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CONCEPT NOTE

TO THE

REPUBLIC OF MOZAMBIQUE

FOR

"DECENTRALIZATION AND LOCAL DEVELOPMENT PROGRAMME"

2007-2009

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1 INTRODUCTION

1.1 SITUATION ANALYSIS

Mozambique has a Human Development Index (HDI) ranking of 170 out of 175 countries and both human and income poverty is acute. In response to these challenges, the government of Mozambique has developed a comprehensive national poverty reduction strategy, the *Plano de Accao Para a Reducao da Pobreza Asoluta* (PARPA) or the Action Plan for the Reduction of Absolute Poverty and committed itself to a clear set of national MDG targets.

It appears that there is considerable donor support being channelled to different regions in Mozambique. This comes through individual donor-assisted projects, often of a sectoral nature, as well as through Direct Budget Support (DBS). But it also apparent that the role of Local and district authorities in coordinating and guiding such support, is relatively modest. This may be in large part due to the limited capacities of Local and district authorities to play such a facilitating role, and provide value-added, as well as the preference of donors, and particularly NGOs to work directly with communities, and avoid the risks of bureaucratic delays and perceived interference.

The strengthening of national capacities has long been recognised as vital, if Local and district populations are to benefit from possibilities which might be made available, through the development process. While donors have contributed partially to certain areas of Local governance, for instance planning, as well as at a more downstream level, there would appear to be a niche which UNDP's past experience in decentralisation and local governance, make it appropriate to fill.

Transferring capacity and resources to the poor is the most direct and immediate way to reduce poverty and to achieve the National the Millennium Development Goals. Today, the economic and social implications of poverty are widely discussed themes by researchers and policy makers. In fact, poverty still remains a problem in many developing countries. The Local Governance process in Mozambique dates back to 1978. It began as a part of the process of dismantling the colonial state apparatus, which began after National Independence in 1975, but in fact, *decentralization process* dates with the adoption of the 1990 Constitution when the extinction of Provincial Assemblies was announced.

The Government of the Mozambique and the United Nations Development Programme (UNDP) are in mutual agreement to the content of this document and their responsibilities in the implementation of the Country Programme. **Furthering** their mutual agreement and cooperation for the realisation of the Millennium Development Goals (MDG) and the relevant United Nations Conventions and Summits to which the Government of Mozambique and UNDP are committed, and with the aim of achieving the objectives of the United Nations Development Assistance Framework (UNDAF) signed by the United Nations and the Government on (27 July 2006);

The performance of Mozambique in recent years in sustaining economic growth and combating poverty has been impressive. According to the 2002-3 national household survey the percentage of the population living beneath the poverty line[1] has been reduced from 69.4% in 1996-7 to 54.1% in 2002-3. The fall was faster in rural areas (71% to 55%) than in urban areas (62% to 52%). Even the poorest 20% of the population experienced a 3.5% per year consumption increase between 1996-7 and 2002-3, thus indicating that recent growth has been 'pro-poor'. The prospects for continued progress in the future are good provided that better performance can be achieved in the governance area (see below) and there is a reasonable chance that the Millennium Development Goal (MDG) of halving the poverty rate by 2015 will be achieved.

Nevertheless, this good performance is partly due to the fact that Mozambique was starting from a very low base at the end of the war in the early nineties. With an average GDP per capita of USD 260 in

[1] Established based on a minimum necessary level of per capita consumption.

2003 and life expectancy at 43 years Mozambique remains one of the poorest countries in the world[2]. The UN Human Development Report of 2005 placed it 168 out of 177 countries covered.

Nevertheless it must be borne in mind that these overall national averages are composed of quite large inter-provincial differences in income as well as large rural-urban variations. Over the period studied household cash income grew significantly more in urban areas than in rural areas. In 1996 urban resident's cash income was somewhat less than twice that of rural residents, but by 2002 it had grown to almost three times. Average household income in Maputo City was more than twice that for 9 of the 10 provinces. Of those 9 provinces, Tete and Manica had the highest average monthly income, Sofala, Cabo Delgado and Niassa were in the middle, and Nampula, Zambezia, Inhambane and Gaza were the poorest. This growth however does not appear to be being felt amongst the majority of the population, possibly due to steep rises in the cost of living. Half of those interviewed for the 2002-3 Household Survey felt that the economic situation had worsened over the previous two years, whilst only 21 % thought it had improved[3].

It is also worth noting that 81% of the population was still depending on agriculture, fisheries and mineral exploitation for their living whilst the manufacturing sector occupied only about 3% of the economically active population, with the services sector employing another 16%. Whilst a good deal of the reduction in poverty since 1998 is attributed to agricultural sector growth (the agriculture sector grew at 4.6% per year between 1997 and 2003[4]) there is concern that this has been slowing recently and that a significant part of the recent economic growth can be attributed more to the growth in external aid flows and several large capital intensive projects rather than broad agricultural and basic manufacturing growth across the country. Indeed there has been very little employment growth in the formal sector in recent years[5] although the informal sector has grown markedly partly as a result of rural-urban migration. Mozambique has also performed very well in recent years in liberalizing its trade regime and in stimulating exports, although as stated above, much of the impressive export growth came from a limited number of big projects and there is now a major need to facilitate the participation of small and medium enterprises in export development.

It is generally felt that the government has not yet created a favourable climate for business investment in Mozambique, and recent international business climate surveys have consistently placed the country near the bottom of the table[6]. This is partly due to bureaucracy and corruption in government services to the business sector, the lack of an adequately functioning justice sector, expensive and difficult to access financial services and high utility and communications costs[7]. Nevertheless the government has been working in a number of areas to reduce these problems, particularly in the registration and licensing area and has actually been slowly ascending in the aforementioned table. A recent World Bank study states that 'the key challenge in broadening the base for value added growth to achieve poverty alleviating objectives will be the removal of barriers so as to allow small and medium enterprises to contribute more[8]'.

1.2 DECENTRALIZATION, PUBLIC SECTOR REFORM & LOCAL DEVELOPMENT AGENDA

One of the main impediments to continued poverty reduction and sustainable development in Mozambique is the low capacity of the civil service. The Public Sector Reform programme, begun in 2001, has made slow progress due to a number of factors including an insufficiently focused programme, resistance to reform from participating institutions, insufficiently dynamic political support and insufficient technical capacities. Nevertheless gradual progress has been achieved in a number of areas of public financial management reform, the development of a civil service training

[2] MDG Report 2005 – GoM-UNDP
[3] All sources this paragraph – National Household Survey 2002-03
[4] National Household Survey (IAF) – INE – 2002-03
[5] Country Economic Memorandum -2005 – World Bank
[6] Mozambique was ranked 139 out of 155 countries in the WB 'Doing Business 2006' report.
[7] For example, fixed telephony and data transmission costs are amongst the highest in the world.
[8] Country Economic Memorandum -2005 – World Bank

system, the development and initiation of a decentralization process, the extension of participatory local planning approaches to all districts, the development of local government financing systems and the restructuring of ministries - including the creation of a new national public service authority which is empowered to push through structural, human resource and administrative system reforms throughout the civil service. Indeed the nature of this body is a good indicator of the level of the President's commitment to this reform process.

Whilst the ultimate destination of the government's decentralization policies requires definition it is clear that the government has enacted a major policy shift in recent years which gives significant power over the planning, budgeting and coordination of local development to the districts. In 2006 the Government made a budget allocation of approximately Mtn 7mln for capital investment to each district and this has provided a strong incentive to improve systems to enable this money to be effectively spent on local development projects. The second phase of the PSR programme will place much more emphasis on supporting local government capacity building to enable local governments to fulfil their new roles. It will also prioritize supporting service delivery process reforms through process simplification, service delivery integration and monitoring, and to giving a greater role to civil society in service monitoring and delivery processes. The introduction of ICTs will also play an important role in this process.

It also emphasizes improved policy analysis and planning and performance monitoring within public institutions so as to enable a greater level of accountability of government action to the public. The adoption and use of integrated electronic data management and communication systems across the public sector down to the district level is part of this programme. Through the adoption of the national e-Government Strategy it is expected that significant resources will be made available in the next 5 years to build a unified government electronic network and to use ICT tools to enable quicker, more transparent and responsive inter-sectoral collaboration in service delivery to the public. An additional important plank in the new programme is the implementation of the recently approved Anti-Corruption Strategy which includes the strengthening of justice sector bodies involved in the investigation and prosecution of public sector corruption cases.

1.2.1 Decentralization and Local Governance

Work in this area has comprised two main approaches. Firstly, at the national level the Decentralization and Local Development programme has supported the first phase of the Public Sector Reform programme in a number of different areas including HIV/AIDS mainstreaming, e-Government, and planning, monitoring and evaluation. Also at the national level support has been provided directly to the Ministry of State Administration through projects supporting the development of the decentralization process, policy instruments and associated tools and the development of the civil service training system. Secondly, UNDP has supported, in collaboration with UNCDF, a local development programme in two Northern provinces which combines participative planning approaches with local government capacity-building in the areas of planning, financing and infrastructure development. Following the success of this it expanded to work to support the building of a national replication process for the approach.

The national level projects demonstrated many of the issues which have affected the government's reform programme as a whole, indicating the need for better project planning, more effective monitoring, better technical back-up and more active and robust participation in project steering mechanisms. The work in Nampula province has had a significant impact and serves to demonstrate a number of lessons including the fact that real institutional change, whether at the community or government level, requires sustained and well-focused support over a prolonged period of time; substantial cross-learning from similar experiences elsewhere must be supported; local political support must be developed and consistently maintained; strategic collaboration with civil society organizations in the challenging area of community capacity-building is required; and mechanisms must be put in place to enable effective constant refreshing of capacity-building work to cope with staff reassignments, change of leadership etc.

The local government participatory planning and finance work has also demonstrated the need to do more in the areas of evaluating and learning from the processes and of codifying and communicating the knowledge generated from this so that good practices can be more quickly adopted by new government team members or new organizations becoming involved in the process. Another lesson learned – especially within the PSR Programme - is that there are many complex factors which conspire to make the introduction of organizational change within a government institution at central or local level a complicated process, and that a sustained and intensive educational and support efforts need to be devoted to such processes if they are to be achieved on a sustainable basis. The implication of this is that programmes aiming at supporting and demonstrating such changes need to focus on a manageable number of such government institutions and not attempt to do too much at once.

Reviews of both the decentralized planning programme and similar programmes elsewhere in the country coincide with the UNDP 2004 ADR in recommending that livelihood development through natural resource management and income generation activities should be better integrated into the participatory planning processes and the government's service-delivery responses to these.

The projects supported in this area have enabled UNDP to obtain a deep insight into the capacities of, and ways of working with the key institutional players in the decentralization process. This puts the programme in a good position to support the operationalization of the decentralization process at provincial and district level by helping ensure the effective integration of the strategies, policies and methodologies developed by these actors in recent years. In other words UNDP is now very well-placed to implement the recommendations of its recent programme reviews to move away from component, sectoral and activity-based programming towards an integrated multi-sectoral support approach. This will be done primarily by focusing on district and provincial governance processes, including the supporting of innovative and effective public-private collaboration mechanisms in the delivery of key services.

1.2.2 Civil Society Organizations

UNDP has a long history of working with CSOs in Mozambique as partners in its development support initiatives and has developed a good reputation within the CSO community for creating space for them in interacting with government in the areas of policy development and service delivery. A good deal of the work supported by UNDP has been in capacity development. However CSOs remain quite weak in terms of their applied research capacities and their ability to offer constructive policy proposals. There is also a need for much more professionalization in the management of CSOs and improvements in levels of accountability and transparency of their operations.

The role of national CSO´s has evolved significantly over the years and their scope of intervention once limited to service delivery has since widened. Many CSOs, notably urban based ones, are now known for their role in research and advocacy, pushing for improvements in public policies for more responsiveness by the government to the socio-economic agenda and the needs of the poor. Other important areas of advocacy include human rights and state transparency and accountability. The role of FORUM Mulher in advocating for and supporting formulation of the Domestic Violence Bill; of FORUM Terra in representing the interests of communities during the Land Law Reform process or of CSOs' participation in PARPAII process are a few examples of the broader range of issues with which CSOs deal with today.

The institutionalization of participatory dialogue mechanisms such as the Poverty Observatories at central and provincial levels, the IPCCS at district level and the establishment of a CSO Fund to enable CSO contribution in the expansion of the response to the HIV&AIDS epidemic are evidences of the level of recognition CSOs have earned, as participants of the development process in Mozambique. This was due to the increasing scale of CSO country-wide activities as well as their understanding of communities' priorities and needs. This recognition places CSOs as a key Government partner in the formulation and implementation of the Government's Action Plan for the Reduction of Poverty – PARPA II.

1.2.3 Sustainable Local Economic Development

During the period covered by the Second Country Cooperation Framework (CCF II)(2002-6) UNDP supported several projects in the areas of microfinance, enterprise development and community income-generation. The microfinance work included the provision of institutional support to a number of microfinance service providers, the carrying out of capacity-building for policy-makers on good practices in the area, the financing of a major review of the microfinance sector in Mozambique and the preparation of a national microfinance policy. From this experience the programme learned a great deal about the nature of the demand for and supply of microfinance in the country, the institutional constraints to its development and the fact that a great deal remained to be done to expand the provision of adequate microfinance services to the poor and especially to rural communities. It also became clear that the industry is now mature enough for the programme to seek to concentrate its support on policy and national capacity-building and regulatory aspects rather than being involved in supporting MF providers directly.

In the area of enterprise development UNDP, during CCF II, supported a micro and small enterprise training programme which had only very limited scope and impact, and also supported the extension of the Local Economic Development Agency model to Nampula and Zambezia provinces. Additionally the programme financed a community micro-projects programme which supported income-generating projects with loan funding and training in about 40 communities. The ADR 2004 pointed out that the approach taken in this area was fragmented, consisting of discreet and unconnected projects which offered only a limited local potential impact. It was also felt that UNDP needed to substantially increase its in-house technical capacity in the area of private sector development if it is to continue working in this area.

1.3 LESSONS LEARNED

Some of the **best practices** worthy of note are the following: *(i) Decentralization and Local Development*: Policy effectiveness and enabling policy framework established for decentralization, whereby UNDP and UNCDF were catalytic in mobilizing government to promote effective local governance and in strengthening capacity at the district level.

Major areas of its contribution include capacity building and the establishment of key government institutions at a time when very few development partners were operating in Mozambique. A critical contribution has been the promotion of local governance through participatory district planning, a flagship capacity building programme undertaken by the United Nations Capital Development Fund (UNCDF) in collaboration with the UNDP. This initiative, piloted in Nampula province in 1998, has been replicated, scaled up and adopted by the government at policy level.

The UNCDF/UNDP success with the local governance and decentralization pilot programme in the Nampula province had a long gestation period beginning 1999. It involved a variety of partners and the participation of target communities and the commitment of considerable resources. UNCDF/UNDP has replicated the model of district planning and strengthening local government, which was piloted in Nampula, and the World Bank has replicated it in four other provinces. The Ministry of Planning and Finance has adopted it as a nation-wide model and it is now the basis for national legislation on local government.

Since 1996, UNDP and UNCDF have been supporting a decentralisation process in the region of Nampula. It is commonly recognised that this process has been successful. It helped to develop methodologies for Local planning, and identify mechanisms to decentralise responsibility for Local development to the regions. The model was subsequently replicated with UNDP/UNCDF assistance in the region of Cabo Delgado, as well as in four other regions, with World Bank support. It was also adopted as national policy by the Government.

In 1997, the project strategy changed in order to focus on building capacity among district level government planners who would organize decision making on what expenditures would be made. This

change in emphasis laid the foundation for the UNDP/UNCDF's successful decentralization initiative that now constitutes the model for strengthening local government throughout the country. Since 1998, with introduction of Decentralized Planning and Financing Programme (PPFD) local governments[9] have had the authority to plan, decide and "execute" expenditures for maintenance of local institutions under their authority.

UNDP/UNCDF launched an ambitious programme to work with the government officials in the provincial Ministry of Planning and Finance, who would in turn work closely with district level officials to guide district-level planning. Out of Nampula's 18 districts, all have now developed district-level plans and have put in place district-level Consultative Councils and a network of groups to actively consult with their constituencies. The Consultative Council at the district level (a district's population averages 175,000) coordinates the consultative efforts of sub-district Consultative Councils which, in turn, consult with community groups, allowing development priorities to be expressed and flow through the network to be considered among the priorities set for the district as a whole.

However, much still remains to be done to establish the necessary institutional mechanisms to take full responsibility for facilitating local development, including financial procedures which will ensure transparent and effective management of funds transferred from the central government, both from national as well as international sources. The need to promote decentralised development, as opposed to simply decentralised planning is a sine qua non to stimulating economic and social development in 90 per cent of Mozambique's territory, and for the majority of its population, whose overall standard of living is much lower than their urban counterparts.

1.3.1 Decentralised Planning and Financing System

The positive impact of UNCDF/UNDP supporting PPFD has won extensive support of the Government and its programme content and methodology is now incorporated in the Government's policy (National Planning System). The Law 8/2008 (LOLE) gives the district power to plan, budget and implement local initiatives (district as budgetary unit). The UNCDF/UNDP experience in Mozambique promoted innovative exercise in terms of planning and financing system at the district level. UNCDF/UNDP has replicated the model of district planning, strengthening local government, which was piloted in Nampula.

The Ministry of Planning and Development has adopted it as a nation-wide model and it is now the basis for national strategy on local Planning & Budgeting and valuable input for the Decentralization Policy, due its inclusiveness and downstream approach. Its model for training district level officials is being replicated rapidly throughout the all country. The recent decision of the government that the district must be the unit on which actions to combat poverty are centered emerged as the need to reinforce human and institutional capacity at local level. The mainstreaming of PPFD countrywide will be a determinate factor for the decentralization process and Local Development, aimed to reinforce territorial decentralization (*central, province and districts*) and sectoral deconcentration (*ministerial line*).

The UNCDF/UNDP programme has achieved the first aim and a part of the second but not the third, and attempts to move toward the second and third remain an on-going drama among the donors and NGOs involved in the decentralization process. The UNCDF/UNDP programme is in the vanguard of these efforts - as the pilot province for the introduction of decentralized district planning practices. The Nampula model is being replicated by UNCDF/UNDP in another province, Cabo Delgado and a version of this model is being implemented in four other provinces by the World Bank.

[9] In Mozambique system Local Governments refers to Local Organs of State. The Governors and district administrators are appointed by the President and Governor, respectively. The municipalities (33 actually) are elected bodies.

These guidelines are enshrined in a law, Act 8/2003 concerning the Local Organs of the State, passed by parliament. The practice of this law is now being studied in depth by the Ministry of State Administration (which is responsible for public service administration) for ways to incorporate its provisions on decentralization into the training and deployment of civil servants. UNDP financially supports this review by the Ministry of State Administration and its application to training in public service training centres. UNDP is also providing support to the civil service training academies and contributes, as well, to programmes which seek to mainstream capacity building in HIV/AIDS awareness, e-governance, monitoring and evaluation and governance issues.

The UNCDF/UNDP district planning and financing model has now been 'mainstreamed' throughout Mozambique. The government tracks progress towards decentralization with a record of those districts covered by 'applications of the model."

1.3.2 Local Governance effectiveness

Decentralisation is an important cross-cutting thematic area with major implications for poverty reduction and the achievement of the Millennium Development Goals (MDGs). Decentralisation enters into countries' poverty alleviation strategies in a number of ways. On the basis of the "subsidiarity" principle, sub-national governments are often given the responsibility for managing many "pro-poor" priority sectors, including primary and secondary education, primary health care, agricultural extension, water and sanitation services, and local roads and public infrastructure (UNDP, 2005).

There is also agreement that UNCDF/UNDP's success is in spite of the government's 'gradualist' approach to decentralization, which contributes to progress in institutionalizing local planning. The law on Local Organs of the State stops short of allowing districts to conduct popular elections of its own officials in the way that 33 municipalities now do. This creates the anomalous situation of local elections taking place in some parts of the country, mainly in urban areas, while the rural areas continue to be governed by appointed officials, and there is very little in the law allowing the local bodies, such as the Consultative Councils set up by the Nampula project, to make decisions on their own.

On the other hand, effective local development means sub-national governments are generally in a better position than the central government to identify local needs (including those of the poor) and to deliver public services accordingly[10]. Based in experience in Nampula and Cabo Delgado, the performance can be assessed as:

- Local governments are set community goals and formulate inclusive local governance. As decision-makers, the basis of evaluation is the congruence between policy requirements (e.g. budgeting) and actual policy-making (e.g. budget promptness).
- Local governments are effectively implement their decisions. As administrative units, the basis of comparison is the consistency between what local governments decide (policy objectives) and what they can carry out (outputs).
- Local governments are work for their communities (service delivery). As responsive organizations, their policy-making is compared to articulated societal demands.

1.3.3 Provision of basic Services at local level

Donor support is still a determinate input in Mozambique. With the advent of district planning unit, local communities have the choice of plan and implement locally. The challenge ahead is to transfer functions from central ministries to districts and to have the districts capable to assume deconcentrated functions from central and provincial level, including delivery and budget execution.

[10] See UNDP Primer: Fiscal Decentralisation and Poverty Reduction. August 2005.

Mozambique experiences shows that with decentralization programme (PPFD), via Local Development Fund (LDF), UNCDF/UNDP is supporting local infrastructures investment as block grant. In supporting physical and social infrastructure activities there is an immediate improvement of human welfare, those which have maximum (positive) implications for local capacity. With Decentralised budget support local governments have opportunity to make the choice and prioritise local needs and will give them a chance to acquire knowledge and skills for handling the planning of their future development programmes. Based on the UNCDF/UNDP experience, we found that the success of decentralised budget support depends greatly on the ability and capacity of local governments and citizens, to identify the positive elements of local institutions capacity building and development needs.

1.3.4 Development of Local Capacity

Local administrations and institutions possess numerous advantages and opportunities for building a sustainable local capacity. With decentralization, much of the responsibilities for service delivery are transferred to local governments. While several local governments are able to maintain the "quality" of services deconcentrated to them, it is unable to improve beyond its present capacity and has limited success in getting the communities involved in addressing local needs and demands.

The 18 districts of the Northern Province of Nampula have been the locus of an array of decentralization initiatives in the past ten years. The first of these dates to 1993 when the United Nations Capital Development Fund (UNCDF) in partnership with UNDP undertook rural rehabilitation with a local development fund for financing small infrastructure schemes. These schemes were administered within a project facilitation unit inside the Nampula Provincial Directorate of Plan and Finances. Capacity development reforms including training which the District Administration embarked establishes a healthy working relationship between the political leadership and the civil servants at the district level. Three cases indicate best practice in this field:

- Participatory planning and district financing approach (human and institutional capacity)
- Programme approach involving multi-sectoral interventions (institutional capacity)
- Project activities (community capacity)

CSOs are a crucial resource, constituency and partner for UNDP in advancing sustainable human development goals and principles. UNDP has made significant progress in both broadening and deepening its interaction with CSOs at all levels of its work. In particular, UNDP has developed a valued niche in creating the space with governments for CSO perspectives to be heard and incorporated into policy and programmes. In so doing, UNDP recognizes that CSOs are not a substitute for government, but are central to sustainable governance.

CSO capacity building efforts so far have yet to lead to significant improvements in their performance. This can be attributed to several factors including the episodic nature of CSO capacity building initiatives. Some lessons learnt from capacity building efforts by UNDP and other partners in the country include:

- The response to CSO capacity building has been mainly through a variety of traditional training initiatives – seminars and workshops – on isolated aspects of their capacity building needs at times geared towards implementation of a specific intervention. Being narrow in perspective, these could not generate noticeable impact in terms of scale and quality of results;
- Any capacity building initiative should be part of a comprehensive CSO capacity development process which includes organizational development;
- The existence of enabling conditions is essential to ensure that capacity development can generate the expected impact;

2 PROPOSED PROJECTS

Poverty reduction strategies currently are seen as associated with localization of development initiatives, and decentralization is being used as vehicles to promote local development, exactly where the incidence of poverty is high. Decentralization is a complex process that requires human and institutional arrangements to implement. It is recognised that it should play critical role to achieve MDGs, because of its nature to work at local level. This document will provide the necessary coherence and continuity of this long process as well as describe the tasks required to ensure that the vision of decentralization becomes a reality and generates tangible benefits for local government linking the local communities.

The strategy of the decentralization and local development programme is to support the implementation of the government's decentralization and public sector reform programmes in three focus provinces whilst also supporting the more effective involvement of local communities and civil society organizations (including the private sector) in local governance and public service delivery processes. In other words the programme aims to support the implementation of the local government development process by providing additional support to existing government programmes and secondly to strengthen the capacity of local civil society to participate in and to monitor the effectiveness of the local government.

The programme will provide support to the provincial secretariat and provincial government services in the restructuring and capacity development activities required to ensure proper implementation of the Law on Local State Organs and secondly in the further development and implementation local participatory planning and financing processes. The programme is based on the recently mainstreamed local participatory planning process and is focused on supporting the further development and integration of these approaches and on building implementation capacities within local government, particularly in the areas of inter-sectoral service delivery coordination and service provision contracting and management. This should help selected local governments become more effective and efficient at delivering basic services to the communities they serve. As part of this work the feasibility of introducing one-stop citizen services access centres will be studied and piloted in selected districts.

The community capacity-building aspect will be approached through the promotion of effective collaboration arrangements between local governments and private-sector service providers to implement structured and phased community capacity-building processes. This investment in the community capacity-building process should result in substantially improved local development plans, greater mobilization of local resources to finance plan implementation, better inter-institutional coordination in community development programmes and greater representation and more effective community participation in local consultative bodies.

As the focus within the local development planning and financing support work in Mozambique is moving increasingly towards supporting local economic development processes the programme will seek to provide support to the development of the supply of private sector (profit or non-profit based) business development and financial services in order to support individual and collective income-generation activities. Hence the programme is expected to contribute directly to the development of replicable approaches for supporting public-private partnerships in the delivery of economic development services at the district level.

Another major focus of the programme is on strengthening planning, coordination and monitoring processes within the local government units and on the management and communication of information by government services both internally and externally with external stakeholders. This will be partly achieved by supporting the effective use of information and communication technologies. The work will be focused in three provinces - Nampula, Cabo Delgado and Gaza. Nampula and Cabo Delgado are selected because the UNCDF/UNDP decentralized planning and finances programme have developed the foundations necessary to take the programme forward with the focus on local economic development. Gaza is selected because work recently began here in the provision of the integrated local government development approach which forms the basis of the programme's approach over the

coming years. It is expected that during the course of the programme all the districts in the three provinces will be supported.

The programme also aims to provide support to one small to medium-size municipality in each of the three provinces. This should mainly consist of work to adapt some of the organizational development and planning work conducted with the district to the specificities of the municipality.

It should be emphasized that UNDP will seek to support the government and local non-state actors to place a good deal of emphasis on a number of key issues which need to be considered when preparing local development plans or services to communities. Of particular importance amongst these are the need to properly address women's concerns so as to adequately empower them to play a fuller role in community development processes, the need to ensure that all relevant activities respond to the catastrophe of HIV & AIDS, the need to ensure that local natural resources are protected and managed sustainably, and the need to ensure that macro and micro area development plans and processes properly take account of potential disasters such as floods and droughts. These aspects must be adequately woven into the basic planning and plan implementation processes and the effectiveness of this integration must be regularly evaluated by local governments and communities.

The principle of local development includes setting the following strategic objectives of technical cooperation: (a) long-term capacity building rather than short-term performance improvements, (b) stressing the importance of long-term institution building (especially in the area of policy analysis and development management), (c) advancing greater use of local expertise and existing structures, and (d) encouraging broadened participation, including intended beneficiaries and stakeholders, in all phases.

2.1 NATIONAL DECENTRALISED PLANNING AND FINANCING PROGRAMME (NPPFD)

The National Decentralised Planning and Financing Programme emerges as a replication of Nampula Model mainstreamed national wide. The National programme will involve two phases: (a) **preparatory phase: 2007 – 2009**, where will be established the necessary capacity building of the districts (institutional and human capacity). During this phase UNDP& UNCDF will prepare the phasing out strategy in Nampula, Cabo Delgado and Maputo Provinces.(b) **Phase II: 2010 – 2014**, will involve full implementation of the National Programme (defined as thematic SWAPs). UNCDF & UNDP will provide technical expertise and capacity building national wide.

Objective 1: The long term is to promote local development through decentralization and local good governance.

Country Programme Outcome 1.1: Decentralised government capacity strengthened in all provinces, at least 50 districts of Nampula, Cabo Delgado and Gaza and at least 3 municipalities (UNDP) for participatory and gender responsive planning, monitoring and evaluation, gender sensitive needs assessment as well as coordination and partnership

Programme Outputs: In order to contribute to the PARPA II decentralization objectives and goals and to the National Decentralised Planning and Financing programme, UNDP/UNCDF will consolidate its ongoing support to provincial and district/local development, through the following:

Output 1.1: Support Planning, Monitoring and Evaluation: building on existing UNCDF/UNDP intervention, will expand support to additional provinces and districts in the preparation of integrated development and financing plans. It is envisaged that other UN agencies will contribute to this planning process, in relation to their areas of competence.

- Support **participatory planning and budgeting** UNCDF/UNDP intervention will expand support to additional provinces and districts in the preparation of integrated development

and financing plans. This will be complemented by sectoral and other "downstream" interventions to support particular target groups and integration of participatory budgeting.

- Provision of support to the strengthening of MDG-based provincial strategic plans based on appropriate spatial and socio-economic development strategies and the effective reconciliation of national and district development plans[11], building the capacity of district governments to establish and manage the basic capacity-building of local consultative councils (IPCCs)

- Build the capacity of district governments to prepare strategic development plans based on participatory processes and local sectoral development strategies[12], building the capacity of district governments to prepare annual plans and budgets based on their strategic development plans.

- Support to the **Fiscal decentralization and public finance management**. UNDP/UNCDF will support the decentralization of public financial management systems, district finances and institutional capacity enhancement of local bodies to ensure inter-Governmental Fiscal Transfers and Local revenue mobilization to support local development plans and budget. This includes provision of support to the development of district revenue collection capacities

Output 1.2: Support Infrastructure Development (Execution): Rationalization and service delivery improvement through establishment of administrative and management mechanisms, to ensure that planned development activities are carried out effectively, and monitored systematically and infrastructure development, to ensure that regions are provided for in terms of roads, transport, energy, water and other infrastructure:

- Improve **Pro-poor delivery of services and infrastructures**: (strengthening the specific roles of local authorities, of community organizations, of civil society and of the private sector in identification and provision of basic infrastructures). UNDP/UNCDF will support small-scale and low-cost infrastructures improvement through establishment of *Small-Grant Fund*, administrative and management mechanisms, to ensure that planned development activities are carried out effectively, and monitored systematically.

Output 1.3: Support Capacity Building: Support to provincial, district and municipal **management of integrated service delivery**: UNDP/UNCDF will support municipal development. This will involve strengthening the capacities of both Government and civil society in the delivery of services

- Sstrengthening of the capacity of provincial Governments to promote Local development, to plan short-term and medium-term development strategies, to coordinate the work of sectoral ministries and donors, to engage with civil society in planning and monitoring,

- Facilitate the management of funds destined for Local development in an effective and transparent manner;

[11] Including disaster management, demining, food security and nutrition, HIV/AIDS containment/reduction and gender empowerment.
[12] Which are in turn based on appropriate provincial strategic development plans.

2.2 LOCAL ECONOMIC DEVELOPMENT (LED)

Objective 2: Rationalize the functions of the State organs to respond to the planned objectives and improvement of inter-sectoral coordination and decentralize the functions of the State organs with budget implications to the district level to facilitate local development.

Country Programme Outcome: Government capacity in all provinces, at least 50 districts and 3 municipalities (South, centre and North) improved to implement, coordinate and support the efficient and accountable delivery of integrated basic services strengthened

Proposed Outputs: In order to contribute to the PARPA II decentralization objectives and goals, UNDP/UNCDF will support the Ministry of State Administration (MAE) in strengthening implementation , monitoring and evaluation of the Decentralization Policy. Will consolidate its ongoing support to provincial and district/local development as well as strengthening capacity of the **IFAPAs**. The assistance will focus on the following:

Outputs 2.1: Development and implementation of the **Local Economic Development methodologies.** UNDP/UNCDF will promote provision of financial services (microfinance) and will promote local public-private partnership and promote local economic growth and employment, and improving income generation

- Promoted an inclusive financial system allowing access to a broader range of financial services for the vast majority of the inhabitants mainly in rural areas
- *Private Sector Development*: Provide training to develop new village businesses, such as agro-based processing, small livestock cooperatives, small-scale artisans, carpentry, welding, computer programmers, mechanics, etc.

Outputs 2.2: Provision of support to the development/strengthening of **financial services** in selected provinces through the stimulation of local associations, capacity-building activities and the involvement of providers in community-level capacity-building processes.

- Provision of support to the development/strengthening of small enterprise development services in selected provinces through the **stimulation of local associations**, capacity-building activities and the involvement of providers in community-level capacity-building and project support processes.
- Support to the Growing Sustainable Businesses (GSB) initiative which facilitates partnerships within the private sector to support the development of commercially viable business investments that have a positive impact on local economic development. This involves supporting new and innovative business models that benefit the poor and which offer potential for scaling up and replication.

Outputs 2.3: Supply of **business development services** supply to local micro and small enterprises increased. The approach includes improve capacity of ADELs and will improve local constructors and employment by capacitate local enterprises in provision and maintenance of low cost infrastructures using local materials (*pilot exercise being implemented in Nampula*).

- Provision of support to the development/strengthening of small enterprise development services in selected provinces through the **stimulation of local associations**, capacity-building activities and the involvement of providers in community-level capacity-building and project support processes.

- Some limited financing of this type of work is included under the current DPFP-North. UNCDF is keen to develop a new project proposal for the focus provinces with a major emphasis on local economic development. ILO has been involved in supporting the development of local economic development agencies in some provinces (including Nampula).

The GSB initiative involves UNDP acting as a broker between eligible businesses and potential sources of support in order to obtain financing for market and feasibility studies as well as technical assistance. Under the local development focus of the CPAP 2007-09 UNDP will seek to focus the implementation of this work in the three provinces where it is concentrating support as part of its aim to promote a more integrated and holistic approach to local development.
The UNDP programme will no longer be involved in directly supporting the provision of microfinance services but will focus on helping improve the policy and regulatory environment - so that the industry can grow in response to demand - and on strategic capacity-building aspects. A national policy and strategy for microfinance development has recently been developed and the programme will help develop a clear and monitorable action plan to operationalize this. Part of this work will involve seeking to improve dialogue and coordination mechanisms – an area requiring attention given the increase in numbers and types of actors in the sector in recent years. A second major area of work will be in building the capacity of selected staff of the Bank of Mozambique in the area of microfinance regulation with the aim of achieving improvements in the quality of the supervision work which it conducts in relation to Microfinance Institutions.

A third area of work will involve the provision of capacity-building to selected microfinance service providers in collaboration with specialist training institutions. It is also expected that this work will be directed to supporting the development of the industry in the three focus provinces of the UNDP programme for the CPAP period. Finally, efforts will be made to support the development of viable financial service

2.3 SUPPORT COMMUNITY DEVELOPMENT

Objective 3: Contribute to the empowerment of citizens and citizens' organizations in Mozambique to actively and constructively engage at various levels in facilitating economic and social transformation of this country.

Country Programme Outcome: It is expected that this strategy will contribute to development of a more vibrant and empowered civil society. Other outcomes related to this include:

- Institutionalized, inclusive and strong platform for CS engagement in policy processes at all levels;
- Development Plans and policies reflecting human development objectives;
- Improved accountability in public management
- Improved livelihoods, better organized communities for socio-econ dev. & improved service delivery at local level;
- Revised legal framework & clear social partnership (Gov, CS, PS) arrangement;

Outputs 3.1: Strengthen the capacity of CSOs for gender-responsive & evidence-based advocacy and ability to provide policy alternatives that will enable the country to achieve PARPA objectives and MDGs, using existing policy analysis and monitoring tools and methodologies.

- Provision of support to the development and implementation of Government-Civil Society Organization (CSO) collaboration/service delivery arrangements for the building of the capacities of **community organizations in participatory governance** (planning, project

management, monitoring and evaluation(and in community institutional development – the IPCCs[13].

- Provision of support to the development at provincial level of an **IPCC strengthening** training programme for district government teams and civil society organizations; the delivery of the training and the provision of ongoing support to the IPCC establishment/strengthening process (including supporting the development/improvement of capacity-building tools such as manuals and videos).
- Provision of support to the establishment or **strengthening of a provincial-level NGO** group to develop and manage a common basic approach to supporting IPCC establishment/strengthening and the building of the IPCC members' capacities to participate in participatory planning and monitoring processes.
- Provision of support to the development and management of a district-level community project financing facility in selected pilot districts for the financing of **small-scale community projects** which are supported as part of a capacity-building process[14].
- Provision of support to the development and piloting of a district-level public services monitoring tool/process for use by CSOs which would form an integral part of the local PARPA monitoring and evaluation process.
- Provision of support to the **participation of civil society organizations** in the development, implementation, monitoring and evaluation of a local (provincial and district) PARPA and MDG based plans..
- Support to the development/strengthening of the provincial level **monitoring and evaluation system** within the provincial planning office (monitoring the provincial strategic plan - based on PARPA and the MDGs - and the province's annual plan and budget - Provincial Poverty or Development Observatories.
- Supporting community empowerment will be promoted the Participatory Monitoring and Evaluation of provincial and district development (IPCCs) This will involve provincial Poverty Observatories and facilitate the participation of Civil Society, which includes promotion accountability mechanisms by improve their role to participate actively in the identification, implementation and monitoring of development activities. The approach will focus also on promotion of Local Community Development: UNDP/UNCDF will concentrate in developing the mechanisms for community capacity building, facilitate access to resources for diversification and sustainability of the livelihoods.

It is expected that this work will be financed through the AfDB financed programme on Grassroots Community Capacity Building and part through the National PPFD. Whilst AfDB funding needs to be channelled through the GoM it is expected that a mechanism can be identified for enabling a national public institution to channel finance to the proposed Community Capacity-Building Fund either at provincial or district level.

[13] Including economic development, natural resource management and disaster prevention/response, as well as containing HIV/AIDS and improving gender rights.

[14] This involves establishment and assistance to the community to setup the Fundo de Desenvolvimento Comunitário (Artigo 114, LOLE). It includes community capacity-building fund would focus on community natural resource management, economic development and community institutional development projects.

Outputs 3.2: Promote community mobilization for local economic development & engagement in local planning, management and monitoring processes

- Provision of support to the development and implementation of Government-Civil Society Organization (CSO) collaboration/service delivery arrangements for the building of the capacities of community organizations (not IPCCs) in participatory planning, project management, monitoring and evaluation and in community institutional development.
- Provision of support to the development at provincial level of an IPCC strengthening training programme for district government teams and civil society organizations; the delivery of the training and the provision of ongoing support to the IPCC establishment/strengthening process (including supporting the development/improvement of capacity-building tools such as manuals and videos).
- Provision of support to the establishment or strengthening of a provincial-level NGO group to develop and manage a common basic approach to supporting IPCC establishment/strengthening and the building of the IPCC members' capacities to participate in participatory planning and monitoring processes.
- Provision of support to the development and management of a district-level community project financing facility in selected pilot districts for the financing of small-scale community projects which are supported as part of a capacity-building process.
- Provision of support to the development and piloting of a district-level public services monitoring tool/process for use by CSOs which would form an integral part of the local PARPA monitoring and evaluation process.
- Provision of support to the participation of civil society organizations in the development and implementation of a local (provincial and district) PARPA (including MDG) monitoring and evaluation system.
- Provision of support to the functioning of Provincial Poverty or Development Observatories.

Outputs 3.3: Strengthen the role of CSOs in promoting democratic governance and accountability

- CSO perspectives incorporated in the final report of the APRM process in Mozambique.
- CSO-Parliament partnership established to promote participatory budgeting and budget monitoring
- CSO & Parliament trained on budget and public expenditure management processes as well as pro-poor, gender and HIV/AIDS responsive budgeting
- CSO/Parliament report on aid effectiveness, donor policies and practices in Mozambique published, widely discussed and measures to address challenges agreed with government (Not sure this is what is foreseen)

Outputs 3.4: Support efforts to foster an enabling environment and institutional capacity of CSOs for effective development and empowerment of the civil society sector in Mozambique.

- Comprehensive and participatory mapping and assessment of the CSO sector undertaken and findings deliberated by civil society actors at national, and provincial and local levels, and informing all other elements of this component.
- The legal and regulatory framework for Civil Society Organizations reviewed
- CSO handbook on the legal and regulatory framework produced and widely disseminated
- National dialogue on Volunteerism resulting in a National Scheme for Volunteerism to help accelerate progress towards MDGs and address capacity challenges in ensuring public service delivery
- A comprehensive CSO Capacity development programme developed and resources mobilized for its implementation.(it think this is too ambitious), we can say we will support capacity development of CSOs in the programme areas of UNDP intervention (i.e. decentralization and local development, HIV&AIDS, etc)

Outputs 3.5: Strengthen CSO partnership in promoting sustainable human development and MDGs.

- A CSO Advisory Committee to UNCMT established and fully functional – adding value to UNDP's work and effectiveness in achieving mutually agreed goals.
- Develop preliminary terms of reference for the CSO Advisory Committee
- Identify and invite highly capable representatives from CSOs, academia and private sector to establish the committee, refine terms of reference and agree on frequency of meetings.
- Facilitate CSO Advisory Committee's activities

2.4 DECENTRALISED PUBLIC SECTOR REFORM

OBJECTIVE 4: Effectiveness and efficiency of Public administration and local government functions improved through supporting the inter-sectoral coordination, administrative reform and capacity to respond to planned objectives, and the delivery of integrated basic services.

Country Programme Outcome: Government capacity in all provinces and in 5 selected districts per province and at least 1 municipality, improved to implement, coordinate and support the efficient and accountable delivery of integrated basic services strengthened.

Programme Outputs: In order to contribute to the PARPA II decentralization objectives and goals and to the National Decentralised Planning and Financing programme, UNDP/UNCDF will consolidate its ongoing support to provincial and district/local development, through the following:

OUTPUT 4.1: Support **Decentralization Policy:** UNDP/UNCDF in partnership with other donors will provide immediate support to specific areas of MAE strategic plan (PESAE), Public Sector Reform (Phase II) and to provincial and district government's strategic planning.

- **Development and implementation of the Decentralization policy/strategy**, by enhance coordination between central and local governments and foster horizontal relationships between ministries and local governments

- Support **Deconcentration of sectoral services provision**, strengthening the capacities of local state organs, including harmonization of sectoral and local plans, strengthening the district authorities, to enable them to take increased responsibility for district and community development. Innovative approach will be undertaken in order to integrate sectoral and territorial approach of provision of public basic services at local level.

OUTPUT 4.2: Public Sector and Local Governance Reform through supporting Provincial and district government restructuring and organizational development processes supported, and inter-sectoral coordination capacities strengthened. Will improve capacity development reforms including training to the district administrations and local authorities in the implementation of the Law 8/2003 (LOLE).

- Provision of support to selected district and provincial governments in the conduct of organizational assessments and the preparation of organizational development plans.

- Provision of support to selected provincial and district governments in the establishment of **new organizational structures (in line with LOLE),** including the definition of functions of units and job specifications of staff[15] and use of experiences gained to

[15] These are the functional analyses supported by UTRESP.

support MAE (DNAL) in the further development of methodological guidance to local governments on the implementation of LOLE and the development of local government capacities and systems.

Outputs 4.3 Strengthen National Training System for Public Administration (SIFAP): Will consolidate its ongoing support to strengthen the capacity of public administrators and modernization of public sector at provincial and district level

- Strengthening capacity of the **IFAPAs** – Public Administration Institutes (Maputo, Beira and Niassa) and support curriculum of Local Development (University).
- UNCDF/UNDP will establish *Center of Excellence for Public Administration and Local Governance* in Nampula to contribute to the development and consolidation of public administration capacity building

This involves the implementation of a technical assistance project which supports the implementation of the Public Sector Reform Programme at the provincial and district levels, working with DNAL in MAE, the new Public Service National Authority and supporting the Provincial Secretariat and the Provincial Public Sector Reform teams (UPRESPs) to plan, coordinate and monitor the implementation of provincial and district reform processes.

This means that UNDP would no longer be supporting UTRESP at the central level but would be directly supporting the implementation of the administrative reform programme at the provincial level in a selected number of provinces through the provision of a small organizational development support T.A team to the provincial government based within the Permanent Secretary's office. Whilst the core financing for some of the above activities would be expected to come from the PSR Programme UNDP's role would be to provide the technical assistance capability to the Permanent Secretary's office to support the complex organizational development processes associated with the reform programme including in the area of service delivery reform.

The CPAP will strengthening of the institutional and capacity building of sectoral ministries, provincial and district Governments to promote effective implementation of phase II of the Public Sector Reform and restructuring of the local organs of state – Local Government Reform. It includes capacity particularly in area of office management, financial management and information management under its management support component.

2.5 ICT FOR DEVELOPMENT

Objective 5: The long term is to promote local development through decentralization and local good governance.

Country Programme Outcome: Decentralised government capacity strengthened in all provinces, at least 50 districts of Nampula, Cabo Delgado and Gaza and at least 3 municipalities (UNDP) for participatory and gender responsive planning, monitoring and evaluation, gender sensitive needs assessment as well as coordination and partnership

Programme Outputs: In order to contribute to the PARPA II decentralization objectives and goals and to the National Decentralised Planning and Financing programme, UNDP/UNCDF will consolidate its ongoing support to provincial and district/local development, through the following:

OUTPUT 5.1. Local government effectiveness and efficiency improved through strengthened information management and communication capacities.

- Development of service delivery improvement plans by provincial and district joint task teams[16] and provision of support to the implementation of service delivery process reforms for prioritized services (including the use **of ICTs for back office process automation** where appropriate).
- Provision of support to the effective functioning of **one-stop citizen services** access centres (citizen One-Stop Shops) and business One-Stop Shops, and analysis of the possibility of combining these.

OUTPUT 5.2: Provision of support to the linking of all main provincial government units to the **government electronic network (GovNet).** This includes establishment of a simple provincial government common electronic document storage and management system, provision of support to the development and management of a provincial government website (aligned with the national e-Government Strategy),

- Provision of support to the establishment of a Provincial Digital Resource Centre (CPRD) and the development of its capacity to act as the coordinator of IT services to the provincial government.
- Use of implementation experiences to feed back into the development of approaches to the roll out of national **e-Government systems** by the national E-Government Unit.
- Provision of support to the establishment of Community Multimedia Centres (CMCs) in selected districts (combining internet access with community radios),
- Provision of support to the development of provincial website content on local public and private-sector services, and provision of support to the piloting of district-level one-stop shops in districts which have on-line connectivity (once provincial-level OSSs are adequately established)

The CMC work is supported by UNESCO, working through UTICT and MCT and linked to the Provincial Digital Resource Centres – CPRDs. Funding would potentially be available for district-level OSSs via the PSR programme. The UNDP support would be in the area of technical assistance. The work will support the work of UTICT and MCT in the selected provinces in the establishment of GovNet and the implementation of the E-Government Strategy flagship project relating to local government connectivity and public information access.

The connection of the provinces to GovNet is financed partly through the Italian government's support to UTICT for GovNet and partly through the PSR Programme. The UNDP project in Nampula is financed from a UNDP special fund, and the UNDP project work in Gaza is financed by core UNDP funds and from Microsoft. This work would involve the provision of technical assistance to the provincial government to support the work of the Provincial Public Sector Reform teams (UPRESPs) (implemented via MAE) in the establishment of Citizens' Services One-Stop Shops, financed through AfDB.

The cost of specific services studies, ICT projects etc would be financed from the PSR Programme. The TA facility would also support the provincial trade and industry department/service in ensuring the effective development of the business services One-Stop Shops recently established by MIC. This would be in collaboration with the UNIDO project to further support the Business OSSs which has been prepared but is not yet funded. There should also be some potential for aligning this general local services reform work with the sectorally-specific work of some UN agencies in certain provinces. An example of this is the work of UNICEF in its schools-based integrated services and water and sanitation services improvement programmes, and that of FAO in its food security work at the local level.

[16] This analysis includes clarifying levels of control over services and their sub-services between district, province and centre. It also includes the identification of opportunities for mainstreaming HIV/AIDS prevention and management into service delivery processes.

The Council of Ministers approved the national e-Government Strategy in July 2006. This aims to use information technology to improve the efficiency of functioning of government at local and national levels and to make information and procedures regarding key services more accessible to service users. The current programme aims to support the operationalization of this strategy in the focus provinces, with a particular focus on Nampula province, with the aim of piloting approaches and demonstrating successful experiences to other provinces and districts.

Information and Communication Technologies are an integral component of the decentralization and public sector reform processes and a tool for up-scaling and accelerating the ongoing programmes. ICTs also play an important role in managing the expanding government network and in providing new ways for building local government capacity. Government of Mozambique is in the process of approving the first national e-Government Strategy, which falls under the public sector reform programme. The objective of the strategy and the already approved ICT Policy Implementation Strategy are to support the decentralization through equipping local government with appropriate tools and content for taking care of their expanding responsibilities. Additionally, the strategy intends to introduce packaged solutions, which link central, provincial and district governments to each other and provide a platform for exchanging experiences, services and knowledge in a networked way. Decentralization and local government reform should include ICTs in several different dimensions, including:

- Providing means for efficient communication and management of knowledge
- Tools for simplifying and standardizing district planning and finance processes (back office)
- Tools for standardizing and enhancing service delivery (front office)
- Tools for integrating the civil society tighter with the decision making and for making the government more transparent and reactive
- Tools for monitoring and evaluating local development and achievement of objectives

2.6 VULNERABILITY AND DISASTER RISCK PREVENTIONS & MANAGEMENT

Objective 6: The Objective of the Programme - this programme sub-component is aimed at supporting the government's efforts, using the decentralization and mainstreaming of DRR into development as strategic tools, to create the necessary national framework and coping mechanisms which will help boosting the local development.

Country Programme Outcome : This sub-component of the programme will also be used in the Gaza Development Initiative for Achieving the MDGs. The Objective of this sub-component will be to support the national capacity of INGC at the National, Provincial and District Levels.

Programme Outputs: In order to contribute to the PARPA II decentralization objectives UNDP/UNCDF will consolidate its ongoing support to provincial and district/local development, through the following:

Output 6.1: Disaster Risk Reduction*:* As is well documented in most of the national economic and social policy documents and reports, Mozambique is among the countries most vulnerable to natural and man-made disasters, thus aggravating its position within the poorer countries in the world. Recognizing this delicate situation, the government included Disaster Risk Reduction as cross-cutting issue in the Poverty Reduction Programme (PARPA II) and Five Years Plan.

- Moreover, Mozambique was selected as one of the countries for the implementation of the Global Mainstreaming Programme for DRR by UNDP Bureau for Crisis Prevention and recovery. Within this environment, the government (the Council of Ministers) has decided

on the reinvigorating the role of the National Institute for Disaster Management including its complete restructuring.

- The Government has approved the new Master Plan for the INGC which was shared with and commented on by the UN Disaster Management Team Working Group (UNDMTG) and is already being implemented.

Output 6.2: Mine Action Programme: The integration of Mine Action Programme and Disaster Risk Management into Decentralization and Local Development processes will improve the effectiveness and efficiency in addressing those issues in development planning. The current CPD 2007-2009 coincides and is aligned with PARPA II and the Five Years Plan of the Government as well as with the benchmark established by the Ottawa Convention. Therefore this programme sub-component will respond to the Strategic Plan of the National Demining Institute (IND) 2007-2009 under development, which has the following priority areas:

- Strengthening the capacity of the National Demining Institute (IND) at the national and sub-regional level (central – Beira and northern – Nampula Offices)
- Support the IND Strategic and Operational Plans,
- Increase resource Mobilization for Mine Action thus ensuring the capacity for the country to fulfill the PARPA II and Ottawa Convention targets. With the departure of most of the international humanitarian demining operators the Government agreed appointed the National Army (Forcas Armadas de Mozambique – FADM) to take over the responsibility for dealing with the residual demining activities.
- Therefore, this programme, through the IND will provide the support for humanitarian demining and mines risk reduction.

Mozambique is far ahead on the implementation of the Ottawa Convention by: 1.being one of the 40 countries who have ratified the convention 2. Undertaking a long standing mine action programme (more than ten years continuosly), and UNDP is the leading UN Agency supporting Mine Action in Mozambique. Bilateral and Mutli-lateral development partners – because of its history of more than ten years in Mozambique Mine Action has developed a very strong donors/government/NGOs partnership. UNDP and IND are jointly the coordinating these partnership with establishment of appropriate forum such as Donors/Government meetings and Stakeholders meetings.

Output 6.3: Environment and Natural Resources Management: Decentralized Natural Resources Management to ensure the equitable access to natural resources by the poor invariably involves decisions as to the use of resources associated with particular areas and so is closely linked to spatial development and/or land use planning.

- Support development and revision of the legal framework including relevant in the area of territorial planning and natural resources management.

- Key actions include the need for harmonized district planning guidelines that define the responsibilities, national priorities and provide standards for territorial (spatial and land use) planning in conformity with development trends, needs and institutional relations

Public policy in Mozambique has long appreciated that environment and access to shared or 'common' natural resources is crucial to local livelihood strategies.

2.7 MILLENNIUM VILLAGE PROJECT

A Millennium Village is a practical demonstration of community-based, integrated rural development, deploying the best available science, technology and experience, in order to achieve and sustain a Rural Economic Transformation and to reach the Millennium Development Goals. Investments in Millennium Villages must be combined with, and be complementary to, critical **national infrastructure investments** (roads, electrification, ports, and telecommunications) and an **ambitious urban growth and development model** with urban-based enterprises that absorb farm products and surplus labour.

Objective 7: The long term is to promote local development through decentralization and local good governance.

Country Programme Outcome : The goal of the Mozambican Millennium Villages Project is to implement the UN Millennium Project's recommendations, backed by rigorous measurement, demonstrate how sub-subsistence livelihoods can be transformed into small-scale commercial entrepreneurship and provide robust guidelines for how the MDGs can be achieved across rural Africa. Villages are thereby empowered to develop and implement multisectorial action plans to achieve all the MDG's. Throughout this process, issues of gender equality, community participation and institution building will form central components of all interventions.

Programme Outputs: In order to contribute to the PARPA II decentralization objectives and goals and to the National Decentralised Planning and Financing programme, UNDP/UNCDF will consolidate its ongoing support to provincial and district/local development, through the following:

Output 7.1 Improve livelihoods of women and men and increase their incomes beyond extreme poverty levels for both on- and off-farm activities (MDG 1 / Economy and Development, Rural Development).

- *Healthy and highly productive soils* — Replenish nutrients in the soil with nitrogen-fixing legumes, organic materials and mineral fertilizers, combined with soil conservation techniques, returning crop residues to the soil, and the training required for proper implementation.
- *Water harvesting techniques for small-scale irrigation* — Train and provide equipment for techniques such as rainwater capture, and gravity drip irrigation systems for high-value vegetable and fruit crop production. Improve existing irrigation systems.
- Construction and Repair of water harvest for the agricultural sector and a*ccess to improved seeds* — Provide farmers with access to and information about superior germplasm of basic food crops, livestock, pulses, root and tuber crops, vegetable, tree and fodder crops, as well as developing, where appropriate, village capacity to produce their own seed using seed increase plots, seed orchards and *nurseries*.
- *Agricultural extension services* — Update the training of agricultural extension officers to ensure they have up-to-date and appropriate information on soil health, small-scale water management, improved seeds, livestock, and agroforestry.
- Increase the access to technology and extension information: *Feeding* and *micronutrient supplementation programs for pregnant and lactating mothers and children less than* 2 years old — Target women of childbearing age, including non-pregnant women and adolescents, with micronutrient supplementation (principally Vitamin A, iron, iodine and folate). This service could be done in conjunction with a school feeding program or at the community center.
- *Local grain storage facilities* — Help farmers and communities to build and store food beyond subsistence needs in cereal banks that can later be sold at better prices or used for school lunch programs; using simple technologies that minimize post-harvest losses.

- *Farmer organizations* — Help establish and train village organizations to develop organized systems to sell products to more distant markets and purchase farm inputs.

Output 7.2: Assure full attendance to primary schools for both boys and girls and eliminate gender disparity in schools (MDG 2 and 3 / Human Capital, Gender).

- *Diversification*: Provide technical expertise and required inputs to diversify parts of farmland to higher value products (pulses, vegetables, fruits, livestock and high-grade timber) after household-level food security is achieved and ensure women and men have equal access to higher value products.
- *Networking:* Assist men and women farmers and entrepreneurs to partner with larger food processors, supermarkets and export-oriented distributors, along the food chain—from soil to mouth.
- *Electrify the* village — Develop cost effective alternatives for electricity to support small businesses, clinics, schools, homes and community centers and links to national grids, solar, Improve access to medical services, especially focused on improving women's health and drastically reducing child and maternal mortality (MDG 4 and 5 / Human wind, biomass power and new lanterns that are rechargeable at schools.
- *Transport* services — Provide all-weather roads and a village vehicle (modified 1/2 ton pickup truck) to reduce the cost and time for access to markets and to serve as an ambulance.
- *Cooking fuel and lighting* — Equip kitchens with improved stoves outfitted with a chimney, improved ventilation and *provide* newly developed rechargeable lanterns for home use.
- *Gender responsive* infrastructure — Create gender-targeted extension services and training sessions, work with local women's groups to obtain women's approval for location and implementation of all new water, health, and agricultural infrastructure.

Output 7.3: Assure full attendance to primary schools for both boys and girls and eliminate gender disparity in schools

- *Vocational schools*—Promote the establishment of polytechnic or vocational schools so those primary school graduates who do not attend secondary schools learn a trade as carpenters, electricians, computer programmers and other skills.

- *Eliminate school fees for primary school for all children in the village* — Work with local authorities to eliminate school fees for primary education including the cost of necessities/accessories (teacher salaries, school building improvements, furniture, books, uniforms, etc.).

- Free distribution of books at primary schools: *School meals with locally produced and nutritionally balanced foods* — Develop and implement a school feeding program with locally produced foods to provide safe, nutritious and quality meals for all children, including nursery schools, and provide an economic incentive for parents to send children, especially girls, to school.

- *Eliminate gender disparity in school attendance* — Improve school facilities by creating separate school latrine facilities for girls and improve learning content to be more relevant to girls.

- *Secondary school scholarships* — Establish a village scholarship fund to send students with passing scores who do not have sufficient funds to continue to secondary education, with emphasis on equity between girls and boys.

Output 7.4: Improve access to medical services, especially focused on improving women's health and drastically reducing child and maternal mortality (MDG 4 and 5 / Human Capital).

- *Reduce mortality of children less than five years of age, including infants* – Ensure immunizations, micronutrient supplementation, education for disease prevention and hygiene, and access to prompt treatment, through village-level (clinics and district hospitals).

- *Reduce maternal mortality* – Educate community members about family planning; ensure access to skilled birth attendants through renovating, construct a village clinic and provide emergency ambulance transport to the nearest hospital with the village vehicle. (Community and NGO's sensitization for the construction of "waiting houses for pregnant woman" in all Health Units of reference at district head level (Health Matrix).

Output 7.5: Increase access to clean water and sanitation for households, schools and medical services including elaboration and implementation of institutional, social and technical guidelines for sanitary access in rural areas (Water and Sanitation Matrix).

- *Household Water Supply* — Establish cost effective and sustainable means for increasing water supply at the household level including piped water, community wells, protected natural springs, rooftop rainwater harvesting and storage tanks and reduce the distance women and children need to cover and the time they spend collecting water.
- Construction of new fountains: *Water Supply for Schools and Medical Facilities* — Install and train community in rainwater harvesting and collection from rooftops and storage tanks in schools, clinics and business centers.
- *Water filtration and purification* — Provide material and training to filter and/or disinfect all collected water, including the use of locally available flocculants from *Moringa olereifera* pods.
- *Latrines* — Promote the creation of ventilation improved pit latrines, normal enclosed-pit latrines with the addition of a ventilation pipe in the proximity of clean water sources.

To ensure success, the project will collaborate closely with other partners at the country and community level. In Mozambique, Millennium Villages will be located in districts where the decentralization process is in progress and therefore there will be a strong collaboration with District Government, Community level authorities and Local Councils (IPCC – *Instituição de Participação e Consulta Comunitária*). The new Law on Organs of State (LOLE – *Lei dos Orgãos Locais do Estado*

3 STRATEGY

The main focus of this intervention is to develop the capacity of local level actors namely government, civil society organizations and communities and promote an effective partnership for the achievement of the MDGs at provincial level. The intervention is a joint effort by UNDP and UNCDF developed based on the backdrop of decentralized and integrated approach to development explicit in PARPA II and UNDP integrated package of services to achieve the MDGs. It will provide for strengthening of the capacity of the different actors according to their new mandates in the development process at different levels – provincial, district and community. The proposed programme will involve a close working partnership between UNDP and UNCDF.

3.1 CENTRAL LEVEL

UNDP/UNCDF will provide technical and financial support to the Ministry of State Administration and the Ministry od Planning and Development to implement decentralization Policy and Decentralised Planning and Financing strategy. Will The strengthening of sectoral ministries, for instance relating to education, environment, health, agriculture, industry and trade, transport, communications and energy, and to improve their capacity to deliver essential services, thereby providing an improved enabling environment for Local development;

3.2 PROVINCIAL LEVEL

At provincial level UNCDF and UNDP will provide technical and material assistance to the provincial government, in the development of its strategic plan including the implementation of the administrative and financial decentralization process. The principle of local development includes setting the following strategic objectives of technical cooperation: (a) long-term capacity building rather than short-term performance improvements, (b) stressing the importance of long-term institution building (especially in the area of policy coordination and development management), (c) advancing greater use of local expertise and existing structures, and (d) encouraging broadened participation, including intended beneficiaries and stakeholders, in all phases of technical cooperation projects. Will provide technical assistance and methodologies for planning, monitoring and evaluation at decentralised level.

The assistance will entail: (a) enhancement the Provincial and district government' capacity to lead the participatory development process including, strategic planning, coordination of implementation, monitoring and evaluation; b) development of the capacity of civil society organizations to effectively participate both in the policy making process and to became effective service delivery agents at provincial and district and community level and c) consolidation of the development observatory as the participatory development process supporting mechanism both at provincial and district levels.

At Provincial Level, UNCDF/UNDP will provide technical and material assistance to the provincial government, in the development of its strategic plan including the implementation of the administrative and financial decentralization process. The principle of local development includes setting the following strategic objectives of technical cooperation: (a) long-term capacity building rather than short-term performance improvements, (b) stressing the importance of long-term institution building through IFAPAs (especially in the area of policy coordination and development management), (c) advancing greater use of local/national expertise and existing structures, and (d) encouraging broadened participation, including intended beneficiaries and stakeholders/CSOs, in all phases of technical cooperation projects.

3.3 AT DISTRICT LEVEL

At the district level, UNCDF and UNDP will introduce participatory development approach and empower citizens, groups and organizations, to improve the effectiveness and efficiency of development programs and eventually linking to good governance. UNDP will provide immediate support to provincial and district governments, in the specific areas of provincial strategic planning and its implementation, district development plans in 5 selected districts. UNDP/UNCDF will

concentrate in developing the mechanisms for community capacity building, facilitate access to resources for diversification and sustainability of the livelihoods, as well, provision of integrated basic services to the communities.

Further develop capacity in government and CSOs (including capacity for poverty monitoring and evaluation, analysis, statistics, program/project design and implementation, and legislation) at the local levels, technical assistance will contribute to strengthening local capacity. Through food security funds programme

The decentralized planning process should constitute a mechanism to increase communities' resource base for development. At District Level, UNCDF and UNDP will introduce participatory development approach and empower citizens, groups and organizations, to improve the effectiveness and efficiency of development programs and eventually linking to good governance. Further develop capacity in government and CSOs (including capacity for poverty monitoring and evaluation, analysis, statistics, program/project design and implementation, and legislation) at the local levels, technical assistance will contribute to strengthening local capacity. Jointly UNCDF and UNDP will pilot the integration of natural resources and territorial planning into district planning, with the Dryland Development Center support..

3.4 AT COMMUNITY LEVEL

At community level the focus will be on building the capacity of the communities to improve livelihoods through management of the available resources and establish the infrastructure to facilitate access to non-available but necessary ones. UNDP/UNCDF will concentrate in developing the mechanisms for community capacity building , facilitate access to resources for diversification and sustainability of the livelihoods, as well, provision of integrated basic services to the communities.

4 MANAGEMENT ARRANGEMENTS

4.1 ALIGNMENT AND HARMONIZATION

Under NEX modality – National Execution, UNDP/UNCDF will support the Government of Mozambique. The project will be executed by the Government of Mozambique, under NEX modality. The project will be premised on a strong participatory approach to strategic planning design and implementation in a comprehensive and inclusive manner, to increase the prospect for sustainable development of services and project results.

4.2 FUNDING POSSIBILITIES

UNCDF should allocate Core resources in the next programme. UNDP should allocate TRAC resources in the next CP for the establishment "Local Development Teams", to support the RDOs, as described above. In order to provide comprehensive coverage, and the application of common methodologies, it would be appropriate to envisage the establishment of such teams in at least four regions (those not covered by UNDP/UNCDF and the World Bank), or eight, if the World Bank-assisted regions are to receive similar support. If need be, teams will be established in Nampula, Cabo Delgado and Gaza.

4.3 MONITORING AND EVALUATION

UNCDF and UNDP will work together to provide the provincial government with a M & E system designed to track performance against project objectives and targets, and also to evaluate *the* impact of the project on the well being of the local population and on the wider planning process. **UNCDF MIS** (Management Information System) will be explored and presented to the Government as decentralization and local development monitoring framework. GIS tools will be incorporated in view localize the MDGs and Developments interventions, including territorial planning and development. This system will also become an important tool for longer term fine tuning of the development strategy and its adaptation to the changing socio-economic landscape as the present programme produces its anticipated outcomes.

Provincial and District MDGs target will be defined, and incorporated in the Provincial and District Development Plan to facilitate Participatory **MDGs monitoring.** The participatory **MDGs monitoring** will achieved by strengthening (a) the Poverty Observatory (PO) mechanism at sub-national levels - to ensure ample stakeholder/community participation in the follow up and discussions of defined goals and targets.

4.4 PARTNERSHIP WITH OTHER DONORS

UNDP and UNCDF will liaise with other partners and work together to provide the provincial government managerial and capacity development to track performance against project objectives and targets.

5 PROJECT COST: 2007 – 2009

The Decentralization and Local Development (DELD) Programme Component is part of UNDP initiative in collaboration with more UN agencies to promote MDGs localization through supporting decentralization and local development, in the framework of the UNDP country Program strategy and priorities, emphasizing Capacity Building for Development at the local level. It could be a "laboratory" of a Mozambique MDGs integrated and multi-sector project at the territorial level, facilitating the UN agencies participation. In a more traditional way, DELD programme could be part of the UNDP CO global strategy supporting decentralization and local development, in the framework of governance pillar of PARPA II.

The Government and Donors commitment support the NPPFD poses a challenge to create the necessary instruments and capacity to allow districts to effectively utilize and account for district budgets. In 2007 the National PPFD strategy and the Municipal Development Strategy should be approved by government as the basis for a more harmonised support to provinces, districts and municipalities. Further priorities are the development of institutional and human capacity at district, provincial and municipal levels; supporting districts and municipalities in planning, budgeting and implementing their plans; improving participation and accountability mechanisms.