders, local Mozambican enterprises, and large-scale projects. A variety of initiatives may produce favorable results in this area, including improving the provision of extension services to smallholder farmers through private sector partners, working with municipalities to develop databases of projects, educating local firms on contracting mechanisms, and improving the dialogue between megaprojects and local associations as to needs and expectations. The main focus will be to assist smallholder farmers to link into potential lucrative local markets to satisfy unmet demand and ensure inclusive growth, including general local content analysis. This work will be done through the Mission's flagship value chain activity as well as through public private partnerships.

- **Sub-IR 2.2.4 Increased Investment in and Access to Energy Sources**

Illustrative activities include strengthening energy-related regulatory and policy frameworks, promoting private investment in clean energy including renewables, and building the capacity of utility companies to ensure sustainable funding.

IR 2.3 Improved Management of Natural Resources

Development Hypothesis for IR 2.3: Better management of natural resources (IR 2.3) will occur if conservation efforts are linked to income generation (sub-IR 2.3.1) and if Mozambique's vulnerable coastal cities are made more resilient to climate change events (sub-IR 2.3.2). Natural resources will be better managed by incentivizing conservation efforts with income generation, which would increase local buy-in, improve livelihoods, and increase sustainability. Mitigating the impact of more frequent storms in major

population centers along Mozambique’s lengthy coast will help safeguard the economy and lives – particularly those living in extreme poverty – from destruction related to climate change.

This IR aligns with the PARP’s General Objective 1, Priority 3: *“Improve the sustainable management of natural resources (land, water, fisheries and forests),”* and includes:

- **Sub-IR 2.3.1 Improved Biodiversity Conservation in Priority Landscapes Linked to Income and Employment Activities**

Illustrative activities include improving management of priority biodiversity landscapes with emphasis on science-based data, increasing income from economic opportunities compatible with biodiversity conservation, and increasing social engagement for biodiversity conservation. Activities will specifically seek to improve gender equality and women’s empowerment.

- **Sub-IR 2.3.2 Increased Climate Resilience in Selected Mozambican Coastal Cities**

Illustrative activities include training municipal authorities on climate change, updating city master plans, building code standards and zoning, rehabilitating natural coastal protection areas such as mangroves, assisting municipalities with cost-benefit analysis of hard-engineering options, working with vulnerable communities to prioritize resiliency projects, ensuring women’s participation, and technical support to the GRM to evaluate risk-management options.

Focus and Selectivity

The examples below are not comprehensive for the full portfolio but are intended to demonstrate the focus and selectivity considerations for various intervention areas.

For Sub-IRs 2.1.1 and 2.1.2 (agricultural productivity and competitiveness), agriculture and nutrition interventions were selected for their high potential impact on smallholder incomes, nutritional importance for vulnerable populations, importance within the target geographic areas, impact on women, market demand, USG comparative advantage, and opportunities to leverage funding from other donors and the private sector. The team debated whether to include a staple food crop such as corn, but because analysis showed that this would require an elaborate, unsustainable subsidy system and could not be managed in a transparent manner by the government, the team discarded it. In the end, interventions will focus on provinces within three of the country’s main trade corridors: Nacala (linking Mozambique to Malawi and Zambia), Beira (linking Mozambique to Zimbabwe), and the Zambezi Valley and the N1 (key North-South road connecting Nacala and Beira corridors). Specifically, interventions will be implemented in 23 focus districts across Nampula, Zambezia, Manica, and Tete provinces, and target only four agricultural value chains: oilseeds (groundnut, sesame, soybean), pulses (beans, cowpeas, pigeon peas), and banana. For Sub-IR 2.2.1, FTF provided a set of common, important business and trade policies for the Mission, which also coincided well with the strategic policy support necessary for the Comprehensive Africa Agriculture Development Program (CAADP) implementation. The Mission wanted to work on garment and textiles in order to create urban jobs in light manufacturing, which would smooth the transition to commercial agriculture, but discarded the sectors because the South Africa Regional mission was already focusing on these areas and the Mission did not have discretionary funds to cover them.

Sub-IR 2.2.3 seeks to link SMEs to megaprojects for three reasons: in order to strengthen the value chain between smallholder farmers and larger markets; to capitalize on new GRM policies that encourage linkages between megaprojects and SMEs; and leverage efforts with the Mission’s Development Credit Authority loans that target SMEs.

The Mission sees increased investment in energy, Sub-IR 2.2.4, as a tremendous opportunity for Mozambique, not only because of a renewed USG focus on energy through *Power Africa*, but also because of Mozambique’s current and potential role in regional energy production. Mozambique is the region’s

main exporter of energy, but could quadruple its production with international investment. Moreover, the country has made great advances in rural electrification, having added power to over 100 districts in the last 10 years.

Activities in the biodiversity focus areas – Gorongosa National Park, Lake Niassa Reserve, Niassa Game Reserve – will employ targeted strategies that are informed by the area’s specific biophysical, social, political, and economic contexts. Sub-IR 2.3.1 was developed in response to the findings of the ETOA (Environmental Threats and Opportunities Assessment) as well as a result of extensive consultations with the Government of Mozambique and other donors. The GRM requested that USAID work in the landscapes mentioned above because there is a gap in coverage there. Other major donors, including the World Bank, AFD, KFW, and UNDP, have focused or plan to focus their resources in other areas of the country such as Limpopo National Park and the Maputo Elephant Reserve. If USAID does not support biodiversity conservation in Gorongosa National Park, Lake Niassa Reserve and Niassa Reserve, then there would be insufficient resources available to address the much-needed management of those conservation areas. Given the biodiversity significance of these areas and the challenges they face, for example the wildlife trafficking situation that is threatening the elephant population in Niassa Reserve, it would irresponsible to drop our support.

Sub-IR 2.3.2 will be achieved through the Coastal City Adaptation Project (CCAP), which will target Pemba, Nacala, and Quelimane municipalities on the basis of their particular vulnerabilities to rising sea levels and climactic events. The main focus of CCAP is to improve municipal climate-resilient service delivery and increase public awareness of environmental risks within targeted communities. The cities were selected based on a study completed by INGC (Mozambique's National Disaster Management Institute) as well as on discussions with the Ministry of Environment and the World Bank, the largest donor working on coastal urban climate change issues. The World Bank is providing significant resources to work in Beira and Maputo. Since Quelimane, Pemba, and Nacala are considered to be the next most vulnerable and populous cities, USAID opted to focus resources on those cities for maximum impact.

Sustainability and Achievement of the Development Objective

The success of DO 2 will be gauged by flow of significant investment into the agribusiness, tourism, and light industry sectors, in a manner that generates substantial employment for Mozambicans. Inflows of foreign direct investment indicate favorable reaction by private sector interests to changes in the enabling environment, including the policy realm. Strategic support to achieve progress under the CAADP and SUN agendas will create sustainable exit strategies for USAID investments. Success in this effort will be measured by the number of jobs created in non-extractive industries and the percent of GDP provided by the non-extractive sector.

Development Objective 3: Education Quality Improved

Education is transformational, and fundamental to all development objectives within this CDCS. The ability to read is a long-term enabler to achieve growth in the agricultural sector. Literate farmers are better positioned to apply the knowledge and skills that USAID initiatives provide. Democracy rests upon a premise of a literate electorate that is able to understand issues and make informed decisions. Education further enables behavior change and positive outcomes in the health sector, especially an ability to read and understand information on important health topics and to be an informed consumer of health services. National development and the elimination of extreme poverty cannot be achieved if the majority is unable to prosper, participate, and contribute.

Basic education serves to provide the paving stones for the road and infrastructure of academic success and national development. *“Education is both foundational to human development and critically linked to broad-based economic growth and democratic governance,”* as stated in the global USAID Education

Strategy, which directs USAID/Mozambique to prioritize reading instruction [the most basic of skill areas] by focusing on (1) improving teacher effectiveness; (2) increasing the availability and use of reading materials; and (3) strengthening classroom and school management.⁴⁹ The Mission's Education Office will target these interventions in its Basic Education Project, *Aprender a Ler* (Learn to Read).

In the short- and medium-terms, the economy requires job candidates with basic reading and writing skills. International companies establishing operations in Mozambique will most likely bring in top management from abroad, so their priority is to recruit local entry-level employees and mid-level managers with the necessary qualifications and an understanding of the national context. Candidates lacking rudimentary skills of literacy and numeracy may not be able to engage effectively with customers, suppliers, coworkers, and supervisors. Even effective training programs can be ineffectual if the participants lack the remedial skills that trainers assume they have.

Not only is there a shortage of such candidates to meet immediate needs, there are insufficient numbers in the education pipeline going all the way back to primary school. The need to enroll and retain children in age-appropriate levels of education is critical for women and vulnerable groups. The educational system will never produce representative numbers of qualified women and special population candidates for employment in an expanding economy if they lose them as drop-outs and non-readers in the early grades. Improved basic education and training will help ensure that economic and social development is truly broad-based, consistent, and equitable – and that the extremely poor are not marginalized or forgotten. In the informal sector, where most employment opportunities exist in the short- and medium-terms, rudimentary skills of literacy and numeracy make new entrepreneurs more likely to succeed and expand micro-businesses into small- and medium enterprises. With a focus on girls' education, retention, and academic success, USAID/Mozambique aligns to USAID's global policy on gender and supports Mozambique's MDG 3, "*Promote gender equality and empower women.*"⁵⁰

Development Objective 3 – Education Quality Improved – presents a program for education aimed at addressing the fundamental building blocks of early grade reading with the aim of improved human capacity and quality services across targeted schools in vulnerable communities.. Two IRs support this objective: IR 3.1 aligns to the USAID Education Strategy with a focus on reading outcomes in the early grades; and IR 3.2 focuses limited funding available for orphans and vulnerable children (OVC) on interventions that support them throughout schooling. As a whole, DO 3 provides a vision for quality education that, if successful, will influence the Ministry of Education's model for providing education going forward. Evidence of this influence would be an increased focus on school management, teaching instruction, enhanced literacy and reading skills amongst students, and efforts to retain students using methods applied and tested by USAID. DO 3 also presents a compelling approach and partnership between education providers and the private sector as it looks to support solutions to its long-term needs in this area and improve the delivery of quality education .

IR 3.1 strengthens the capacity of the GRM to deliver quality education services at the most basic and fundamental level, early grade reading, so that more children will enjoy academic success, and be able to access higher level levels of education, and economic and social opportunity. **IR 3.2** reinforces the educational safety net for extremely poor and vulnerable groups who have historically not enjoyed even the most basic opportunities of quality education at the early childhood development, basic education, and secondary education levels.

⁴⁹ USAID Education Strategy 2011 – 2015, February 2011.

⁵⁰ USAID Policy on Gender Equality and Female Empowerment, March 2012.

Results Framework for DO 3

IR 3.1 Improved Reading Outcomes in Early Grades

DO 3. Education Quality Improved

Indicators:

- # of private-sector firms that adopt USAID's education and training models
- # and level (district, provincial, etc.) of GRM ministries that adopt USAID's education and training models.

IR 3.1 Improved Reading Outcomes in the Early Grades

Sub-IR 3.1.1 Improved quality of reading instruction

Sub-IR 3.1.2 Improved school governance

Indicators:

- # and % of primary school students who, after two years of schooling, demonstrate sufficient reading influence and comprehension to "read to learn" in targeted schools
- % change in reading skills (fluency and comprehension) among children grades 2-3 in targeted schools.

IR 3.2 Improved Educational Achievement of Vulnerable Children

Sub-IR 3.2.1 Increased access to early childhood development services

Sub-IR 3.2.2 Increased age appropriate enrollment and completion for orphans and vulnerable children (OVC) in primary and secondary education

Indicators:

- # of OVC served
- # of USAID-supported OVC who stay in school, graduate, and/or continue on to the next level, if applicable
- End-of-term grades

Development Hypothesis for IR 3.1: Reading outcomes in early grades will improve (IR 3.1) if the quality of reading instruction improves (sub-IR 3.1.1) and if school governance improves (sub-IR 3.1.2). School governance is expected to increase the quantity of reading time, since it relates to reducing absenteeism and getting teachers to spend more time in the classroom. Therefore, reading outcomes are expected to advance if the quality and quantity of reading instruction improve. This IR aligns to the PARP's General Objective 3, Priority 1: "Universal access to seven years of primary education, of sufficient quality to ensure the learning of basic skills," and includes:

Sub-IR 3.1.1 Improved Quality of Reading Instruction

Illustrative activities include implementing the early grade reading assessment to capture baseline data; implementing teacher and school director training/coaching; and developing teaching/learning aids.

Sub-IR 3.1.2 Improved School Governance

Illustrative activities include developing and implementing a school management assessment; developing the capacity of local education institution personnel to manage technical and financial delivery of improved early grade reading services; and, strengthening civil society end-user groups to monitor delivery of quality education services.

IR 3.2 Improved Educational Achievement of Vulnerable Children

Development Hypothesis for IR 3.2: Vulnerable children will do better in school (IR 3.2) if they have more access to early childhood development services (sub-IR 3.2.1) and if they have more age appropriate

enrollment and completion in primary and secondary school (sub-IR 3.2.2). Targeted service provision and training, grants, and mentoring of vulnerable children will increase enrollment and completion of school.

This IR provides the support scaffolding for vulnerable populations so that they can achieve a quality education from early childhood through secondary level, and aligns to the PARP's General Objective 3, Priority 2, *"Ensure access to supplementary assistance services for the most vulnerable groups,"* and includes:

- **Sub-IR 3.2.1 Increased Access to Early Childhood Development Services**

Illustrative activities include strengthening existing community-based Early Child Development (ECD) centers to provide quality ECD services in target communities.

- **Sub-IR 3.2.2 Increased Age-appropriate Enrollment and Completion for Orphans and Vulnerable Children (OVC) in Primary and Secondary Education**

Illustrative activities include awarding block grants to schools in exchange for the guaranteed enrollment of a set number of OVC and girls; training parent-teacher associations or school councils to address gender, gender-based violence, harmful health consequences of early marriage and pregnancy, child rights and protection including block grant management; establishing a mentoring program to support OVC retention and learning achievement in upper primary and secondary school; supporting the costs for dormitory accommodation for secondary school students living far from the schools and minor repairs for dormitory facilities; and supporting coordination meetings with education authorities to monitor implementation of school block grants. Expanding education for extremely poor and vulnerable young girls is a priority under this sub-IR.

Focus and Selectivity

Donors focused on basic education primarily provide support into GBS, and to international NGOs such as Plan International, Save the Children, IBIS (Danish), and Action Aid. School construction and rehabilitation is a large component of this support. Because the Mission is a USAID Education Strategy Goal One Reading Country, the Mission was directed to implement IR 3.1, with the incentive of extra funding to scale up reading if results were strong. USAID/Mozambique's Education Office fully supports the USAID Education Strategy, and has no argument with the narrow focus. Based on the limited resources, the team focused support in the most highly populated areas in the country, specifically along the roads and railroads of Zambezia and Nampula provinces. This selection reinforces and leverages work done by other USAID technical offices in these areas including agricultural activities, Food for Peace (MYAPs), and the community strengthening program, SCIP. None of the other donors are delivering similar programming in these areas. OVC activities will be implemented in selected provinces based on factors such as low secondary education enrollment for girls and HIV prevalence rates.

For the three sub-IRs related to OVCs (Sub-IR 3.2.1, 3.2.2, and 3.3.1), the most influential guidance that directed the Mission's decisions were PEPFAR's OVC Guidance, the USG's "Children in Adversity Plan," which provides policy recommendations for age appropriate enrollment and early childhood development for all U.S. agencies working with children, and the GRM's "OVC Minimum Standards of Care" requirements. Other donors also played a role in determining where the USAID activities will focus. The World Bank is active in providing support to a few districts on early childhood development (Sub-IR 3.2.1), so USAID opted to focus on other key districts not receiving World Bank support. For each of these OVC sub-IRs, USAID will ensure that it uses evidence-based interventions that improve the well-being of children.

Sustainability and Achievement of the Development Objective

Evidence of achievement in this DO is defined as a successful handover to the GRM for the continuation and scale-up of USAID's strategic approach.

Development Objective 4: Health Status of Targeted Population Groups Improved

USAID's seeks to improve the health status of target populations by increasing their utilization of high impact, quality interventions that address the leading causes of mortality and morbidity, while strengthening government capacity and increasing community-level participation to sustain gains made. USAID health priorities under this CDCS include improving coverage and utilization of quality health care services and commodities, improving health-seeking behaviors, and improving specific components of the health system that have the greatest impact on reducing mortality.

Within this strategic period, USAID will promote an integrated approach at the national, provincial, and community levels, drawing across different U.S. Government initiatives to deliver a package of integrated high impact services, and more efficiently leverage efforts by the GRM, NGOs, and other donors. The Mission's **Development Objective 4 – Health Status of Target Populations Improved** – is supported by three IRs: IR 4.1 Increased coverage of high impact health and nutrition services, IR 4.2 Increased adoption of positive health and nutrition behaviors, and IR 4.3 Strengthened systems to deliver health, nutrition, and social services.

USAID and the Centers for Disease Control and Prevention (CDC) collectively manage a \$340 million annual health portfolio to address the critical health needs of the Mozambican people. By working with the GRM through a multifaceted, integrated approach, the U.S. Government is strengthening the provision of life-saving health services at both the facility and community levels, while also addressing the fundamental systems issues at the national, provincial, and district level. USAID's priority health program areas include HIV/AIDS prevention, care and treatment, malaria control, maternal-neonatal-child health (MNCH), tuberculosis, reproductive health/family planning services, nutrition, and water and sanitation. USAID will direct its health programming to key populations, including children under the age of five, pregnant and lactating women, those affected by or living with HIV/AIDS, and the key high-risk populations of youth, truck drivers, sex workers, and OVC.

DO 4's investments in capacity building will improve Mozambique's ability to manage effects of extractive industries and better achieve the CDCS goal of inclusive socio-economic growth. Under DO 4, USAID will support the Ministry of Health's efforts to mitigate health risks due to EI growth through impact assessments and activities to address risks as needed. The Mission will work with the MOH to dialogue with the private sector on issues of joint concern, and assist the Ministry to develop an agenda for its partnership with the extractive industries. One example of public-private partnership (PPP) is for anti-malaria initiatives, where private companies working with the Ministry of Health accept more responsibility for malaria control in order to benefit workers and reduce the number of lost labor days. Other PPP examples include HIV/AIDS testing and prevention or other health services in the workplace in the catchment areas of the industries. Moreover, USAID will raise awareness with other ministries, such as Finance, in order to illustrate the mutual benefits of the GRM's greater financial engagement in the health sector.

Results Framework for DO 4

DO 4. Health Status of Target Populations Improved

Indicators:

- Maternal Mortality Rate
- Child Mortality Rate
- Prevalence of HIV

IR 4.1 Increased Coverage of High impact Health and Nutrition Services

Sub-IR 4.1.1 Increased utilization of quality facility-level services

Sub-IR 4.1.2 Increased utilization of quality community health services

Sub-IR 4.1.3 Improved active and completed referrals between community and facility services

Indicators:

- % of people alive and on treatment (ART) 12, 24, 36 months after initiation
- % of children under 12 months of age who are fully immunized
- % of women who have institutional deliveries

IR 4.2 Increased Adoption of Positive Health and Nutrition Behaviors

Sub-IR 4.2.1 Improved ability of individuals to adopt healthy behaviors

Sub-IR 4.2.2 Improved community environment to support healthy behaviors

Sub-IR 4.2.3 Improved systems to design, implement, and evaluate SBCC interventions

Indicators:

- Modern contraceptive prevalence rate
- Percentage of children under five sleeping under a long-lasting insecticide-treated nets (LLIN)
- Reported condom use at last sex with a non-regular partner
- Prevalence of exclusive breastfeeding of children less than 6 months old

IR 4.3 Strengthened Systems to Deliver Health, Nutrition, and Social Services

Sub-IR 4.3.1 Improved financial management, strategic planning, and budget execution of key functions

Sub-IR 4.3.2 Improved logistics management of commodities to ensure availability at local levels

Sub-IR 4.3.3 Strengthened civil society engagement in the health sector

Sub-IR 4.3.4 Improved generation, dissemination, and use of health data for more effective decision making

Indicators:

- Absorption rates of new health care workers into GRM health system who graduated from a pre-service training institution
- Stock-out levels of essential medicines
- Executed GRM health budget as % of approved GRM health budget

IR 4.1 increased Coverage of High impact Health and Nutrition Services

Development Hypothesis for IR 4.1: Coverage for health and nutrition services will increase (IR 4.1) if utilization of facility-level services increases (sub-IR 4.1.1), if utilization of community health services increases (sub-IR 4.1.2), and if referrals between community and facility services are improved (sub-IR 4.1.3). The facility and community are the two principal levels for the provision of health and nutrition services. By improving access at both of these levels, and improving referral communication between them, then health service coverage will increase.

USAID will support GRM efforts to increase access to and utilization of quality health services by: 1) developing national and local capacity to scale up high impact and cost-effective interventions to reduce MNC mortality, as well as deaths due to HIV/AIDS, tuberculosis, malaria, and other major infectious diseases; and, 2) reinforcing the continuum of care from community to facility and across priority program areas.

• Sub-IR 4.1.1 Increased Utilization of Quality Facility-level Services

Limited utilization of quality facility health services directly impacts health outcomes. This sub-IR focuses on two important components: access and quality. Because a majority of the population lives more than five kilometers from the nearest health facility, distance and cost of travel are major constraints to utilization of health services. In more rural areas many of the first-level health posts do not provide quality

services due to a serious lack of trained personnel, drugs, and equipment. Quality involves having skilled health workers, appropriate commodities, and equipment to ensure the correct and timely delivery of health services. In order to strengthen health service delivery in facilities, USAID will improve and expand physical infrastructure, and support innovative and cost-effective approaches to increase skilled staff in lower-level facilities, including quality improvement efforts through the development of capacity building mentorship plans with the MOH tailored to specific needs of prioritized facilities and desired health outcomes. USAID will also improve quality by enhancing the skills and competencies of the workforce, including the development of new cadres of health workers, improvement of supervision, and oversight that essential commodities and equipment are available to improve patient outcomes. The expanded availability of quality health services in high-disease burden and underserved rural areas reduces the scourge of extreme poverty by ensuring that such vulnerable individuals benefit from health service improvements.

In order to support the GRM's HIV/AIDS Acceleration Plan and roll-out of the new PMTCT B+ strategy, USAID will increase the number of facilities where quality HIV/AIDS and PMTCT services are provided with strong linkages to the community to ensure both demand for services as well as treatment adherence and retention. These efforts will increase the number of people on treatment, and elevate treatment retention as a priority over the next five years.

Building on lessons learned from evaluations across its portfolio, USAID will accelerate replication of successful models of care including Model Maternities. Together with UNICEF, USAID plans to support efforts to improve routine immunization service delivery, including cold chain and logistics and specific integrated child survival bi-annual campaigns. To fight against pneumococcal diseases, USAID will support the introduction of the new pneumococcal conjugate vaccine into the national routine immunization program. Another priority is to strengthen integration within HIV/AIDS services to deliver Family Planning (FP) counseling and services at the facility level, especially through primary health care (PHC) services.

USAID's objective for tuberculosis (TB), in collaboration and alignment with the GRM, is to improve accessibility, and quality of prevention, diagnosis, and treatment including multi-drug resistant TB, and community involvement in TB control. USAID's technical assistance to the MOH will support quality improvements in developing policies, strategies, and technical guidelines, including state-of-the-art protocols adapted to the Mozambique context.

Additional activities under this sub-IR include improved access to health services, psychosocial support, and social and child protection services for OVC, people living with or affected by HIV/AIDS (PLHIV), and their families.

- **Sub-IR 4.1.2 Increased Utilization of Quality Community Health Services**

USAID will increase its efforts to expand health and social welfare services delivered to underserved and targeted key populations at the community level. The community health worker (APE) program is a critical and cost-effective strategy for expanding basic services to the community. USAID, together with UNICEF and the World Bank, will support the MOH in its development of a multi-year strategy to expand and absorb the APE cadre. USAID will also support material development, training, and provision of supplies – including commodity kits – for APEs. Focus will be given to APEs to increase essential drugs, commodities and supplies appropriate for community-based distribution. USAID will strengthen community health committees and will support other types of health activists working at the community level to improve interventions that directly impact the key program outcomes for HIV/AIDS, malaria, TB, FP, and MNCH. These committees and local health workers are pivotal to promoting demand for and sustaining services, and contribute to DO 3 objectives by strengthening community governance structures. USAID will identify and scale up innovative community approaches to increase retention and treatment adherence, and, in

doing so, promote community-based distribution of contraceptives. USAID will address human capacity at the community level, such as with PLHIV, to meet key results. USAID will also expand the community Directly Observed Short-Course Therapy (DOTS) program and increase integration with HIV activities. Under this sub-IR, USAID will expand assistance to OVCs including psychosocial support and access to educational opportunities at the community level where appropriate. Programs will reach more poor and underserved children with immunization services, malaria treatment, micronutrients, and intermittent prevention treatment of malaria for pregnant women. USAID will increase the utilization of quality Family Planning/Reproductive Health (FP/RH) services at the community and facility levels by providing a wider range of contraceptives.

Community nutrition interventions will focus on changing caring and feeding practices including exclusive breastfeeding and dietary diversity to improve the nutritional status of children and mothers in the first 2,000 days. Programs will work closely with community leader councils, mothers and fathers' groups, community-based health and hygiene volunteers, and junior farmer clubs in order to strengthen links between community- and facility-based health and nutrition services. Such a focus ensures that the poor and underserved are active beneficiaries of health interventions.

USAID will continue its investments in water and sanitation in Zambezia and Nampula with a focus on increasing the number of community clean water sources and sanitary facilities as well as promotion of positive hygiene practices. Additional activities within this sub-IR include psychosocial support for OVCs; and strengthening community child protection committees and kids' clubs for improved OVC care and support services.

- **Sub-IR 4.1.3 Improved Referral System between Community and Facility Services**

There needs to be a strong and systematic referral system in place between the community and facility levels to ensure the continuum of care from health promotion and prevention to appropriate treatment and improved client outcomes. Health activists, traditional birth attendants, and APEs need to know when patients should be referred immediately to the health facility for treatment.⁵¹ Building on lessons learned across its portfolio, USAID will continue to support the development and strengthening of active and complete referral systems in both directions. For example, facilities need community support to help care for chronically ill patients, to help ensure that patients take their medicine, to develop innovative approaches that reduce the time it takes to pick up medications, and to promote the demand for services including contraceptives and antenatal care. USAID will also support supervisory, mentorship and other management mechanisms that bring together facility and community groups and workers on a regular basis to review performance and issues concerning service delivery.

IR 4.2 Increased Adoption of Positive Health and Nutrition Behaviors

Development Hypothesis for IR 4.2: Adoption of positive health and nutrition behaviors will increase (IR 4.2) if individuals are better able to adopt them (through behavior change communication) (sub-IR 4.2.1), if the community environment better supports healthy behaviors (through community health workers) (sub-IR 4.2.2), and if systems for behavior change interventions are improved (through government institutions, universities, and CSOs) (sub-IR 4.2.3). This IR will also address gender differences and gender-based violence, as well as cultural and social norms including age of marriage and family size.

- **Sub-IR 4.2.1 Improved Ability of Individuals to Adopt Healthy Behaviors**

This approach will promote positive health and nutrition behaviors at the individual level, such as exclusive breastfeeding, use of bed nets, hand washing, consumption of nutritious foods, and correct use of

⁵¹ Examples include a child seriously ill with pneumonia or severe malaria, pregnant women going to facilities for care or delivery, and the preparations necessary for transporting patients who need critical care.

contraceptives and condoms, among other priorities. USAID will support implementation of social and behavior change communication (SBCC) approaches, through the media, counseling, and small group sessions that can improve individuals' ability to adopt healthy behaviors by improving their knowledge base, understanding of risks, and strengthening the skills needed to practice new behaviors confidently.

- **Sub-IR 4.2.2 Improved Community Environment to Support Healthy Behaviors**

USAID will target the community level to support healthy behaviors through community-based actors such as the APEs, whose mandate is 80% disease prevention. Individuals' adoption of healthy behaviors is predicated on knowledge of positive health and nutrition behaviors and practices. While knowledge is necessary, it is not sufficient to result in behavior change. Targeting community-level support reinforces individual adoption of healthy behaviors (sub-IR 4.2.1). Messaging will increase community's perception of risks and efficacy to adopt new behaviors.

- **Sub-IR 4.2.3 Improved Systems to Design, Implement, and Evaluate SBCC Interventions**

Finally, USAID will support activities that contribute to improved systems to design, implement, and evaluate SBCC interventions. These activities will enhance the sustainability of behavior change interventions by developing and strengthening local capacity in health communication within selected government institutions, universities, civil society organizations, and the private sector.⁵² Developing the capacity for communication strategies that effectively target priority needs is essential given the health challenges and limited funding available to overcome them.⁵³ USAID will also support activities to build a strong evidence base of the effectiveness of Mozambican SBCC interventions.

IR 4.3 Strengthened Systems to Deliver Health, Nutrition, and Social Services

Development Hypothesis for IR 4.3: Health systems will improve (IR 4.3) if government's planning, management and budget execution improves (sub-IR 4.3.1), if commodities arrive at local levels (sub-IR 4.3.2), if civil society oversight improves (sub-IR 4.3.3), and if health data are more widely available for decision making (sub-IR 4.3.4). Capable governance, (including administration, planning, implementation, and civil society engagement), health data, and commodities must all be available and functional in an adequate health system. If any of these pieces is missing (oversight, supplies, staff, information), the system will fail; like the interdependent DOs, all of these sub-IRs are necessary and sufficient to achieve the IR.

The recently completed Stage II Public Financial Management Risk Assessment Framework (PFMRAF) analyses of the Ministry of Health, Central Medical Stores (CMAM) and priority provinces provide a solid foundation for future USAID investments in systems strengthening of these institutions.

- **Sub-IR 4.3.1 Improved Financial Management, Strategic Planning, and Budget Execution of Key Functions**

Under this activity USAID will strengthen financial management and planning, assist the MOH to develop a health financing strategy for the health sector, national health accounts, performance-based financing pilots and evaluations, costing the health sector plan, and, as a result, improve budget execution at the local level. USAID will also strengthen, expand, and coordinate financial data systems and population-level data through joint technical and financial support.

⁵² Expertise is needed to develop, design, carry out needed research, implement, monitor, and evaluate evidenced-based SBCC campaigns.

⁵³ Systems include human resources training and recruiting personnel with technical and management skills, networks that link mass media (radio, television, newspapers) and local communication channels (plays, songs, schools) to organizations that are designing SBCC interventions, line ministries at national, provincial, and local levels that can incorporate key messages into training programs, for teachers, health workers, agricultural agents, and others.

- **Sub-IR 4.3.2 Improved Logistics Management of Commodities to Ensure Availability at Local Levels**

USAID will continue to strengthen logistics and supply chain functions, support the development of a functional pharmacovigilance program (quality monitoring of medicines), evidence-based forecasting and quantification based on accurate data, and infrastructure development including warehousing.

- **Sub-IR 4.3.3 Strengthened Civil Society Engagement in the Health and Social Assistance Sector**

USAID will continue to develop and promote the oversight role of civil society in regards to health service provision; strengthening community health councils in planning, budgeting, monitoring; and creating councils where they do not currently exist.

- **Sub-IR 4.3.4 Improved Generation, Dissemination, and Use of Health Data for More Effective Decision Making**

USAID will support the production of data materials; integration of monitoring and evaluation (M&E) plans and M&E system development for MMAS, MISAU, CMAM, target provinces and districts; increased use of data for decisions and payments made via planning, budgeting, and performance-based financing programs.

Focus and Selectivity

USAID plans are driven by country health needs and are closely aligned with the priorities of the Ministry of Health and the Ministry of Women and Social Affairs, as articulated in national strategies. Major priorities under the GRM's National Health Plan strongly reflect USAID's *A Promise Renewed* goals and include increasing contraceptive prevalence and reducing infant and under-five mortality, maternal mortality, and chronic under-nutrition in children under five. USAID is also committed to an AIDS-Free Generation and supports the GRM's HIV/AIDS Acceleration Plan.

DO 4 will be implemented through a multi-sectoral development approach that incorporates the Presidential Health Initiatives (GHI, PEPFAR, PMI) with FTF and Millennium Challenge Corporation as well as USAID Education and DRG program initiatives. USAID priorities include addressing the major killers of children and mothers as well as people infected and affected by HIV/AIDS in Mozambique: TB, malaria, malnutrition, diarrhea, vaccine-preventable diseases, pneumonia and complications of pregnancy. Given the limited funding in all of these areas, USAID will implement high impact programs and target them to those provinces with the heaviest disease burdens and ensure that community and health facility service delivery projects are linked. It is critical that programs are consolidated with a geographic focus, and programs will consider complementarity of effort, specifically targeting provinces where CDC is not active.

At the same time, USAID will support critical systems that have national impact. Priorities include financing, commodity logistics, information data collection, reporting and use, as well as governance and development of civil society. Because of the resource constraints and the increasing work of other donors, USAID will work less in the human resources management area.

A number of analyses, and notably the PFMRAF, demonstrated that an exclusive focus on national systems, at the expense of provinces and districts, was ill advised because of the immediate opportunities with these local actors, and that USAID's resources would be better used through a balanced approach between national and local levels. Both IRs 4.1 and 4.2 demonstrate this balanced focus to include local governments, while IR 4.3 demonstrates the need to stay involved at the national level.

Sustainability and Achievement of the Development Objective

DO 4 will be achieved if Mozambique makes substantial progress toward its Millennium Development Goals. A costing of the health sector recently completed by USAID indicates that there are insufficient

funds for the MOH to deliver on its stated commitments, even including all donor assistance.⁵⁴ The GRM will not be able to fully take over health sector activities now carried out by international donors and NGOs until substantial revenues, such as those from EI, come into the national budget. USAID's development approach seeks to address this issue, which will be a key priority in our evolution of support and advocacy across the government sectors where the Mission works.

Overall, the GRM has limited capacity to pick up the work done by donors in this sector. The GRM lacks trained and qualified personnel to take on health services provided by international donors and NGOs, and is relying on USAID to embed key technical advisors in the Ministry of Health. There is a shortage of qualified health professional in all categories in Mozambique. Key MOH personnel are leaving the Ministry to pursue other opportunities including advanced degrees and work with implementing partners and the private sector. In some cases, staff departures leave gaps in technical expertise within the ministry, which then turns to the donors to make up the shortfall, as happened with the Nutrition sector. The purchase of drugs alone represents a huge investment that the government does not currently cover, relying instead on the donor agencies to do so. Over the course of the CDCS, the U.S. Government team must intensify dialogue with the MOH and the Ministry of Finance on key sustainability issues such as human resources for health and absorption of the large number of national health staff currently supported via PEPFAR, as well as Mozambique's own contributions to begin to cover the needs for anti-retroviral therapies and other commodities.

The Global Fund represents a key source of support to achieve this development objective. The repeated failure of the Global Fund to execute and deliver on approved grants in a timely fashion has grave implications for the ability of the USAID health portfolio to meet its objectives, and this outcome will ultimately impact the Mozambican people.

The USAID integrated health portfolio is seriously impacted by the decrease of funding from PEPFAR and the USAID health account that jointly supported critical systems strengthening activities. Lack of PEPFAR funding for prevention of disease transmission also impacts health programs by reducing needed coverage in rural communities. In addition, the large Water earmark coming out of the Maternal Child Health account will displace funding for priority MNCH activities that support core *A Promise Renewed* high impact interventions.

IV. CROSS-CUTTING ISSUES AND AGENCY PRIORITIES

Cross-cutting Themes

Four major themes cut across the Mission's DOs, including extractive industries, private sector, gender, and youth. The growth in extractive industries will continuously influence the DOs in numerous ways, ranging from the labor market, civil society and accountability, to economic policy choices, healthy behaviors and infectious disease control. In order to leverage resources and spur innovation, private sector investment will be necessary across all development objectives, most notably in the areas of agriculture, tourism, and health. Gender integration, including equality and empowerment, will be a focus across the DOs, from agriculture and education to democracy and governance and natural resource management, and will be tracked using the Agency's gender indicators. Finally, with the increasing prominence of youth in Mozambique, the Mission will focus efforts on youth across all objectives, from civil society and political participation to behavior change, employment, and business acumen.

⁵⁴ Dutta et al. (2013).

Extractive Industries

With the sudden resource boom out coming of one sector, the GRM will have to actively avert the distortionary effects to the economy, and even if successful, will have to have the willingness and capacity to manage those resources effectively if inclusive socio-economic growth is to occur. USAID has a comparative advantage and experience in this arena, particularly with regard to other recognized expertise from donors such as Norway. USAID has a strong, trusted relationship with the government in terms of policy analysis and support. Already, the policy analyses paid for by USAID have been recognized by the GRM and by other donors as crucial, dependable elements toward more responsible management of extractive industry resources. Also, USAID provides extensive technical support through short-term and long-term training, embedded staff, and other forms of technical assistance to numerous key ministries, and provincial and district governments, in sectors ranging from Health, Agriculture, and Justice, to Education, and Environment. Such expertise not only develops capacity across the development framework, but also creates long-lasting trust and goodwill with government counterparts, which will be essential as the bilateral relationship reshapes itself toward less dependence on donor assistance.

Private Sector

Private sector investments will be necessary to increase agricultural productivity (IR 2.1), expand agri-business (IR 2.1) and tourism (IR 2.3), and improve the health commodities supply chain (IR 4.3). The private sector can also be influential in advocating for policy improvements relating to business (IR 2.2). International companies may also establish their own programs for target vocational training of mid-level and lower level staff and collaborate with USAID or the GRM on joint staff training programs (IR 3.3). USAID will also pursue partnerships with industries, such as agri-business and the extractives, which have corporate social value programs promoting the health and education of their workers and communities (IR 4.1 and IR 3.3). DO 1 will seek opportunities to bring together civil society, government, and private sector in multi-stakeholder dialogue forums to address matters such as corporate social responsibility and compliance with environmental impact regulations. DO 1 will also continue its support for policy analysis in order to identify opportunities that enhance governance policy. One of DO 2's principal indicators is "Private sector investment in agriculture and tourism," and the team will seek more than \$600,000 per year specifically to enhance private sector competitiveness.

Gender

Gender differences are important considerations and addressed across the portfolio. The gender assessment highlighted gaps and provided recommendations to ensure that gender considerations remain integral to the Mission's strategic approach within all sectors. The Mission is seen as a leader within the Agency in terms of the efforts to address gender. The addition of a full-time gender advisor has provided the Mission and programming with the opportunity to properly address gender differences and nuances specific to Mozambique.

Mozambique is one of three countries selected to scale up GBV efforts in the PEPFAR portfolio. In order to provide a more holistic approach to the problem, the GBV Initiative is also linked with DRG and education programming. The goal of the GBV Initiative is to reduce the incidence of gender-based violence and provide protection and appropriate services for survivors through activities focused on three primary objectives:

- Objective 1 – Expand and improve coordination and effectiveness of GBV prevention efforts
- Objective 2 – Improve policy implementation in response to GBV
- Objective 3 – Improve the availability and quality of GBV services

The experience gained from implementing this initiative – along with the lessons learned, materials developed and the evidence obtained – will form a strong base from which to build and address GBV across the portfolio. For example, the efforts and lessons learned around constructive male engagement and building an enabling environment to advance gender equality will benefit all programs.

Gender implications are considered across the portfolio and specifically highlighted in several program areas. Women make up the majority of agricultural workers, and bear most of the burden for providing food. USAID initiatives to increase agricultural growth will emphasize the role women play in this sector, while building an enabling environment that can benefit all citizens. USAID will target women farmers for technical support and grants under IR 2.1. Development Credit Authority loan guarantees will benefit women-owned agribusinesses and tourism (IR 2.2). Additionally grant financing coupled with technical support from international food companies should benefit women-owned agro-processors of nutritious foods.

The retention of young girls in education is another priority under DO 3. USAID will target women for at least half of the scholarships and internships anticipated under IR 3.3. DO 1 will emphasize women's participation in governance processes and decision making.⁵⁵ Activities under DO 4 will recognize and address gender differences in order to increase the access and utilization of services by both men and women. Activities will also ensure that both fathers and mothers are actively engaged to make informed decisions regarding the care and feeding of their children and each other.

Youth

Youth is a primary focus of health promotion, and efforts to change attitudes regarding early pregnancy and at-risk behaviors for HIV/AIDS (IR 4.2). IR 3.1 focuses on early grade reading for long-term societal improvements, while IR 3.2 emphasizes orphans and vulnerable children to ensure the broadest reach of poverty interventions. IRs 1.1 and 1.2 emphasize youth engagement in civil society and political participation. Youth will benefit from the creation of more viable jobs in the agriculture and tourism sectors. Youth may also benefit from technical and business training under IR 3.3.

USAID will address youth issues in its programming across the portfolio and account for gender differences where appropriate. For example, male and female youth have different motivations for political participation and joining to civil society, and in the outcomes they seek. USAID's programming must reflect these differences to ensure inclusive participation.

USAID Forward Reforms

The Mission strongly supports USAID Forward, the Agency's large-scale reform agenda intended to strengthen USAID by embracing new partnerships, investing in innovation, and focusing on results. The Mission will continue to work with the host government and local organizations to the furthest extent possible while always safeguarding taxpayer resources. USAID/Mozambique emphasis on innovation will focus on areas such as agro-processing of nutritious foods, climate change adaptation, and mobile technology, and the Mission will continue to demand a relentless focus on results through improved talent management and better monitoring, evaluation and learning. Improved monitoring will also strengthen the ability of host government institutions in budgeting, financial management, auditing, monitoring and evaluation, human resources, and other critical areas to ensure more transparent management of resources.

⁵⁵ These activities are priorities given in the Gender Assessment recently completed for the CDCS.

Local Solutions

Although civil society is not particularly vibrant in Mozambique, and the host government systems are relatively weak, the Mission is pursuing Government-to-Government (G2G) and Local Capacity Development (LCD) opportunities to the most responsible extent possible. Through a series of all-hands meetings and Mission-wide retreats, the USAID/Mozambique team fully adopted the local solutions principle and is pursuing its implementation in Mozambique. While the percent of the annual budget going through local partners remains low due to the limited absorptive capacity of a weak-but-burgeoning civil society in Mozambique, and the very lengthy two-year PFMRAF process that has thus far delayed G2G partnerships, the Mission has increased its number of direct partnerships with local organizations and the host government by more than ten-fold over the last several years. These partnerships are providing valuable experience for Mission staff and are building the capacity of local actors to apply for and manage donor funds, deliver more sustainable results, and provide stronger leadership and ownership of the development agenda in Mozambique.

The Mission has recently completed the Stage II assessments of the PFMRAF, and is formalizing arrangements with a number of public institutions across the portfolio. The team is substantially increasing direct engagement with local organizations, and has already made several awards under Annual Program Statements for local organizations. The Mission's new Indefinite Quantity Contract for capacity building services to local organizations will also multiply Mozambique's ability to increase local capacity.

Over the course of the CDCS, efforts to advance local solutions may include:

- Continuing the direct public outreach to local organizations that started as part of the Mission's local Annual Program Statement "road show." This campaign opens public forums around Mozambique to educate local organizations about U.S. Government funding opportunities and strengthen their ability to write strong proposals that fully respond to U.S. Government procurement regulations.
- Substantially increasing the relationship between USAID technical and support staff and the staff of local organizations through more robust monitoring and mentoring.
- Utilizing international and local capacity building firms to mentor and train USAID's local partners in areas of specialized expertise such as auditing, evaluation, and strategy development.
- Gaining experience through the implementation of several direct awards with the Government of Mozambique using their public financial management system.
- Using the lessons learned from the initial PFMRAF assessment and G2G partnerships to identify new opportunities with host government entities and carry out targeted public financial assessments that can be completed in less time and be less expensive than the initial extensive assessment.
- Strengthening the ability of host government institutions in budgeting, financial management, auditing, monitoring and evaluation, human resources, and other critical areas to ensure more transparent management of resources.

Regarding local capacity relating to extractive industry resources, given the present emerging situation, further engagement beyond the approaches already elaborated in this strategy would be premature. However, the Mission will continue to seek opportunities as they emerge.

Science, Technology, Innovation, and Partnerships (STIP)

USAID/Mozambique is one of 20 Missions recognized as a "Lead Mission" in applying Science, Technology, Innovation and Partnership (STIP) to enhance its development impact. As a Lead Mission for STIP, Mozambique will collaborate closely with the Global Development Laboratory (GDL) as it moves through the Program Cycle, integrating STIP approaches and operationalizing STIP partnerships in strategy development, project design or implementation and evaluation. In the short term, the Mission will define a

“STIP Signature Effort” that will test our ability to achieve better development results through STIP – specifically by making investments more cost-effective, reaching many more beneficiaries at little or no additional cost, accelerating the timeline for attaining results, and/or bringing ground-breaking innovations to scale.

Already, the Mission is catalyzing private sector investment for the agro-processing and fortification of nutritious foods. USAID/Mozambique funds international and national scientists and experts to address climate change adaptation, improved agricultural practices (breeding, land-use planning, laboratories), and bio-control of aflatoxin. USAID promotes more effective use of information and communication technologies (ICT), such as radio, cellphones, video, and geographic information system (GIS), for agriculture, nutrition, biodiversity conservation, and climate change mitigation. The Mission is aggressively moving forward with plans to apply the use of mobile technology, including mobile money,⁵⁶ in health, agriculture, and democracy and governance. Three randomized control evaluations to understand ICT’s impact and effectiveness, the first of their kind in Mozambique, are currently being developed.

USAID/Mozambique will ensure that the designs of new activities are based on evidence and science. Appropriate technologies will be piloted, evaluated, and scaled up when results support doing so. The Mission will use Program Design and Learning funds to support an innovation challenge fund that will stimulate and reward new and promising ideas.

In the education sector, the Mission will utilize Short Message System (SMS) technology to remind teachers and school administrators of key points covered during previous training sessions. Smart phones will be used to coach low-skilled teachers and to capture and broadly share a portable library of video clips of proper teaching practices. Interactive radio and audio programs will enhance face-to-face teacher and school director training. In the health sector, mobile phones will be used to support community-based health interventions, such as retaining patients on anti-retroviral therapy or family planning regimens through messaging and reminders. USAID/Mozambique will also support the introduction of new vaccines, such as the pneumococcal conjugate vaccine.

In support of the Feed the Future Initiative, promising information communication technologies (ICT) and applications (i.e., cell phones, videos, and radio) will strengthen agriculture, nutrition and business development activities. Illustrative efforts will include sharing market research via mobile phones with farmers to ensure informed decision making about when to buy and sell; facilitating the rollout of mobile money services in the agriculture sector; using mobile technologies to enhance agricultural extension and nutrition education; and introducing new ICT tools and services to enhance private sector efficiency. The Mission will also support partnerships between research institutes and Government of Mozambique entities to develop and transfer new agricultural technologies including higher yielding, disease-resistant, drought-tolerant crop varieties and farming practices.

Talent Management

The Mission has established formal and informal mentoring programs at the Mission that will benefit USAID staff working here. Understanding that the Local Solutions efforts have demanded increased staffing to manage new and more time-consuming awards with local partners, the Mission will continuously assess staffing needs to ensure that the staffing pattern is appropriately commensurate with the increased workload. The Mission will also provide opportunities for staff to gain the needed skills to complete their jobs successfully, even as USAID and the operating environment in Mozambique evolve. Efforts will include enabling Mission staff to participate in new USAID offerings relating to Contracting Officer’s Representative/Agreement Officer’s Representative (COR/AOR) training, project design, performance

⁵⁶ Mozambique is a Mobile Money Mission.

monitoring, and evaluation training. In addition, USAID/Mozambique will make a substantial effort to identify opportunities for Foreign Service Officers and Foreign Service National staff to benefit from conferences, workshops, and trainings on innovation, science and technology, and public-private partnerships. Staff from various offices will gain broader skills as they are called upon to participate in pre-award assessments, monitoring visits, and outreach events to local organizations. Lastly, the Mission will take advantage of temporary duty (TDY) opportunities from USAID/Washington and other missions as well as seek out TDY opportunities for staff to visit and contribute to other Missions.

The need to retain national staff, particularly at the senior level, is a priority talent management issue that arose during the strategy consultations. Trained and qualified national staff are at a premium, and USAID greatly benefits from the number of high quality national professionals working in the Mission. As the private sector grows, these companies will be recruiting professionals that are already in short supply in Mozambique. The Mission's staff, among those of other donors, will be prime candidates, so the Mission will need to address this issue.

Critical Assumptions and Risks

Several key factors may inhibit achievement of the USAID goal and the development objectives. The growth of the extractive industries (discussed above) is a game changer for the CDCS strategy, and at least four generalized scenarios are possible:

Scenario 1 – Middle-tier Country Status. Rapid economic growth in the EI and expansion in supporting industries provides opportunities for jobs and business development. The GRM solidifies commitment to managing its response with a priority on national development goals. USAID, in coordination with its development partners, works to strengthen Mozambican institutions (GRM, CSO, private sector trade associations) so they are able to optimize these opportunities. The GRM realizes a social welfare dividend from efficient management of natural resource tax revenues, and makes investments that lead to improving development outcomes. The consequence of this scenario is that Mozambique moves from low-level of human development closer toward a medium-level classification in terms of the UN's *Human Development Index*.

Scenario 2 – Economic Growth without Development. Rapid growth produces conflict and threatens national stability as rural people are displaced from natural resource-laden lands without due compensation, the majority of Mozambicans are left out of the benefits of economic growth, and a small elite captures opportunities to enrich themselves at the consequence of national goals (i.e., illegal payoffs replace fair government taxation and revenues, environmental damage goes unregulated, health and social consequences of rapid growth remain unmitigated). Under this scenario, economic growth occurs, but national development does not, and the vast challenges in Mozambique remain.

Scenario 3 – Lost Market Opportunity. Market conditions change and private sector companies such as VALE and Anadarko lose incentives to extract natural resources or otherwise invest in Mozambique. Several factors could bring about this scenario: 1) market prices for these natural resources could drop below the profitability targets set by these companies; 2) technological breakthrough along the supply chain of other natural resources (i.e., shale oil extraction) could change the market for Mozambique; and 3) unrealistic expectations and demands placed upon EI producers could change their plans for production in Mozambique. Under this scenario, the companies and the opportunities they represent move on past Mozambique, and the revenues expected from this do not accrue to state budgets. The consequence of this scenario is that the GRM does not obtain the revenues it expects to fund national development, and remains dependent upon donor support to address its challenges.

Scenario 4 – It’s Our Turn to Eat. Recent news reports highlight the continuing ability of the opposition party, RENAMO, to conduct acts that generate uncertainty and stir fears of renewed instability. The response from ruling party, FRELIMO, also demonstrates the fragility of peace and the potential for widespread violence. Several existing factors could combine to cause an unraveling of social accord, including: 1) disenfranchised youth; 2) a prevailing perception of institutional corruption; 3) disenchantment with the extended dominance of a single party; and 4) a windfall of unexpected income. Depending on the GRM’s response and management of these various factors to moderate social harmony, discontent could manifest itself from the acute, sporadic eruption of unrest to widespread conflict, which could trigger abrupt change, perhaps in government, approach to rule, or the scaring away of foreign direct investment. The effect on implementation of the strategy would likely be proportionate to the degree of change that occurs.

All of these scenarios simplify more complex realities, but the constructs do allow for analysis and consideration of various possibilities. Such analysis highlights a series of assumptions made in the CDCS about extractive industry and other private sector growth, and how it will change the development context in Mozambique, including assumptions regarding environmental consequences, governance issues, the scale of production, and resulting social impacts. Given the stakes involved with the potential use or misuse of extractive wealth, a critical assumption that should be continually assessed under this CDCS is the following:

- **Extractive industry production stays within market projections.**

Another key assumption is that regional stability holds throughout the strategic period. Severe conflict in South Africa, the economic engine for the region, would affect the stability of its neighbors. Its other neighbors, Zimbabwe, Malawi, Tanzania, Swaziland, and Zambia, also have their stability issues. The Department of State classifies Mozambique as “Critical” for crime; however, the concern here goes beyond street-level disturbance. The September 2010 riots over food prices resulted in official government counts of 13 dead, 443 injured, and 142 arrests. Political instability in Zimbabwe, growing disaffection of public sector employees in South Africa, and maritime insecurity, overall, all potentially impact national stability. Mozambique’s security institutions are challenged in addressing drug trafficking, trafficking in persons, and organized crime. Additionally, the opposition political party continues to threaten mass action as a bargaining chip in the political process. Mozambique is vulnerable to any rapid increase in criminal activity, as well as massive civil unrest. A critical assumption made under this CDCS is that:

- **Regional stability holds.**

This critical assumption may be monitored through political stability risk and security risk indicators such as those provided by the Economist Intelligence Unit (EIU), and these may be helpful within a certain range. The U.S. Government tracks such risks, and the Embassy will keep the Mission informed.

Mozambique is highly vulnerable to water disasters given its vast coastline and low-lying lands. A natural disaster in Mozambique is unlikely to cause USAID to deviate from its CDCS goal and objectives. The U.S. Government provides disaster relief through the Office of Foreign Disaster Assistance (OFDA), which responds with financial and human resources when a disaster strikes. In 2000, the U.S. Congress approved special legislation for Disaster Assistance (Flooding) for Mozambique totaling nearly \$10 million. Severe flooding is anticipated to occur at least once within this next strategic period. A severe cyclone represents a different magnitude and would potentially cause USAID to depart from this strategic plan. An additional critical assumption is that:

- **Natural disasters do not seriously offset the CDCS objectives.**

The CDCS is also dependent upon USAID's budget during the strategic period. Significant changes in expected funding of either program or operating expenses would change the CDCS goal and objectives.

DO 1-specific

- The GRM remains committed to accelerating and deepening policy reform. USAID initiatives (including SPEED, the Mission advocacy work on multi-donor platforms, and partnership with international conservation organizations and foundations inside national parks and reserves) actively assist the government in policy reform areas, so success of this DO is not passively dependent upon the GRM's willingness to engage with reform, including reforms that enable decentralization and empower local governments and communities. (See DO 2-specific critical assumptions below.)
- The GRM remains committed to and becomes increasingly effective in combating corruption.
- The government remains committed to freedom of the press and association.

DO 2-specific

- The GRM solidifies its commitment to accelerating and deepening policy reform.
- The GRM enhances definition and enforcement of laws and regulations to take control of illegal poaching and trafficking in wildlife species.
- USAID initiatives, including the New Alliance and policy-related activities, actively assist the government in policy reform areas. Success of this DO is not passively dependent upon the GRM's commitment to reform. However, the extent of GRM engagement will largely affect the magnitude of achievement in this DO. The Mission's role here is to persuade the GRM through analysis, and advocacy; and by incentives of private-sector opportunities that there are long-term benefits of reform. The degree that this assumption holds will require monitoring and adaptation within the portfolio.

DO 3-specific

- The Ministry of Education maintains its budget and continues to prioritize educational quality and learning outcomes.

DO 4-specific

- The GRM increases investments in health.
- Human capacity developed through training will remain substantially in-country.
- U.S. Government and other donors continue to fund governance and other policy reforms.
- Donor resources continue to be available in Mozambique at projected levels.

V. MONITORING AND EVALUATION

Learning is fundamental to ensuring that the Mission's programming permits an influx of new knowledge and information, and that it stays adaptable to changing circumstances. Two important tools for learning are performance monitoring and evaluation, which provide evidence as to whether the intended impact was achieved, and ultimately inform future policy direction, the budget, and the other core components of the Program Cycle. The Mission's Monitoring and Evaluation system integrates staff across support and technical offices, and uses state-of-the-art systems such as a Geographic Information System and a web-based performance tracking that ensures tight integration of the Mission's Performance Management Plan and the Monitoring and Evaluation (M&E) Plans of implementing partners. The Mission has already planned approximately half of its Evaluation agenda for the next several years, and is using appropriate formative, summative and innovative impact evaluations to learn from its development interventions. In terms of Learning, the Mission will focus on improving its knowledge management and capture and its research agenda, and as discussed earlier, will track critical assumptions around the strategy's principal game changer through a variety of methods.

USAID/Mozambique's Monitoring and Evaluation (M&E) System

The Mission's M&E system is comprised of personnel, technology, and processes that bring performance management under the overall management of the Program Office.

Program Office

The Program Office has one Program Officer who is the M&E Manager, supervising the work of two Monitoring and Evaluation Specialists that are responsible for:

- Coordinating Mission-wide monitoring, evaluating, and learning policies and initiatives.
- Managing contracted evaluation mechanisms.
- Managing *DevResults*, the USG Mozambique Mission's online implementing partner data management system.
- Coordinating applied research initiatives with Mission technical offices.
- Providing back-up M&E services to the technical offices.
- Providing M&E services to the Education and DRG offices. This includes working with partners to create and finalize activity-level M&E plans and providing input on planning documents.
- Ensuring that mandatory and custom designed gender indicators are in M&E plans where applicable.

Technical Offices

The ATB Office has two M&E Officers, IHO currently has four, and the Education team is in the process of hiring one. The Program Office provides monitoring, evaluation, and learning services to the DRG and Education offices on an as-needed basis.

ATB's M&E Officers are responsible for:

- Coordinating evaluation activities, including scopes of work drafting and supervision
- Coordinating review of M&E plans for implementing mechanisms
- Managing M&E field supervision of implementing mechanisms
- Input to USAID processes (e.g. CDCS, Operational Plan, Performance Plan Report, FTF, GCC)
- Supporting FTF implementing partners to understand FTF data requirements
- Providing M&E and Information Communications Technology input into Project Approval Documents (PADs) when designing projects; into requests for proposal or request for applications when procuring mechanisms; and into the contract/agreement when setting the expected results and performance targets for an implementing partner.
- Develop gender sensitive indicators where applicable.

IHO's M&E Officers are responsible for:

- Leading the IHO Strategic Information team, including hiring and management of IHO M&E staff
- Coordinating evaluation activities for IHO, including scope of work drafting and supervision
- Coordinating review of M&E plans for implementing mechanisms and the IHO
- Coordinating M&E assistance to MOH
- Managing M&E field supervision to implementing mechanisms
- Providing input to USAID processes (e.g. CDCS, Health Implementation Plan, Country Operational Plan, etc.)
- Managing USAID M&E participation in PEPFAR targeting, budgeting and data analysis.

Contractor

[*Procurement Sensitive*] The Mission is developing a Request for Proposal for a Learning contractor that will focus on the following three objectives:

- 1) Improved capacity of USAID/Mozambique staff and implementing partners to effectively manage and learn from activities.
- 2) Monitoring and performance data improved for better evidence-based decision making.
- 3) High quality evaluations and assessments provided to Mission in an efficient and timely manner.

The contractor will be an important resource for the Mission's ability to monitor, evaluate, and learn, and will significantly expand the Mission's ability to manage for results.

Technology

The Mission is employing technology to support its monitoring and evaluation systems including:

- **Web-based Data Repository.** The Mission has implemented an online data reporting system, DevResults, which is utilized by all U.S. Government agencies for PEPFAR reporting and is bringing all USAID partners online by the end of FY 2013. DevResults will also be the Mission's main source for all partner indicator-related reporting data, to be used for Mission Portfolio Implementation Reviews and partners M&E Plans. DevResults is managed by the Program Office.
- **Geographic Information Systems (GIS).** Starting FY 2014, the Mission will begin building a GIS system to better monitor and report on USAID activities at the facility level. All of the hardware and software have been purchased, and the Mission is initiating staff selection and training. This system will integrate with DevResults, which already uses GIS coordinates to map indicator data.
- **Harmonizing Partner Monitoring and Evaluation Plans.** The CDCS provides an opportunity to align partners' M&E plans with the Mission's Performance Management Plan and review indicators that are required for activity management and the portfolio implementation reviews. This will be used through the following methods:
 - **DevResults.** Harmonizing partner indicators with their M&E Plans and using DevResults as the first-stop repository and access point for this information.
 - **Partner Engagement.** The Mission will use regular partner meetings (either large-scale or individualized) to ensure that partners' MEPs are created and approved by the Contracting Officer's Representative/Agreement Officer's Representative (COR/AOR) with the assistance of technical office and Program Office M&E Officers.
 - **Local Solutions.** Working with local organizations requires individualized M&E support, because they generally have had very little experience in the planning and M&E areas. Meetings with local partners focus on monitoring philosophy and development of appropriate indicators (including mandatory and customized gender sensitive measures), log frames, and results frameworks.

Portfolio Implementation Review

The Mission conducts two Portfolio Implementation Reviews (PIRs) per year according to the ADS and recently standardized Mission Order on Portfolio Reviews. The Mission policy ensures a four-tiered review of effort, from the COR/AOR at the activity level, the Project Manager at the project level, the DO Team Leader at the DO level, and the entire Mission including the Front Office and Program Office during portfolio review. The Mission's *DevResults* platform facilitates data and narrative collection, as well as analysis to inform these reviews.

Evaluation

The Mission has planned approximately half of its evaluation agenda for the next several years, and started FY 2013 by conducting an education Impact Evaluation that will evaluate the Mission's flagship early grade reading activity, *Aprender a Ler*. The Mission plans for a performance evaluation is for the DRG portfolio and is currently considering needs in other areas of the portfolio. Annex V lists tentative evaluation questions for each DO and IR.

Adhering to USAID Evaluation Policy, the Mission has worked to bring management of all Mission-contracted evaluations into the Program Office. Both Program Office M&E Specialists are certified COR/AORs, and one has GLAAS certification. The Program Office-management Procurement Pipeline Plan has a component specifically for Program Design and Learning (PD&L) funds. All of these management initiatives will make it easier to streamline and manage planning and implementation of Mission evaluations.

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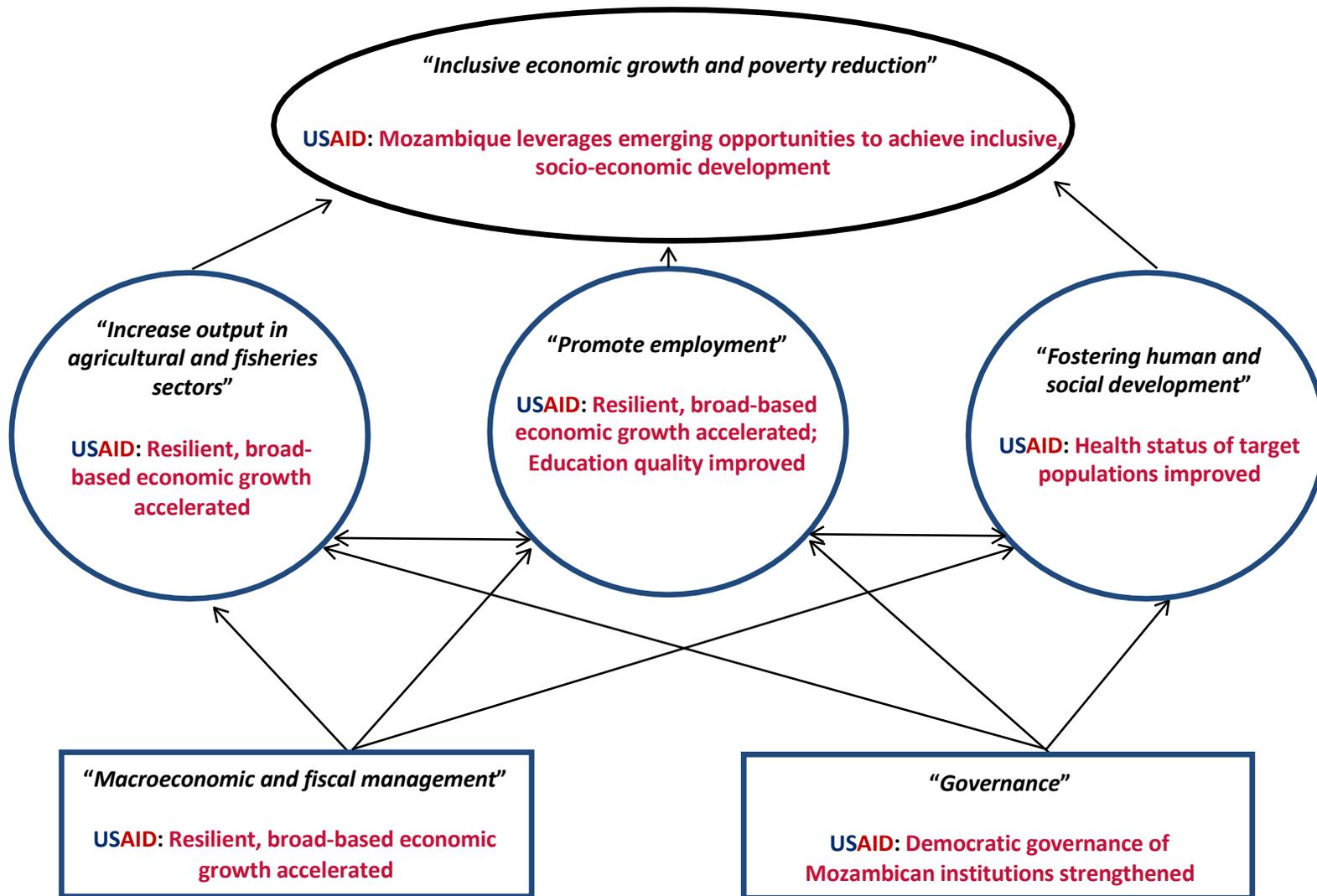
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ANNEX I. Alignment Overview: GRM Poverty Reduction Action Plan 2011 – 2014 / USAID CDCS 2014 – 2018 Strategic Alignment



ANNEX II. Alignment Specifics: GRM Poverty Reduction Action Plan 2011 – 2014 / USAID CDCS 2014 – 2018 Strategic Alignment

USAID/Mozambique Goal: Mozambique leverages emerging opportunities to achieve inclusive, socio-economic development

Poverty Reduction Action Plan 2011 - 2014

- **Support Pillar 1, Priority 3:** Strengthen citizen participation in governance
 - **Support Pillar 1, Priority :** Enhance transparency and accountability
-
- **General Objective 1:** Increase output and productivity in agriculture
 - **General Objective 2, Priority 1:** Create an environment favorable to the creation and development of MSMES and the attraction of domestic and foreign investment
 - **General Objective 1, Priority 3:** Improve the sustainable management of natural resources
-
- **General Objective 3, Priority 2:** Ensure access to supplementary assistance services for the most vulnerable groups
 - **General Objective 3, Priority 1:** Universal access to seven years of primary education, of sufficient quality to ensure the learning of basic skills
 - **General Objective 2, Priority 2:** Align vocational training with the needs of emerging industries in key sectors
-
- **General Objective 3, Priority 1:** Promote equity in access to health care, with special attention to health and nutrition for women, children and other vulnerable groups

CDCS

DO 1. Democratic governance of Mozambican institutions strengthened

- More effective civil society participation in governance processes
- Key government institutions more transparent and accountable

DO 2. Resilient, broad-based economic growth accelerated

- Increased agricultural sector growth in focus provinces with emphasis on women
- Improved business climate to attract investment and create jobs
- Improved sustainable management of natural resources

DO 3. Education quality improved

- Improved educational achievement of vulnerable children
- Improved reading outcomes
- Improved transition to adulthood for vulnerable children

DO 4. Health and nutrition status of targeted population groups in key focus areas improved

- Increased coverage of high impact health and nutrition services
- Increased adoption of healthy behaviors
- Strengthened systems to deliver health and social services

Annex III. Results Framework Indicators

| Reference | Result Framework Item | Indicator | Type |
|---------------------|--|--|--|
| Goal | USAID/Mozambique Goal | <ul style="list-style-type: none"> Human Development Index; GINI Index GRM budget (Total [growth]) % of Total [relative growth] for social services in the areas of education, health, and social protection % change in Mozambique's agricultural GDP. | context |
| Critical Assumption | EI production stays within market projections. | Industry forecasts; EITI Secretariat reports | context |
| Critical Assumption | Regional stability holds | | |
| Critical Assumption | Natural disasters do not seriously set back CDCS objectives | <ul style="list-style-type: none"> FEWSNET | |
| Context | | <ul style="list-style-type: none"> World commodity prices (liquefied natural gas, soybeans, maize, etc.) | |
| Context | | <ul style="list-style-type: none"> GDP Growth Rate | |
| DO 1 | Democratic governance of Mozambican institutions strengthened | <ul style="list-style-type: none"> World Bank Worldwide Governance Ibrahim Index of African Governance Afrobarometer | all Context |
| IR 1.1 | More effective civil society participation in governance processes | <ul style="list-style-type: none"> USAID CSO Sustainability Index IREX Media Sustainability Index % of supported CSOs that are directed by women or include women on their executive board (?) | context partner and context activity indicator |
| IR 1.2 | Improved effectiveness, transparency, and accountability of key government institutions | <ul style="list-style-type: none"> Open Budget Index (?) New EITI+ Indicator (?) Transparency International Corruption Index MCC Ruling Justly (see Uganda) | all context |
| DO 2 | Resilient, broad-based economic growth accelerated | <ul style="list-style-type: none"> Formal jobs created in the agricultural and tourism sectors. Prevalence of poverty (<US\$1.25/day) (FTF ZOI Survey) Private sector investment in agriculture and tourism (FTF). | proxy indicator |
| IR 2.1 | Increased agricultural sector growth and food security in focus provinces with emphasis on women | <ul style="list-style-type: none"> HH income of USAID-supported beneficiaries. Prevalence of HHs with moderate to severe hunger. Proportion of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income, employment) (GNDR-2) | Activity indicator Activity indicator Activity indicator |
| IR 2.2 | Improved business climate to attract investment and create jobs | <ul style="list-style-type: none"> World Bank Doing Business (waiting for sub-element from Nelson) (FTF) | |
| IR 2.3 | Improved management of natural resources | <ul style="list-style-type: none"> Gains and losses of large mammal species in targeted parks. # of laws (...) or regulations addressing climate change and/or biodiversity conservation officially adopted and implemented as a result of USG assistance (F #4.8.2-28). # of stakeholders with increased capacity to adapt to the impacts of climate variability and change as a result of USG assistance (F #4.8.2-29). | |
| DO 3 | Labor quality improved through education and training | <ul style="list-style-type: none"> % of USAID-supported beneficiaries who are self-employed, received new employment, or an improved employment situation # of private-sector firms that adopt USAID's education and training models # and level (district, provincial, etc.) of GRM ministries that adopt USAID's education and training models. | activity indicator evaluation or activity indicator evaluation or activity indicator |
| IR 3.1 | Improved reading outcomes in the early grades | <ul style="list-style-type: none"> 1) # and% of primary school students who, after two years of schooling, demonstrate sufficient reading influence and comprehension to "read to learn" in targeted schools % change in reading skills (fluency and comprehension) among children grades 2-3 in targeted schools. | F Indicator IE results; activity indicator |

GENERAL DISTRIBUTION

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| IR 3.2 | Improved educational achievement of vulnerable children | <ul style="list-style-type: none"> • # of OVC served • # of USAID-supported OVC who stay in school, graduate, and/or continue on to the next level, if applicable • End-of-term grades | F Indicator activity indicator activity indicator |
| | | <ul style="list-style-type: none"> • | |
| DO 4 | Health status of target populations improved | <ul style="list-style-type: none"> • Maternal Mortality Rate • Child Mortality Rate • Prevalence of HIV | |
| IR 4.1 | Increased coverage of high impact health and nutrition services | <ul style="list-style-type: none"> • % of people alive and on treatment (ART) 12, 24, 36 months after initiation • % of children under 12 months of age who are fully immunized • % of women who have institutional deliveries | |
| IR 4.2 | Increased adoption of positive health and nutrition behaviors | <ul style="list-style-type: none"> • Modern contraceptive prevalence rate • Percentage of children under 5 sleeping under a long-lasting insecticidal nets (LLIN) • Reported condom use at last sex with a non-regular partner • Prevalence of exclusive breastfeeding of children less than 6 months old | |
| IR 4.3 | Strengthened systems to deliver health, nutrition, and social services | <ul style="list-style-type: none"> • World Bank Worldwide Governance • Ibrahim Index of African Governance • Afrobarometer; | all context |

Annex IV. Evaluation Questions

| Ref. | Result Framework Item | Evaluation Questions |
|-------------|--|---|
| DO 1 | Democratic governance of Mozambican institutions strengthened | <ul style="list-style-type: none"> To what extent do the USG interventions in civil society and government institutions affect Mozambican society? |
| IR 1.1 | More effective civil society participation in governance processes | <ul style="list-style-type: none"> Evaluate the connection between stronger civil society and improved governance. |
| IR 1.2 | Improved effectiveness, transparency, and accountability of key government institutions | <ul style="list-style-type: none"> How have USG interventions contributed to stronger democratic institutions? To what extent has corruption decreased as a result of USG interventions? |
| DO 2 | Resilient, broad-based economic growth accelerated | <ul style="list-style-type: none"> How cost-effective is the provision of agricultural services to increase smallholder farmer productivity and access to markets by developing business linkages with commercial farmers? Will small farmers' use of mobile money savings increase formal savings, investing and use of inputs and gross margins, compared to FTF agricultural support alone? |
| IR 2.1 | Increased agricultural sector growth and food security in focus provinces with emphasis on women | <ul style="list-style-type: none"> What is the extent of sustainability of USAID's agriculture interventions (disaggregated by sex)? |
| IR 2.2 | Improved business climate to attract investment and create jobs | <ul style="list-style-type: none"> Will increasing access to land and land tenure increase smallholder farmers' productivity and HH income? Will employment in the formal sector increase for those that participate in technical and business training? |
| IR 2.3 | Improved management of natural resources | <ul style="list-style-type: none"> Will increasing economic opportunities in buffer-zone communities improve their income and well-being, which will lead to more biodiversity conservation in the surrounding parks. When community members receive training on the importance of conservation of biodiversity areas, they will adopt some of the conservation practices in their daily activities. Will targeted communities incorporate climate change into their planning processes and undertake concrete adaptive actions such as adaptation plans, mangrove development, etc., in response to capacity building activities and public advocacy. |
| DO 3 | Education quality improved | <ul style="list-style-type: none"> Are USAID-supported early grade reading activities effective in improving educational outcomes? |
| IR 3.1 | Improved reading outcomes in the early grades | <ul style="list-style-type: none"> To what extent have USAID's <i>Aprender a Ler</i> treatment interventions improved early grade reading outcomes for students in second and third grades in the target schools in the Nampula and Zambézia Provinces? (Education Impact Evaluation) |
| IR 3.2 | Improved educational achievement of vulnerable children | <ul style="list-style-type: none"> To what extent are OVC's improved educational achievement attributable to USAID interventions; and compared to other interventions. |

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| | | <ul style="list-style-type: none"> • |
| DO 4 | Health status of target populations improved | <ul style="list-style-type: none"> • Relative to the population in targeted areas, to what extent have USG interventions improved health and nutrition? |
| IR 4.1 | Increased coverage of high impact health and nutrition services | <ul style="list-style-type: none"> • To what extent do Electronic Patient Tracking Systems in ART services affect retention rates? • To what extent has the rollout of the B+ Option for women to immediately enter ART services upon positive HIV test affected rates of Mother to Child Transmission? |
| IR 4.2 | Increased adoption of positive health and nutrition behaviors | <ul style="list-style-type: none"> • Can we determine cost-effectiveness of behavior change communication approaches by health outcome and specific BCC intervention? • To What extent have nutrition activities had an impact to improve the health status of target population? (FTF evaluation) • To what extent have behavior change communication approaches led to an increased adoption of health behaviors? (Possible Impact Evaluation) • To what extent have behavior change communication approaches led to improved health outcomes? |
| IR 4.3 | Improved government capacity to increase supply, distribution, and retention of skilled workers | <ul style="list-style-type: none"> • What is the retention rate of new health care workers supported by USG who enter the GRM health system remain? |

Annex V. Empirical Base

| Analytic Source Level | Assessment Name | Completion Date |
|-----------------------|--|-----------------|
| Primary | Country Assistance Strategy Midterm Assessment | January 2013 |
| Primary | Phase II of PFMRAF | July 2013 |
| Primary | Agriculture Sector Evaluation | January 2013 |
| Primary | Environmental Threats and Opportunities | November 2012 |
| Primary | Gender Assessment | May 2013 |
| Primary | Democracy and Governance Assessment Review | November 2012 |
| Primary | Extractive Industries Impact Assessment | July 2013 |
| Primary | Land Policy and Conflict Assessment* | May 2013 |
| Primary | Family Plan/Reproductive Health Assessment | October 2012 |
| Primary | Youth Assessment* | June 2013 |
| Secondary | Malaria Evaluation | in process |
| Secondary | SCIP Midterm Evaluation | December 2013 |
| Secondary | Early Grade Reading Assessment Baseline Report | June 2013 |
| Secondary | Orphans and Vulnerable Children Assessment | July 2012 |
| Secondary | Nutritious Agriculture by Design** | September 2012 |
| Secondary | Growth Monitoring and Promotion ** | May 2012 |
| Secondary | Social/Behavior Change Communication (for Agriculture and Nutrition) ** | May 2012 |
| Secondary | Phase I of PFMRAF | February 2012 |
| Secondary | IPR Change Management Assessment | February 2012 |
| Secondary | Evaluation of Multiple/Concurrent Partnership Reduction Campaign | September 2011 |

ANNEX VI. LEARNING ACTION PLAN

| Category | Purpose / Need Being Addressed | Activity / Solution | Priority Sequencing |
|---|---|---|---------------------|
| 1. Knowledge Management (KM); Collaborating, Learning, and Adapting (CLA) | Adaptability for maximum impact | Throughout strategy: Need leadership commitment; staff time and budget; integration throughout the Program Cycle (i.e., in CDCS, PD, PMP, evaluation plan, management of partners and facilitation of their learning, etc.); change management plan; indicators in PMP for partner KM & CLA activities and also Mission institutionalization of these processes; etc. | 1,2,3 |
| 2. Knowledge Creation (Knowledge creation and learning through implementation experience, monitoring data, evaluations, research) | Learn from project implementation | Design and conduct new evaluations; hold After-Action Reviews (AARs) to improve repeated learning processes (e.g., partner meetings) | 1 |
| | | Project meetings that are managed in order to have candid conversations about what's working and what isn't; collaboration among IPs to share observations, experience from implementation, etc. | 2 |
| | | Cross-Mission discussions to share new knowledge and bring cross-sectoral perspectives and different experiences to bear on analyzing results, challenges, implications | 2 |
| | Learn how game changer are evolving and how conditions in Mozambique generally are shifting | Learning-focused meetings with partners and stakeholders specifically on game changers (to get wide range of perspectives, experiences and observations); monitoring plan for game changers | 3 |
| | | Develop a plan for monitoring how extractives' evolution is going and what the impacts might be in the sectors USAID is working in--not just in the 5 years of this CDCS but over a longer time horizon | 1 |
| | Fill knowledge gaps, remain current in new learning in sectors and overall development discipline | Pursue research agenda; incorporate research into project design (for example, fund one or more partners within a project to conduct research, and/or synthesize existing research/data/captured experience, etc.) | 1 |
| | Economize on funding and staff time for knowledge creation | Consider recasting some planned activity-level evaluations at the project level for optimal learning; explore options for jointly funding evaluations with GRM and/or other donors | 1 |
| Improve Business Processes | Consider a Mission Management Assessment to achieve a comprehensive analysis of | 1 | |

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| 3. Knowledge Capture / Organization | | strengths and weaknesses and generate actionable recommendations | |
| | | Virtual support or TDY from PPL LER | 2 |
| | | Program Office-led process to customize standard Mission Orders, and institutionalize the practices they prescribe | 1 |
| | Manage budget and procurement more smoothly | On the Mission Calendar, show the schedule and standing agenda for PO meetings with tech teams and OAA, FMO on budget and procurement issues | 1 |
| | | Consider a process review in FMO and AAO to identify and assess bottlenecks and devise solutions | 1 |
| | Update Front Office regularly | Weekly meetings organized to include priority issues; office coverage by office; status of budget and procurement; flagging any controversial evaluation findings or reports for Front Office | 1 |
| | | Quarterly Financial Reviews--see standard Mission Order on Budget | 1 |
| | Build redundancy, mitigate risk in staff responsibilities | Training; structured mentoring (Trautman); standard process for inbriefing for new FSOs that draws on handover notes and up-to-date information shared by FSN who is filling in during the gap between FSOs | 2 |
| | Manage talent | Talent census; plan for elevating roles of FSNs; training plan (COR/AOR, other) developed with view to capacity and redundancy across mission (not just training for individual capacity) | 2 |
| | Speed integration of new staff; improve knowledge continuity | FSN-led orientation process for all incoming staff; staff profiles on intranet; institutionalize a format and process for handover notes and knowledge capture from departing staff | 2 |
| | Improve program performance management | Template for site visits (MO on site visits forthcoming); share reports via intranet/DevResults | 1 |
| | | Introduce OpsMaster (w/ customization to incorporate procurement), and training, and rollout plan | 1 |
| | | Turn DevResults into management system for partners, increase data quality | 2 |
| | | Hiring a contractor to support change management in Mission to improve results-based management | 1 |
| | | Develop plan to improve data collection and quality | 2 |
| | Improve technical teams' responsiveness to | Streamline processes so teams aren't asked for same things by both communications and | 2 |

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| 3. Knowledge Capture / Organization (cont.) | communications taskers | PO, which leads to frustration | |
| | | Analyze existing sources of info for communications material (DevResults is building this in) | 2 |
| | | Help tech teams understand relationship between communications taskers and USAID/W's and Congress's willingness to fund programs | 2 |
| | General information sharing, calendar, document repository, internal knowledge retention | Establish Mission Calendar, Program Information Index; Hold regular All Hands, Mission Management, partner meetings | 1 |
| | | Maximize DevResults' capability for some of these functions | 2 |
| | | Develop functional intranet site with these capabilities | 1 |
| | | Checklists, templates and other support developed for capturing info and knowledge through routine work processes | 1,2 |
| | | Staff directory with photos and description of responsibilities and expertise | 1,2 |
| | | Cross-DO/cross-team collaborative discussions are happening in some cases but aren't captured -- develop template for easy capture and sharing of what takes place in these discussions, including topic, key findings, decisions, participants (for follow-up afterward if needed) | 2 |
| | Knowledge continuity | Template for written handoff notes | 3 |
| | | Exit interviews captured as audio or video | 3 |
| | | Standard processes for in-briefing new FSOs (FSN-led?) | 2 |
| | | Develop a plan for institutionalizing these practices through change management and leadership support | 3 |
| | 4. Knowledge Translation/ Synthesis | Strategic communications: Move from reactive to proactive stance on strategic communications; meet need for quality communications for range of audiences | Develop a strategic communications plan; begin by identifying key audiences, communications needs in relation to each other |
| Build stock of basic program information and messages that can be customized on demand | | | 1 |
| Strategic Communications: Improve quality of knowledge sharing with interagency, external stakeholders | | Communications team to work with technical teams on presentation format and style | 2 |
| Enable technical teams to remain current in their fields | | As standalone activity or embedded in a project, procure support in the form of a | 2 |

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| | | partner who synthesizes current research, and works with the teams to develop the best ways for them to engage with the knowledge - through written summaries, or presentations followed by discussions, or partner participating in design (with nondisclosure agreement in place), etc. | |
| 4. Knowledge Translation/Synthesis (cont.) | Enable partners to remain current in their fields | Have the same or a different partner/mechanism as above provide the knowledge synthesis/translation/presentation function for partners, but also build in opportunities for partners to pool their collective knowledge -- see Knowledge Dissemination/Sharing and Knowledge Application below | 3 |
| | | Determine how best to present which kinds of knowledge to which of the various targets of influence: presentations, executive summaries, short and longer audio segments, video, social media, etc. | 3 |
| | | Define partner deliverables to align with collaboration, knowledge sharing, and influence goals – e.g., require partners to develop standalone exec summaries to any docs they prepare for sharing with collaborators; to develop powerpoint slides on implementation results, research findings, observations, etc. for USAID to use in presentations to other USG and to GRM; etc. | 3 |
| | | | |
| 5. Knowledge Sharing/Dissemination | Broad range of forums to maximize sharing for stakeholders | Stakeholder and partner meetings to share evaluation findings | 2 |
| | | Improved portfolio reviews with checklists -- see below in "Knowledge Application" | 1 |
| | | Brownbags, seminars and other cross-sectoral knowledge sharing | 2 |
| | | Publish/post recordings of outbriefings, brownbags, seminars, reports, evaluations, notes and any other captured (and translated) knowledge on intranet/Internet where appropriate | 2 |
| | | Appropriate knowledge sharing built into all internal and external activities | 3 |
| | | Incentives to share knowledge built into mechanisms and personnel performance | 2 |
| | | Communities of practice developed internally and externally including in-person and on-line activities | 3 |
| | | | |
| | Get more collaborating, learning and adapting out of portfolio reviews, including integrating | Consider CLA template that includes: what was planned; what actually happened; what is our analysis of why things went differently | 1 |

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| 6. Knowledge Application | collaborative analysis (internal across Mission, external with partners, other development actors, including advisory groups if they've been formed) into PIR prep | from what we anticipated; what went well; what needs to be changed going forward; who outside of DO team was engaged in preparatory analysis (other DO teams, other USG, other donors, GRM, IPs, stakeholder communities, private sector, civil society, academics and thought leaders, any advisory body that's been convened) and how was their input shared with other DO teams (and others as relevant) and how was it incorporated into plans for adapting and for further analytic work; what implications for USAID Forward; what communications needs and opportunities (for a range of audiences/purposes); game changers and external conditions analysis | |
| | Promote partner collaboration, knowledge sharing | Language for funding agreements | 2 |
| | | Partner meetings for learning | 2 |
| | | Facilitation and other support to partner consortia (embedded, standalone) | 3 |
| | | DevResults or some other solution for sharing activity implementation info among partners | 2 |
| | | Facilitate partners in collaboration mapping exercise | 2,3 |
| | Improve coordination with key external actors (e.g, Extractive Industry companies that have relationships with more than one DO team) | Mission-wide collaboration mapping to identify shared relationships, plan for any adjustment, get a baseline; DRG team plan for how to influence Extractive Industry Corporate Social Responsibility activities | 1,2 |
| | Integrated Health Office | Build case for system strengthening | 1 |
| | | Revisit development hypothesis given Demographic Health Survey | 3 |
| | | Leverage partners' knowledge to help USAID staff remain current | 2 |
| Additional support (possibly integrated into existing activity) for leading Health team through developing a learning agenda, then synthesizing info and knowledge around that agenda and engaging team in engaging with it and analyzing implications for their program | | 2 | |
| Health-led, cross-cutting | Engage the Deloitte advisors that are embedded in ministries on health funding in discussion with all DO teams on what they're learning about capacity building and system strengthening in the central government | 1 | |
| Utilize evaluation and monitoring results | Put key information into the CLA template | 1 | |
| | Include CLA indicators in PMP | 1 | |

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| 6. Knowledge Application (cont.) | Reduce stovepiping within Mission | Cross-sectoral partners discussions/ meetings | 2 |
| | | Internal cross-sector discussions (as part of PIR prep; PAD development; periodic analysis of program progress and results, game changers, and ext. stakeholder relationships) | 1 |
| | Monitor game changers, analyze implications | Monitor game changers, analyze implications | 1,2,3 |
| | Leverage communications for development results | Communications team to do a brown bag with each DO team on examples of programs that use communications to achieve development results, and lead a conversation about opportunities to leverage communications for results in their programs (second phase); third phase would include communications helping to plan such activities | 2,3 |
| | | Communications team to develop training in social media for journalists as part of DRG media strengthening effort | 2 |
| | Improve grounding of programs in local context | Technical teams and Communications team to develop process for capturing, disseminating (internally and among IP s) and analyzing media coverage of USAID programs | 2 |
| | | Leverage Communications team's knowledge of other development actors in Mozambique | 3 |

Extended through: February 28, 2020