
Republic of Mozambique
Country strategic opportunities programme
2023–2027

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Action: The Executive Board is invited to review the country strategic opportunities programme 2023–2027 for the Republic of Mozambique.

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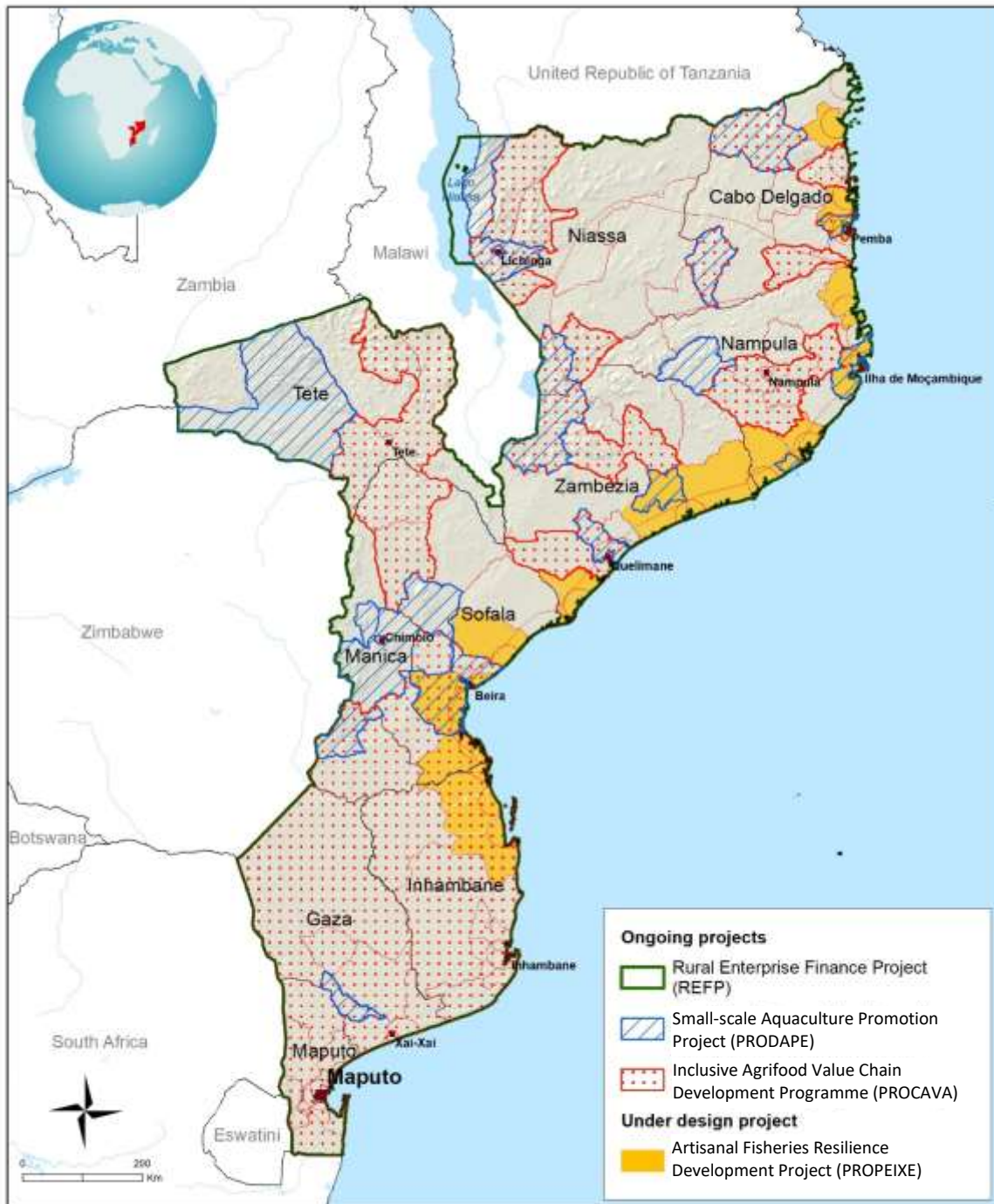
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Map of IFAD-funded operations in the country



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 16-08-2023

Executive summary

1. Mozambique is classified as a least developed country with a fragile situation, with high levels of poverty, especially in the northern provinces. In 2021, 45.1 per cent of the population was reported to be living below the poverty line, and nearly half the population (49.9 per cent) was suffering from extreme multidimensional poverty.
2. As result of climate change, the country is buffeted by frequent extreme weather events (cyclones, floods, droughts), with devastating impacts on the food security and livelihoods of the rural poor.
3. After strong growth between 2001 and 2015, the economy has been in a steady decline due to the combination of a “hidden debt” crisis, extreme weather events and COVID-19, putting the country at high risk of debt distress.
4. The country strategic opportunities programme (COSOP) is aligned with the Mozambique National Development Strategy 2015–2035, the Strategic Plan for Development of the Agricultural Sector 2022–2031 and other key sectoral policies in its commitment to overcome rural poverty. It is also fully aligned with the Sustainable Development Goals (SDGs) and IFAD’s Strategic Framework and strategic objectives (SOs).
5. **The COSOP’s goal** is to contribute to rural transformation and inclusiveness by strengthening linkages between nutrition and agriculture, with a broader focus on value chains and food systems. This will be accomplished by increasing the productivity and food security of rural households by strengthening their resilience and capacity to adapt to environmental shocks and climate change.
6. In the context of the threats posed by climate change, extreme environmental shocks and resource constraints, the COSOP’s **theory of change** is based on the principle that poverty reduction, increased food security and better nutrition will require:
 - Sustainable use of natural resources, greater biodiversity and ecosystem conservation and diversified agricultural systems more resilient to the impact of environmental shocks and climate change (SO1).
 - The strengthening of nutrition-sensitive value chains, greater access to financial services and private sector engagement (SO2).
 - Institutional strengthening of national, regional and local government entities through policy dialogue, sector coordination and the strengthening of national accountability systems (SO3).
7. The menu of IFAD interventions will include loan/grant-financed rural investment projects and non-lending activities, such as analytical work, capacity-building, country-level policy engagement (CLPE) and South-South and Triangular Cooperation (SSTC). The COSOP will cover the period 2023–2027, in line with the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2022–2026 and the Thirteenth Replenishment of IFAD’s Resources (IFAD13).

Republic of Mozambique – Country strategic opportunities programme 2023–2027

I. Country context

1. **Political context.** Mozambique is a parliamentary democracy. While past political unrest and conflict between the Government and the main opposition party have been resolved, an armed insurgency has been under way in the northern provinces since 2017, and the security situation remains volatile.
2. **Fragility.** In 2021, Mozambique was again included in the World Bank’s list of fragile and conflict-affected situations. The main drivers of fragility include: (i) a medium-intensity conflict in Cabo Delgado Province; (ii) rural poverty, linked to low agricultural productivity and regional inequalities; (iii) weak institutions and governance; and (iv) high vulnerability to natural disasters and climate change (appendix V).
3. **Macroeconomic development.** Mozambique’s economic development over the past four decades has been uneven. Between 2001 and 2015, annual economic growth averaged 7.0 per cent, driven by large-scale investment projects in the extractive sectors, public investment in infrastructure and significant donor support. Since 2016, growth has declined due to the combination of a “hidden debt” crisis,¹ extreme weather events and COVID-19. GDP growth fell to 2.3 per cent in 2019 and further declined to negative 1.2 per cent in 2020 as a result of COVID-19.²
4. GDP growth rose to 2.2 per cent in 2021, due to recovery in the services, industry and agriculture sectors and could average 5.7 per cent between 2022 and 2024, contingent on a recovery in demand and the revenue generated by the resumption of liquefied natural gas production in Cabo Delgado Province.³
5. A further threat to economic recovery is posed by the war in Ukraine, which has exacerbated inflation and increased fiscal pressure due to spending on the targeted subsidies (fuel and food) introduced to mitigate the rising cost of living.

A. Socioeconomic setting

Table 1
Country indicators

<i>Indicator</i>	<i>Data</i>	<i>Reference year</i>
Gross national income per capita	US\$480	2021 ⁴
GDP growth	4.1%	2022
Public debt (% of GDP)	102.9%	2020
Debt-service ratio	34%	2020
Debt-to-GDP ratio	102.4%	2022 ⁵
Inflation rate (%)	7.4%	2023 ⁶
Population size	33 million (estimate)	2022 ⁷

¹ Cortez, E. et al. (2021). “Costs and Consequences of the Hidden Debt Scandal of Mozambique”. Chr Michelsen Institute. Accessed at: <https://www.cmi.no/file/4442-Costs-and-consequences-of-the-Hidden-Debt-FINAL.pdf>.

² World Bank (2022). “GDP growth (annual %) – Mozambique”. Accessed at: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=MZ>.

³ World Bank (2022). “The World Bank in Mozambique”. Accessed at: <https://www.worldbank.org/en/country/mozambique/overview>.

⁴ Unless otherwise stated, data is from the World Bank (2022). *Mozambique Data*. Accessed at: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=MZ>.

⁵ <https://www.worlddeconomics.com/GrossDomesticProduct/Debt-to-GDP-Ratio/Mozambique.aspx>.

⁶ <https://www.imf.org/en/Countries/MOZ#countrydata>.

⁷ World Population Review (2022). “Mozambique Population 2022 (Live)”. Accessed at: <https://worldpopulationreview.com/countries/mozambique-population>.

Population, female	21 million (estimate)	2021
Population, youth	94.3%	2022 ⁸
Unemployment rate	Very High	2022 ⁹
Fragility index	34%	2020
INFORM Risk Index	6.7/10	2021 ¹⁰

6. **Demographics.** Mozambique's population is projected to double to 66 million by 2053.¹¹ Economically active youth account for 64 per cent of the population, the majority of which (62 per cent) live in rural areas.
7. **Rural poverty** is estimated at 64.2 per cent, and half the population suffers from extreme multidimensional poverty.¹² The highest proportion of extremely poor people live in rural areas, predominantly in the northern provinces.
8. **Business environment.** Mozambique is ranked 147th out of 180 countries in the 2021 Transparency International Corruption Perceptions Index,¹³ and investors face a range of administrative and legal challenges to doing business.
9. **Nutrition and food security.** Although slight declines have been recorded, 40.4 per cent of the population was classified as food-insecure in 2020, and 33 per cent undernourished,^{14,15} with particularly high levels in the north.
10. **Climate change.** According to the 2020 ND-Gain Index, out of 181 countries, Mozambique is the 57th most vulnerable to climate change and the 11th least ready to respond to shocks.¹⁶ Cyclones, floods and droughts are becoming more frequent, with a devastating impact on the food security and livelihoods of the rural poor. Strengthening the resilience and adaptive capacity of rural communities has become a national priority.

B. Transition scenario

11. Medium-term prospects are considered to be positive, supported by the gradual global recovery, liquified natural gas and agricultural developments. Despite substantial residual risks (rising food, fuel and fertilizer costs, security threats and the threat of natural disasters and climate change), a period of economic recovery is forecasted, with a base-case scenario of annual GDP growth of 5 to 8 per cent projected for the period 2023–2026 (see appendix III). This scenario is premised on increasing production and exports of liquified natural gas, improved agricultural output and the stabilization of security in the northern provinces. It is also supported by the International Monetary Fund's decision to resume support to the state budget following the approval of a new extended credit facility. In August 2022, the Government introduced the Economic Acceleration Measures Package,¹⁷ a series of reforms designed to stimulate economic growth.

⁸ The Global Economy (2022). *Mozambique: Fragile state index*. Accessed at: https://www.theglobaleconomy.com/Mozambique/fragile_state_index/.

⁹ United Nations Office for the Coordination of Human Affairs (2022). *Country Risk Assessment Map - Q2 2022*. Accessed at: <https://www.coface.com/News-Publications/Publications/Country-Risk-Assessment-Map-Q2-2022>.

¹⁰ <https://drmkc.jrc.ec.europa.eu/Inform-Index/Portals/0/InfoRM/CountryProfiles/MOZ.pdf>

¹¹ World Population Review (2022).

¹² United Nations (2022). *United Nations Human Development Report 2021-2022*. Accessed at: https://hdr.undp.org/system/files/documents/global-report-document/hdr2021-22pdf_1.pdf

¹³ Transparency International (2021). *Corruption Perceptions Index*. Accessed at: <https://www.transparency.org/en/cpi/2021>.

¹⁴ World Bank (2020) "Prevalence of severe food insecurity in the population (%) – Mozambique". Accessed at: <https://data.worldbank.org/indicator/SN.ITK.SVFI.ZS?locations=MZ>.

¹⁵ Ibid.

¹⁶ University of Notre Dame (2023). "ND-Gain Index". Accessed at: <https://gain.nd.edu/our-work/country-index/rankings/>.

¹⁷ Republic of Mozambique (2022). "Economic Acceleration Measures Package". Ministry of Economy and Finance.

C. Food system, agricultural and rural sector agenda

Challenges and opportunities

12. **Opportunities.** The agriculture sector accounted for 25.6 per cent of GDP in 2020.¹⁸ Smallholder farmers represent about 95 per cent of total production, but the potential of the country's 10 agroecological zones remains largely untapped. Small-scale fisheries contribute significantly to household food security and income¹⁹ and account for more than 95 per cent of total fish production.
13. **Challenges.** Development of the green and blue economies is constrained by limited capacity to increase production from capture fisheries, inadequate rural infrastructure, limited access to inputs and markets, restricted access to finance and basic social services, frequent climate shocks and limited participation of the commercial sector.
14. **Food systems support from international financial institutions (IFIs).** IFAD heavily engages with IFIs in Mozambique, supporting both green and blue economic activities and the rural finance sector. A specific area of collaboration is climate change, and IFAD's comparative advantage lies in its pro-poor approach and geographical focus.

Government policy and institutional framework

15. Mozambique's development goals are defined in the Agenda 2025 and National Development Strategy 2015–2035,²⁰ which focus on economic structural transformation and diversification of the production base.
16. The Strategic Plan for Agricultural Development (PEDSA) 2022–2031 and the National Investment Plan for the Agrarian Sector 2022–2026 have recently been updated and provide an enabling platform for a variety of rural development initiatives.
17. The Agriculture and Natural Resources Landscapes Management Project is an overarching national programme aimed at integrating family farming into productive value chains.
18. National policies, strategies and action plans addressing climate change and natural disasters include the National Climate Change Adaptation and Mitigation Strategy 2013–2025, and the Master Plan for Risk and Disaster Reduction (2017–2030). The introduction of catastrophic risk insurance, funded from available climate funds, is under consideration.
19. Mozambique submitted its updated Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change in 2020. The NDC seeks to reduce 40 million tCO₂eq of greenhouse gas emissions between 2020 and 2025 through mitigation measures such as renewable energy, low-carbon agricultural practices and scaled-up reduction of emissions from deforestation and forest degradation in developing countries (REDD+).
20. The Government has a comprehensive institutional framework for implementing its rural development policies and programmes at the national and provincial level. Key institutions are the Ministry of Agriculture and Rural Development (MADER), the Ministry of Land and Environment (MITA), and the Ministry of the Sea, Inland Waters and Fisheries (MIMAIP).
21. Skill-building is needed in public institutions for the implementation of early warning systems, data generation and processing, information and communications

¹⁸ World Bank (2020) Accessed at: <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=MZ>.

¹⁹ Benkenstein, A. (2013). "Small-Scale Fisheries in Mozambique". Policy Briefing 72. SAIIA [South African Institute of International Affairs], Governance of Africa's Resources Programme. Accessed at: <https://saiia.org.za/wp-content/uploads/2013/08/Policy-Briefing-72.pdf>.

²⁰ The *Estratégia Nacional de Desenvolvimento* is being revised and will cover the years 2015-2035.

technologies for development (ICT4D) for more efficient and effective interventions, the introduction of climate-smart agriculture, etc.

22. A national decentralization programme has given provincial governments greater autonomy but has created uncertainty in some roles, leading to duplication of efforts, with implications for donor-assisted interventions.
23. The use of country public financial management systems, including treasury, payment and financial reporting, in IFAD-funded projects in Mozambique is extensive. Previously audited by private firms, IFAD projects will henceforth be audited by the national audit institution (*Tribunal Administrativo*).
24. In 2020, Mozambique ranked 140th out of 166 countries on the SDG Index. While some progress is being made in SDGs 3, 11, 12, 13 and 14, only SDG 12 is likely to be met by 2030.²¹

II. IFAD engagement: lessons learned

A. Results achieved during the previous COSOP

25. Some of the key results achieved are detailed below.
26. At the time of the midterm review in 2021, the COSOP had reached a total of 184,786 households, 56 per cent of the targeted total of 330,173. The Project for Promotion of Small Scale Aquaculture, which ended in 2019, benefited some 1,950 fish farmers (1,116 of whom were new farmers).
27. The gender-transformative focus and Gender Action Learning System (GALS) approach adopted by the Rural Markets Promotion Programme (PROMER) met the target of 51 per cent women and 51 per cent youth beneficiaries. Nutrition education resulted in 40 per cent of women achieving minimum dietary diversity for women, while 51 per cent of the members of farmers' organizations (FOs) were women and 31 per cent were youth. In FOs, 75 per cent of the women held leadership positions and 50 per cent of traders now involve their wives and children in their businesses. GALS contributed to women's economic empowerment and voice, more-balanced workloads and reduced domestic violence.
28. Mozambique successfully mainstreamed and retrofitted nutrition components in all portfolios. Final assessments on minimum dietary diversity confirmed the impact and contribution of the country programme to the overall nutrition situation in the country, which overall fell from 43 to 38 per cent (chronic malnutrition). All new projects are using the nutrition-sensitive value chain model and have nutrition interventions embedded in all project components.
29. Support to savings and credit associations (SCAs) remained critical and a sustainable model for the Mozambique country programme. A total of 3,388 associations were formed and strengthened with 25,000 members. These groups are currently using ICT and mobile money platforms for secure transactions and are receiving support to forge linkages with the formal financial sector.
30. The public-private-producer partnerships (4Ps) model reached a total of 11,077 farmers, 33 per cent of whom were women and 35 per cent youth. For example, through the 4Ps established with the DATCO Mandioca Moçambique processing unit, some 5,803 smallholder farmers in the cassava value chain sold around 23,063 tons of fresh cassava, earning about US\$1.0 million.
31. The combination of improved and certified seeds, technology and good agronomic practices transfer, technical assistance from extension officers, the promotion of processing facilities and kits and improved market access in the Inclusive Agrifood Value Chain Development Project boosted average cassava yields from 6 ton/ha (baseline) to 20 ton/ha (endline). However, taking into account that cassava is considered a "low-value" product, farmers' overall income remained below

²¹ United Nations, (2021). *Mozambique common country analysis*.

expected income levels. Future investments should reinforce cassava processing and emphasize value-added products to increase farmers' income.

32. Grants have supported interventions in key development areas (nutrition, youth, persons with disabilities), through greater engagement in platforms for country dialogue (the Agriculture and Rural Development Donor Group [AgRED]), the review and development of sector policies and strategies (PEDSA), dialogues in preparation for the Food Systems Summit and other ad hoc dialogues.
33. Analytical work in partnership with other United Nations agencies in response to the COVID-19 pandemic yielded valuable knowledge products. Similar collaboration with other United Nations agencies in the preparation of the common country analysis resulted in joint fragility analysis and programming to tackle the socioeconomic root causes of the conflict in the northern regions.

B. Lessons from the previous COSOP and other sources

34. **Preparing for contingencies.** Faced with repeated environmental and other climate-related shocks, IFAD investments should be agile and flexible.
35. **Resilience and adaptation.** There is a need for heavier investment in climate-resilient infrastructure to protect hard-won project investments and increase their sustainability.
36. **IFAD's focus on strengthening FOs** to the level of sustainable business operations is a long-term process requiring additional support and post-project assistance for some.
37. **Nutrition-sensitive value chains.** Focusing on strengthening different aspects of food systems has the best potential for small-scale farmers to increase their food and nutrition security and income.
38. **The adoption of the 4Ps** approach was key to strengthening value chains and market access.
39. **The GALS approach** contributed to women's economic empowerment and voice, more-balanced workloads and reduced domestic violence. However, it must be reinforced to ensure women's position as decision makers in FOs and greater gender equity in access to economic and social benefits.
40. **Project implementation** has frequently been affected by start-up delays. Future interventions should ensure: (i) the availability of start-up funds and/or retroactive financing; (ii) early translation of the project design report and financing agreement for timely government approval and ratification; (iii) early opening of the project special account; (iv) early registration in the IFAD Client Portal and request for start-up funds; (v) early recruitment of key staff and specialists; (vi) finalization of the detailed project implementation manual (PIM), including the translation of specific sections for decentralized entities; (vii) start-up workshop; etc.
41. **Complexity of project design.** Simplicity in project design is necessary for ensuring that projects match the capacity of partnering institutions to implement current and future interventions.
42. **Sustainable access to finance.** The promotion of SCAs is cost-efficient and sustainable for the Mozambique context. Project interventions should ensure that SCAs are linked with the formal financial sectors and improve the regulatory framework to promote rural finance in the country.
43. **Project in-kind contributions.** PROMER has developed a comprehensive model for collecting and reporting government and beneficiary in-kind contributions. Future projects should adopt this model and include the guidelines in the PIM.

III. Strategy for transformational country programmes

A. COSOP theory of change

44. Given the context of rural poverty, fragility, vulnerability (climate change and insurgency in the north) and food and nutrition insecurity in Mozambique, and building on IFAD's country programme achievements, this COSOP will reinforce and scale up successful interventions to support activities to address specific challenges. Key success factors will be: (i) the acceleration and increase in community resilience and adaptation to external shocks, targeting vulnerable groups and geographical areas; (ii) the use of various financing instruments (programme of loans and grants, cofinancing, parallel financing, non-sovereign private sector operations [NSOs], grants, etc.) to increase IFAD's leverage; and (iii) the strengthening of community groups, government institutions and partners at all levels. The proposed investment under this COSOP will lead to the sustainable transformation of food systems and less social and economic vulnerability among rural households through greater productivity, enhanced food and nutrition security, strengthened adaptation and resilience to climate shocks, greater access to financial services, improved value chains and markets, private sector engagement and strengthened institutional capacities. Special attention will be paid to women's empowerment and the reduction of gender inequalities and youth unemployment by ensuring that investments are gender-transformative and youth-inclusive. The COSOP's theory of change is aligned with the Mozambique UNSDCF (2022-2026),²² the IFAD Strategic Framework (2016-2025) and IFAD implementation strategies emanating from the 2021 United Nations Food Systems Summit. SO1 focuses on natural resource management, biodiversity and climate change; SO2, on nutrition-sensitive value chains, greater access to financial services and private sector engagement; and SO3, on institutional strengthening at all levels.

B. Overall goal and strategic objectives

45. **The COSOP's goal** is to contribute to rural transformation and inclusiveness by strengthening linkages between nutrition and agriculture, with a broader focus on value chains and food systems. This will be accomplished by increasing the productivity and food security of rural households by strengthening their resilience and capacity to adapt to environmental shocks and climate change.
46. **The COSOP's strategic objectives** are:
- **SO1: Sustainable use of natural resources, greater biodiversity and ecosystem conservation and diversified agricultural systems more resilient to the impact of environmental shocks and climate change.** SO1 will focus on the sustainable use of land and water, biodiversity and ecosystem conservation and diversified agricultural systems, as well as climate adaptation and resilience-building measures with mitigation co-benefits in the face of recurrent and extreme climate shocks and natural disasters.
 - **SO2: Strengthening of nutrition-sensitive value chains, greater access to financial services and private sector engagement.** SO2 will focus on key agrifood commodities, artisanal fisheries and aquaculture, providing support to increase the production of nutritious foods and market access for small-scale farmers and commercial aggregators, and on the creation of off-farm employment (especially for youth in conflict zones). This will include improving access to finance for the rural poor and small-scale enterprises through formal community-based financial institutions and

²² This was further enhanced through consultation with the United Nations Resident Coordinator during the design of the COSOP.

increased engagement with the private sector at different points in the value chains.

- **SO3: Institutional strengthening of national, regional and local government entities through policy dialogue, sector coordination and the strengthening of national accountability systems.** This will include support for the ongoing decentralization process and the promotion of beneficiary engagement in decision-making.

Table 2
COSOP strategic objectives

<i>Key development priority (strategic objective)</i>	<i>Underlying institutions</i>	<i>Policy reform challenges</i>	<i>Proposed interventions (lending, non-lending)</i>
SO1	MADER MITA MIMAIP	Legislation and policy needed to: <ul style="list-style-type: none"> • To ensure access to and the security of arable land (especially for women) 	Lending/investment activities <ul style="list-style-type: none"> • Ongoing • Indicative/pipeline Non-lending/non-project activities <ul style="list-style-type: none"> • CLPE
SO2	MADER MIMAIP MITA Ministry of Economy and Finance Central Bank	Legislation needed to: <ul style="list-style-type: none"> • Regulate livestock grading and marketing • Register farmers' associations, water users' associations and cooperatives • Create an enabling environment for rural finance • Create a legal framework for accumulative savings and credit associations 	Lending/investment activities <ul style="list-style-type: none"> • Ongoing • Indicative Non-lending/non-project activities <ul style="list-style-type: none"> • CLPE • Partnerships • SSTC • Knowledge management
SO3	Ministry of Economy and Finance Central Bank MADER/ MIMAIP/ MITA	Legislation needed to: <ul style="list-style-type: none"> • Improve decentralized entities 	Lending/investment activities <ul style="list-style-type: none"> • Ongoing • Indicative Non-lending/non-project activities <ul style="list-style-type: none"> • CLPE • Partnerships • SSTC • Knowledge management

47. **Sustainability.** The COSOP sustainability strategy will be two-pronged: first, working through communities, strengthening their capacity and that of local entities and governance mechanisms. This will be accomplished through FOs, district unions and cooperatives and fisheries community councils. Second, supporting the strengthening of government and other relevant institutions with a focus on capacity-building and institutional strengthening at the national, regional, district and community levels. This will include a heavy focus on private sector involvement through sustainable 4Ps models. Use of the National Supreme Audit Institution is expected to strengthen government ownership, accountability and sustainability.
48. **Scaling up.** Areas for scaling up include successful interventions in nutrition, SCAs and gender mainstreaming. Other areas for further scaling up include pilot projects in aquaculture, value chain development along development corridors, 4Ps providing technical assistance for production and market access, systems for the reduction of post-harvest losses and an increase in climate-resilient infrastructure.

Mainstreaming

49. **Gender, youth and persons with disabilities.** For women, the activities will facilitate access to productive land and resources, business skills and finance. The GALS methodology will continue to be employed throughout the portfolio. Support will be tailored to the specific needs and skills of youth and include training and

mentorship in improved production systems and practices, commercial agriculture, ICT4D, off-farm employment and entrepreneurship.

50. **Nutrition.** Adopting a food system approach, interventions will promote nutrition-sensitive value chains by supporting the availability, affordability and consumption of nutrient-rich foods by vulnerable groups (breastfeeding and pregnant women, and people with HIV/AIDS). Interventions may include the promotion of nutrient-dense crop varieties, biofortification, post-harvest technologies, the marketing of nutritious food and nutrition education.
51. **Climate adaptation and mitigation co-benefits.** Aligned with the NDC, interventions will support the development or review of local adaptation plans, the improvement of early warning systems, access to climate and weather information, climate-resilient infrastructure, climate-smart agricultural practices/technologies, the scaling up of REDD+, renewable energy, climate insurance, efficient water and land management practices and carbon trading.

C. Target group and targeting strategy

Target group

52. **The primary target group** (80 per cent of beneficiaries) will be vulnerable poor, food-insecure smallholder farmers and fishers with economic potential (subsistence farmers – category A,²³ unemployed women and youth²⁴), who will receive support to develop resilience to climate change, boost their productivity and participate in off-farm employment opportunities along the value chains. Particular focus will be on vulnerable groups affected by conflict in the northern provinces, especially youth and women.
53. The secondary target group (20 per cent) will consist of small-scale entrepreneurs who can be drivers of change and contribute to job creation (as aggregators or enablers) by strengthening value chains and improving market access (emerging and semi-commercial farmers – category B); support for this group will be conditional on their support for category A beneficiaries. Commercial enterprises will also be incentivized to engage with FOs at different points in the value chains to introduce financing, innovation, technology, training, aggregation and market opportunities for the target population (medium- and large-scale enterprises - category C).
54. Target quotas will ensure the participation of women (50 per cent) and youth (30 per cent), guaranteeing a particular focus on people with HIV/AIDS and persons with disabilities.

Targeting strategy

55. Collectively, the projects in IFAD's portfolio will aim to reach 594,200 rural households (approximately 2,971,000 individuals).²⁵ IFAD operations in Mozambique are nationwide but concentrated in a limited number of districts selected on the basis of government priorities and development plans. Priorities will be areas with high poverty and malnutrition levels, high climate vulnerability risks and agroecological potential for the development of green and blue economy interventions, including production and food corridors for the export of surplus produce, in the southern, centre and northern provinces. Special focus will be on the latter, due to the current vulnerability situation.
56. The COSOP will reach the ultra-poor through the graduation programme currently implemented under the Rural Enterprise Finance Project, supporting people to a

²³ Please see appendix II for more details.

²⁴ Youth in Mozambique (aged 18-35).

²⁵ These targets refer to the investment projects under way and pipeline projects. A total of 255,840 households will be reached through PROCAVA, PRODAPE and REFP and the remaining by the new investments under design (PROPEIXE), including the expected additional financing from AfDB to PROCAVA.

level where they are creditworthy and can be integrated into mainstream rural finance.

IV. IFAD interventions

A. Financing instruments

57. Three investment projects are currently under way in Mozambique: the Rural Enterprise Finance Project (REFP) (**SO2 and SO3**), the Small-scale Aquaculture Promotion Project (PRODAPE) (**SO1, SO2 and SO3**), both ending in 2026, and the Inclusive Agrifood Value Chain Development Programme (PROCAVA) (**SO1, SO2 and SO3**), ending in 2030. This COSOP will include the following projects: (i) the Artisanal Fisheries Resilience Development Project (PROPEIXE) (**SO1, SO2 and SO3**) and (ii) additional financing for PROCAVA, both under IFAD12; and (iii) PROCAVA phase II, under IFAD13.²⁶
58. On approval of the first NSO (Futuro Mcb) in Mozambique, the country team, jointly with the Strategy and Knowledge Department and the Private Sector Advisory and Implementation Unit, will continue identifying new NSOs to be financed. The NSOs are linked to and complement the sovereign portfolio. Supplementary grants will be mobilized to respond to the continuous demand.

Table 3

IFAD lending portfolio for the COSOP period (2023-2027)

<i>Project</i>	<i>Objective</i>
REFP (ongoing) 2018-2026	Increase the availability of, access to, and use of adapted (appropriate, affordable and innovative) rural finance products and services
PRODAPE (ongoing) 2020-2026	Increase the production, consumption, sales and income levels of rural households in the aquaculture value chain.
PROCAVA (ongoing) 2020-2030	Increase net incomes from climate-resilient agrifood value chains
PROCAVA Additional financing (2023) and phase II (2026 onwards)	
PROPEIXE (IFAD12 pipeline) Phase 1. 2024-2031	Strengthen communities' resilience to climate change through fish value chain development.
Futuro Mcb NSO	Sustainable and affordable access to financial services.

B. Country-level policy engagement

59. CLPE will be informed by the SOs and initiated primarily through investment projects. The focus will be on support for the development of policies, strategies and regulatory frameworks that: (i) create an enabling environment for rural finance; (ii) improve smallholder production and marketing through secure land tenure, livestock grading and marketing regulations; (iii) allow for the registration of FOs (water users' associations and cooperatives, etc.); and (iv) allow for intergovernmental coordination of rural development interventions at all levels. Support will also be provided to policymakers in the areas of climate-smart aquaculture and policy analysis. The focus will be on the new Land Policy, the Blue Economy Strategy and the new National Financial Inclusion Strategy.

C. Institution-building

60. IFAD will facilitate capacity-building in partnering government agencies, upon request. This includes CLPE support to the Ministry of Economy and Finance to better coordinate the development agenda; the Ministry of Land and Environment

²⁶ The IFAD13 financing will be determined subject to internal procedures and subsequent Executive Board approval in late 2024.

in strengthening the national disaster and early warning system and climate and weather information systems; and the National Directorate of Land and Territorial Development in improving the rural land registration system and increasing land tenure security, especially for women. A key focus will be strengthening the capacity of FOs, fisheries' community councils, cooperatives and SCAs, as these are key to the sustainability of the investments.

D. Innovation

61. Innovative solutions will include the use of geospatial tools for targeting and monitoring and evaluation (M&E), green post-harvest systems, climate-smart technologies and digital tools for recordkeeping, access to finance (mobile money/remittance transfers), marketing and advisory services.

E. Knowledge management

62. The COSOP will use knowledge management to facilitate learning and sharing, inform investments and increase the visibility of the country programme, including documentation and the dissemination of good practices, lessons on key themes and innovations for scaling up and CLPE initiatives. Projects will use digital tools for beneficiary participation in knowledge generation. Key expected outputs will be the country thematic factsheets; booklets with stories from the field; publication of the policies and strategies developed by the country programme; and dissemination of the results of the various investment projects and grants through different platforms.

F. Information and communication technologies for development

63. The country programme will continue to explore ways to leverage ICT to boost the efficiency and impact of development interventions through e-extension, early warning systems, market linkage applications, e-systems, precision agriculture, etc.

G. Strategic partnerships and South-South and Triangular Cooperation

64. The COSOP partnership strategy (appendix VII) will focus on: (i) informing policies and enabling coordinated country-led development; (ii) leveraging financial resources with IFIs, bilateral partners, and climate and environment funds; (iii) knowledge generation and innovation with SSTC partners; (iv) mitigating the socioeconomic impact of the insurgency; and (v) increasing visibility through greater in-country engagement and communication.

Government and civil society

65. IFAD will continue to work closely with relevant government agencies at the national and provincial level to support COSOP implementation. IFAD projects will continue to engage with civil society organizations, including a range of community-based institutions.

Development partners (United Nations agencies, IFIs, NGOs, etc.)

66. IFAD is committed to development cooperation and will collaborate closely with the Rome-based agencies, other United Nations agencies (the International Labour Organization, the United Nations Industrial Development Organization), IFIs (World Bank, African Development Bank [AfDB]) and others (such as Sustainably Growing Africa's Food Systems [AGRA], the European Union, the Foreign, Commonwealth and Development Office, the United States Agency for International Development, Norway, the Japan International Cooperation Agency, and CGIAR: the International Potato Center, the International Livestock Research Institute, the Global Alliance for Improved Nutrition, *Observatório do Meio Rural*, and the Eduardo Mondlane University).
67. Coordination among the multiple development agencies operating in Mozambique needs strengthening, which IFAD will pursue through platforms such as the

Development and Cooperation Partner Programme, AgRED, the Blue Economy Working Group, and the Nutrition Partners Forum.

Private sector

68. To strengthen business participation in the rural economy, COSOP projects will continue to engage with the private sector through 4Ps models, engaging with various actors (Confederation of Economic Associations, NGOs and the Government).

South-South and Triangular Cooperation

69. SSTC initiatives will be further strengthened through technology transfer, capacity-building and the exchange of lessons learned with countries within and beyond the region. Key areas will include climate and natural resource management, the blue economy, institutional capacity-building, private sector engagement and collaboration with FOs (see appendix VII).

V. COSOP implementation

A. Investment volume and sources

70. COSOP 2023–2027 funding will cover two cycles of the performance-based allocation system (PBAS) according to the Grants and Investment Projects System: US\$49 million from IFAD12 (2022-2024), and IFAD13 (2025-2027). Due to the growing risk of debt distress, Mozambique was moved to highly concessional lending terms under the Debt Sustainability Framework, allowing the country to receive a significant proportion of financial support as grant funding in 2023.

Table 4

IFAD financing and cofinancing of ongoing and planned projects

(Millions of United States dollars)

Project	IFAD financing	Source (PBAS)	Cofinancing		
			Domestic	International	Cofinancing ratio
Ongoing					
REFP	66.1	PBAS (IFAD10)	10.3		
PROCAVA	42	PBAS (IFAD11)	10.3	20	
PRODAPE	43	PBAS (IFAD11)	6		
Planned					
PROPEIXE	29.3	PBAS (IFAD12)	5	20	1:0.851
PROCAVA additional financing	20	PBAS (IFAD12)	TBD	TBD	
PROCAVA phase II	TBD	PBAS (IFAD13)	TBD	TBD	
Total	200.4		31.6	40	1:0.49

Note: The proposed IFAD13 financing will be determined subject to internal procedures and subsequent Executive Board approval.

B. Resources for additional activities

71. Supplementary funding to complement the loan portfolio will be sought from the Global Environment Facility, the Green Climate Fund (GCF), and the enhanced Adaptation for Smallholder Agriculture Programme (ASAP+). Mozambique has also been included in the IFAD-GCF ASAP+ project, which is in the proposal development stage.
72. Additional cofinancing or parallel financing is expected from other development partners such as the OPEC Fund for International Development, the European Union, AfDB, the World Bank, Canada and Norway, and additional resources are expected to be mobilized through NSOs for private sector engagement.
73. **Resources for non-lending activities.** IFAD's non-lending activities will focus primarily on CLPE, knowledge management and SSTC. Current and prospective national and regional grants will help support these initiatives.

C. Transparency

74. Transparency will be enhanced by communicating project objectives to all stakeholders and widely disseminating project supervision and completion reports. These reports will include data on implementation progress and expenditures, audit reports and financial statements. This information, along with IFAD's guidelines on competitive procurement and grievance redress mechanisms, will be available on project websites.

D. Country programme management

75. IFAD's loan-financed projects will be implemented through designated project management units (PMUs) staffed by competitively recruited officials from implementing partner ministries. Overall coordination and oversight of the investments will be exercised by the Ministry of Economy and Finance. The country portfolio will be managed by the IFAD Country Office in Maputo. As part of the ongoing IFAD decentralization process, the country director is now outposted, and Mozambique has a country director-led IFAD Country Office.

E. Monitoring and evaluation

76. A country portfolio M&E system will be established to track progress in achieving COSOP results. Projects' logical frameworks and performance indicators will be aligned with the COSOP Results Management Framework. M&E training will be provided to project officers, and technical assistance will be offered to improve ministerial monitoring instruments and capacities. Geospatial tools and ICT4D will be employed.

VI. Target group engagement

77. **Beneficiary engagement.** Participatory processes eliciting the views of prospective beneficiaries will continue to be prioritized during project design as well as in the development of M&E systems and performance indicators. Beneficiaries' views will be recorded during supervision missions and their participation will also be elicited in the planning of community development activities to determine priorities, targets and implementation responsibilities. Further engagement will occur through periodic beneficiary satisfaction surveys.
78. **Grievance redress mechanisms** will be instituted in all new IFAD projects and will include standard mechanisms for lodging grievances and details on the feedback channels to be pursued by project stakeholders.

VII. Risk management

Table 5
Risks and mitigation measures

<i>Risks</i>	<i>Risk rating</i>	<i>Mitigation measures</i>
Political/ governance/ ongoing insurgency	High	Institutional capacity-building at all levels and strengthening of governance. Engage, support and strengthen the National Audit Office for regular auditing of IFAD investments. Strengthen and reinforce the use of national systems, particularly the government financial management system.
Macroeconomic	High	Support production/productivity increases and build sustainable and market-oriented value chains.
Sector strategies and policies uncoordinated or lacking	Low	Continuous support for policy dialogue through different forums and the design of sector strategies and policies, especially those related to climate change and adaptation.

Institutional capacity	Medium	Capacity-building and institutional support for government institutions, including for a pro-poor regulatory and policy environment.
Portfolio	Medium	Reinforce capacity-building in project management, SECAP, financial management (FM), procurement and M&E. Strengthen IFAD's in-country presence.
Fiduciary – financial management	Medium	Regular training and capacity-building in FM for the Government and PMUs. Ensure use of the interim financial reports and the updating of project PIMs following financing agreement provisions and FM manuals.
Procurement	High	Employ rigorous planning and a strategic approach to procurement, together with a risk-based contract management approach. Regular training and capacity-building for the Government and PMUs to professionalize procurement. Promote training (IFAD BuildPROC training programme). Regular review of No Objection Tracking and Utility System dossiers, contract monitoring tool updates and use of the IFAD integrated end-to-end procurement system. Use of IFAD Procurement Guidelines and Handbook for all project procurement.
Environment and climate	High	Mainstreaming of adaptation measures – climate-smart agriculture, resilient infrastructure. Enhanced climate and weather information systems. Establish a climate contingency as part of project budgets for a timely response to recurrent emergencies.
Social	Low	Targeting of vulnerable groups, women, youth and persons with disabilities.
Commercial financial service providers restraining financial inclusion strategy	High	Government, central bank and other stakeholders enforce implementation of the Financial Sector Development Strategy 2013-2022 through an enabling regulatory and institutional framework.
Land tenure	Medium	Continue with the participatory land registration and certification process.
Inclusive rural development	Medium	Specific targeting strategies for the various target groups; early active engagement; quotas: women (50 per cent) and youth (30 percent).
Project management – start-up delays	High	Future interventions should ensure: (i) the use of faster implementation of project start-up instruments, and (ii) start-up funds, retroactive financing, etc.
Overall	Medium	

Results management framework

Country strategy alignment	Related UNSDCF/SDG outcomes	IFAD Strategic Objectives	Key COSOP results			
			COSOP goal is to contribute to the transformation of the rural economy of Mozambique by enlarging the nutrition and agriculture linkages with broader focus on value chains and food systems, improving of the productivity and food security of rural households, by strengthening their resilience and capacity to adapt to environmental and climatic shocks.			
Agenda 2025 and National Development Strategy 2015-2035 (ENDE): focus on improving the living conditions of the population through structural transformation of the economy and diversification of the productive base.			<i>Strategic objectives</i>	Investments and non-financial activities for the COSOP period	Outcome indicators	Output indicators
<p><i>Strategic Plan for the Development of the Agricultural Sector (PEDSA 2022-2031): provides guidelines for strategic action and priority investments designed to transform the agrarian sector, namely: (i) increased production, productivity and competitiveness with engagement of the private sector; (ii) sustainable management of natural resources; (iii) improved business environment; and (iv) institutional strengthening and development.</i></p>	<p>Sustainable Development Goals: SGD 1; SDG 2; SDG 5; SDG 8; SDG 10; SDG 13; SDG 14 SDG 15</p> <p>UNSDCF (2022-2026):</p> <p>Strategic priority area 3: Climate resilience and sustainable use of natural resources</p>	SO3: Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities	SO1: Sustainable natural resource use management by the rural poor, to increase resilience to environmental shocks and the impacts of CC.	<p>Lending/investment activities</p> <ul style="list-style-type: none"> • Ongoing PROCAVA PRODAPE <p>Indicative BCEDP AFRDP/PROPEIXE</p> <p>Non-lending/non-project activities</p> <ul style="list-style-type: none"> • CLPE • Partnerships <p>WWF FAO WB AFD EU</p>	<ul style="list-style-type: none"> • CI 1.2.1: Households reporting improved access to land, forests, water or water bodies for production purposes. Target: 60% • CI 1.2.9: Households with improved Knowledge Attitudes and Practices (KAP) . Target: 356,520 • CI 3.2.2: Households reporting adoption of environmentally sustainable and climate resilient technologies and practices. Target: 135.400 	<ul style="list-style-type: none"> • CI 3.1.2: Persons provided with climate information services . Target 74.800 • CI 1.1.1: Beneficiaries gaining increased secure access to land.– Target 20.300 Households

				<ul style="list-style-type: none"> • SSTC • Knowledge management 	<ul style="list-style-type: none"> • CI 3.2.1: Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered.. Target – tCO2e/ha: 9.1 • Rural Poor affirming having greater Resilience and Mitigation to Climate Change – Target 79.200 <p>UNSDCF Performance Indicators</p> <ul style="list-style-type: none"> • 3.1 Direct economic loss attributed to disasters in relation to global gross domestic product (GDP). Target: Reduced in 5% • 3.2 Degree of integrated water resources management; Target: 30% • 3.3 Coverage of protected areas in relation to marine areas. • 3.5 Percentage of degraded land over total available land: Trends in Land Cover, Land Productivity and Carbon Stocks; and 3.7 Number of people (men and women) who have benefitted from implementation of actions from Adaptation 	
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					<p>and Resilience Plans. Target: 40%</p> <ul style="list-style-type: none"> 3.6 Number of land user rights (DUATs) issued for individuals (cumulative). Target: 150.000 	
<p>Aquaculture Development Strategy (EDA) 2020-2030: aims to achieve greater production and productivity in fish farming, reduce pressure on capture fisheries and contribute to food and nutritional security, through promotion of public-private-community partnerships within clusters and aquaparks.</p> <p>Financial Sector Development Strategy (FSDS) 2013-2022 and the Financial Inclusion Strategy (NFIS) 2016-22: stating that financial inclusion is to be achieved through developments across three main pillars: (a) access and usage of financial services; (b) strengthening financial infrastructure; and (c) consumer protection and financial literacy.</p>	<p>Sustainable Development Goals: SGD 1; SDG 2; SDG 5; SDG 8; SDG 10; SDG 13; SDG 14 SDG 15</p> <p>UNSDCF (2022-2026): Strategic priority area 1: Human Development: Outcome 1: By 2026, more people, particularly the most vulnerable and marginalized, have a more equitable access to and utilization of quality, inclusive, resilient, gender-and shock-responsive social protection and essential social services.</p> <p>UNSDCF (2022-2026): Strategic priority area 2: Economic diversification and sustainable livelihoods</p>	<p>SO1: Increase poor rural people's productive capacities</p> <p>SO2: Increase poor rural people's benefits from market participation</p>	<p>SO2: Strengthening of nutrition sensitive VCs and improved access to financial services and private sector</p>	<p>Lending/investment activities</p> <ul style="list-style-type: none"> Ongoing PROCAVA PRODAPE REFP Indicative PROPEIXE <p>Non-lending/non-project activities</p> <ul style="list-style-type: none"> CLPE Partnerships <p>FAO WFP ILO AGRA JICA NORWAY CANADA WB AFD EU OFID AfDB SSTC</p>	<ul style="list-style-type: none"> CI 1.2.2 Households reporting adoption of new/improved inputs, technologies or practices – Target 30.464 % of producers reporting increased volume of farm and fishery related outputs – Target 90% CI 2.2.6 Households reporting improved physical access to markets, processing and storage facilities) – Target 194.940 CI 2.2.3. Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities Target 50 	<ul style="list-style-type: none"> Outreach 1: Persons receiving services promoted or supported by the project – Target 594.200 Outreach 1a: Corresponding number of households reached. Target: 594.200 Outreach 1b. Estimated corresponding number of total household members. Target: 2.971.000 CI 1.1.4. Persons trained in production practices and/or technologies Target 108.500 CI 1.1.8. Households provided with targeted support to improve their nutrition. Target 18.545. CI 2.1.6: Market, processing or storage facilities constructed or rehabilitated – Target 30 Number of rural young people engaged in income generating activities (in/off-farm) – Target 20.000 Number of rural women supported in business development services (BDS) Target 19.500 CI 1.1.5: Persons in rural areas accessing financial services (savings, credit, insurance, remittances, etc). Target 287.700 CI 1.1.7: Persons in rural areas trained in financial literacy and/or use of financial products and services – Target 100.000

				<ul style="list-style-type: none"> • Knowledge management 	<ul style="list-style-type: none"> • CI 1.2.8. Women reporting minimum dietary diversity. Target: 50% • Rural Poor reporting improved Food Security and Nutrition. Target 15% more in the economic status • CI 1.2.5: Households reporting using rural financial services – Target 57.540 • CI 2.2.2 Supported rural enterprises reporting an increase in profit. Target 50 <p>UNSDCF Performance Indicators</p> <ul style="list-style-type: none"> • 1.2 Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale (FIES). • 1.9 Proportion of population using safely managed drinking water services. Target: 30% 	<ul style="list-style-type: none"> • CI 2.1.1: Rural enterprises accessing business development services – Target 63.370
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					<ul style="list-style-type: none"> • 2.1 Proportion of population living below the national poverty line (less than MZN26,7 per day), by sex and age. Target: 20% • 2.2 Average income of small-scale food producers, by sex. Target: USD 300 	
<p>National Development Strategy 2015-2035 (ENDE): focus on improving the living conditions of the population through structural transformation of the economy and diversification of the productive base.</p>	<p>Sustainable Development Goals: SGD 1; SGD 2; SGD 5; SGD 8; SGD 10; SGD 13</p> <p>UNSDCF (2022-2026): Strategic priority area 4: Peacebuilding, human rights and inclusive governance – (Outcome 4: By 2026, more people, especially the most vulnerable and marginalized, are protected, enjoy their rights, and benefit from a secure, peaceful environment, enabled by inclusive governance systems, and independent and</p>		<p>SO3: Institutional strengthening of Government structures at national, regional, and local levels through policy dialogue, sector coordination, and reinforcement of national accountability systems</p>	<p>Lending/investment activities</p> <ul style="list-style-type: none"> • Ongoing PROCAVA PRODAPE REFP • Indicative AFRDP/PROPEIXE <p>BCEDP</p> <p>Non-lending/non-project activities</p> <ul style="list-style-type: none"> • CLPE • Partnerships • SSTC • Knowledge management 	<ul style="list-style-type: none"> • Policy 1. Policy-relevant knowledge products completed; Target: 5; • Policy 2. Functioning multi-stakeholder platforms supported; Target: 10; • Policy 3. Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment; • % of projects not in the APP and PPP classification category. Target 100% NAR • Reduced project start-up period/delays. Target – 	<p>Number of Government staff certified on PRIME, CLEAR, New Procurement E2E; FMD corporate certifications; - Target 40</p> <p>Establishment of Country Portfolio Review Meeting. Target – 4 Annually</p>

	<p>accountable institutions abiding by the rule of law).</p>				<p>100% new projects using FIPS</p> <ul style="list-style-type: none"> • Improved the Government e-SISTAFE financial module – Target 100% projects reporting from e-SISTAFE • SF 2.1 . Households satisfied with project-supported services. Target 80% (measured through a perception survey) • SF2.2. Households reporting they can influence decision-making of local authorities and project-supported service providers. Target 80% (measured against a baseline perception survey) 	
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Key files

Key file 1: Rural Poverty and agricultural sector issues (refers to chapter I C)

Priority Areas	Affected Groups	Major Issues	Action Needed
Small producers' productivity and profitability	Smallholders in agriculture and aquaculture Small-scale and artisanal fishers	<ul style="list-style-type: none"> • Food insecurity and malnutrition • Low level of use of improved inputs / tools / equipment in agriculture and fisheries • Weak performance of fish farming vis-à-vis the limited scope to expand production from capture fisheries • Poor access to knowledge, extension and other support services • Difficulty in accessing markets and poor market linkages • Limited access to credit and other financial services • High post-harvest losses due to poor harvesting, handling and preservation • Low level of resilience to climate shocks 	<ul style="list-style-type: none"> • Promote irrigation (including through solar powered schemes) to reduce dependence on rain-fed agriculture • Assist implementation of measures for accelerated growth of fish farming • Expand access to financial products that enable producers to invest in modern equipment, inputs and technologies • Support improved access to know-how and support services through continued reform of public extension services and engagement of private sector • Support improved access to markets, through dissemination of market related information and development of market-related infrastructures • Assist investments in preservation, storage, agro-processing and value addition • Promote resilient production and marketing infrastructure and practices
Input supply, marketing and trading	Smallholders in agriculture and aquaculture Small-scale and artisanal fishers Traders Agribusiness	<ul style="list-style-type: none"> • Poor access to inputs due to remoteness, limited competition and low crop / fish catch volumes and value • Under-developed supporting infrastructure • Market information missing or not easily accessible to small producers and other value chain participants • Local transport for produce not available or excessively expensive • Product quality often below market standards, especially internationally 	<ul style="list-style-type: none"> • Improve rural infrastructure, including all-weather tertiary roads and electricity networks • Promote partnerships with private sector players to expand marketing infrastructure facilities • Promote linkages between farmer groups / associations and out-growers and other potential buyers; encourage fair competition between traders • Support provincial and district market information centres, radio broadcasts and other locally based sources of information • Develop financial products to support investments in rural transport capacity • Support quality improvements and product development

<p>Environment, climate change and natural resource management issues</p>	<p>Crop and fish farming, livestock and fishing communities</p> <p>Extension and technical officers</p> <p>National and local governments</p>	<ul style="list-style-type: none"> • Vulnerability to extreme weather events e.g., drought, floods and cyclones • Degradation of water and land resources • Environmental pollution • Pests and disease outbreaks • Inadequate early warning systems, weather and climate information • Low environment and climate risks awareness • Insufficient extension services and technical capacity • Low capacity to carry out environmental and social assessments and implement proper safeguard • Lack of resources to respond adequately to climate shocks 	<ul style="list-style-type: none"> • Promote climate smart land, water and other natural resources utilization and management practices • Assist rehabilitation of degraded land and water resources • Support community-based management schemes and co-management initiatives • Monitor and control environmental pollution • Promote integrated pest and disease management approaches • Invest in early warning systems, weather and climate information dissemination • Promote awareness creation on environment and climate risks and their mitigation at national and local levels • Strengthen the capacity of technical staff and extension workers in climate smart technologies and practices • Develop and implement sound plans to prevent and mitigate against environmental and social risks • Provide resources for anticipating and mitigating the impact of climate changes
<p>Policy, legal and institutional framework in support of agriculture and rural development</p>	<p>Crop and fish farming, livestock and fishing communities</p> <p>National and local governments</p> <p>Development partners</p>	<ul style="list-style-type: none"> • Some key sectoral policies, strategies and plan require redesign or development • Limited access to land and other productive resources by disadvantaged groups • Sub-optimum levels of coordination of rural development initiatives • Lack of harmonization and/or overlap of rural development interventions • Uncertainty in roles assigned to provincial government bodies lead to some duplication of effort • Key regulatory provisions in support to smallholder producers still missing 	<ul style="list-style-type: none"> • Improve policy dialogue national and local levels; • Assist Government to design or update policies, strategies and plans as well as the related implementation processes • Support implementation of campaign such as 'Terra Segura' and attribution of community user's rights in artisanal fisheries • Promote existing and/or new platforms for improved institutional coordination at all levels of implementation • Support implementation of institutional reforms at central, provincial and district levels, including those regarding decentralization • Support development of regulatory and guiding instruments for increased production and productivity of smallholders • Support government to structure intervention from humanitarian aid through emergency response and progress to market driven interventions

		<ul style="list-style-type: none"> Lack of structured processes in dealing with shocks and emergency response situations 	
<p>Gender, youth and other disadvantaged groups</p>	<p>Rural women and women headed households</p> <p>Young people</p> <p>People Living with Disabilities</p>	<ul style="list-style-type: none"> Higher vulnerability levels of women, youth and other disadvantaged groups Lack of clear targeting strategies to reach out to women, youth and other disadvantages groups Inadequate representation of women and their interests in producers' groups and management committees Lower access to education, functional literacy and vocational training opportunities Limited opportunities for livelihood diversification and profitable activities Traditionally accepted norms constrain women's mobility and access / ownership of means of production Lack of productive assets 	<ul style="list-style-type: none"> Promote community awareness creation on issues related to gender inequality and social exclusion Mainstream gender empowerment using the Gender Action Learning System (GALs) methodology Devise and implement targeting strategies to reach out to women, youth and other disadvantages groups; set clear targets for their inclusion in IFAD supported initiatives Assist women to ascend to leadership positions and representation of their interests in rural organisations Provide functional literacy and vocational training including marketing / business skills development Promote livelihoods diversification by improving women's and youth participation in trading / processing as well as in off-farm income generation opportunities Assist women to gain and maintain access to productive resources Develop inclusive approaches to improve access to financial services by women and young people

Rural enterprise financing	<p>Smallholders crops and fish farmers</p> <p>Small-scale and artisanal fishers</p> <p>Traders</p> <p>Agribusiness</p>	<ul style="list-style-type: none"> • Lack of harmonised policy and fragmentation of donor action in rural finance sector • Limited availability, accessibility and risk of production-oriented credit and other products • Rural financial services problematical, high cost • Limited tradition / development of savings / credit culture • Local microfinance industry facing serious risks of bankruptcy • Limited development of community-based financial institutions 	<ul style="list-style-type: none"> • Assist setting of a strategic policy / legal framework and support innovative approaches in rural finance • Facilitate greater outreach of banks / financial intermediaries and support capacity building in rural enterprise financing • In conjunction with improved farming and fishing practices / technology, promote improved access to credit and other products • Incorporate financial awareness / control principles in farmer / fishers group training • Support development of community-based financial institutions through graduation and institutional development of saving and credit groups
Producers' organisations	<p>Smallholders in agriculture and aquaculture</p> <p>Small-scale and artisanal fishers</p>	<ul style="list-style-type: none"> • Low levels of organization of smallholder producers • Limited number of performing farmers' / fishers' organisations able to provide sustainable services to members • Low levels of formalisation and upper tiers organizations • Limited farmer organisation and voice in local / district governance • Lack of linkages between central and local levels, an imprecise policy agenda and low capacities to develop policy options 	<ul style="list-style-type: none"> • Assist initiatives aiming at better organization of producers • Promote institutional building and develop capacities to provide services to members • Promote participation of producer's organisations in consultation platforms at local/national level • Assist producers' organizations to engage in policy dialogue and develop their own (policy) positions

Priority Areas	Affected Group	Major Issues	Actions Needed
Food security for 2.8 million food insecure rural people	Smallholder and landless rural population	<ul style="list-style-type: none"> • Production system remains vulnerable to shocks (climate and price). • Small scale production with limited access to improved inputs, technology and supporting services. • Low soil fertility. • Scarcity and volatility of water supply. 	<ul style="list-style-type: none"> • Foster production systems, through improve technology and organization. • Support rain-fed production under good agricultural practices, with small scale irrigation. • Increase access to supporting services.

Access to inputs	Rural population	<ul style="list-style-type: none"> Limited access to quality inputs at affordable rate. 	<ul style="list-style-type: none"> Improve extension services, advising on type and source of inputs. Work with agro-dealers to tailor products and payments to meet target group's needs. Support appropriate sector regulations.
Access to output markets for produce	Small producer	<ul style="list-style-type: none"> Lack of access to markets under remunerative conditions (e.g. clear pricing, quality requirements). Coordination along the commodity value chains weak. Absence of pro-active private sector (besides for Tobacco). Relatively weak degree of organization of farmers. 	<ul style="list-style-type: none"> Increase coordination along value chains. Strengthen producers organizations. Partner with private sector on in- and output side and oversee that partnership agreements are beneficial for small producers (sustainable). Support appropriate sector regulations.
Climate resilient rural road and irrigation infrastructure	Rural population	<ul style="list-style-type: none"> Roads and bridges damaged by severe weather events, rendering access to/from rural areas more difficult. Irrigation schemes damaged by weather events and sedimentation 	<ul style="list-style-type: none"> Investments in and appropriate, cost-efficient maintenance of rural roads/bridge. Investment in small/medium scale irrigation schemes. User-based management and maintenance of irrigation schemes.
Access to secure saving	Rural population	<ul style="list-style-type: none"> Absence of deposit-taking rural MFIs (only 2 of the MFIs take deposits). 	<ul style="list-style-type: none"> Create market incentive for MFIs to establish deposit-taking business line.
Sustainable extension service	Rural population and SMEs	<ul style="list-style-type: none"> Lack of appropriate service provision for small producers/SMEs, smallholders and other VC actors. 	<ul style="list-style-type: none"> Establish sustainable model of private sector service provision to address aforementioned issue.

Key file 2: Target group identification. Priority issues and potential response (refers to chapter I-C, III-C)

Typology	Poverty Levels and Causes	Coping Actions	Priority Needs	COSOP Response
Category A: subsistence and smallholder farmers, and traditional fishermen (60-70%);	<ul style="list-style-type: none"> • Food insecure households • Few assets • Negligible access to micro-finance • Limited extension support • Operating at a subsistence level. • Highly vulnerable to endemic climatic and environmental shocks. • Women farmers have minimal access to off-farm income generating activities and are reliant on agricultural production 	<ul style="list-style-type: none"> • Consumption of indigenous food sources • Sale of livestock • Migration to urban areas 	<ul style="list-style-type: none"> • Cultivation of more climate resilient food sources (crops and aquaculture) • Increased biodiversity and ecosystem conservation • Integrated food systems • Technical assistance (production, marketing) • Access to credit • Improved security of land tenure (especially for women) 	<ul style="list-style-type: none"> • Climate smart agricultural practices • Promotion of bio-diversity • Establish integrated food systems. • Rural finance mechanisms • Off-farm income generation opportunities • Dedicated targeting of assistance for women farmers and fishers and youth
Category B: emerging and semi-commercial farmers (20-30%); and	Households with some assets and the potential to increase production and surpluses and to graduate to more commercial forms of farming	<ul style="list-style-type: none"> • Use of savings and sale of assets during periods of hardship 	<ul style="list-style-type: none"> • Enhanced agricultural production and diversification • Access to credit • Access to inputs • Technical assistance (business & production, marketing) • Insurance • Improved access to markets 	<ul style="list-style-type: none"> • Technical support to develop climate smart agricultural practices • Irrigation and soil- and water conservation • Value chain development • Access to rural finance • Training in business development and commercial farming systems
Category C: farmer/community-based organisations, medium and small-scale enterprises, and agri-businesses (10-20%)	Established small-scale and commercial farming and fisheries enterprises with the potential to increase production and grow the rural economy.	Limited or no further investment in the sector.	<ul style="list-style-type: none"> • Changes in marketing regulations • Greater access to finance • Access to markets • Improved rural infrastructure (roads, energy, storage facilities) 	<ul style="list-style-type: none"> • Promote private sector service provision • Linkages to national and international markets • Engagement in national policy dialogues.

- Support for aggregation with small scale farmers.

Key file 3: Organization matrix (strength, weaknesses, opportunities and threats analysis) (refers to chapter I-C, III-B, IV-B, C, G)

Organization	Strengths	Weaknesses	Opportunities/Threats	Remarks
Enablers				
Ministry of Agriculture and Rural Development (MADER)	<ul style="list-style-type: none"> • Strong presence throughout the country. • In-house expertise present. • Mandated to oversee agriculture interventions in the country. • Has an environment and safeguards cabinet. • Has a strong knowledge of land tenure • It is a key partner to IFAD as PROCAVA and REFP are under MDER • It has key knowledge of agricultural value chain development, and the relevance of this for land tenure • Government current priority to strengthening the extension network 	<ul style="list-style-type: none"> • Limited extension services on the ground. • Limited resources vis a vis expected outputs. • Staff time required by the project may slow down other activities. • It is a big entity, and now has to coordinate activities with MITADER in regard to land tenure security 	<ul style="list-style-type: none"> • synergies with other donor funded programs in the Ministry, particularly the SUSTENTA national programme • In-house expertise in agriculture, extension, irrigation, environment • slow delivery due to limited time and capacity. There is large scope for partnerships, especially in relation to value chain projects, where tailored land tenure interventions are necessary • MADER has better presence at Provincial and District level, and can facilitate the implementation of activities on NRM • Promote associations/union's of farmer groups into farmers' cooperatives • Promote inter-linking markets in value chain • Promote youth, and other marginalised groups involvement in agriculture • Information on agriculture and markets not up-dated 	<ul style="list-style-type: none"> • New extension model being adopted in the country; • IFAD to continue focused on the most vulnerable ground leveraging from other structural investments at higher levels to serve the smallholder groups
Ministry of Sea, Inland Waters and Fisheries (MIMAIP)	<ul style="list-style-type: none"> • Legally mandated to oversee the development of the fisheries, aquaculture sector, and the whole blue economy in partnership with other sectors. • Ministry has departments to deal with specific aspects such as research and planning. 	<ul style="list-style-type: none"> • Limited resources and staffing. • Weak coordination with the environment and agriculture ministries. • Limited expertise in aquaculture across the country. • Not as strong in presence in the inland 	<ul style="list-style-type: none"> • The new Aquaculture Research Centre (CEPAQ) contribute to the aquaculture sector positively. • Aquaculture value chain is still underdeveloped and thus more investments are required, yet government has limited resources. PRODAPE is the first investment to the 	<ul style="list-style-type: none"> • Investment in capacity building is important. • The recent reforms in the sector had negative influence in the extension network with the abolishment of IDEPA Delegations. The new

Organization	Strengths	Weaknesses	Opportunities/Threats	Remarks
	<ul style="list-style-type: none"> Investments being made to build a research center. In-house qualified expertise present. The ministry is decentralized to a limited extent. Hosts IDEPA (which merged the former INAQUA and IDPPE), currently implementing PRODAPE and will implement the future Artisanal Fisheries project. IDEPA has also previously implemented 5 IFAD projects. Has a strong presence in coastal areas Has prior knowledge of CBNRM initiatives 	<ul style="list-style-type: none"> Little experience in land tenure security for coastal communities 	<p>new Aquaculture Development Strategy (EDA 2020-30)</p> <ul style="list-style-type: none"> IDEPA previous experience managing IFAD supported projects 	<p>delegations will need further support to meet its mandate.</p>
Ministry of Land and Environment (MTA)	<ul style="list-style-type: none"> Has the legal mandate to oversee environment, land and natural resources matters in the country Regulations and process in place to protect land and water resources The climate change, environmental licensing and environmental awareness departments have qualified staff Has a directorate for land administration and territorial planning Already working with other donors in various projects. 	<ul style="list-style-type: none"> Lower presence at local level. -Weak coordination across different departments. -Limited resources and staffing. 	<ul style="list-style-type: none"> Supports adoption of environmental standards and regulations. limited staffing may pose implementation challenges 	<ul style="list-style-type: none"> Need for stronger coordination among relevant departments. Learn from ongoing funded projects. Key into set environmental standards for reviews and approval of projects.
Ministry of Economy and Finance (MEF)	<ul style="list-style-type: none"> Borrower representative and Governor Responsible for budget allocation Committed leadership Positive focus on policy, Macro-economy and Micro-finance Professional human resources Willingness and plan to effect restructuring Responsible for financial sector Experience with IFAD and other donors supported projects 	<ul style="list-style-type: none"> Slow enactment of legislation and policies Some systems and procedures are bureaucratic Coordination of line ministries and donor activities challenging Budget support is compromised by donor need for financial compliance 	<ul style="list-style-type: none"> Good working relationships with DFIs and all bilateral and multilateral donors Ability to prioritise resource allocation and target resources as needed for pro-poor agenda, including donor grant funds Alignment with donor needs for qualification of budget support 	<ul style="list-style-type: none"> Limited implementation involvement (more oversight)

Organization	Strengths	Weaknesses	Opportunities/Threats	Remarks
	<ul style="list-style-type: none"> • Robust Financial Management System (e-Sistafe), currently being updated for improved reporting requirements' • Leads the development and revision of the National Development Strategy 2015-2035 			
Bank of Mozambique (BoM)	<ul style="list-style-type: none"> • Custodian of monetary policy and strategies • Willing to be involved in developing micro-finance sector • Supervisory and regulatory functions • Leads all Policy and Regulatory Framework for the Rural Finance and Financial Inclusion • Working relationship with Government and commercial banks • Good capacity to regulate overall financial sector • Good networking with other stakeholders in finance sector 	<ul style="list-style-type: none"> • Legislation to supervise and regulate MFIs and financial intermediaries still under very long and slow validation process • Bureaucratic Systems and process 	<ul style="list-style-type: none"> • Develop appropriate microfinance policy, particularly for the development of ASCAs/PCRs groups 	

Key File 4: Strategic partnerships potential (refers to chapter IV-B, G, V-A)

Partnering objective	Partner	Nature of project or justification for partnering	Project/Programme Coverage	Status	Expected results from the partnership
Engaging in policy and influencing development agendas	Development Cooperation Partners	<ul style="list-style-type: none"> Led by the EU and USA, the partnership provides opportunities for enhanced policy engagement and alignment of country programmes, 	<ul style="list-style-type: none"> National and provincial levels, 		Improved policy engagement with key development partners,
	AGRA	<ul style="list-style-type: none"> With the support of AGRA ,focus on the PEDSA and PNISA to improve system level interventions (inclusive markets and trade, sustainable farming linked to IFAD's biodiversity project) and CLPE to strengthen inter-sectoral coordination 	<ul style="list-style-type: none"> National and provincial levels, 		Strengthened inter-sectoral coordination and enhanced policy and state capability in the agric sector in line with the National Investment Plan.
	GIZ/UNCCD/WWF	<ul style="list-style-type: none"> Effective communication and interventions on behaviour change, increased beneficiary acceptance and increased local awareness of development interventions, 	<ul style="list-style-type: none"> National and provincial levels, 		Policy framework and dialogue to manage the interface between natural resources and human wellbeing.
	GAIN/AFD	<ul style="list-style-type: none"> Strong and established partnerships in food system transformation in similar areas of operation – geographic and thematic – as IFAD, 	<ul style="list-style-type: none"> National and provincial levels, 		Stronger alliances among government, the PS and consumer groups to facilitate FS transformation through an integrated approach and a policy regulatory framework.
Leveraging co-financing	Canada	<ul style="list-style-type: none"> Coordination with an important development partner on scaling up an intervention in an IFAD thematic area that has been demonstrably successful, 	<ul style="list-style-type: none"> National and provincial levels, 		Synergies are established between components in GALS (approaches to behaviour change, natural resources management; gender, etc.),
Enabling coordinated country-led processes	UNCT	<ul style="list-style-type: none"> In collaboration with GoM, provides a strong platform to improve data collection for indicators in support of results monitoring for IFAD projects, 	<ul style="list-style-type: none"> National and provincial levels, 		Improved inter-agency collaboration and monitoring supported by the UNDAF,

	RBA	Opportunities to leverage comparative advantage in the food security and nutrition nexus,	<ul style="list-style-type: none"> National and provincial levels, 		A more systematic coordination on nutrition, household food security and agri-food systems transformation.
	Agriculture Working Group	Platform for coordinating interventions of the UN system and other donors,	<ul style="list-style-type: none"> National and provincial levels, 		Improved consolidation on programmes especially by the UN system, a need expressed also by GoM stakeholders,
	JICA/AU/NEPAD	IFNA programme is supporting a coordinated multi-stakeholder approach,	<ul style="list-style-type: none"> National and provincial levels, 		Clearer donor collaboration to help reduce overlaps and streamline interventions,
Developing and brokering knowledge and innovation (including SSTC)	GALS	The successful implementation of GALS as a model for social inclusion will support similar IFAD programmes,	<ul style="list-style-type: none"> National and provincial levels, 		Outward looking replication of a successful initiative in Mozambique to countries in the region and beyond.
	AGRA/IRRI	Their programmes have good linkages to a number of IFAD interventions,	<ul style="list-style-type: none"> National and provincial levels. 		Linkages with IFAD programmes in the rice sector, strengthening seed systems and addressing nutrition challenges,
	GAIN	Potential for replicating new approaches on nutrition, social inclusion of girls; and TA on how to access (co) funding.	<ul style="list-style-type: none"> National and provincial levels. 		Capability to scale up projects employing innovative development approaches e.g. from Rwanda.
Strengthening private sector engagement	CTA – chamber of commerce	As key player representing the PS, able to build effective linkages e.g. with the federation of agricultural groupings to increase investments in agri-SMEs.	<ul style="list-style-type: none"> National and provincial levels 		Increased understanding of and capacity to influence key policy issues that impact small-holder commercialization, and to advocate for change.
	AMOMIF	Opportunities to strengthen the graduation of ASCAS and increase support from banking and financial institutions.	<ul style="list-style-type: none"> National and provincial levels 		Enhanced access to finance and technology, and governance of SMEs.

Enhancing visibility	Donor Coordination Group	Platform to learn and share development interventions and increase IFAD's strategic visibility	<ul style="list-style-type: none"> National and provincial levels 		Coordinated approach to donor support. Increased knowledge and appreciation among stakeholders on IFAD's work. Effective knowledge exchange and learning.
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Transition projections

The economy of Mozambique grew at an impressive rate exceeding 7 per cent per annum between 2001 and 2015 (one of the fastest growing economies in Sub-Saharan Africa), driven by large scale investment projects in the extractive sectors, public investments in infrastructure and significant support from donors. Since 2016, a series of factors has contributed to the economic slowdown including the i) so-called “hidden debt crisis”, which led to the suspension of direct donor support to the government budget until 2022; ii) the negative impacts of recurrent extreme weather events (7 cyclones between in 2019 – 2022²⁷); iii) the effects of the COVID-19 pandemic; iv) the insurgency conflict in northern Mozambique and iv) more recently, in 2022, the Russia-Ukraine conflict. All of these factors have slowed down the socio-economic development significantly and have reversed some of the gains of poverty reduction, with the national poverty rate edging up from 62.8 per cent in 2019 to an estimate of 64.2 per cent in 2022.²⁸ The average annual per capita growth rate was negative (-0.5 per cent) between 2016 and 2020.

The compounding effects of COVID-19 and the Ukraine crisis, continue to increase global commodity prices significantly and exert a direct impact on Mozambique’s food availability as this country is highly import-dependent on many of its essential goods, (including oil, food, and fertilizer) from Ukraine, Russia, and Belarus. Mozambique depends on imports of 90 per cent of its wheat and sunflower seed oil needs, where the country imports approximately more than a third (39 per cent) of its wheat from Russia (31 per cent) and Ukraine (8 per cent)²⁹. Wheat prices registered a 12per cent increase in September 2022 compared with the same period in 2021. In addition, overall inflation rate increased from 5.7 per cent in 2021 to 12 per cent in 2022 driven by higher fuel prices, food and transportation costs.

Notwithstanding the lingering after effects of the pandemic and more recent shockwaves triggered by the Ukraine conflict, the negative economic trend began to reverse in 2021, with the annual growth rate reaching 2.3 per cent. It is estimated to reach 4.9 per cent in 2023, and is expected to accelerate in the medium term, reaching 8 per cent in 2024, due to agricultural growth, favourable commodity prices, the resumption of the Total Energies-led LNG project and the commencement in 2023³⁰, and the high level of the COVID-19 vaccination rollout. Vaccination coverage among the total population currently stands at 46 per cent and 93 per cent among adults over 18 years.³¹

Notwithstanding these positive trends, according to the World Bank, Mozambique remains at high risk of debt distress, although debt management is assessed to be sustainable in the short to medium term. Currency appreciation contributed to a drop in total public debt from 120 per cent to 106.4 per cent of GDP between 2020 and 2021. Mozambique is receiving 100 per cent grant financing in IFAD12 and is not eligible for loans (PBAS or BRAM).

Mozambique is still grappling with a military insurgency in parts of the gas-rich province of Cabo-Delgado; the four-year conflict has caused an estimated 4,000 deaths and displaced nearly one million people. About four million people are likely to face high levels of food insecurity as a result of the combined effects of climate shocks and the conflict, which is also threatening the economic potential of lucrative LNG investments in the area. The arrival of regional troops has helped stabilize the situation to a degree. The

²⁷ 2019 (Idai and Kenneth); 2020 (Chalane); 2021 (Eloise and Guambe); 2022 (Ana and Gombe)

²⁸ [MOZAMBIQUE MPO \(worldbank.org\)](https://www.worldbank.org/mo)

²⁹ <https://docs.wfp.org/api/documents/WFP-0000143989/download/>

³⁰ [MOZAMBIQUE MPO \(worldbank.org\)](https://www.worldbank.org/mo)

³¹ <https://www.afro.who.int/countries/mozambique/news/mozambique-vaccinates-nearly-all-adults-against-covid-19>

government approved a reconstruction plan for the province, as well as the “Programa de Resiliência e Desenvolvimento Integrado do Norte de Moçambique” (PREDIN). The latter is a short- to medium-term approach to conflict prevention and conflict mitigation, social cohesion and resilience, intended for Cabo Delgado, Niassa, and Nampula provinces.³²

Table 1 - Projections for key macroeconomic and demographic variables

Main Indicators		Projection				
		2023	2024	2025	2026	Avg. Total
Avg. GDP Growth ³³		4.9	8.2	5.1	13.9	8.0
Avg. GDP per Capita (USD)		578.91	624.27	648.12	728.71	645.0
Avg. Public Debt (% of GDP) ³⁴		102.59	99.8	97.47	83.97	96.0
Avg. Inflation Rate (%)		8.6	8.2	6.7	5.9	7.4
Rural Population (Million) ³⁵	Current (20.7million)	21.2	21.7	22.1	22.6	21.9
	Avg. Annual Growth Rate	2.93	2.93	2.93	2.93	2.9
Private Sector enabling Environment	IFAD's 2021 Rural Sector Performance Assessment (RSPA) overall score for Mozambique stands at 3.6, above the ESA average score of 3.0. The specific score for investment climate for rural business is 3.9, which measures the quality of countries' policies and institutions in the rural sector, for achieving rural development and rural transformation benefitting the poor.					
Vulnerability to shocks³⁶	The high vulnerability score of 0.517 and low readiness score of 0.269 Mozambique places it in the upper-left quadrant of the ND-GAIN Matrix with an overall score of 37.6. The country has both a great need for investment and innovation to improve readiness and a great urgency for adaptation action. Mozambique ranks 156 out of 192 countries in the ND-GAIN Country Index Rank.					

The following scenarios have been formulated, based on the medium-term expenditure frameworks (MTEF), from: (a) IMF Article IV medium term expenditure framework³⁷; (b) Government of Mozambique medium-term fiscal scenario³⁸; (c) WB Mozambique Economic Update³⁹.

➤ **Base Case Scenario.**

Medium-term prospects are foreseen to be positive, supported by the global gradual recovery, LNG and Agriculture developments. Growth is expected to accelerate in the medium term, averaging 5.7 per cent between 2022-2024. Assuming favourable weather conditions, agriculture will maintain a positive performance in the upcoming years due to continued investments in inputs. Recovery in global demand and commodity prices will continue to support export gains, and FDI inflows (mainly linked to LNG) will sustain investments.

Under this scenario, debt sustainability is expected to improve, with a debt trajectory reaching 80 per cent in 2024⁴⁰, although still above of the average public debt ratio, as a

³²

<https://www.worldbank.org/en/country/mozambique/overview#:~:text=Mozambique's%202022%20Economic%20Update%20notes,resumption%20of%20larger%20LNG%20projects.>

³³ <https://www.imf.org/external/datamapper/LP@WEO/MOZ>

³⁴ <https://www.statista.com/statistics/507354/national-debt-of-mozambique-in-relation-to-gross-domestic-product-gdp/>

³⁵ <http://www.ine.gov.mz/>

³⁶ Rankings // Notre Dame Global Adaptation Initiative // University of Notre Dame (nd.edu)

³⁷ <https://www.imf.org/en/News/Articles/2022/05/09/pr22145-mozambique-article-iv-consultation-and-ecf> .

³⁸ <https://www.cabri-sbo.org/en/documents/medium-term-fiscal-scenariomacro-fiscal-table-2022-2024>

³⁹ <https://documents1.worldbank.org/curated/en/099524206212215648/pdf/IDU093b925ec0187c043db0b41c055df875bbba9.pdf>

⁴⁰ <https://www.cabri-sbo.org/en/documents/medium-term-fiscal-scenariomacro-fiscal-table-2022-2024> - page 30

percentage of GDP. The Government is establishing a sovereign wealth fund to absorb the income from the oil and gas sectors, and this will further consolidate economic growth and macroeconomic stability. The debt distress situation will improve, however the country will remain as high-risk debt distress, and to ensure debt sustainability, the authorities will need to continue maintaining prudent and sustainable debt management practices.

In August 2022, the Government introduced the Economic Measures Package,⁴¹ a series of reforms intended to stimulate economic growth, improve transparency and governance and ensure greater fiscal oversight and accountability. Potential exists to support government reforms to improve efficiency, effectiveness and financial accountability in IFAD funded programmes. Amongst the measures proposed in the package are several intended to stimulate growth in the agricultural sector and in the rural areas. These include Value added tax (VAT) exemption on imports of inputs for agriculture and electrification; lowering of corporate tax in the agriculture and aquaculture sectors (from 32 per cent to 10 per cent); and imposition of a 10 per cent tax on revenues, derived from natural resource extraction, which will be assigned to the provinces where extraction took place. These tax revenues are intended to finance infrastructure projects and development programmes, which are foreseen to have positive multiplier effects on the economy.

Should these measures be effectively implemented, this will also imply leveraging IFAD investments, particularly for the development of rural infrastructure to stimulate commercial investment in agriculture and aquaculture, while continuing to encourage Government to ensure that a significant proportion of revenue, generated by the extractive sector, is reinvested locally. An increase in foreign earnings, as a result of the sale of LNG, is likely to strengthen the national currency and has the potential to offset the rising costs of fuel, fertilizer, and imported food.

Due to the expected economic improvements, under this scenario, it is foreseen that the lending terms for Mozambique could change in the medium-to long term.

➤ **Low Case Scenario**

In the low-case scenario, a slow economy recovery will take place due to the restrictive and prolonged effects of COVID-19, the Ukraine crisis, the ongoing negative effects of the insurgency in Cabo Delgado, and recurrent extreme weather events. The domestic debt ratio will increase due to the fiscal deficit. GDP will have a moderate growth (around 4 per cent in 2024)⁴².

Domestic prices, particularly of food, will remain high due to the high costs of fuel, fertilizer, and imported food, all of which will affect the purchasing power of the poor, who on average, spend a larger share of their budget on food. The inflation rate is expected to drop by one percentage point during the projected period, to an average of 7.4 per cent. The Ukraine crisis is expected to disrupt supply chains, decrease household consumption, and postpone the implementation of development projects, further driving the most vulnerable populations into poverty and food insecurity. Due to higher inflation and weaker investment, the economy will be less attractive to foreign investments. This scenario anticipates continued debt unsustainability, and the Government's inability to acquire additional non-concessional loans, in addition to IFAD concessional loans.

Indeed, the low scenario suggests the risk that GoM may limit its international borrowing from IFIs for development projects, which are not in its priority list. The country's lending terms are expected to remain at 100 per cent DSF.

⁴¹ Republic of Mozambique (2022). "Economic Acceleration Measures Package". Ministry of Economy and Finance.

⁴² <https://www.cabri-sbo.org/en/documents/medium-term-fiscal-scenariomacro-fiscal-table-2022-2024>

➤ **High Case Scenario**

In the high case scenario, real GDP growth over the COSOP period is projected to reach around an average of 8 per cent, between 2023 and 2026, showing an important acceleration post-COVID-19⁴³. The Government is expected to continue implementing prudent macroeconomic policy management and ambitious reforms, despite challenging conditions.

The IMF commended the Government for the policy actions to mobilize additional tax revenue and remove distortionary tax exemptions and commended the authorities for implementing a new public sector pay structure. Authorities are encouraged to continue reforms in tax administration and public financial management to underpin the efficient and transparent management of public resources. IMF welcomes the authorities' plans for transparent management of future LNG resources through a sovereign wealth fund and suggested adopting a fiscal rule to mitigate the impact of commodity price volatility⁴⁴.

Downside risks remain high and could narrow growth to 1.9 per cent in 2022 if they materialize. The risks stem from the insurgency in the north, threatens the resumption of the LNGs projects in Cabo Delgado and further COVID-19 infection waves are considerable and could narrow the growth.

Overall, the Mozambique medium term economic projections are relatively positive taking into account recent developments in the extractive sector and the growth trends following COVID-19 and a series of environmental shocks. This is projected to continue for the period 2023–2027. However, LNG developments are expected to reinforce the current extractive-centric growth model with limited local linkages and job creation. Mozambique needs to unleash growth in non-extractive activities, promoting a more interconnected and competitive economy that shares growth more equitably. The country has strong potential to diversify its growth model, developing commercial agriculture and a competitive services sector focusing on the backbone services of ICT, telecom, transport, and logistics. This shift will require some fiscal space to invest in physical and human capital and greater private sector participation in non-extractives sectors. As part of IFAD CLPE and based on the ongoing analytical work carried out by partners such as World Bank, FAO, CGIAR, etc., dialogue should leverage an analysis of how the proposed projects (smallholder agriculture and fisheries in the target areas) would contribute to the country's GDP, its social stability, the dependence on food imports, and the fiscal balance.

⁴³ <https://thedocs.worldbank.org/en/doc/bae48ff2f5a869546775b3f010735-0500062021/related/mpo-moz.pdf>

⁴⁴ <https://www.imf.org/en/News/Articles/2022/05/09/pr22145-mozambique-article-iv-consultation-and-ecf>

SECAP background study outline

Introduction (0.5 pages)

Part 1 - Situational analysis and main challenges (7 pages)

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References

Introduction

1. The Social Environment and Climate Assessment Procedures (SECAP) Review Note details the analysis of the social and environmental and climate change risks and opportunities of SECAP. The note outlines the contextual background and recommends risk management and opportunities maximisation. The review note has been produced mainly using literature review of national policies, strategies and relevant programmes and initiatives, as well as field visits and surveys. The social, environment and climate change analysis also draws on the national commitments and targets from the multilateral conventions. The data and information based on statistical data reviews from various secondary sources, including the government country reports, legal, institutional, policy, and programme documents. Furthermore, the study includes a review of IFAD strategy papers, action plans and reports from other multilateral agencies and development partners, and findings from consultations with key stakeholders in-country and virtually.

Part 1 - Situational analysis and main challenges

2. Mozambique suffered from two consecutive years of El Niño-related drought, which had a negative impact on agriculture production and agricultural livelihoods. The country is also prone to other natural disasters, including cyclones and floods, which can disrupt the country's economic development. Since 2016, the combination of the hidden debt crisis, the tropical cyclones that affected the Central and Northern parts of the country in 2019, and more recently, the COVID-19 pandemic in 2020 and the Russia-Ukraine Conflict Mozambique experienced in 2022 slowed down growth significantly. The average annual per capita growth rate was negative (-0.5 per cent) between 2016 and 2020. The negative trend reversed in 2021, with the rate reaching 2.3 per cent, and it is estimated to reach 3.7 per cent in 2022. The

impact of these events on growth has affected the wellbeing of the Mozambican population, and specially rural poor who were hit hard.

Socio-economic situation and underlying causes

3. Poverty. Even though Mozambique has managed to reduce poverty in all forms measured during the last 15 years, with significant improvements in rural and in every province, with reduced economic gap between women and men, large pockets of poverty remain with high levels of vulnerability. 12.4 million people are still living in monetary poverty. Poverty reduction was less effective in certain geographical areas and for certain groups, which resulted in rising inequality. People in rural areas (79 per cent) and central/northern provinces in general – but Zambezia and Nampula too (50 per cent) – lag behind in terms of resources, opportunities, and choice. All service delivery are less accessible and/or of lower quality in rural areas and in central/northern provinces.
4. Another reason for the stagnation in poverty reduction include macroeconomic volatility in recent years. This coupled with weather shocks driven by climate change, stagnant agriculture production in the Centre and North of the country (which constitute an important source of livelihoods for most Mozambicans living in rural areas) and the COVID-19 containment measures have hampered employment and households' earnings. The ongoing Russia-Ukraine conflict adds to the above-mentioned challenges faced by the poor with higher prices of fossil fuels, edible oils, and wheat - food products on which the country is a net importer.
5. **Food Security.** Over 70 per cent of the population lives in rural areas, where agriculture is the main source of household food security, livelihoods, employment and income. The sector employs 80 per cent of the workforce and is the main source of income for more than 70 per cent of the population. Yet food insecurity remains a major issue for people living in rural areas. More than half of all households live below the poverty line. Moreover, agriculture production at the household level is often not sufficient to maintain food security. According to Mozambique latest food security outlook report (August 2022), many households face increased food insecurity mainly attributed to drought, floods and conflicts (Cabo Delgado). Many have difficulties in accessing basic needs, specially access to food become a major problem due to limited income. It is reported that many poor rural households apply coping strategies in terms of the diversity of their diet and frequency of meals, which is a critical measure of nutritional security.
6. In addition, Mozambique is a country prone to weather related shocks that further jeopardize food security and nutrition in certain areas. Mozambique ranks third among African countries most exposed to multiple weather-related hazards and suffers from periodic cyclones, droughts, floods and related epidemics. For instance, due to Cyclone Idai that hit the country in March 2019, hundreds of rural communities experienced food shortages and were plunged into a nutrition crisis. Six weeks later, Cyclone Kenneth made landfall in northern Mozambique.
7. **Agriculture.** Agriculture is of central importance to Mozambique's economy, but it is largely at the subsistence level. Mozambique is largely an agrarian country with well-developed agriculture corridors (the Pemba – Lichinga, Beira, Zambezi, Nacala, Maputo and Limpopo agricultural corridors), forestry and a marine fisheries sector. Mozambique has around 36 million hectares of fertile and arable land, but only 16 per cent of land suitable for farming is currently cultivated. Productivity is low, reliance on food imports is high, and much of the population is food-insecure and malnourished. Most farms are small, family-run, and mainly subsistence. The main crops are maize (29 per cent), cassava (13 per cent), sorghum (11 per cent), beans

(9 per cent) and rice (5 per cent). All the four main corridors (Maputo-Limpopo; Beira; Nacala; and Pemba-Lichinga) will be drivers of the rural transformation, boosting the crops and dynamic of their development area. The Beira and Nacala corridors, are key for inland countries and Mozambique imports and exports. For the Maputo-Limpopo corridors, the Government is establishing (with the support from PROCAVA), the ‘Limpopo Agri-Economic Zone’, the first agriculture and agro-industry free zone which will improve the comparative advantage of this corridor.

8. Next in importance are cash crops: peanuts, sesame seeds, cotton, tobacco and cashews. In general, the agriculture sector’s performance is characterized by low levels of production and productivity due to numerous challenges. These include the adverse impacts of climate change and climate variability (droughts, floods, emergent crop and livestock pests/diseases); lack of availability and access to quality inputs and technologies; soil degradation and low fertility; poor capacity for disease surveillance and control; inadequate veterinary services; insufficient extension services and poor linkages between extension and research; and ineffective value chain and marketing development. The development challenge for the country is to harness this agricultural potential and transform subsistence industry into productive, competitive and sustainable agriculture, and to increase processing and value addition, contributing to food security and better nutrition, and increasing family incomes in rural areas.
9. **Gender** Women in Mozambique are positioned below men, in terms of rights, resources, and opportunities; their gendered responsibilities as the primary caregivers for children and of the household translate into daily, often unpaid, responsibilities, such as the collection of firewood or preparation of food for household members. Women are overrepresented in the informal sector and many more women work in agriculture. One underlying reason for this is likely to be related to the sharp difference in education between women and men, as well as traditional and discriminatory practices. Gender inequalities in the inheritance of land are rampant, despite the legal framework which firmly guarantees equal inheritance rights. Women own 28 per cent of privately-owned land in Mozambique compared to men who own 72 per cent. In addition, women only manage 70 per cent of those plots that they own, and that women are more likely to manage plots in household areas. In cases where women do manage women-owned plots of land, they typically do not grow the main cash crop for the household, and they do not use complicated or advanced production techniques. Where land is owned jointly, men are given decision-making authority over the land and its use, and polygamy further constrains individual women’s access to and control over resources.
10. There is a large disparity in women’s and men’s representation in local institutions, authorities, and provincial assemblies. Most extension agents or workers responsible for local economic development trainings and processes are male, which can mean that they prefer to pass on information only to men due to conscious or unconscious gender bias.
11. At household levels, men tend to control household financial resources, often only a small percentage of household income is used to benefit the entire household, including providing sufficient food, health and education for children. As Mozambique is a largely agrarian country, women’s access to land, finance and technologies, including access to essential services and trainings remain crucial to achieving gender parity in economic development. Offering female-led economic empowerment programs can overcome some of the inherent gender biases that limit women’s participation.
12. **Youth.** Young people in Mozambique are having to face the challenges posed by the harsh realities involved in securing formal and decent employment. Most of them are resorting to the informal labour market which predominates in the Mozambican economy. The youth unemployment rate is at 41.7 per cent. Young women suffer

from the highest level of unemployment, a situation reinforced by their under representation in socioeconomic and political structures. It is estimated that around 87 per cent of Mozambican youth are employed in vulnerable jobs, mainly in subsistence agriculture or in the informal sector.

13. **Marginalised groups.** The most vulnerable groups in Mozambique are people with less assets like land, less support from family members, low economic diversification and occasional employment, often female-headed households, adolescent girls and women, children and elderly. Female headed households are more likely to work in agriculture, have less secure access to land, to be self-employed in the informal sector, and to have less formal education. There are groups in society that are more likely to be marginalized, and hence have even more difficulties in benefitting from opportunities: LGBTQI persons, persons with HIV/AIDS, persons in prostitution, persons with drug abuse, the mentally ill, and people with disabilities. People living in central and northern parts of the country, women, and vulnerable and marginalized groups are more affected by environmental degradation and disasters.
14. **Nutrition.** Malnutrition in childhood and pregnancy has many adverse consequences for child survival and long-term well-being. The consequences of malnutrition is a significant concern for Mozambique where 6 per cent of children under-five are acutely malnourished or wasted and 43 per cent of children under five are stunted (have low height-for-age), around 2.1 million (out of 4.8 million) stunted children. Mozambique is one of the countries in Africa with the highest rates of child malnutrition.
15. Poor diet quality that is not diverse enough in terms of fats, high quality protein and micronutrients, resulting in insufficient micronutrient intake has contributed to high levels of child stunting. In the rural areas in the northern part, which also has the highest levels of stunting—households consume mostly maize with additional food groups, such as oils/fats and green leafy vegetables consumed as infrequently as 2–3 days per week. Poor diet has also contributed to high levels of micronutrient deficiencies, such as anemia, which affects 69 per cent of children under five years and 47.9 per cent of women of reproductive age. Inadequate infant and young child caring and feeding practices also contribute to the high prevalence of undernutrition. The prevalence of minimum acceptable diet among breastfed infants 6–23 months is also low, at only 15 per cent.
16. In Mozambique, malnutrition rates become progressively higher from south to north. Stunting is over 50 per cent in the northern provinces of Nampula and Cabo Delgado, while it is lower than 30 per cent in the provinces of Maputo and Gaza. Six out of Mozambique’s 11 provinces have a very high level of stunting among children under-five. Differences in stunting levels can also be seen according to maternal education and wealth levels; stunting ranges from 27 per cent among children whose mothers and or caregivers have a secondary education or higher to 47 per cent among those whose mothers and or caregivers have no education. Similarly, 24 per cent of children in the highest wealth quintile are stunted, while 51 per cent of children in the lowest wealth quintile are stunted. The associations between stunting with wealth quintile helps demonstrate that high poverty is an important factor, but there are other factors contributing to these poor nutrition outcomes in Mozambique. Inadequate quality and quantity of food consumption among children, adolescent girls, pregnant and lactating mothers, including poor infant and young child feeding and caring practices, limited knowledge of nutrition and about balanced diets are contributing factors to acute malnutrition.
17. Childbearing begins early in Mozambique and can have long-term nutritional consequences. Between the ages of 15–19 years, 46.4 per cent of adolescent girls had begun childbearing. This has serious consequences because, relative to older mothers, adolescent girls are more likely to be malnourished and have a low-birth-weight baby who is more likely to become malnourished.

18. Affordability of diet is major issue that is associated with low income, limited employment opportunities, and high price of food. Around 54 per cent of households in Mozambique are not able to purchase a nutritious diet that meets minimum nutrient needs. It also estimated that the daily cost of a nutritious diet was more than four times the cost of an energy-only diet. The households that cannot afford a nutritious diet seem to be concentrated in the same provinces where stunting prevalence is the highest, and specifically in the northern half of the country in the provinces of Cabo Delgado and Nampula. Gaza and Manica are outliers: Gaza has high non-affordability and lower stunting than the national average, while Manica has low non-affordability and high stunting. Even so, as evidenced in provinces like Manica, affordable nutritious foods is only part of the solution to multi-sectoral problems such as stunting.

Environment and climate context, trends and implications

19. **Environment and natural resources.** Mozambique is located in the Eastern Coastal zone of Southern Africa and ranges and its terrestrial ecosystems are dominated by the Miombo and Mopane woodlands in the west, southwest and the Zambezi Valley. The grasslands, wooded savannas, and bush lands of the dry areas are found in the south. Montane ecosystems comprise of evergreen forests, afro-alpine grasslands, shrub-lands, and moorlands. Extensive wetlands and freshwater ecosystems are varied and include rivers, natural lakes and artificial lakes. Coastal and marine ecosystems include sandy beaches, vegetated coastal dunes, coastal lakes, swamps, Mangrove forests, sea grass beds, and coral reefs along the northern coast.
20. Mozambique is endowed with numerous natural resources and mineral deposits including large coal deposits, iron ore, natural gas, gold, limestone, hydropower, sea salt, titanium, diamonds, uranium etc. The country's natural forests and woodlands cover 43 per cent of the land area and host varied biodiversity and unique landscapes. Forests are critical to the country's social, environmental and economic well-being. The country has a land mass of 82.36 million hectares of land, of which 13.7 per cent is crop land, 45 per cent dry forest, 37 per cent grasslands and fallows, 2 per cent wetlands, 0.3 per cent mangroves and 1.3 per cent comprised of others e.g. rocks. The agriculture sector accounts for about 24 per cent of the country's GDP and employs 80 per cent of the population, largely smallholder farmers in rural areas. Much of the agriculture sector is rainfed, with irrigated land being primarily along rivers⁴⁵.
21. **Major land uses.** Agriculture is the main form of land use, followed by pasture land, forest cover, arable land, and permanent crops respectively. Rapid deforestation is the main driver of land use change, with slash and burn contributing to about 65 per cent of the forest cover loss⁴⁶. Deforestation is exacerbated by overreliance on fuel wood as the main source of energy, particularly in rural areas.
22. Over 42 per cent of the land area in Mozambique is degraded, with 19 per cent in active degradation, including desertification in the arid and semi-arid areas of the country. Between 2000-2016, the country lost 207,272ha lost to land degradation. Land degradation is highest in the provinces of Manica, Nampula, Sofala and Zambezia, with detrimental impacts to agricultural ecosystems, crop production and

⁴⁵ African Development Bank (2021). Climate Investment Funds- PPCR Business Development for Resilience Program. AfDB.

⁴⁶ World Bank (2018). Forests of Mozambique – a snapshot.
<https://www.worldbank.org/en/news/infographic/2018/12/12/forests-of-mozambique-a-snapshot>

food security. The agriculture sector is highly vulnerable to severe land degradation through deforestation. Adverse environmental challenges are experienced as a result of migration to urban and coastal areas, leading to increased pollution of water sources, land and soil. Artisanal mining is also a leading cause of degradation of water, soil and biodiversity resources⁴⁷.

23. **Biodiversity.** Mozambique has a large diversity of flora and fauna, with over 5500 plant species and 5500 plant species, including national parks and forests as well as fisheries. About 300 of these species are in the IUCN Red List, thus require dedicated protection. The primary threats to biodiversity and ecosystem services are deforestation, land and ecosystem degradation, unregulated harvesting of valuable species, and introduction of invasive plant and animal species. Insecure land tenure and weak policy implementation pose serious challenges to the sustainable management of natural resources.
24. **Water resources.** Lake Malawi is Mozambique's major fresh lake, while rivers Zambezi and Limpopo are the main rivers and the Indian Ocean is the key water shed. The country has 217.1 billion cubic meters of renewable water resources⁴⁸. Mozambique faces three major challenges to its water resources. These are increased incidences of drought, floods, and saltwater intrusion along its 2700 km coast line due to sea level rise. Human induced water resources degradation caused by industrial, agricultural and domestic waste discharge into water bodies, deforestation, poor water and land use practices are likely to exacerbate the situation. Artisanal mining also contributes to erosion and siltation in some parts of the country.
25. **Blue economy resources:** Mozambique has an abundance of blue economy resources (coastal, marine, fisheries, aquaculture). The blue economy contributes to about 4 per cent of the GDP. Increase in sea level is expected to contribute to erosion and flooding of coastal ecosystems and land. In freshwater ecosystems, salt water intrusion is likely to lead to losses in fish populations, poor water quality, and destruction of fishing infrastructure and equipment. Human induced challenges include overfishing and overstocking, depletion of mangroves, illegal fishing, poor water quality and quantity management, pollution, lack of clear biophysical guidelines on development of inland aquaculture, and limited capacity to implement existing laws and regulations⁴⁹.
26. **Soil erosion.** Estimates show that Mozambique losses approximately 349 million tons of soil per year, with a mean loss per hectare of **about** 4.4 tons. The main causes of soil erosion include inappropriate farming practices, deforestation and loss of vegetative cover, mining, overstocking and overgrazing, flooding and cyclones etc.
27. Investments in integrated natural resources management, nature-based solutions, ecosystem based approaches and sustainable land management practices, sustainable management of blue economy **resources**, innovative financing models e.g. carbon trading, will be key for Mozambique in addressing environmental challenges described in this section.

⁴⁷ CIA (2022). CIA Factbook – Mozambique. <https://www.cia.gov/the-world-factbook/countries/mozambique/#environment>

⁴⁸ CIA (2022). CIA Factbook – Mozambique. <https://www.cia.gov/the-world-factbook/countries/mozambique/#environment>

⁴⁹ FAO (2019). Fishery and Aquaculture Country Profiles. Mozambique (2019). Country Profile Fact Sheets. In: FAO Fisheries and Aquaculture Department [online].

28. Agro-ecological zones (AEZs) of Mozambique. Mozambique has 10 AEZs (see figure 1). AEZ I (R1), is the semi-arid Southern region and covers districts of Maputo Province and Gaza Province. Annual rainfall ranges between 500-800mm with major crops being maize, groundnuts, cowpeas, and cassava. AEZ II (R2) is the semi arid coastal Southern region, that covers Maputo, Gaza Provinces and the entire Inhambane Province. Annual rainfall ranges from 500 to 800 mm, with groundnuts, cowpeas, sweet potatoes, maize, rice and cassava being the main crops.
29. AEZ III (R3) is arid and covers the northwestern districts of Maputo and Inhambane Provinces, and the central and northern districts of Gaza Province. Annual rainfall varies between 400-600-mm. Sorghum, millet, cattle and goats keeping are common. Prolonged drought spells are common.
30. AEZ IV (R4) is the mid-elevation central region and covers Manica Province and central-western districts of Sofala Province. Annual rainfall ranges from 1000-1200 mm. Common crops grown include sorghum, cowpeas, maize and cassava. AEZ V (R5) is the coastal central region, covering south eastern districts of Manica Province, southern and coastal districts of Sofala Province, and the coastal southern and central districts of Zambezia Province. Annual rainfall ranges from 1000-1400 mm, with sorghum, millet, cassava, cowpeas, cashew, maize, rice and cotton being the key crops. AEZ VI (R6) is dry semi-arid and covers the southern and south eastern districts of Tete Province, the northwestern districts of Sofala Province, and the southwestern districts of Zambezia Province. Annual rainfall is between 500 and 800 mm, and millet and sorghum are the main crops. Livestock keeping is also common in this region.



31. AEZ VII (R7) is the largest and covers the central districts of Tete Province, the western and central-northern districts of Zambezia Province, inland districts of Nampula and Cabo Delgado Provinces, and Niassa Province. The region receives 1000-1400mm of rainfall annually, with maize, sorghum, cassava, groundnuts, cowpeas, cashew, and cotton being the main crops. AEZ VIII (R8) covers the northeastern coastal districts of Zambezia Province and the coastal districts of Nampula and Cabo Delgado Provinces. Annual rainfall is between 800-1200mm, with maize, millet, cassava, rice, and cashew being the key crops. AEZ IX (R9) is the smallest AEZ and includes the central-northern districts of Cabo Delgado Province.

AEZ X (R10) is the high-altitude region, consists of the western districts of Manica Province, the northern districts of Tete Province, the northwestern districts of Zambezia Province, the southwestern districts of Nampula Province, and the central-western districts of Niassa Province. It receives more than 1,200 mm of rainfall annually, with a rainy season running from November to April. The main crops in High-Altitude region are maize, common beans, potatoes, and millet⁵⁰.

32. **Natural disasters.** Mozambique has a high vulnerability to severe droughts, cyclones, and floods particularly in the southern and central provinces. Around 60 per cent of the population in Mozambique lives along the coast line, making them exposed to climate-related hazards such as tropical cyclones, recurring droughts, coastal and inland flooding. In 2019, Cyclones Idai and Kenneth caused severe floods resulting in US\$3 billion worth of losses and damages. El Niño-related drought events have historically occurred every 3 to 4 years in Mozambique, primarily in the central and southern regions

⁵⁰ FEWS NET (2018). Mozambique – staple food market fundamentals. USAID. https://fewsn.net/sites/default/files/documents/reports/MFR_Mozambique_edited_formatted_20181108_508%20Compliance.pdf

33. The combined impacts of floods, droughts, cyclones, food insecurity, conflicts in the North etc. have to date increased the vulnerability of about 8million people (e.g. in Sofala, Manica, Tete, and Zambezia, Cabo Delgado, Maputo, Gaza, and Inhambane). In 2021, the global index for risk management ranked Mozambique 10th in exposure to natural and human hazards, and very highly in lack of adaptive capacities. The country integrated context analysis (ICA) conducted by WFP in 2017 revealed that high food insecure risk regions are mainly located in arid and semi-arid provinces of central and southern parts – Tete, Sofala, Manica, and Inhambane provinces⁵¹.
34. **Climate change.** Mozambique ranks third among African countries most exposed to multiple extreme weather events, natural disasters and the impacts of climate change. These include droughts, floods, cyclones, heat waves, etc. The country ranks 10th Globally in exposure to natural disasters and extreme weather events. Mozambique’s high vulnerability is exacerbated by its geographic location and terrain due to its long coastline, extensive land area below sea level, and the confluence of many transnational rivers into the Indian ocean⁵². High poverty levels, overreliance on rainfed agriculture, human induced forest and land degradation, low adaptive capacities and weak early warning systems further aggravate the situation.
35. Climate change, natural disasters and extreme weather will continue to devastate livelihoods, food security and well being of rural populations if action is not taken. Mozambique seeks to promote a low carbon development pathway powered by a green economy and to enhance resilience building among communities. In 2020, Mozambique submitted its updated Nationally Determined Contributions (NDCs) to the United Nations Framework Convention on Climate Change (UNFCCC). The NDCs seek to reduce 40 million tCO₂eq of greenhouse gas emissions between 2020 and 2025 through mitigation measures such as renewable energy, low carbon agricultural practices and scaling up Reduction of Emissions from Deforestation and Degradation (REDD+). Adaptation measures in agriculture also feature in the NDCs and focus on resilience building in the agriculture, strengthening the early warning system and increasing the adaptive capacities of vulnerable people among others.
36. **Climate trends.** Historical trends show that since the 1960s, the average rainfall decreased by 3.1 per cent (2.5mm per month) per decade. Variations have been observed across regions, with the Northern provinces (e.g. Cabo Delgado, Niassa, Nampula and Zambezia) experiencing higher rainfall (over 2,000mm). High rainfall variability is found in the Central regions, and in the South, persistent droughts and floods. The rainfall season is from October to May, with November to May showing the highest rainfall. Provinces in the South, largely Maputo, Gaza and Inhambane receive lower rainfall, the lowest being about 500mm.
37. Mozambique’s mean annual temperatures range from 25 to 30 °C in summer, from 15 to 21 °C in winter, with extreme temperatures the summer of above 40 °C in some regions⁵³. Mean temperatures countrywide went up by a mean of 0.9°C (0.15-0.16°C per decade) since 1960. Increases in maximum temperature are mainly experienced between October to November and February to March, with increases more apparent in the West and South parts of the country e.g. Inhambane, Gaza

⁵¹ African Development Bank (2021). Climate Investment Funds- PPCR Business Development for Resilience Program. AfDB.

⁵² Dutch Sustainability Unit (2015). Climate Change Profile - Mozambique. Netherlands Commission for Environmental Assessment.

⁵³ Mavume, A.F.; Banze, B.E.; Macie, O.A.; Queface, A.J. (2021). Analysis of Climate Change Projections for Mozambique under the Representative Concentration Pathways. Atmosphere 2021, 12, 588. <https://doi.org/10.3390/atmos12050588>

and Maputo⁵⁴. The central parts of the country are more prone to floods and cyclones, followed by the North and South, while the Southern part is more prone to droughts

38. Overall, over the past 20 years, the intensity and frequency of droughts, floods and cyclones has increased. Between the years 1956-2016, the country experienced 11 droughts, 24 floods, 15 tropical cyclones, 20 epidemics and 2 earthquakes⁵⁶. The two Category 4 cyclones that hit Mozambique in March (Idai) and April (Kenneth) 2019, as well as the floods in Cabo Delgado, Zambezia, Tete, Sofala and Manica Provinces in December 2019 and January 2020 affected approximately 150,000 people, including smallholder farmers. These disasters also lead to extensive crop and livestock losses, including destruction of property and infrastructure in rural areas. Future projections show that the country will continue facing increasingly stronger and frequent extreme weather events with devastating impacts to the economy, food security and livelihoods of people.
39. **Climate projections.** Projections show that all provinces of Mozambique will experience annual increases in mean temperature. By 2060, mean temperature is projected to increase by at least 1.45°C, with the months of October to December experiencing increases of 2.0–2.1°C, compared to the historical average. The landlocked parts of the country will experience more warming while the coastal areas will experience less temperature variations. The frequency and intensity of days of extreme heat as well as droughts are also expected to increase.
40. Precipitation projections show that by 2060, mean monthly precipitation and total annual precipitation will be reduced in all Provinces and total rainfall at the onset of the rainy season in the months of October, November and December is predicted to be reduced from 24 to 11.5 mm/month, 67 to 45 mm/month, and 162 to 140 mm/month. These trends may indicate possibility of delayed rainy seasons or reduced durations of rains relative to historical trends, with a projected overall reduction of 131mm of rainfall between the historical and future scenarios⁵⁷. The frequency of days of heavy rainfall is also expected to increase, leading to increased floods. Models also reveal that the frequency of tropical cyclones is likely to reduce but the intensity of these cyclones will increase⁵⁸. Figures 2 and 3 show projected temperature and precipitation trends under various scenarios, including RCP 4.5 and 8.5⁶⁰.

⁵⁴ WFP and IFAD (2018). Mozambique: a climate analysis. <https://docs.wfp.org/api/documents/WFP-0000108186/download/>

⁵⁵ World Bank (2011). Climate risk and adaptation country profile, Mozambique. https://climateknowledgeportal.worldbank.org/sites/default/files/2020-04/wb_gfdr climate change country profile for MOZ_0.pdf

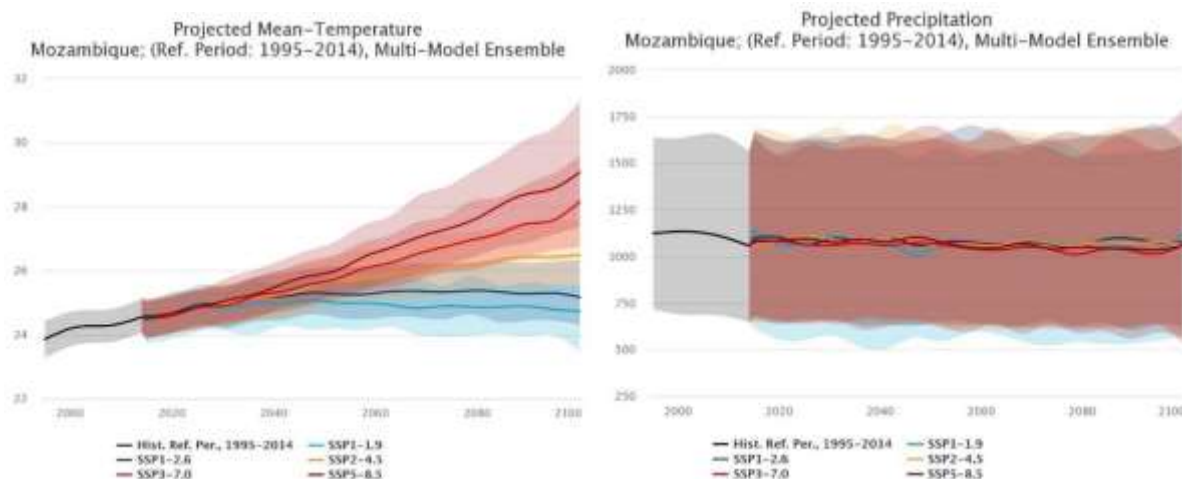
⁵⁶ African Development Bank (2021). Climate Investment Funds- PPCR Business Development for Resilience Program. AfDB.

⁵⁷ FINRES (2020). In-depth climate risk analysis for Mozambique. IFAD.

⁵⁸ University of Capetown (2019). Climate risk assessment for the agriculture sector in Mozambique. African Climate & Development Initiative Climate System Analysis Group Environmental Policy Research Unit. Funded by IFAD.

⁵⁹ USAID (2020). Mozambique climate risk profile. https://www.climatelinks.org/sites/default/files/asset/document/2021-03/2021_USAID.

⁶⁰ World Bank (2022). Mozambique. <https://climateknowledgeportal.worldbank.org/country/mozambique/climate-data-projections>



41. **Impacts of climate change.** With these projections, climate change is likely to result in disruptions of familiar seasonal trends, increased water and heat stress and reduced growing seasons, thereby affecting overall food security. Mozambique is also likely to face declining annual production/productivity of staples such as maize, beans and cassava, due to a reduction in the suitability of some areas, thereby impacting on food security. Climate resilient crops such as sorghum and cow peas will be less affected and will thus provide alternatives to traditional staples on areas that become unsuitable. The provinces of Niassa, Cabo Delgado and Nampula will have negligible or positive changes to crop suitability while the arid southern provinces of Maputo, Gaza and Inhambane, as well as the northwestern province of Tete, are predicted to experience negative impacts on virtually all crops. With regards to livestock, goats are projected to be the most resilient followed by layer poultry, with cattle showing low resilience. Some adaptive measures will need to be considered such as increasing shading, herding in higher altitudes or shifting species towards breeds and species more adapted to warmer temperature and higher humidity levels such as goats.
42. **Adaptive capacities.** Based on an assessment of climate change adaptive capacities of communities done by the University of Capetown, Maputo, Gaza and Manica provinces were characterised by the highest adaptive capacities, while Niassa, Zambezia and Nampula were likely to have the lowest adaptive capacities. Table 1 below provides a summary of the adaptive capacities of provinces, while table 2 provides adaptive measures.

Table 1: Adaptive capacities of provinces in Mozambique

	Adaptive Capacity Indicator Category				Adaptive capacity score	Adaptive capacity rank
	Adoption of improved agricultural practices	Access to alternative income	Access to agricultural information	Education		
Contribution to Index	50%	17%	17%	17%		
Cabo Delgado	3.2	39.9	62.7	22.4	22.4	7
Gaza	5.5	58.5	64.9	18.6	26.4	2
Inhambane	8.5	40.6	63.9	18.9	24.8	5
Manica	10.4	36	69.1	16.2	25.4	3

Maputo	9.2	61.1	91.1	28.6	34.7	1
Nampula	3.3	33.2	61.4	14.9	19.9	10
Niassa	5.4	40.9	57.3	13.3	21.3	8
Sofala	4.1	51.1	6.7	18.6	23.8	6
Tete	14.1	36.4	52.6	18.5	25	4
Zambezia	2.2	37.2	70.4	10.9	20.9	9

Table 2: Recommendations for adaptation measures – crops and livestock

Crop/Livestock	Production/Productivity Impact	Overall production suitability	Remarks	Recommendations
Maize	Moderate decrease for short maturing varieties and severe for long maturing varieties	Moderate to good for short maturing varieties	Severe production and economic impacts for long maturing varieties	Increase access to locally adapted cultivars; promote early maturing varieties; promote climate resilient practices, promote diversified cereals production
Groundnuts	Minor to moderate decreases	Extensive suitability	Useful option for climate resilient farming systems	Promote drought tolerant and locally adapted varieties; promote within diversified and intercrop systems; invest in post-harvest processing facilities
Cow Peas	Minor to moderate decreases	Extensive suitability	Inhambane, Maputo and Tete more vulnerable to losses. Cabo Delgado, Niassa and Nampula to remain unchanged and highly suitable	Promote as a climate resilient legume; identify target areas for increased production; promote as food for humans and livestock
Beans	Moderate to high decreases	Likelihood of unsuitability	Sofala, Zambezia, Tete and Niassa provinces more vulnerable	Identify and promote locally appropriate cultivars
Sorghum	Minor decreases Inhambane, Gaza, Tete and Manica will be more vulnerable to decreases	Considerably suitable	More resilient than other cereal crops	Identify and promote locally adapted cultivars; promote change in dietary perceptions and preferences
Cassava	Likely to decrease	Northern and Central provinces to remain suitable.	Likely to be a useful option for climate-resilient	Increased access to quality, virus-free planting material of improved varieties; increased access to facilities and equipment for processing

		Inhambane, Gaza and Maputo may become increasingly marginal	farming systems	fresh cassava; and improved capacity of farmers to monitor and respond to common pests and diseases
Livestock	Likely to decrease for cattle varieties that are not locally adapted	Locally adapted cattle or small stock more suitable	Widespread degradation of grazing resources and persistent overgrazing and the impact of droughts to impact suitability	Promote adaptable cattle breeds and small stock

Part 2 -Institutions and legal framework

Institutions

43. Nutrition improvements depend on many sectors, and translating food security and consumption impact into nutritional status often requires improvements in agriculture, environment, finance, trade, health, sanitation, education, including ability and understanding of improved caring and feeding practices. Coordination with other sectors will maximize the likelihood of nutrition impact from agriculture. Inclusive multi-stakeholder processes and approaches that bring in diverse perspectives, including indigenous knowledge, cultural insights and science-based evidence to enable stakeholders to understand and assess potential trade-offs and to design investment options that deliver against multiple public goods across these various systems. This will need to be accompanied by far more concerted effort to coordinate activities, monitor progress more closely and greater accountability from all players across the food system. The following are the most important institutions and partners that need to be engaged and enhanced collaboration and coordination may be required:

- National Council for Nutrition and Food Security (Conselho Nacional de Segurança Alimentar e Nutricional or CONSAN)
- Ministries of Agriculture, Health, Education, Environment, Finance, Trade
- USAID, GAIN, World Bank
- WFP, UNICEF, WHO

44. Gender equality and women empowerment, including youth inclusion also depend on collaboration, coordination and partnership of multiple sectoral ministries, including different partner institutions. In particular, the following entities are important to engage:

- Ministry of Gender, Children, and Social Action
- MINEDH Ministry of Education and Human Development The National Council for the Advancement of Women (CNAM)
- Commission on Gender, Social and Environmental Affairs
- JICA, USAID, World Bank
- UNWOMEN, UNFPA, ILO
- MISAU Ministry of Health
- MITADER Ministry of Land, Environment and Rural Development

- MITESS Ministry of Labor, Employment and Social Security

Policy and regulatory frameworks

45. The national policies and strategies outline importance of tackling poverty, food insecurity and malnutrition through the harmonized and integrated approach. The documents identify critical target groups, sets out strategic objectives, outlines specific interventions and key progress indicators, and identifies which institutions will assume primary responsibility for achieving results. The national priorities also ensure that rural smallholder have better access to technology, knowledge, productive assets, and are supported through different livelihoods interventions with special focus on creating decent employment, generating income, empowering young men and women. Mozambique's commitment to improving food security and nutrition is outlined in the following documents, which are aligned with the government's Agenda 2025:
- National Development Strategy (Estratégia Nacional De Desenvolvimento [ENDE]) 2015–2035;
 - Government's Five-Year Plan (Plano Quinquenal do Governo [PQG]) 2020–2024;
 - Multisectoral Action Plan for the Reduction of Chronic Undernutrition (PAMRDC) (2011);
 - Agriculture Development Strategy (Plano Estratégico de Desenvolvimento do Sector Agrário [PEDSA]) 2011– 2020 (currently under extension);
 - Green Revolution Strategy (ERV);
 - National Strategy for Food Security and Nutrition (ESAN III);
 - National Plan for Food Security and Nutrition (PASAN II);
 - Nutritional Rehabilitation Program (PRN);
 - National Strategy for SBCC in the context of Nutrition;
 - Mozambique's Multisectoral Action Plan for the Reduction of Chronic Undernutrition (PAMRDC).
46. The government has instituted the National Development Policy (ENDE) and the National Youth Policy (NYP). ENDE places emphasis on developing the agriculture, fisheries, industrial diversification, infrastructure, extractive industry, and tourism sectors; it is aimed at stimulating overall economic growth, and thus benefits youth. The NYP focuses on expanding economic opportunities for youth through employment and entrepreneurship and as well as mainstreaming youth issues into government plans and policies.
47. **Environment and Climate.** Mozambique drafted the National Climate Change Strategy and strengthened the Inter-Institutional group working on climate change, which is a representative committee of the public and private sector, civil society, and academia. MITADER has established its climate change unit which aims to support the Ministry in planning and implementation of activities which contribute to coping and dealing with climate stressors in the agriculture sector. The Mozambique agriculture sector Technical Analytical Network (TAN) also known as the Local Technical Analytical Network (LTAN) was established. Its aim is to provide technical analytical support and capacity development to the Mozambique Strategic Analysis and Knowledge Support Systems (MOZAKSS) Node, Ministry of Agriculture and Rural Development, and the agriculture sector at large.
48. Mozambique has several policies, strategies and action plans addressing climate change and natural disasters. These include the National Climate Change Adaptation and Mitigation (ENMC) (2013-2025), National Adaptation Plan (NAP) Roadmap (2020-2025), and the Master Plan for Risk and Disaster Reduction (2017-2030). The

ENMC articulates provides a set of strategic actions to ensure a more prosperous, resilient and sustainable future.

49. The National Climate Change Adaptation and Mitigation Strategy (NCCAMS) identifies adaptation and the reduction of the climate risk as a national priority and presents eight strategic actions aimed at creating resilience and reducing the climate risk in the communities, ecosystems and national economy. The eight strategic actions are aimed at; reducing climate risk, water resources, agriculture, fisheries and food security and nutrition (SAN), social protection, health, biodiversity, forests and infrastructure. The country intends to update its National Adaptation Plan (NAP) in the medium (2020 to 2025) and long (2026 to 2030) terms. Therefore, from 2020 to 2025, the country intends to increase its resilience at the provincial level and to include adaptation in provincial planning. Monitoring and Evaluation: The Government of Mozambique has approved the National System to Monitor and Evaluate Climate Change and this will be used for the Measurement, Reporting and Verification (MRV) of the adaptation actions. This system is currently being tested and will be functioning before 2020 and onwards.
50. **Nationally Determined Contributions.** The country submitted its updated Nationally Determined Contributions (NDCs) to the United Nations Framework Convention on Climate Change (UNFCCC) in 2020. The NDCs seek to reduce 40 million tCO₂eq of greenhouse gas emissions between 2020 and 2025 through mitigation measures such as renewable energy, low carbon agricultural practices and scaling up Reduction of Emissions from Deforestation and Degradation (REDD+). Adaptation measures in agriculture include resilience building in the agriculture, livestock and fisheries sectors; strengthening the early warning system, efficient water resources management and increasing the adaptive capacities of vulnerable people.
51. **Land Degradation Neutrality (LDN).** As part of its commitment to the UNCCD, Mozambique in 2021 committed to reverse forest and land degradation by 2030 and to have 62 per cent of its energy being renewable within the same time frame.
52. **Convention on Biodiversity CBD).** The National Action Plan of Biological Diversity (NBSAP) of Mozambique (2015-2035) seeks to reverse the degradation of biological diversity and ensure sustainable utilisation of biological resources. The plan seeks to enhance sustainable management of biological resources in the agriculture, livestock, aquaculture, forestry and wildlife sectors. The plan also seeks to foster integrated management, conservation, benefits sharing, including fair and equitable use of biological diversity. This will be achieved through investments in conservation, training, financing and partnerships.

Programmes and partnerships

53. A National multi-stakeholder platform for nutrition: Technical Food and Nutrition Multisectoral Group (Government and partners) and Nutrition Partners Forum was created in 2013 for better synergies for joint programmes and coordination, including partnerships.
54. In 2018, the Ministry of Gender, Children, and Social Action through Institute of Social Action increased its budget for social protection by 22.3 per cent to cater for vulnerable children and women through various programmes. Mozambique has developed and approved the MultiSectoral Action Plan for the Reduction of Chronic Malnutrition which aims to reduce chronic malnutrition in children aged 0-5 years, from 43 per cent to 30 per cent in 2015 and 20 per cent in 2020 (MISAU et.al, 2011).

55. The Ministry of Education and Human Development is implementing the National School Feeding Program and aims to reduce in a sustainable way the negative impact of food insecurity and malnutrition in the education sector. Furthermore, The Government has deliberated on the gender strategy for the agriculture sector, 2016-2025 which aims to increase the level of women's participation in the sector.
56. Youth empowerment was enhanced through creating credit facilities for the youth, provide training programmes for youth entrepreneurs in rural communities and provision of scholarships to pursue studies in the field of agriculture. In addition, MADER developed a Flagship Programme for Youth and Women Empowerment in Agriculture in Northern and Central provinces of Mozambique.
57. In addition to the above programmes and its interlinkages, the COSOP needed to also identify the key strategic partnership, the most strategic and realistic ones to support the achievement of the strategic objectives. In particular, partnerships with farmer organizations/associations will need to be sought during the implementation of COSOP.
58. **Environment and climate.** IFAD will work with relevant agencies in the Ministry of Land and Environment to strengthen the national disaster and early warning system as well as the climate and weather information systems and work with partners to strengthen capacities at national, regional and project levels. The partnership with the Africa Risk Capacity (ARC) will be strengthened to enhance access to climate insurance for smallholder farmers and to build local capacities.
59. The programs under the COSOP will continue to scale up ongoing national efforts to promote REDD+ to restore degraded land and forests as well as access to carbon markets. Opportunities to explore PPP arrangements for biodiversity conservation and private sector engagement in conservation efforts e.g. through the existing BioFund being promoted by the World Bank, AFD as a payment for ecosystem services approach, will be scaled up under this COSOP to enhance the sustainability of the conservation and ecosystem restoration interventions
60. As a mandatory aspect of safeguards, all new projects under this COSOP be required to comply with IFAD's SECAP 2021 guidelines. The projects will also be required to develop grievance redress mechanisms to address grievances and conflicts at various levels, and stakeholder and beneficiary engagement plans that will provide guidance on the participation and engagement of beneficiaries and stakeholders, as well as develop tools to enable beneficiaries and stakeholders to provide feedback and to monitor project delivery.
61. In recognition of the need to strengthen environmental, climate and social risk management related capacities within the PMUs, government agencies and among implementing partners, the projects will invest in provision of dedicated environment and climate specialists and/or technical assistance through local/international consultants to support the development of safeguards studies and integration of the mitigation measures into the PIM and project delivery mechanisms. Training on SECAP procedures and national safeguards processes will be provided by IFAD at pre-implementation during projects' start up phases and during their implementation cycles where necessary. Strong collaboration with the national environmental management authorities will be key to managing risks and enhancing monitoring and compliance. Monitoring at PMU level and with implementing partners will be strengthened by embedding safeguards indicators in their M&E frameworks and encouraging reporting on progress in quarterly or annual reports of the PMUs.

Part 3 - Strategic recommendations

62. It is important to ensure that IFAD's all operations in the country explicitly address underlying causes related to poverty, food insecurity and malnutrition, address gender inequality, and prioritize investment towards youth inclusion, gender transformative and nutrition-sensitive actions.
63. **Nutrition.** There is need to enhance investments that improve productivity and increase production diversification with greater attention to promoting more varieties of vegetables, fruits, legumes, nuts, combined with better diversity of staples and at the same time promote environmentally friendly practices and biodiversity conservation. It may be desirable to diversify the sources of those key nutrients as much as possible through integrated farming system that is combined crop production, livestock and fisheries. Improved value chain and market access will be essential for making nutrient-rich foods available, accessible, acceptable and affordable. The value chain and marketing can support the creation of decent employment for youth and women. Better and inclusive financial access specially for the most marginalized groups (i.e. youth, women, PWDs, IDPs) can also generate better economic and social benefits for tangible results. There are opportunities for increasing nutritionally smart investments.
64. **Gender.** Reducing gender gaps in women's participation in economic development and promoting gender equality will be central to unlocking the country's full inclusive growth potential. To this end, a holistic approach is required, by focusing, among others, on: (i) increasing employment opportunities with life skills development; (ii) bridging the gap in agricultural productivity by ensuring women have equal access to key productive agricultural inputs, technology and expanding access to finance; (iii) a multi-pronged approach to increase women's security and decrease GBV and IPV, is needed.
65. **Youth.** There is a need to involve youth and create opportunities for them to access finance, receive capacity building, have decent job possibilities, and engage in value chain and marketing.
66. **Targeting.** The IFAD targeting strategy strongly emphasis on the importance of inclusion and living no one behind. IFAD will continue to focus on rural people who are poor and vulnerable but who have the potential to take advantage of improved access to assets and opportunities for increasing agricultural production and productivity through environmentally sustainable practices, value chain and marketing development and rural income-generating activities. For those who cannot take advantage immediately, who are often the poorest and most marginalized such as young men and women, PWDs, and others, the investment will promote a gradual approach to facilitate their access to resources and enable them to benefit from interventions.
67. Mainstreaming gender, youth, nutrition and environmental and climate issues in the operationalization of the targeting process in COSOP is very important with clear targeting and implementation mechanism to ensure that investments accommodate the needs and priorities of the target group and are based on the analysis of their socio-economic characteristics, assets, livelihoods, geographic distribution and their interests. The targeting will be disaggregated by (i) socio-economic status and livelihood profiles; (ii) food and nutrition insecurity; (iii) environmental degradation and climate vulnerability; (iv) vulnerability coping mechanisms; and (v) agricultural and income-generating activity potential.
68. **Environment and natural resource management.** Investments in sustainable natural resources management will be key in addressing the challenges of land and

forest degradation as well as overexploitation of natural resources. All projects within this COSOP will be environment mainstreamed. There are opportunities to invest in integrated natural resource management, sustainable management of blue economy resources, nature based solutions such as sustainable land management practices, biodiversity and mangrove conservation, payment for ecosystem services models, as well as greening of value chains through efficient and green technologies, practices and innovative financing models (e.g. carbon trading, biodiversity funds, etc.) and green jobs.

69. **Climate adaptation and mitigation.** Projects within this COSOP will explore opportunities to invest in climate adaptation and mitigation measures guided by the NDCs and NAP, as well as national climate related policies and strategies. All projects will be 100 per cent climate mainstreamed and will be climate focused (40 per cent of total project costs will go towards climate adaptation and mitigation). Some measures that will be explored will include the promotion of small-scale irrigation technologies, water harvesting and efficient water utilisation, climate and weather information systems, index based insurance and digitisation of payouts, strengthening local adaptation plans, early warning systems, agroforestry and afforestation, drought tolerant and short maturing crop species, climate resilient livestock breeds, climate proofing infrastructure, renewable energy (solar, biogas) and climate smart agricultural practices, carbon farming and trading among others.
70. Supplementary funds will be sought from the Global Environment Facility (GEF), the Green Climate Fund (GCF) and the Adaptation for Smallholder Agriculture Plus (ASAP+), private sector windows of IFAD, GCF and the GEF to complement the Loan portfolio. Already, Mozambique has been included in the IFAD GCF ASAP+ project, which is at proposal development stage, and the funds are expected to benefit PROCAVA.

Lessons learned

71. Gender and inclusive targeting. Projects need to invest more in lessening women's heavy workloads, overcoming traditional norms and the gender-based division of labour, accessing financial services, and heightening inclusion in value chains. Pro-poor gender- and youth-sensitive targeting should be enhanced and harmonized throughout the country programme, and its monitoring should be improved. The successful graduation approach for ultra-poor people should be scaled up.
72. Food insecurity and malnutrition. Future investments should enhance support for sustainable and diversified production systems, combined with irrigation and water saving technology, including livestock and fisheries, value chains and market access. Evidence shows overall positive results of the diverse interventions in production, marketing and consumption of various foods with proper feeding and caring practices and with strong behavior change and communication has improvement in household and individual dietary intake.
73. **Diversify production.** Agriculture must not only produce enough calories to feed hungry population but must also produce a diversity of food that nurture human health and support environmental sustainability. Alongside dietary shifts, agricultural support need to be re-oriented towards a variety of nutritious foods that enhance biodiversity.
74. **Food systems approach.** Enlarging the nutrition and agriculture linkages with broader focuses on value chains, food environments and consumers' behavior is aligned with the attention that food systems for nutrition has gained in the past years. Indeed, the food supply chain can impact diets and nutrition by affecting the nutritional quality of the available food. Food environments, which refer to the

contexts in which consumers engage with the food systems, influence their dietary preferences and nutritional status. Consumer behavior influences food choices, comprising preparation and intra-household food allocation.

75. **Environment and climate.** Mozambique is highly vulnerable to climate change, extreme weather events and natural disasters. Land and forest degradation exacerbate the situation. As such, every project ought to have a strong focus on strengthening climate adaptation and resilience building, mitigation actions, strengthening of early warning systems, integrated natural resource management and nature-based approaches to ecosystem management and sustainable utilisation of natural resources.

Strategic orientation

76. COSOP is aligned with government priorities with regards to the mainstreaming gender, youth, nutrition, environment and climate. It is also aligned with the key UN strategic document framing its contribution to the Government's national development priorities and actions as laid in the Government's Five-Year Plans known as the Programa Quinquenal do Governo (PQG) and inspired by the vision set in the Sustainable Development Goals (SDGs) and other global agendas and priorities. It will contribute to reduction of rural poverty, food insecurity and malnutrition in the country through harmonized integrated approach with great collaboration and closer cooperation with different stakeholders.

Strategic actions and targeting

77. Pro-poor gender and youth-sensitive targeting strategies will be further enhanced and harmonised throughout the IFAD Country Programme. More particularly, IFAD will sharpen its methods to target ultra-poor populations through graduation programming and supporting smallholders through pro-poor value chain development, interventions sensitive to gender and youth-specific challenges and opportunities. Key empowering features based on the adoption of household methodologies and capacity-building measures will promote gender equality and increase participation and voice of youth in household and community affairs. Targeting effectiveness will be monitored using gender, youth, persons with disabilities-disaggregated indicators, and participatory monitoring and evaluation measures.

Monitoring

78. Monitoring systems with specific indicators for climate, social and environmental conditions will need to be set up at programme level under the COSOP. To enable monitoring, an M&E budget will need to be set up for each programme. A participatory monitoring process is recommended, including representatives of leadership structures at the local level and representatives of all significant target groups. Issues that pertain to targeting, environmental and climate, social issues, gender inequality, people with disabilities, youth and poor people, and nutrition should be discussed. The inputs from the discussions can be integrated into project management documents to enhance projects performance.

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Fragility assessment note

Introduction.

1. IFAD defines fragility as “a condition of high vulnerability to natural and man-made shocks, often associated with an elevated risk of violence and conflict. Weak governance structures along with low-capacity institutions are a common driver and consequence of fragile situations. Fragile situations typically provide a weaker enabling environment for inclusive and sustainable rural transformation and are characterized by protracted and/or periodic crises, often with implications for smallholder agriculture and food security”.
2. In 2022⁶¹ Mozambique was relisted in the World Bank List of Fragile and Conflict-affected Situations. Exposure to cyclic extreme climate events (including cyclones, seasonal floods and droughts in the south), COVID-19 and insecurity in the northern part of the country are the main causes of the country’s fragility scenario.
3. Addressing fragility is critical for the delivery of Strategic Objectives (SOs) as outlined in the COSOP. In order to do so, it is important to clearly understand the drivers of the conflict and how it affects smallholders’ producers who are the primary target group of IFAD investments in the country.
4. This note draws on fragility assessments prepared by the Government of Mozambique and its development partners and is supplemented by IFAD’s own assessment of the impact of fragility of the rural poor, as experienced in the implementation of its supported projects in the country.

Country context

5. **Man-made conflicts.** As shown by its recent history, Mozambique has been plagued by man-made conflicts. Mozambique acquired its independence through a guerrilla war. The war ended with a ceasefire agreement in 1974, resulting in a negotiated independence in 1975.
6. A few years later, from 1977, a new war was fought between the national army and Renamo forces. This war ended in 1992 and, following this in 1994, Mozambique embraced democracy and organized the first multiparty general elections. The effects of these wars can be observed even today.
7. More recently, since 2017, the province of Cabo Delgado has been facing an insurgency perpetrated by armed groups with links to Jihadism. The attacks expanded geographically and increased in intensity in 2020. This prompted the

⁶¹ <https://thedocs.worldbank.org/en/doc/9b8fbd62f7183cef819729cc9073671-0090082022/original/FCSList-FY06toFY22.pdf>

Government to request external support. Despite progress made in containing the insurgency, it has expanded into the neighbouring provinces of Niassa and Nampula.

8. The attacks resulted in thousands of deaths, looting and destruction of public, private sector and household properties and the displacement and loss of livelihoods. It is estimated that the conflict has left 1.3 million people in urgent need of humanitarian assistance.
9. **Natural disasters.** Mozambique is one of the most risk-prone countries in the world, ranking third among African countries most exposed to multiple weather-related hazards and the impact of climate change. The country is subject to environmental events including floods, droughts, cyclones, coastal erosion, rising water levels, and soil salinization.
10. The National Institute for Management of Disasters (INGD) reported that during the last 35 years up until 2016, there were 75 declared disasters in the country consisting of 13 drought events, 25 floods, 14 tropical cyclones and 23 epidemics. The regional El Niño-induced drought emergency of 2015-2016 was the worst in 35 years.
11. More recently, the country faced increasingly stronger and frequent extreme weather events with devastating impact to the economy and livelihoods of people. The two Category 4 cyclones that hit Mozambique in March (Idai) and April (Kenneth) 2019, as well as the floods in Cabo Delgado, Zambezia, Tete, Sofala and Manica Provinces in December 2019 and January 2020 affected approximately 150,000 people.
12. Disasters can cause loss of human and animal life, field crops, stored seeds, agricultural equipment/materials, and their supply systems (e.g., infrastructure), thus disrupting not only the immediate growing season but also future seasons. In rural areas, smallholders strongly rely on natural resources and have no alternative source of income or employment, making them more vulnerable to a crisis.

Assessment of fragility

13. There are four main drivers of fragility: (i) medium-intensity conflict; (ii) rural poverty linked to weak agricultural productivity and regional inequalities; (iii) weak institutions and governance; as well as (iv) high vulnerability to natural disasters and climate.
14. *Medium-intensity conflict.* The conflict escalation in Cabo Delgado, which started in 2017, has resulted in the displacement of more than 800,000 people and more than 1000 deaths. Different assessments shows that the lack of rural connectivity, the perception of exclusion and marginalization of the rural population, especially women and youth, and weak management of expectations deriving from the

implementation of large-scale projects in rural settings are the main causes of the conflict. The Government has been receiving military support from Rwandan and SADC forces, and the situation has improved significantly during the last months.

15. *Rural poverty linked to weak agricultural productivity and regional inequalities.* The fragile situation of rural households is exacerbated by the incidence and depth of poverty. Data computed from the population census confirms that the northern provinces have the highest rates of multi-dimensional poverty. Rural areas display higher levels of absolute poverty than the urban centres. Women and youth face higher problems in accessing economic opportunities due to lack of assets, prevalence of illiteracy and lower levels of education/vocational training, gender-based violence and traditionally accepted cultural norms.
16. *Weak institutions and governance.* There is a need to strengthen the capacity government institutions at all levels: national, regional, district and the community. There is also a strong need focus on private sector involvement, PPPs and the creation of transparent and competitive markets that will help beneficiaries engage in sustainable business that can be weaned off external support. The ongoing decentralization process and duplication of roles and responsibilities of government structures at provincial level is affecting the smooth implementation of development projects and should be improved.
17. *High vulnerability to natural disasters and climate.* Mozambique is a country prone to climate hazards. Evidence shows that disasters have disproportionately impacts on the poor and vulnerable, who are least able to cope with shocks, be they natural or man-made. Climate and conflict events will continue to adversely affect food security and livelihoods and, if not properly prevented and/or mitigated, are likely to bring an increasingly higher number of people below the poverty line.

Proposed response

18. The action of IFAD-supported programs and projects under the new COSOP will be guided by principles for engaging in areas of Fragile and Conflict-affected Situations, notably: (i) risk management and resilience; (ii) focus on root causes; (iii) gender mainstreaming and targeting; (iv) institution-building to promote trust and social cohesion; (v) flexible and responsive resources, instruments and approaches; (vi) strategic and complementary partnerships; (vii) results measurement and learning. Experience has shown that setting aside project funding for price and physical contingencies to allow for rapid response interventions is key for restoring livelihoods. Building from its corporate mandate and responsibilities, IFAD will work with Government and other partners to ensure that support actions are well structured all the way, starting from humanitarian and emergency type of response progressing into transitional interventions and leading to resumption of development assistance. This approach will, in particular be applied in areas affected by conflict.
19. On Climate and Adaptation, the IFAD focus will be on reinforcing the communities resilience, readiness and adaptation and the introduction of innovative approaches to deal with the recurrent extreme weather events. The high vulnerability score of

0.517 and low readiness score of 0.269 Mozambique places it in the upper-left quadrant of the ND-GAIN Matrix with an overall score of 37.6. The country has both a great need for investment and innovation to improve readiness and a great urgency for adaptation action. Mozambique ranks 156 out of 192 countries in the ND-GAIN Country Index Rank.

20. The IFAD operations in the conflict area (Cabo Delgado), are in response to the Government "Northern Mozambique Reconstruction Plan – PREDIN" and is incorporated as part of the UN joint response to the northern Mozambique reconstruction.
21. In line with the stabilization of the security situation, and return of the communities to the home Districts, project operations will be reinforced in the province, with the reinforcement of the PROCAVA and REFP northern regional units, as well as the PRODAPE/IDEPA delegation in Cabo Delgado. With more resources in the region and province in particular, the interventions to reinforce the communities resilience to the shocks will be achieved. Around USD 30.0 million will be directly invested in the Cabo Delgado during the next 3-5 years through IFAD supported projects, and these investments will benefit mainly Internal Displaced People and other members of the community.
22. A specific project was designed in collaboration with ILO (through REFP), on "Decent Work for Youth in Northern Mozambique", which is working with youth IDPs and other members of the community to get access to self and wage employment, through trainings into vocational centres and linkages with PRODAPE, PROCAVA interventions, as well as REFP for financing.
23. In areas where the security situation is still a threat, the Government will consider using third party agencies or NGOs to assist the vulnerable groups.
24. As part of the new project design process (PROPEIXE), a Fragility/Conflict assessment was carried out for the northern Mozambique to inform the suitable project interventions in its contribution for the livelihoods and peace building.
25. IDPs/returnees Targeting. Selection of IDP/returnee households from IDPs within targeted areas in the North (Cabo Delgado and Nampula) will consider e.g. social protection registries, as well as community-based targeting process to select beneficiaries. This will be adapted to prioritize those households most at risk of climate change, as well as households that are likely to be poorer and more food insecure (e.g. large households, women-headed, those with children), and households which are vulnerable to fragility risks, such as those with at-risk youth. IFAD interventions will specifically target returnees in Mocimboa da Praia district in order to support the return and reconstruction process, and contribute to conflict prevention by addressing key socio-economic drivers of fragility, particularly among youth. Collaboration and coordination with other humanitarian and development

agencies will be in place, in line with UN Coordinating response in the North of Mozambique and to enhance a harmonized targeting approach. Selection criteria will be clearly defined in close collaboration with stakeholders and potential beneficiaries. Where working with IDPs in host communities, the project will ensure equal inclusion of both and proper mechanisms to minimize conflict.

COSOP preparation process

1. The COSOP preparation process was led by the IFAD Country Programme Team in Mozambique, in collaboration with PMI, ECG, FMD and GPR. The participatory process began in 2021 with the 2018-2022 COSOP Review process (CRR) mission, which assessed progress, results and lessons learnt.
2. The following consultations were undertaken at national level during the period 10-21 October 2022: (i) workshops, meetings and group discussion sessions with the key government agencies involved in the proposed COSOP thematic areas and PMTs; (ii) meetings with key private and non-government stakeholders, including apex farmers' organisations, apex private sector organizations, the apex microfinance organization, civil society organizations; (iii) Meetings with UN, donor and other development partners, and iv) academia.
3. The final draft RB-COSOP was submitted for in-house review at IFAD Headquarters in Rome, together with observations and suggestions from external reviewers. This process involved a peer review, an OSC review, and a Quality Assurance process managed by Operational Strategy and Policy Guidance Committee Secretariat (OSC). Eastern and Southern Africa Division (ESA) addressed the comments emerging from the in-house review process in a revised RB-COSOP draft.

COSOP approval

4. The COSOP draft as amended through the IFAD review process was shared with the COSOP formulation team and the Government for their formal endorsement. A stakeholder's workshop to present the final draft COSOP by the Country Team was carried out, a brief discussion and an endorsement of the strategy by the participants and Government was done. Subsequently it was shared with the IFAD for review and endorsement. Comments have been addressed and included in the RB-COSOP prior to submission to the OSC. The final document will be submitted to the IFAD Executive Board for review in its session of April 2023.

5. List of Individuals interviewed

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José Luís	MEF – National Directorate of Economic Policies and Development	Economist
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Emília Coutinho	MEF – National Directorate of Public Debt	Head of Repartition of Public Debt
Miguel Mandlate	MEF – National Directorate of Public Debt	Technician

Dina Guambe	MEF – National Directorate of Economic Policies and Development	Head Department of Strategic Planning – Member END review team
Sérgio Panguane	MEF – National Directorate of Economic Policies and Development	Technician
Paulo Zibia	MEF – National Directorate of Economic Policies and Development	Technician
Amosse Bule	MEF - CEDSIF	Technician
Dário Dilamo	MEF - PNUD	Consultant supporting the END review
Humeide André	MADER – National Directorate of Cooperation and Markets	Head of Department
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Valdemiro Munguambe	MADER – National Directorate of Cooperation and Markets	Technician
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Anísio Chemane	MADER – National Directorate of Local Economic Development	Head of Department
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Daniel Mate	MADER- PROCAVA	National Coordinator
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Júlio Daute	MIC – Internal Commerce Directorate	Deputy Director
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Judwiga Massinga	MTA – National Directorate of Climate Change	National Director
Alexia Mutisse	MTA - National Directorate of Planning and Cooperation	Head of Department
Joaquim Langa	MTA – National Directorate of Land and Territorial Planning	National Director
Olga Chicanja	MTA – National Directorate of Land and Territorial Planning	Head of Department
Dinis Massinga	MTA – National Directorate of Land and Territorial Planning	Lawyer
Inácio Novela	MTA – National Directorate of Land and Territorial Planning	Head of Department
Eusébio Tuimitikile	MTA – National Directorate of Land and Territorial Planning	Technician
Hernani Coelho da Silva	FAO	Resident Representative
Margarida Cocho	WFP	Head of Programmes
Chiara Arie	WFP	Deputy Head of Programme
Christian Grassini	WFP	CC Officer
Francesco Rubino	ILO	CTA
Jaime Comiche	UNIDO	Resident Representative
Leonildo Munguambe	UNIDO	Programme Officer
César Tique	AfDB	Agriculture and Rural Development Specialist
Ana Zandamela	AfDB	Senior Operations Analyst
Luis Muchanga	UNAC	Executive Coordinator
Bartolomeu António	UNAC	Head of Department of Rural Development
Nelson Manuel	UNAC	Head of Department of Training and transparency
Simão Cumo	UNAC	Head of Department of Administration and Finance
Ricardo Rossi	EU Delegation	Team Leader – Resilience and Climate Change
Daniel Levassor	EU Delegation	Agriculture and Blue Economy Manager
Carlos Mate	Norway Embassy	Agriculture and Food Security Advisor
Clarisse Barbosa	Norway Embassy	Fisheries Advisor

Sérgio Dista	FCDO-UK	Head of Private Sector
Vânia Dava	FCDO-UK	Private Sector Advisor
Mary Hobbs	USAID	Director – Resilient Economic Growth Office
Jessie Snaza	USAID	Agriculture Team Leader
Paula Pimentel	USAID	Agriculture Advisor
Elsa Mapilele	USAID	Agribusiness Advisor
Hélène Verrue	AFD	Project Officer
Lindsey Partridge	Canada High Commission	Head of Cooperation
Ashraf Hassanein	Canada High Commission	Head of Cooperation
Elsa Nhantumbo	Canada High Commission	Development Officer
Horacio Morgado	Canada High Commission	Technical Specialist – Sustainable Economic Growth
Miguel Rombe	Canada High Commission	Economic and Development Officer
Vasco Manhiça	CTA	Vice-President
Hernani Mussanhane	CTA	Vice- President – Agrarian Associations
Evaristo Madime	CTA	President of Industry Area
Arlindo Duarte	CTA	Vice President - Industry
Pilona Chongo	CTA	President of Agribusiness
Abdul Naico	CIP	Country Manager
Maria Andrade	CIP	Principal Scientist
Rogério Chiunde	UEM - FAEF	Dean
Kawazuma Kohei	JICA	Head of Agriculture and Fisheries
Matsui Yousi	JICA	Director Nutrition
Kyoko Sakurai	JICA	Nutrition Officer
Edson Marina	JICA	Programme Officer
Katia Perreira	ORM	External Relations and Fund Raising Officer
Mariam Abbas	ORM	Researcher and member of Board of Directors
Margarida Martins	ORM	Head of Administration and Finance
António Souto	AMOMIF	Chairman
Isabel Lubrino	AMOMIF	Board Member
Eduardo Videira	WWF	Senior Marine Officer

Rodrigo Fernandes	WWF	Coordinator of Marine Projects
Santiago Goicoechea	UN - RCO	Senior Economist
Gaspar Guambe	GAIN	Country Director
Rafael Nzucule	GAIN	Manager of SUN Business Network
Diva Dessai	GAIN	Policy Advisor
Paulo Mole	AGRA	Country Representative
Doris Becker	GIZ	Head of Private Sector and Finance
Bjoern Hecht	GIZ	Manager – Private Sector
Haggai Mario	ADIN	Coordinator – Economic Programmes Division
Tomás Rosada Villamar	World Bank	Senior Agriculture Economist
João Moura	World Bank	Climate and Resilient team

South-South and Triangular Cooperation Strategy

I. Introduction

1. This annex on SSTC highlights sectors of relevance and provides, in section IV, options for interventions that could be undertaken. It builds on the cross-cutting approach of the COSOP 2018 – 2022; as well as lessons learned during its implementation. Prepared with reference to in-country consultations with key stakeholders including officials of the Government of Mozambique, national and international development partners, NGOs, members of civil society; it has also benefited from the knowledge and experience of colleagues in the IFAD ICO in Maputo.

II. Opportunities for rural development investment promotion and technical exchanges

2. The following areas have been identified as important opportunities for the Fund's programme, to be expanded in the section below:
 - a) Development of market intermediaries such as Farmers' Organizations (FOs), whose capacities need continual support and strengthening.
 - b) Collaboration with local communities to sustain and rehabilitate farm roads and related infrastructure.
 - c) Sustainable management of natural resources, including technology on animal fodder and small-scale irrigation; also partnership with the private sector.
 - d) Biodiversity conservation, including technical assistance with spatial planning and data tools to support information gathering on community boundaries, wildlife presence, and the location of relevant infrastructure.
 - e) Expansion of financial services to smallholder farmers, underpinned by an ecosystem of effective regulatory and policy frameworks.
 - f) Support to the private sector, including Public-Private and Producer Partnerships to increase commercialisation and aggregation.

III. SSTC engagement rationale

3. Mozambique's international cooperation strategy promotes partnerships based on solidarity and mutual respect. In its external engagement, the country seeks to advance a development-focused agenda through cooperation and multilateralism; a strategy that reflects the guiding principles of SSTC. To this end, Mozambique actively pursues internal and external collaboration with a diverse range of partners, looking to harness these engagements to address its development challenges, especially in the mining, industry, fisheries and agriculture sectors.

IV. Partnerships and initiatives

4. Partnerships are a complementary modality which can help in filling identified capacity gaps and tackling the challenges identified in the COSOP.
5. Capacity building of Farmers Organisations (FOS). These need a strong framework of continuous training, incorporating mentoring, refresher courses and practical demonstration. Time-bound training provided for their establishment will only have

a short-term effect. The Training of Trainers approach supports the continuous formation of a group of individuals to assist the FOs on a graduation pathway, toward formally registered rural enterprises.


6. The SFOA Programme has transformed FOs across the continent into stable and accountable organisations with regional and sub-regional networks. An initiative of interest could be the "Peasant University", a long-term training tool for FO leaders who can participate in conferences on current topics. This initiative could be supported by educational institutions such as the Eduardo Mondlane University, which is interested in transferring its years of research into practical rural extension and outreach.
7. Public-Private-Producer Partnerships (4Ps). Engagement with the private sector can improve access to external investments and generate market opportunities for the FOs. With the continued support of the **Netherlands Development Organisation (SNV)**, the 4Ps model can be expanded, with learning opportunities from **Benin** through the Agricultural Development and Market Access Project (PADAAM) or from **Nigeria** where the internationally recognised Commodity Alliance Forum (CAF) has aggregated producers, input dealers, credit suppliers and processors. A stated area of need from the private sector is how to reduce the conditionalities imposed by established banks, which greatly curtails the favourable consideration of most smallholder farmers for loans and other financial instruments. Lessons learned from implementation of the projects in the countries indicated above will be valuable.
8. Infrastructure maintenance. Routine maintenance of roads, particularly earth roads, increases their longevity. In **Nigeria**, The Climate Change Adaptation and Agribusiness Support Programme in the Savannah Belt project has organised, trained and equipped Community Development Associations (CDAs) for regular maintenance (labour-based) and rehabilitation of farm roads. A similar model, integrating the participation of local governments and mobilizing the youth, will benefit the rural communities in Mozambique, improving their access to markets and reducing the distance to water sources. The local authorities in Mozambique can learn from this model through a study tour to Nigeria.
9. Natural resource management. **Kenya** could offer substantial knowledge here, in view of the many IFAD interventions addressing water resource management, particularly through drip irrigation systems. A successful South-South collaboration was established with Ethiopia for the adoption of this technology. **Mauritania**, also benefiting from IFAD support in natural resource management, saw the introduction of solar panels as cost-effective add-ons to water pumping systems. A combination of the two technologies will address the challenge relating to cost-effective irrigation systems in Mozambique. Technology transfer and knowledge exchange activities can be organised with the two countries for their adoption.
10. **ICARDA** has developed multiple production methods for climate adaptive fodder, and can be a partner of choice for training on fodder management practices and their long- term benefits for the environment.

11. Biodiversity conservation. The establishment of coordination platforms such as the National Administration of Conservation Areas (ANAC) reflects increased commitment at all levels to improve water and land usage and protect wildlife. However, misaligned objectives, complex internal dynamics and lack of ownership are challenges. A triangular partner, such as the **GIZ**, could facilitate policy dialogues for institutional strengthening and governance.
12. SSTC could also support access to spatial planning and data collections tools. IFAD's Participatory Small-scale Irrigation Development Programme II in **Ethiopia** has developed an online Management Information System (MIS) connected to a geo-map interface, and seeks opportunities for scaling it up.
13. Other collaborations on biodiversity conservation can be explored. Bee-keeping as an industry can be an approach to restore rapidly declining mangrove forests, cut down for household energy. Valuable knowledge from beekeeping associations in **Algeria**; and in-country partnership with the Agence Française de Développement, which has successfully introduced bee-keeping around national parks and game reserves in Mozambique to reduce the incidence of poaching and other activities inimical to conservation could be explored.
14. Rural Finance. **Brazil**, already a strong partner, could provide technical assistance and policy dialogue to the rural finance sector. The country has seen a remarkable expansion of Community Development Banks (CDBs), which provide financial services including microloans and capacity-building activities to small-scale entrepreneurs. The need is for an intermediary level of support to rural finance, working with the IPEME (Institute for Promotion of Small and Medium Enterprises). The institutional entry points for policy dialogue and knowledge exchange could be the **Brazilian Cooperation Agency (ABC)** or the **Brazil Africa Institute (IBRAF)**.

V. Conclusion

15. The opportunities identified for the new Mozambique COSOP can complement the interventions planned for the upcoming IFAD strategy in the country; to be expanded as the programme is implemented. It is also important to note Mozambique's potential as an SSTC provider. Successful application of the Gender Action Learning System (GALS), for example, has empowered women to take decision-making positions in Farmer Organisation. This achievement, already promoted by donors and partners, can be one of its offers for knowledge exchange with countries in the sub-region and the continent as a whole.

Financial management issues summary – Appendix VIII

COUNTRY	Mozambique	COSOP	
A. COUNTRY PORTFOLIO PERFORMANCE			
Country – FM KPIs:			
FM Inherent Risk:	High		
Country Disbursement Ratio (rolling-year)	10.40%		
Outstanding Ineligible Expenditure			
Outstanding Advances (Projects in Expired Status)	154,843 USD		
Applicable PBAS cycle:	IFAD12		
PBAS Available allocation:	49.3 million USD		
<p>Outlook⁶²/ Debt sustainability. Economic growth is projected to increase in 2022, with the strengthening economic recovery despite the worsening international economic environment and rising commodity prices, reflecting a strong vaccination campaign and full lifting of COVID-related restrictions in July 2022. Inflation has risen to double digits, driven by global fuel and food prices and tropical storms that impacted domestic food supply in the second quarter. Fiscal developments in 2022 are broadly aligned with expectations, with strong revenue and contained spending. Large liquefied natural gas (LNG) investments are driving the current account. The first LNG project started production in November 2022. The government continues to build institutions and capacity to manage public resources efficiently. These include: i) applying appropriate fiscal rules and institutions for LNG resources; ii) addressing concerns around governance, transparency, and corruption; and iii) enhancing equality of opportunity and greater social inclusion. The Medium-Term Debt Strategy (MTDS), published in July, aims to increase the share of external financing, and lengthen maturities of domestic debt. According to program targets and debt sustainability, the government plans to seek external financing exclusively on concessional terms. On May 9, 2022, under Article IV consultation, IMF approved a three-year arrangement under the Extended Credit Facility for Mozambique for US\$456 million. In 2022, Mozambique will also benefit from a concessional project loan from the World Bank of US\$200 million to support digitalization and, for 2023, the GoM has started negotiating a new concessional project loan of US\$200 million to support the economic reactivation package. As per latest IMF/WA DSA analysis conducted in 2020, further confirmed during the first IMF review in December 2022, Mozambique is in debt distress. IFAD12, Mozambique will receive 100 per cent DSF financing and is not eligible for PBAS or BRAM loans.</p>			
<p>Governance. In 2021, the TI Corruption Perception Index for Mozambique scored 24 (+1 point vs PY) which places the country in 147th position out of 180 countries. According to the World Bank report “Mind the Rural Investment Gap, December 2019”, corruption is a brake on economic growth. Mozambican companies cite corruption as a major Constraint for their activities because (i) they are asked to make informal payments to obtain public services; (ii) must pay bribes to obtain electricity or water connections and permits related to new constructions; (iii) must pay bribes to obtain import or operating licenses; (iv) many companies face the need to pay bribes to secure government contracts. In 2018, the demand for bribes has increased and is above average corruption levels recorded, both globally and in sub-Saharan Africa.</p>			
<p>According to 2021 CPIA⁶³ rating, Mozambique is a medium-to-low policy performer (score 3.1, flat vs PY) and ranks 24th out of 40 sub-Saharan countries (avg. score 3.1). Weaknesses persist in Public Sector Management and Institutions, in particular under Transparency, Accountability, and Corruption which is the indicator recording the lowest score (2).</p>			
<p>PFM/PEFA Assessment⁶⁴. According to most recent PEFA assessment conducted in 2019 (and released in 2021), only 13 per cent of the indicators show solid performance level (B and B+), whereas 52 per cent indicators perform in line with the baseline level (C and C+). Main strengths relate to (i) good practices in budget scrutiny by the Assembly of the Republic, (ii) the proper budget preparation process, (iii) revenue administration, (iv) quality of access processes to e-SISTAFE records, which guarantee the integrity of financial data. Weaknesses (D score) are in (i) procurement (less than 60 per cent of value acquisitions use competitive methods), (ii) lack of a system for monitoring arrears (stock of late payments representing 11 per cent and 22 per cent of aggregate expenditure) (iii) transfers to subnational governments and (iv) external audit (with a coverage on institutions that represent less than 50 per cent of public expenses/revenues).</p>			
<p>External Audit of public finances is conducted by the Tribunal Administrativo (TA), using ISSAI standards, which has unrestricted access to the necessary information, which produces audit reports submitted, in a timely manner, to the Assembleia de Republica (AR) for the exercise of external scrutiny (within 4-6 months). However, TA recommendation are not timely implemented by Government. The accounting standards used to prepare the Government's financial reports, namely for the General State Account, are consistent with the</p>			

⁶² [IMF-Mozambique ECF Review - December 2022](#)

⁶³ [CPIA Africa 2022 - World Bank.](#)

⁶⁴ [PEFA assessment 2021](#)

existing legal framework in the country, produce consistent reports, and their use is publicized. However, they are not aligned with the IPSAS nor are any differences with them made explicit. On the other hand, Internal Audit is operational in all central government entities. Annual internal audit programs exist and almost all (90 per cent) of audits scheduled in 2018 were completed by the Inspectorate-General of Finance (IGF). In most cases (> 50 per cent) a response from entities audited is provided.

In December 2022, the IMF reported that improvements in expenditure management, budgetary planning, and financial programming are underway. Public procurement stages were added to the electronic financial administration system (e-SISTAFE), and suppliers are now required to show valid commitment notes before delivering goods and services (MEFP). Ensuring that more spending is executed within e-SISTAFE will improve control, avoid over-commitment at the spending entity level, improve predictability and oversight, and reduce scope for extrabudgetary arrears. The government plans to integrate all spending within e-SISTAFE by end-2022 and establish limits on quarterly expenditure commitments (to be operationalized through a quarterly Treasury Budget). This reform will be implemented through the budget execution circular for the 2023 budget. The authorities will establish a cash management committee by end-2022 and map all public sector bank accounts (MEFP). The new financial programming and budgetary planning tools will be operationalized in e-SISTAFE and implemented in all spending units by end-December 2022. The authorities will fully integrate climate resiliency criteria in public investment planning and project selection over time.

¹Corporate Disbursement Ratio Methodology considers ASAP, AFD, IFAD, KFW and SPA financing sources only.

CURRENT LENDING TERMS

DSF Grant (100%)

B. PORTFOLIO, FM RISK & PERFORMANCE
Existing Portfolio:

Project	Financing instrument	FLX Status ⁽²⁾	Lending Terms	Currency	Amount (million)	%Disbursed	Completion date
PROMER	200000145400	EXPD	DSF HC GRANTS	XDR	8.94	99.78	31/12/2021
PROMER	200000145500	EXPD	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	8.94	99.78	31/12/2021
PROMER	L-I--754-	EXPD	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	19.1	99.99	31/12/2021
PROSUL	G-C-ASP-1-	EXPD	ASAP GRANTS	XDR	3.26	99.7	29/06/2020
PROSUL	G-I-C-1391-	EXPD	LOAN COMPONENT GRANTS	XDR	1.01	99.91	29/06/2020
PROSUL	L-E--15-	EXPD	HIGHLY CONCESSIONAL TERMS 0.75 pc	EUR	13.3	99.56	29/06/2020
PROSUL	L-I--878-	EXPD	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	10.85	99.44	29/06/2020
REFP	200000228900	DSBL	DSF HC GRANTS	USD	62.1	29.64	29/09/2024
PRODAPE	200000311300	DSBL	HIGHLY CONCESSIONAL BY CURRENCY	USD	8.6	10.46	29/06/2026
PRODAPE	200000311400	DSBL	DSF HC GRANTS	USD	34.4	6.58	29/06/2026
PROCAVA	200000323600	DSBL	HIGHLY CONCESSION	USD	8.4	37.81	29/06/2030

			AL BY CURRENCY				
PROCAVA	200000323700	DSBL	DSF HC GRANTS	USD	33.6	19.84	29/06/2030
PROCAVA	200000362600	DSBL	SUPPLEMENTARY FUNDS GRANTS	USD	0.76	100	30/08/2022
PROCAVA	200000386700	DSBL	SUPPLEMENTARY FUNDS GRANTS	USD	0.93	100	30/08/2022

Project	Project FM risk rating	Performance Score: Quality of Financial Management	Performance Score: Quality & Timeliness of Audit	Performance Score: Disbursement Rate	Performance Score: Counterpart funds
PROMER	Moderate	Satisfactory	Mod. unsatisfactory	Moderately Unsatisfactory	Satisfactory
PROSUL	Substantial	Moderately Satisfactory	Mod. satisfactory	Moderately Satisfactory	Highly Satisfactory
REFP	Moderate	Moderately Satisfactory	Satisfactory	Unsatisfactory	Moderately Unsatisfactory
PRODAPE	Substantial	Moderately Unsatisfactory	Mod. unsatisfactory	Unsatisfactory	Moderately Unsatisfactory
PROCAVA	Substantial	Moderately Satisfactory	Mod. unsatisfactory	Satisfactory	Moderately Unsatisfactory

Update on On-going Portfolio.

- (i) The closure of two projects, PROSUL and PROMER is pending on the refund of outstanding advances. As per IFAD communication dated December 2022, future disbursements to ongoing projects' designated accounts will be conditioned upon the receipt of the refund
- (ii) Quality and timeliness of audit has been less than satisfactory in FY 2021-2. Action plans are in place to improve audit quality and to strengthen projects' alignment to international accounting standards.
- (iii) Two RPSF grants managed by PROCAVA are due to be closed. The ICO is following up for the justification of advances provided and for the RPSF audit.

Use of Country Systems.

Organisation (on-country system). The projects are partially staffed by government personnel, with some staff recruited specifically for the project. Involvement of some government staff in the LPA (e.g. for approvals)

RISK: limited experience on management of development projects.

MITIGATION: Competitive recruitment for key staff at PMU, capacity building for seconded staff at field level.

- Budget** (on-country system). AWPB is submitted to Ministry of Finance for inclusion into the budget for each financial year. This is done for purposes of approval of funds through e-SISTAFE, which is the government financial management information system (IFMIS). Projects' budgets are subject to budget ceilings, and are booked into the e-SISTAFE in order to get authorization for expenditure. Overall, the IFAD and Government cycles are not fully harmonized. The Government approves its national budget in September in the parliament and IFAD in November. Due to planning and budget requirements (e-SISTAFE), projects use to prepare a provisional budget for the Government cycle to be approved, and after the approval from IFAD, a request is made to the Ministry of Finance for the revision according to the IFAD approved budget. Budget is prepared with a bottom up approach at district level, within the ceiling provided, then consolidated at PCU.

RISK: the lengthy authorization process from Ministry of Local Authorities to recalibrate district budgets, when needed, may impact on low execution rate.

MITIGATION: (i) early start of budget consolidation, (ii) sharp scrutiny for realistic estimates, (iii) effective budget-module installed at IFMIS to monitor deviations.

- Accounting/reporting:** (on-going full migration to country systems). Mozambique is slowly transitioning to accrual accounting, albeit more in the private than in the public sector, and donor-financed projects are using cash basis of accounting. Government system E-SISTAFE is used to manage payments. E-SISTAFE is the mandatory accounting system across PFM, however in terms of reporting capacity for donor financing it has shown limitations, including Chart of Account alignment, limited reporting by project and source of financing. As part of an ongoing pilot, the system is being customised to accommodate IFAD's requirements, implementation is expected to begin in early 2023. In the meantime,

*PROCAVA and REFP are using off-the-shelf accounting software, whereas PRODAPE is doing manual accounting (Excel).
RISK: manual accounting exposed to systemic human errors and unreliable reporting.
MITIGATION: (i) Customization of E-SISTAFE almost completed (CoA, minimum reporting, transaction reporting); (ii) training to users.*

- **Treasury** (on-country system). *Funds from IFAD are received in the DA held with the Bank of Mozambique (country's central bank). There is also a FOREX/Transitory Account which is managed by the Treasury National Directorate in which funds are converted to local currency and made available in e-SISTAFE. All projects' withdrawal applications are subject to final approval by the Bank of Mozambique.*

RISK: late replenishment at provincial level.

MITIGATION: ensure GoM does not impose justification-thresholds to subsequent advances from PCU to provinces.

- **Audit** (transitioning to on-country system). *An Internal Audit unit is generally established at the LPA. External Audit is the responsibility of the supreme audit institution, the Tribunal Administrativo. IFAD projects will start to be audited by the Tribunal Administrativo starting with FY 2022*

- *RISK: delays due to translation process causing late submission of audit reports*

- *MITIGATION: early engagement of TA for inclusion in the Auditor's work-plan.*

Procurement risk matrix – part A country level

Based on MAPS II – ASSESSMENT OF NATIONAL PROCUREMENT SYSTEM **FOR MOZAMBIQUE**

OECD Pillar I – Legal, Regulatory and Policy Framework					
Indicator # and Sub-Indicator #	Sub-Indicator Description ⁶⁵	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
1	The public procurement legal framework achieves the agreed principles and complies with applicable obligations.				
1(a)	Scope of application and coverage of the legal and regulatory framework	The Regulamento covers the procurement of goods, works and services, including consulting services for all public bodies except SOEs which develop their own regulations. This leads to fragmentation of the PP legal framework and may impinge on transparency.	H	Use IFAD Procurement Guidelines	H
1(b)	Procurement methods	QCBS selection method and Framework Agreements not included in the Regulamento. Request for Quotations and Direct Contracting can be used when the previous or the same procurement process has failed because all bidders were disqualified. This can lead to abuse by contracting authorities.	H	Follow IFAD Guidelines on Selection Methods. Avoid use of DC/SSS and if there is strong justification for its use, seek IFADs NO.	H

⁶⁵ The Indicators and Sub-Indicators are extracted from OECD-MAPS II of 2017 in order to harmonise with other MDBs and to save time and effort in conducting Part A assessments in case a recent MAPS II assessment has been conducted for the borrower's country system. The criteria to be applied in assessing each Sub-Indicator are those of OECD-MAPS II.

1(c)	Advertising rules and time limits	<p>The Regulamento does not require the publication of the procurement plan.</p> <p>Extension of time frames in the case of international competition not covered.</p> <p>There is no requirement for publication of open tenders in at least a newspaper of wide circulation or on a unique Internet official site where all public procurement opportunities are posted.</p>	H	<p>Ensure publication of GPNs on all planned activities.</p> <p>Follow IFAD Procurement Guidelines with respect to extension of time, definition of time frames and wide publicity of procurement opportunities.</p>	H
1(d)	Rules on participation	<p>High bid security requirement, including for consultants.</p> <p>Foreign firms required to have a representative in the country. This may have an impact on their participation in procurement processes.</p>	H	<p>Use IFAD Guidelines and template.</p> <p>NB: The concerns on high bid security and local representation have been addressed in the updated Regulamento nº. 79/2022 which will come into effect 3 months after publication (i.e June 2023 - For Bid security the new law has increased the thresholds for and for lower values it provides the option of a Bid Security Declaration.).</p> <p>The public will be able to access Procurement Plans from MEF)</p>	H
1(e)	Procurement documentation and specifications	<p>No provision for use of functional specifications in the Regulamento.</p> <p>Although the Regulamento prohibits the use of brand names, it does not require the recognition of</p>	H	<p>Use the most appropriate type of specification depending on the requirement.</p> <p>Where the item cannot be described without using a brand name, always</p>	H

		standards that are equivalent when neutral specifications are not available.		recognize equivalent standards. NB: The two issues have been addressed in the new law.	
1(f)	Evaluation and award criteria	The Regulamento is silent on disclosure of confidential information on examination, clarification and evaluation of bids	H	Ensure evaluators are sensitized on maintaining confidentiality during the evaluation and award process and that they always sign the IFAD Declaration of Impartiality and confidentiality. NB: Confidentiality has been addressed in the new law.	H
1(g)	Submission, receipt and opening of tenders	The Procurement Regulation does not contain specific provisions on records of proceedings for opening of proposals in case of consulting services and the disclosure of sensitive information regarding bids.	S	Ensure that bids are opened within reasonable time of bid closing time and bid opening minutes are maintained. Further, ensure that those involved in the adjudication process commit in writing to keep sensitive information on the process confidential. Note: This has also been addressed in the new law.	S
1(h)	Right to challenge and appeal	The Regulamento does not provide for: i) an administrative body independent of the contracting authority for the review of procurement appeals/complaints. ii) detailed procedures for submitting complaints, iii), for deciding on complaints, and iv) the remedies that may be granted.	H	Use IFAD Procurement Guidelines and SBDs which contain detailed protest and appeal procedures.	H

		The Procurement Regulation is silent with respect to the publication of applications for Hierarchical Appeal and related decisions			
1(i)	Contract management	The provisions of the Procurement Regulation on the extension of contracts for goods and services (Article 112(3)) are written in a broad manner and may lead to arbitrary limitation of competition.	H	Specifying the grounds based on which extensions of contracts for goods and services can be granted.	H
1(j)	Electronic Procurement (e-Procurement)	The regulation for e-procurement has not been adopted.	S	Use IFADs end-to-end procurement system. NB: New law provides for an e-procurement strategy.	S
1(k)	Norms for safekeeping of records, documents and electronic data.	Although the Manual contains a specific section on archiving which lists the main documents to be kept in the procurement records, information on what should be archived/kept in the procurement records is also contained in other sections of the Procurement Manual. There are not established security protocols to protect records.	S	Maintain a consolidated list of the procurement records in the specific section of the Project Implementation Manual (PIM) dedicated to procurement record keeping. Establish specific protocols in the PIM to protect records	S
1(l)	Public procurement principles in specialised legislation	Each SOE develops its own procurement regulations resulting in a “fragmentation” of the public procurement legal framework which may impinge on transparency.	H	Use the IFAD Procurement Guidelines to ensure transparency, effectiveness and equity of procurement outcomes.	H
2	Implementing regulations and tools support the legal framework				

2(a)	Implementing regulations to define processes and procedures conditions	Implementing rules are not issued and/or updated in a timely manner	S	Use the IFAD Handbook which has detailed procedures for all the procurement processes.	S
2(b)	Model procurement documents for goods, works and services	The current version of SBDs in use were drafted in 2016. An update process is ongoing and it is expected to be finalized by end of March 2023. All the categories are not acceptable to IFAD as they have several gaps which need to be included such as lack of policies or clauses on sexual harassment, exploitation and abuse; Lack of clauses on Money laundering and terrorist financing; abnormally low bids; SECAP performance; ESMP; Self-certification form.	M	Continue use of IFAD SBD templates	M
2(c)	Standard contract	Current version is from 2016 and have some gaps, for example lack of SECAP and SHEA policies.	M	Use IFAD contract templates. Standard contract being updated together with the SBDs.	M
2(d)	User's guide or manual for procuring entities (insert link to manual if possible)	The Procurement Manual has some inconsistencies instructions in some parts (for example regarding debarment) which are contrary to what is provided for in the Procurement Regulation. The Procurement Manual is not updated in a timely manner.	M	Develop the procurement section of the PIM with up to date procedures for the procurement process which are acceptable to IFAD and seek a NO for their implementation.	M
3	The legal and policy frameworks support the sustainable development of the country and the implementation of international obligations				

3(a)	Sustainable Public Procurement (SPP)	<p>The Procurement Regulation allows for sustainability considerations to be taken into account in certain stages of the procurement cycle. However, it is silent with regard to the incorporation of sustainability considerations in all stages of the procurement cycle. There is no SPP implementation plan in place.</p> <p>The Procurement Regulation does not contain specific provisions which require a well-balanced application of sustainability criteria to ensure value for money.</p>	S	Follow the IFAD guidelines on SECAP and sustainability.	S
3(b)	Obligations deriving from international agreement	<p>No specific public procurement obligations deriving from Mozambique's membership of SADC.</p> <p>However, the Regulamento allows international organizations carrying out projects financed by multilateral financing institutions or from an official cooperation agency when their conclusion requires the adoption of specific procurement rules.</p>	M	Project to use the Special Regime of the Regulamento.	M
Consolidated findings for Pillar I		Pillar I has gaps/weaknesses that impact competition and transparency.	H		H
OECD Pillar II – Institutional Framework and Management Capacity					
4	The public procurement system is mainstreamed and well-integrated with the public financial management system				

4(a)	Procurement planning and the budget cycle	Necessary resources provided by Treasury on a timely basis and multi-annual commitments not monitored; consistent update of procurement plans not done for the budget planning purpose.	H	Prepare procurement plans aligned to annual work plans, ensure there are adequate fund before execution and monitor their implementation on a regular basis.	H
4(b)	Financial procedures and the procurement cycle	Approval and certification of payment processes are not followed especially for works contracts. Penalties for delays are not paid.	H	Make payment only after works are certified by Contract Managers. Implement contract terms and conditions including triggering penalties in case of delays.	H
5	The country has an institution in charge of the normative/regulatory function				
5(a)	Status and legal basis of the normative/regulatory institution function	The Procurement Regulation does not specify in a clear manner which institution/level in MEF is vested with normative/regulatory function in the field of public procurement including drafting, amending/revising the public procurement legal and regulatory framework and Regulations.	H	Maintain regular consultations with the MEF to stay informed of any changes in the regulations.	H
5(b)	Responsibilities of the normative/regulatory function	UFSA Training Program does not contain in-depth procurement integrity training. There is no professionalization of the procurement function.	H	Ensure procurement officer/s and the PMU staff are trained on integrity and ethical issues and prohibited practices. Procurement staff to enroll for BuildPro certification.	H

5(c)	Organisation, funding, staffing, and level of independence and authority	UFSA does not have the appropriate authority consistent with its regulatory body functions and it is not adequately resourced to effectively discharge its responsibilities.	H	Ensure that the PMU has adequate procurement staff capacity to carry out project procurement functions.	H
5(d)	Avoiding conflict of interest	Addressed/met	L	Sign declarations of impartiality and confidentiality	L
6	Procuring entities and their mandates are clearly defined.				
6(a)	Definition, responsibilities and formal powers of procuring entities	Number of procurement entities (UGEAs) not clear and the regulamento is silent on their approval authority and accountability for procurement transactions.	H	Define clear roles and accountabilities for procurement staff. Establish clear financial delegation of authority in the PMU.	H
6(b)	Centralized procurement body	Fragmentation of procurement for recurrent goods, especially for medicines and textbooks.	S	Aggregate procurement requirements for similar items to benefit from scale and ensure value for money. NB: Issue of fragmentation has been addressed in the new law by requiring aggregation in procurement planning.	S
7	Public procurement is embedded in an effective information system				
7(a)	Publication of public procurement information supported by information technology	There is no centralized portal and published information is fragmented and not sufficient and comprehensive enough to monitor public procurement outcomes and performance. The UFSA portal does not have comprehensive and updated information	H	Ensure procurement information regarding procurement plans, tenders, protests and challenges, contracts, and contract amendments is updated and comprehensive enough to monitor public procurement	H

				outcomes and performance.	
7(b)	Use of e-Procurement	End to end e-procurement is not available in Mozambique, technical assistance needed to establish and elaborate on e-procurement system and a capacity building strategy and road map.	H	Use the IFAD end to end system.	H
7(c)	Strategies to manage procurement data	Only general information on procurement methods and values is available on UFSA website. There is no system in place managing data for the entire procurement process to allow for comprehensive analysis of trends, level of participation, efficiency and economy of procurement and compliance with requirements	S	Maintain comprehensive records/information to analysis of trends, efficiency and economy of procurement and compliance with IFAD requirements.	S
8	The public procurement system has a strong capacity to develop and improve				
8(a)	Training, advice and assistance	Training Programme is not updated, advice to UGEAs is limited and there is weak support at the decentralized level.	H	Ensure PMU procurement staff are regularly trained and possess the appropriate skills to undertake their responsibilities.	M
8(b)	Recognition of procurement as a profession	Procurement is not a profession and the certification program although designed is not approved and implemented.	S	Recruit procurement specialist/s with experience in public procurement and project procurement experience. Obtain additional training on IFAD procurement	S

				Guidelines and Policies.	
8(c)	Monitoring performance to improve the system	No consistent performance monitoring system. While Procurement methods at the national level are monitored by UFSA there is no comprehensive performance monitoring system at national and UGEA level	H	Have in place a performance monitoring system with key performance indicators to measure procurement outcomes.	H
Consolidated findings for Pillar II		There is lack of consistent enforcement of the legal and regulatory framework	H		H

OECD Pillar III – Public Procurement Operations and Market Practices					
9	Public procurement practices achieve stated objectives				
9(a)	Procurement Planning	Procurement decisions not based on market analysis and risks. There are no realistic market prices and no sufficient knowledge to apply sustainability criteria and methodology.	H	Adopt a risk-based approach to procurement planning. Train procurement staff on sustainability and SECAP.	H
9(b)	Selection and contracting	The procurement method not always justified. Not all awards are published as per <i>Reglamento</i> . The sustainability criteria and methodology are not fully disseminated and understood by users.	S	Use appropriate methods for each procurement case ensuring competition, transparency, equity and value for money. Create awareness on sustainable procurement among stakeholders. Incorporate sustainability criteria and requirements in tenders and	S

				contracts respectively.	
9(c)	Contract management in practice	Weak contract management with several implementation gaps in supervision, payment of invoices, quality control, preparation of contract amendments, and coordination among various units involved.	H	Ensure an effective contract administration and management system. Keep an updated record of all contracts in CMT.	H
10	The public procurement market is fully functional				
10(a)	Dialogue and partnerships between public and private sector	Lack of comprehensive engagement with the private sector and/or communication/training programs from the private sector perspective.	S	Sensitize private sector on how to do business with the project.	S
10(b)	Private sector's organisation and access to the public procurement market	There are no mechanisms in place to address private sector constraints and boost the private sector participation.	S	Engage the sector on a regular basis by providing timely information on available or upcoming procurement activities.	S
10(c)	Key sectors and sector strategies	UFSA strategy is not explicitly linked to strategic sectors, as identified by the Government, hence there are not sector related risks and opportunities assessments	M	Do market scoping/analysis for commonly used items and services and establish the opportunities and risks prevalent in the Projects source market(s).	M
Consolidated findings for Pillar III		There is a risk of lower competition and inefficiency in the procurement process due to limited access to information by market participants.	H		H

OECD Pillar IV – Accountability, Integrity and Transparency of the Public Procurement System					
11	Transparency and civil society engagement strengthen integrity in public procurement				
11(a)	Enabling environment for public consultation and monitoring	The consultation process in both breadth and depth is not systematic and there are no capacity building programs tailored to other stakeholders than UGEAs	H	Engage the private sector on how to do business with the project including sensitization on bidding opportunities/requirements and IFAD prohibited policies. Encourage transparency and accountability and be open to scrutiny by stakeholders including the civil society	H
11(b)	Adequate and timely access to information by the public	Information is scattered and therefore not easily accessible.	S	Maintain centralized information repository/portal and ensure it is readily available to stakeholders.	S
11(c)	Direct engagement of civil society	No provision in the bidding documents allowing other than bidders to participate in the public stages of the procurement process.	M	Allow other stakeholders like vendors and civil society to participate in procurement for observation and monitoring purposes.	M
12	The country has effective control and audit systems				
12(a)	Legal framework, organisation and procedures of the control system	TA includes procurement in its compliance audits however resources (funding and procurement expertise) is lacking for carrying out consistent audit and effective follow up.	H	N/A	H

12(b)	Co-ordination of controls and audits of public procurement	Internal controls performed by provincial and local inspectorates and there is no evidence that internal and external audits are conducted at least annually	H	Ensure the project is audited annually by external independent auditors.	H
12(c)	Enforcement and follow-up on findings and recommendations	There is no consistent follow up on the implementation of the recommendations. Availability of resources is a critical issue; need for more cooperation.	H	Ensure matters arising from the audit are addressed in a timely manner	H
12(d)	Qualification and training to conduct procurement audits	There are not sufficient auditors trained/or support available for procurement audit and to ensure a uniform interpretation of the audit findings	H	Ensure auditors are competitively selected and that the appointed auditors have adequate skills to undertake comprehensive audit of procurement activities.	H
13	Procurement appeals mechanisms are effective and efficient				
13(a)	Process for challenges and appeals	No legal provisions on the enforceability of the appeals body decisions. No information available on the complaints/appeals (including enforced decisions).	H	N/A	H
13(b)	Independence and capacity of the appeals body	there is no independent appeals body at administrative level.	H	N/A	H
13(c)	Decisions of the appeals body	There are no normas complementares guiding the decision-making process of the appeal body.	H	N/A	H

14	The country has ethics and anti-corruption measures in place				
14(a)	Legal definition of prohibited practices, conflicts of interest, and associated responsibilities, accountability and penalties	Prohibited practices are defined and the associated responsibilities. However, there is no definitions on Anti-Money Laundering and Terrorist Financing, and Sexual Harrassment, Exploitation and Abuse (SHEA).	M	Incorporate IFAD policies on prohibited practices and on SHEA in all bid documents.	M
14(b)	Provisions on prohibited practices in procurement documents	The updated version of the bidding documents (SBD) and standard contracts have not been issued yet.	M	Incorporate IFAD policies on prohibited practices and on SHEA in all bid documents.	M
14(c)	Effective sanctions and enforcement systems	There are no implementing rules/ <i>normas complementares</i> for debarment issued by UFSA as per Art. 281.2 of the <i>Reglamento</i> . While the intent is for UFSA to debar the language in the <i>Reglamento</i> is sometimes confusing.	H	Project to follow the IFAD Guidelines in the anti-corruption policy following the 'Agreement for Mutual Enforcement of Debarment Decisions' as per the IFAD Policy on Prohibited Practices.	M
14(d)	Anti-corruption framework and integrity training	Perception is low regarding the effectiveness of the implementation of anti-corruption regulations. Implementing units do not consistently report the cases the anti-ethical and illicit practices as required in the <i>Reglamento</i> .	H	Where necessary consistently apply sanctions for violation of integrity requirements and publize them.	H
14(e)	Stakeholder support to strengthen integrity in procurement	There is no consistent oversight of procurement from the CSOs as third party monitor. There is no evidence that private sector	H	IFAD project to publicise procurement opportunities to ensure wide availability of public procurement information	H

		companies have internal compliance measures.		which can in turn spur effective participation by stakeholders (citizens, private sector and civil society).	
14(f)	Secure mechanisms for reporting prohibited practices or unethical behaviour	No information on the enforcement of the whistle blower protection act to determine its effectiveness and the level of protection of the whistleblowers.	S	Project to encourage anonymous reporting of unethical practices. Where source is disclosed, keep it confidential.	S
14(g)	Codes of conduct/codes of ethics and financial disclosure rule	No systematic monitoring of COI in procurement. No information about financial disclosures by procurement officials. No reporting of beneficial ownership.	H	Ensure that evaluators disclose COI, and if any recuse themselves. For those where there is no conflict, they should sign declarations to that effect prior to commencement of evaluations.	H
Consolidated findings for Pillar IV		There is risk of potential increase in corruption due to lack of comprehensive information on public procurement to enable civil society and citizens' participation in monitoring public procurement activities.	H		H
Consolidated findings at country level based on the assessments above of OECD Pillars I-IV		[to be determined by the SPO]	[to be determined by the SPO]	[to be determined by the SPO]	[to be determined by the SPO]

Integrated country risk matrix

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
Country context <i>The risks to the achievement of COSOP strategic objectives stemming from a country's context.</i>	Substantial	Substantial	
Political commitment <i>The risk that a country's political developments (i.e. upcoming elections, impending changes in government, high political instability/turnover/uncertainty, changing political priorities) result in delays and/or in a reversal of key political decisions and commitments (including approval and implementation of laws and regulations, and timely counterpart funding) underpinning the success of IFAD's engagement in the country</i>	Substantial	Substantial	<p>Due to the insurgency conflict in the northern Mozambique, the IFAD country team will seek continued engagement with the relevant ministries and contact persons to foster better coordination the implementing agencies. This will ensure efficient cooperation pertaining to planning, coordination and implementation of the project. In addition, IFAD is promoting a gradual expansion approach (aligned with UNDSS recommendations) of all project operations in the conflict affected areas.</p> <p>The ongoing gradual decentralization process and the establishment of dual Government Leadership structures at Provincial level (Provincial Governor - Elected and Secretary of State – Appointed) impacted negatively on the project's efficiency. In addition, according to the law, during the next elections (2024), this model will be further decentralized at District level. IFAD resources are implemented using a decentralized model through the Government budget and financial management system (e-SISTAFE), therefore reinforcing the use of national systems, as well as strengthening the capacity of the institutions at all levels. The IFAD support to the decentralization process will be hybrid, maintaining its support to the Government, as well as focusing on private sector and community based institutions.</p> <p>Interventions to community level with provision of strong support to improving agricultural productivity, market linkages and inclusive rural finance are also critical. In particular work with poor rural people (women and youth) to enable them grow and sell more food, increase their incomes, including capacity building that enables them to determine the direction of their own lives.</p> <p>Engage, support and strengthen the National Audit Office (Tribunal Administrativo) for regular auditing of IFAD supported investments, in accordance with the International Standards of Supreme Audit Institutions (ISSAI).</p> <p>Strengthen and reinforce the use of national systems, particularly e-SISTAFE (Government Financial Management System).</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
Governance <i>The risk that the country can suffer from governance breakdowns (lack of/weak political checks and balances; lack of/weak public auditing systems; lack of/weak transparent information on government rules, regulations, and decisions; lack of/weak standards to prevent fraud and corruption; lack of/poor quality/transparency of allocation of resources for rural development) which can negatively affect the achievement of COSOP's strategic objectives.</i>	High	Substantial	<p>Through the implementation of IFAD's "Framework for Operational Feedback from Stakeholders: Enhancing Transparency, Governance and Accountability", inclusive governance, transparency and accountability in development processes, including in associated grievance redress mechanisms, will be fostered. Information about the existence and functioning of such mechanisms will be made readily available to all stakeholders. Further, information regarding whistle-blower protection measures, and confidential reporting channels will be widely accessible in order to receive and address grievances appropriately, including allegations of fraud and corruption, and sexual exploitation and abuse.</p> <p>Institutional capacity-building at all levels and strengthening governance of programme stakeholders, particularly in the context of decentralization.</p>
Macroeconomic <i>The risk that macroeconomic policies (monetary, fiscal, debt management/sustainability, trade) are overall fragile, unsustainable, and/or vulnerable to domestic or external shocks, thus resulting in high inflation, low foreign exchange reserves, large fiscal deficits and debt distress. This could lead to government inability to mobilize counterpart funding, and to an overall adverse impact on market dynamics of value chains, (market prices and profit margins for IFAD's target groups)</i>	Substantial	Moderate	<p>According to the World Bank, Mozambique remains in at high risk of debt distress, with debt assessed to be sustainable in a forward-looking sense. Currency appreciation supported a drop in total public debt from 120 to 106.4 % of GDP between 2020 and 2021. The debt distress situation will improve, however the country will remain as high-risk debt distress, and to ensure debt sustainability, the authorities will continue maintaining prudent and sustainable debt management practices.</p> <p>Taking into account the country's debt unsustainability, last programme financing has been negotiated to be 80% as grant and 20% as loan on highly concessional terms. Currently, the financing terms are at 100% DSF grant.</p> <p>IFAD will continue its supporting the production and productivity increases and build sustainable and market-oriented value chains, as well as macro-economic stability.</p>
Fragility and security <i>The risk that the country is vulnerable to natural and man-made shocks including civil unrest, conflict, and/or weak governance structures and institutions.</i>	Substantial	Substantial	<p>Project designs will include contingency mechanisms, which are more flexible and timely, that can be incorporated in the projects.</p> <p>This mechanism will ensure the reduction of the project and beneficiary vulnerability to future climatic hazards. It constitutes a programmatic window for the integration of preventive and response measures and corresponding allocation of additional dedicated funding.</p>
Sector strategies and policies <i>The risks to the achievement of COSOP strategic objectives stemming from a country's sector-level strategies and policies.</i>	Substantial	Substantial	<p>Continue to engage IFAD to the in-country Policy Dialogue, with the Ministry of Agriculture, Fisheries, Finance and others and bring to the attention of the Senior Management the relevance of the country strategies and objectives.</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
Policy alignment <i>The risk that a country's strategies and policies governing the rural and agricultural sector are not sufficiently pro-poor and/or aligned to IFAD's priorities (e.g. on land, environment, climate, gender, indigenous peoples, nutrition, youth, private sector engagement), undermining IFAD COSOP strategic objectives.</i>	Substantial	Substantial	Leverage on Development Partners Group and IFAD country office in Mozambique to remain engaged with the MADER and restore country-level policy dialogue in a structured manner and support the design of sectoral strategies with clear milestones and indicators.
Policy development and implementation <i>The risk that the country's strategies and policies governing the rural and agricultural sector lack a sound evidence base, are not representative of rural peoples' organization's views, are not adequately resourced or supported by legal/regulatory frameworks, and/or are unsustainable, thus undermining the achievement of COSOP strategic objectives.</i>	Substantial	Moderate	IFAD projects will increasingly support the decentralization and deconcentration by providing resources at the district and community level, strengthening both the state, private sector and grassroots institutions. Interventions to community level with provision of strong support to improving agricultural productivity, market linkages and inclusive rural finance are also critical. In particular work with poor rural people (women and youth), to enable them to grow and sell more food, increase their incomes, including capacity building that enables them to determine the direction of their own lives.
Environmental, social and climate context <i>The risk that existing or possible future social, environmental and/or climate conditions and events may have adverse effects on food and nutrition security, agricultural productivity, access to markets, and/or the incidence of pests and diseases, resulting in increased vulnerability or deterioration of IFAD's target populations' livelihoods and ecosystems. And/or the risk that activities aimed at achieving COSOP strategic objectives may cause threats to biodiversity, cultural heritage, indigenous peoples, labour standards and working conditions, community health and safety, and/or lead to increased pollution, inefficient use of resources, and/or physical and economic resettlement.</i>	High	Substantial	<p>IFAD Interventions will analyse and minimise negative impacts through Environmental and Social Impact Assessments (ESIAs), site-specific Environmental and Social Management Plans (ESMPs) in line with IFAD's SECAP guidelines and Mozambique's legislation and decrees. The proposed structure for the Project Management Unit (PMU) has a provision for an environmental and social safeguards specialist who will be trained on IFAD's SECAP procedures to make sure that the project is complying with all the safeguards issues.</p> <p>In Blue and Green economies, IFAD will promote good practices by strengthening national regulations and guidelines to reduce potential negative impacts of agriculture, fisheries and aquaculture at farm level, revegetation and afforestation of degraded forestlands, adequate siting and use of appropriate technology in the development of irrigation schemes. Soil erosion control measures will include gully, bench terraces, use of gabions, stabilization of banks of canals, grass strips, sensitise farmers against use of fire to prepare the land and provide alternative mechanisms e.g. conservation agriculture and development of community-based natural resources management plans. Modern bioenergy technologies can offer a wide range of solutions that are appropriate to rural domestic energy needs (e.g. for cooking on Flexi-biogas) or to energy demand for productive uses (e.g. water pumping for irrigation). The promotion of renewable energy has the potential to diminish reliance on fossil fuels.</p> <p>Mainstreaming of adaptation measures – climate smart agriculture, resilient infrastructure, etc – throughout portfolio;</p> <p>Enhanced climate and weather information systems;</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
			Establish a climate contingency, as part of the project budget for timely response in case of any recurrent emergency
Financial management <i>The risk that COSOP activities are not carried out in accordance with the provisions of IFAD's financial regulations and that funding is not used for the intended purpose with due regard to economy, efficiency and effectiveness.</i>	Substantial	Moderate	Public procurement stages were added to the electronic financial administration system (e-SISTAFE), and suppliers are now required to show valid commitment notes before delivering goods and services (MEFP). Ensuring that more spending is executed within e-SISTAFE will improve control, avoid over-commitment at the spending entity level, improve predictability and oversight, and reduce scope for extra budgetary arrears.
Organization and staffing <i>The risk that the level of development of the accountancy profession in the country is low, hence causing a short supply of professionally-qualified and well-trained personnel that can be engaged during project implementation</i>	Substantial	Moderate	Provision of retainer consultant backstopping support to the country teams. Conducting regular implementation support Missions, as well as regular capacity building of the staff. Provision of regular training and capacity building to the Government and PMUs in Financial Management.
Budgeting <i>The risk that national budget approval cycle is inefficient affecting prompt availability of resources to externally funded projects</i>	High	Substantial	Budget performance analysis should be extracted periodically for use in internal decision making as well as reporting to IFAD as part of interim financial reporting (IFRs).
Funds flow/disbursement arrangements <i>The risk that funds from multiple financiers disburse with delay due to cumbersome treasury arrangements or are diverted to finance fiscal deficit or economic shocks</i>	Substantial	Moderate	Going forward, it is likely that portfolio implementation will be accelerated. Project should also prepare cashflow forecasts every quarter and submit to IFAD as part of the interim financial reporting. Regular trainings to the PMTs, Ministry of Finance and Bank of Mozambique should take place to ensure that all are in the same level of understanding of the new disbursement arrangements.
Country internal controls <i>The risk that country systems, such as internal audit, are not adequate and may not provide appropriate control over IFAD resources, leading to the inefficient or inappropriate use of project resources</i>	Substantial	Moderate	Ensure that Government deploy regular internal audits to the projects operations. From 2022 onwards, project audits will be undertaken by the "Tribunal Administrativo" – National Audit's Office.
Accounting and financial reporting <i>The risk that country accounting and reporting systems are not adequate, leading to inaccurate or non-timely submission of financial information for decision-making</i>	Substantial	Moderate	Customization of E-SISTAFE almost completed (CoA, minimum reporting, transaction reporting); (ii) training to users. Ensure the use of the Interim Financial Reports (IFR) for better disbursement forecast; Ensure the updating of project PIMs in compliance with the Financing Agreements provisions and FM manuals

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
External audit <i>The risk that the supreme audit institution is not independent, capacitated or able to timely perform and submit the audit of IFAD-financed operations, leading to possible misrepresentation of the financial results or lack of proper oversight.</i>	Substantial	Moderate	From 2022 onwards, project audits will be undertaken by the "Tribunal Administrativo" – National Audit's Office.
Procurement issues <i>The risk of non-compatibility of project/programme procurement operations with the IFAD Project Procurement Framework (IFAD-PPF) and risk that inefficient or non-transparent procurement processes impact the achievement of the project/programme's intended objectives (outcomes and outputs).</i>	High	Moderate	
Pillar I. Legal, regulatory and policy framework <i>The risk that the implementing regulations that supplement and detail the provisions of the procurement decree are not updated regularly to allow adequate implementation of the decree and/or to address the identified gaps such as opportunities for the use of Direct Contracting (DC) and other less competitive methods that impact on competition and result in poor procurement outcomes, the unavailability of updated Standard Bidding Documents (SBDs) and operating guidelines for use by procurement implementing units.</i>	High	Moderate	<p>The project to use IFAD procurement Guidelines and Handbook to ensure competition among market participants until a time when the GoM SBDs are updated to a level that is acceptable to IFAD for use in IFAD-funded projects.</p> <p>Avoiding the use of DC since it is highly regulated and can only be used in exceptional circumstances as provided in the IFAD Procurement Guidelines and Procurement Handbook.</p>
Pillar II. Institutional framework and management capacity. <i>The risk that inefficient and inconsistent enforcement of the legal framework will result in poor procurement outcomes due to lack of adequate authority and resources for the lead procurement agency (UFSA) and the lack of professionalization of the procurement units/workforce.</i>	High	Moderate	<p>Provide capacity building support to the GoM for improved public procurement administration and to enhance the efficiency and effectiveness in:</p> <ul style="list-style-type: none"> i) strengthening of the technical capacity of the procurement units to carry out effective public procurement; ii) professionalizing procurement through capacity-building programs; and iii) enforcement and performance monitoring; <p>In the short term, procurement specialists in IFAD-funded projects should enrol in the IFAD procurement certification programme for project procurement BUILDPROC to enhance their skills.</p> <p>Implement regular review of NOTUS dossiers, CMT updates and the use of the IFAD integrated end to end procurement system.</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>Pillar III. Public procurement operations and market practices <i>The risk that poor planning and lack of a strategic approach to procurement, for both recurrent and more complex procurement and weak contract management, quality control and late payment of invoices will negatively impact value for money.</i></p>	High	Moderate	<p>Adopt a rigorous planning and strategic approach to procurement, for both recurrent and more complex procurement. Ensure regular monitoring of implementation of planned activities, explaining significant delays and their causes, updating/upgrading the procurement plan as necessary.</p> <p>Building the capacity of PMU and users/technical units to plan and manage contracts using a risk-based approach; strengthening supervision and quality control.</p> <p>Registering all contracts on CMT and keeping contract data/status updated on a regular basis.</p>
<p>Pillar IV. Accountability, integrity and transparency of the public procurement system. <i>The risk that there may be loss of trust of the public procurement system by the stakeholders, in particular the bidders and private sector due to the absence of an effective enforcement of non-judicial dispute resolution mechanism (no independent appeals body at administrative level), non-implementation of audit findings/recommendations, and lack of comprehensive information on public procurement on a centralized portal to facilitate effective public and civil society participation.</i></p>	High	Moderate	<p>IFAD project to publicise procurement opportunities to ensure wide availability of public procurement information which can in turn spur effective participation by stakeholders (citizens, private sector and civil society), for example by publishing procurement plans and General Procurement Notices well in advance of procurement time, inviting the public to observe tender opening sessions, publishing bid awards and debriefing unsuccessful bidders.</p> <p>Arrange Business Opportunity Seminars to sensitise the private sector on how to do business with IFAD projects, how to participate and submit tender documents, how to register at the Cadastro/tender register, conditions for pre-qualification/post qualification.</p>