
Part II. Aid Trends

Chapter 1. Japanese Aid

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1. Basic Policy

1-1 Socio-economic situation

Following the signing of a comprehensive peace accord in 1992 that brought the civil war to an end, Mozambique successfully held presidential elections in 1994 with the support of the United Nations Operation in Mozambique (ONUMOZ). As peace took hold, 1.7 million refugees who fled the fighting returned home, and the nation began its long path toward democratization and restoration. The presidential election held in December this year seems to indicate that the government still has the support of a majority of the people.

Mozambique is an agricultural nation blessed with fertile soils. Fishery and other primary industries account for one-third of GNP, and a considerable amount of agricultural production consists of cash crops grown for export on large-scale plantations. Mozambique has been tackling Structural Adjustment with assistance from the IMF and the World Bank since 1987, and while emphasis has been placed on agricultural development, the government has also been pursuing fiscal and tax reform, and implementing economic reconstruction initiatives aimed at revitalizing the private sector, economic deregulation, and eradicating poverty. Since the end of the civil war, Mozambique has enjoyed strong economic growth averaging more than 5% a year as South Africa and other countries increased their level of direct investment. Nonetheless, it still faces a range of structural problems, including a deteriorating foreign currency situation, a war-ravaged economic infrastructure, and economic dependence on South Africa; and with foreign debt roughly four times as large as GNP, Mozambique has been designated one of the Highly Indebted Poor Countries (HIPC).

Ranking 169th of 174 countries on the Human Development Index, Mozambique is one of the world's poorest nations. Conditions are extremely bleak in education and health sector: adult illiteracy stands at 59.5%, and 40% of

the population never reach their 40th birthday.

1-2 Japan's basic assistance policy

Fully aware of just how important Mozambique's stability and growth is for peace and development of the Southern African region, Japan will continue its positive approach to assistance, keeping in view the reconstruction-development continuum.

Based on the Policy Dialogues over grant aid and technical cooperation which was held in April 1994, and considering the range of challenges faced by Mozambique in improving the food situation, resettling the waves of returning refugees, and reintegrating demobilized troops back into society, the Japanese government decided that ODA should focus on agriculture, the social sector (basic human needs- (BHN) , and basic infrastructure) and human resources development. ODA priority is also given to the removal of anti-personnel mines laid during the civil war from the viewpoint that their removal is pivotal to the rehabilitation of Mozambique. Up until 1998 Japan had provided a total of ¥11.5 billion in non-project-type grant aid to assist Mozambique's efforts for Structural Adjustment.

2. Priority Areas

2-1 Agriculture

Before independence, agriculture in Mozambique consisted of small-scale tenant farms, large-scale private farms, and settler farms, but the withdrawal of Portuguese merchants and skilled farmers following independence was a serious blow to the agricultural market. The impact on agricultural productivity was further compounded by civil war and drought. In this light, Japan has been actively providing food aid and grant aid to increased food production to help improve Mozambique's food supply and raise agricultural productivity.

2-2 Social development(BHN, Basic infrastructure)

The civil war wreaked enormous destruction on whole country, with 46% of primary health care units either destroyed or forced to close. Today only about 60% of the population have access to safe water. Japan has therefore been extending grant aid to improve health care facilities and secure safe drinking water in rural areas.

2-3 Human resources development

Mozambique faces severe shortages in both educational facilities and teachers because of the civil war. Japan is providing grant aid to upgrade teachers' colleges and vocational training centers.

2-4 Other areas

Mozambique's transportation infrastructure, which is critical for the nation's economic recovery, is also in a serious state of deterioration. Blessed with geographically good natural ports, Mozambique is an important gateway to the sea for inland countries, and in this light, Japan has been providing assistance to help it restore its ports and harbors, which have been operating at well below capacity due to sedimentation, and rebuild its war-damaged road and rail network.

3. Future Cooperation

3-1 Mozambique's capacity to absorb aid

A large amount of aid is flowing into Mozambique to assist with its rehabilitation; but because the government still lacks the capacity to absorb such aid, it is important to incorporate capacity building and other forms of human resources development into cooperation plans.

3-2 Private-sector investment

Considering the surge in external investment in Mozambique's private sector in the past few years, Japanese assistance should focus on social development in a way that complements this investment.

3-3 Rectifying regional disparity

The investment mentioned above is concentrated in the southern districts, where the capital Maputo is located, Japan should focus its aid effort in the southern districts for the short term, but it is also important to make efforts to alleviate regional disparities considering future assistance to the central and northern districts.

Table 1-1 Japanese ODA to Mozambique

(Net expenditure; Unit: \$ million)

Year	Grants			Government loans		Total
	Grant aid	Technical cooperation	Total	Total expenditure	Net expenditure	
1994	43.63 (-)	1.07 (-)	44.70 (-)	-	-1.38 (-)	43.32 (100)
1995	39.01 (-)	2.25 (-)	41.26 (-)	-	-1.50 (-)	39.76 (100)
1996	28.85 (-)	3.32 (-)	32.17 (-)	-	-2.12 (-)	30.04 (100)
1997	33.46 (88)	3.42 (9)	36.88 (97)	3.10	1.23 (3)	38.12 (100)
1998	37.63 (-)	3.89 (-)	41.53 (-)	-	-0.92 (-)	40.60 (100)
Total	375.13 (90)	23.83 (6)	398.98 (96)	28.67	15.79 (4)	414.77 (100)

Note: Figures in brackets show percentage to total ODA.

Source: Economic Cooperation Bureau, Ministry of Foreign Affairs (1999) .

Chapter 2. Trends of Other Major Donors

1. Outlook

represents a heavy dependence on external aid. About 70% of aid is grant aid, and 30% is loans aids.

1-1 Trends in Aid Amounts

Although the amount of aid fluctuates year by year as shown in Table 2-1, bilateral aid and aid from international aid agencies amounts to roughly \$1 billion annually. In 1993 and 1994, the two years immediately after the end of the civil war, aid accounted for almost 100% of GNP. By 1997 this had dropped to 39.18%, but it still

The former colonial power of Portugal has always been the largest or second largest provider of bilateral aid to Mozambique, followed by the U.S., U.K., and northern European countries. Japan has usually ranked around eighth.

Table 2-1 Trends in Aid to Mozambique by Major Donors

Upper figures: Amount of aid (US\$ million)
Lower figures: Percentage to the total ODA (%)

		1993	1994	1995	1996	1997	1998
Bilateral aid agencies	Japan	18.9	43.3	39.8	30.1	38.1	40.6
		1.60%	3.61%	3.74%	3.39%	4.02%	3.91%
	Portugal	104.9	39.2	59.1	51.4	89.4	61.5
		8.87%	3.27%	5.55%	5.79%	9.44%	5.92%
	U.K.	47.0	38.7	35.6	35.4	72.5	53.0
		3.97%	3.23%	3.35%	3.99%	7.66%	5.10%
	U.S.A.	61.0	73.0	96.0	45.0	71.0	70.5
		5.16%	6.08%	9.02%	5.07%	7.50%	6.78%
	Norway	59.1	72.2	52.2	51.8	54.7	49.5
		5.00%	6.02%	4.91%	5.83%	5.78%	4.76%
France	52.5	33.2	42.9	20.7	45.0	37.1	
	4.44%	2.77%	4.03%	2.33%	4.75%	3.57%	
Sweden	71.8	73.5	54.2	61.3	52.1	31.9	
	6.07%	6.13%	5.09%	6.90%	5.50%	3.07%	
Others	397.6	359.9	318.5	256.2	198.8	368.5	
	33.61%	29.99%	29.93%	28.85%	21.00%	35.46%	
Subtotal		812.8	733.0	698.3	551.9	621.6	712.6
		68.70%	61.09%	65.62%	62.15%	65.65%	68.57%
International agencies	IDA	93.0	176.3	159.8	220.2	146.6	128.4
		7.86%	14.69%	15.02%	24.80%	15.48%	12.35%
	CEC	82.9	101.4	79.0	62.0	70.8	84.1
		7.01%	8.45%	7.42%	6.98%	7.48%	8.09%
	AfDB	37.9	32.3	43.1	31.7	55.7	67.8
		0.03%	2.69%	4.05%	3.57%	5.88%	6.52%
	UNDP	16.0	17.7	9.3	9.1	10.0	14.6
		1.35%	1.48%	0.87%	1.02%	1.06%	1.40%
	IMF	15.3	10.6	-14.4	-14.4	19.5	9.6
		1.29%	0.88%	-1.35%	-1.62%	2.06%	0.92%
Others	159.7	158.5	86.9	56.5	24.1	24.7	
	13.50%	13.21%	8.17%	6.36%	2.55%	2.38%	
Subtotal		366.9	464.5	363.7	333.4	326.7	329.2
		31.01%	38.71%	34.18%	37.55%	34.51%	31.68%
Total		1,183.1	1,199.9	1,064.1	888.0	946.8	1,039.3
		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
GNP		1,229.0	1,236.0	1,278.0	2,672.0	3,257	3,732
Percentage of ODA to GNP		96.27%	97.08%	83.26%	33.23%	29.07%	27.85%

Source: OECD (2000)p.194

Table 2-2 shows ODA trends in each sector. In 1997 extremely large number of donors have been providing a debt relief accounted for roughly 33% of ODA, while the broad range of aid to help Mozambique rebuild from the social and economic infrastructures were also areas of destruction of its protracted civil war. high priority. From these tables we can see that an

Table 2-2 The Amount of Bilateral ODA to Mozambique by sector (commitment base)

	1993		1994		1995		1996		1997		1998	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Social infrastructure and services	115.6	20.6	194.1	41.6	118.9	19.8	216.7	33.4	188.1	29.3	186.1	26.6
Education	17.3	3.1	29.5	6.3	26.0	4.3	47.9	7.4	36.1	5.6	29.9	4.3
Health care	6.3	1.1	62.4	13.4	23.4	3.9	50.4	7.8	45.9	7.1	39.4	5.6
Water supply and sanitation	25.2	4.5	9.2	2.0	8.5	1.4	22.8	3.5	20.0	3.1	14.7	2.1
Economic infrastructure and services	62.2	11.1	60.8	13.0	76.6	12.7	71.4	11.0	81.2	12.6	86.5	12.4
Energy	14.5	2.6	40.8	8.7	50.6	8.4	61.9	9.5	47.8	7.4	33.8	4.8
Transport and communications	46.0	8.2	17.2	3.7	24.8	4.1	6.5	1.0	29.0	4.5	65.5	9.4
Production	89.8	16.0	39.8	8.5	60.8	10.1	78.5	12.1	24.4	3.8	98.5	14.1
Agriculture	23.7	4.2	27.5	5.9	50.1	8.3	45.6	7.0	19.8	3.1	43.0	6.1
Industry, mining and construction	18.8	3.3	8.3	1.8	6.9	1.1	32.3	5.0	4.3	0.7	55.1	7.9
Trade and tourism	47.3	8.4	4.0	0.9	3.8	0.6	0.6	49.3	0.4	0.1	0.4	0.1
Multi-sector	71.2	12.7	22.9	4.9	40.7	6.8	51.5	7.9	28.6	4.4	31.8	4.5
Program aid	123.3	21.9	50.5	10.8	116.5	19.4	132.1	20.4	80.7	12.6	86.9	12.4
Food aid	65.4	11.6	31.2	6.7	69.0	11.5	39.2	6.0	44.8	7.0	44.3	6.3
Debt-related	33.6	6.0	58.9	12.6	107.0	17.8	57.1	8.8	189.2	29.4	182.4	26.1
Emergency aid	64.0	11.4	25.8	5.5	51.2	8.5	11.6	1.8	10.3	1.6	6.1	0.9
Others	2.2	0.4	13.8	3.0	28.7	4.8	29.6	4.6	39.9	6.2	20.0	2.9
Total	561.8	100.0	466.6	100.0	601.1	100.0	648.5	100.0	642.8	100.0	699.9	100.0

Source: OECD (2000) p.194.

The following table shows the areas of cooperation by the major donors

Table 2-3 Areas of Cooperation by Major Donors in Mozambique

Donor	Agriculture	Water	Education	Environment	Health care	Administration	Roads
African Development Bank							
Canada							
Denmark							
EC							
France							
Finland							
Germany							
Italy							
Netherlands							
Norway							
Portugal							
Sweden							
Switzerland							
U.K.							
UN agencies							
U.S.A.							

Note: The star symbol indicates the leading donor in each area.

Source: World Bank (1997) p.12

Following severe flooding in Mozambique in February 2000, pledges exceeding the \$4.5 million target set by the International Reconstruction Conference for Mozambique in Rome in May 2000 were received (including \$1.31 million from the U.S., \$600,000 from the EU, \$450,000 from the U.K., and \$300,000 from Japan).

At the 12th meeting of the Consultative Group in Paris in June 8–9, 2000, participants pledged more than the amount requested by the Mozambican government (\$5.3 million in 2000 and \$5.6 million in 2001, of which grants account for 75%). The World Bank has praised the Mozambican government's commitment to macroeconomic stability and poverty reduction, stating that its policy is "stable, moderate, pragmatic and increasingly business-friendly". The CG suggested that Mozambique should make efforts to broaden its tax base, increase agricultural productivity (rural infrastructure development, and promotion of crop diversity and high added value crops), stabilize land ownership rights, reduce the regulatory burden on business, reform and strengthen its legal system, and reform the public sector. While donors agreed on the basic guidelines, there were slight differences in views on the approach aid should take. Mozambican Finance and Planning Minister Luisa Diogo commented that the government was in favor of a gradual approach, increasing direct funding for the budget as it improves the management of the budget.¹

1–2 Donor coordination—SWAP and SPA—

The Sector-Wide Approach Process (SWAp) is currently being implemented across five sectors such as agriculture, education (basic education), health care, roads, and water.

Similar to the Sector Investment Programs (SIPs) implemented in other African countries, SWAP is a plan for providing aid for individual sectors on a program base. Aspects such as sector aid policies, estimates of funds required, expenditure plans over several years, and common procedures are formulated through consultation between the Mozambican government and the donors concerned.

At present, a special program for assistance (SPA²) is also being implemented in Mozambique.

1–3 Debt servicing and HIPC Initiative

Introduced by the World Bank and the IMF in 1996, the HIPC (Highly Indebted Poor Countries) initiative is the first comprehensive debt relief program, and seeks to alleviate the crippling debt that the poorest countries have found impossible to repay. By the end of 1996 Mozambique's public debt had risen to about \$7.5 billion (NPV of about \$5.6 billion, and equivalent to 1,358% of exports). The debt was held by the Paris Club creditor nations (73%), multiple creditor agencies (14%), and creditors other than the Paris Club (13%). Among the Paris Club creditors, Russia accounts for 40%, and among the multiple creditor agencies, IDA accounts for 54%, the African Development Bank 19%, and IMF 18%.

Praised for the effective implementation of social and structural policies, Mozambique took less than one year to progress from the decision point to the completion point in June 1999, following Uganda, Bolivia and Guinea, and received \$3.7 billion in debt relief. This has slashed Mozambique's principal and interest repayments for 1999–2005 from an average of \$169 million a year to roughly \$73 million. Further debt relief of \$600 million (NPV \$254 million) is expected to be provided in 2000 under the extended HIPC. This, however, is conditional on Mozambique's implementing policies in accordance with the Poverty Reduction Strategy Paper (PRSP). In February 2000, the Mozambican government released its interim PRSP, which was based on the Action Plan for the Reduction of Absolute Poverty 2000–2004 (PARPA)³ announced in December 1999. The provisional PRSP analyzed poverty reduction, and prepared a matrix of general and individual goals, but the vertical nature of Mozambique's ministries and agencies is expected to make its implementation quite difficult.

Following the severe flooding in February 2000, the World Bank and IMF decided to relieve Mozambique of its debt repayment obligations for the next twelve months. The Paris Club creditors have also adopted similar initiatives or other voluntary debt relief measures.

¹ Mozambique News Agency *AIM Reports*. No.186, June 19, 2000.

² "Special Program for Assistance" transformed into "Strategic Partnership for Africa" in Apr. 1999.

³ Refer to Chapter 4 in Part 1.

Table 2-4 Sector investment plans (SIPs) in Mozambique

Sector	Name of plan, year of implementation, budget	Participating donors	Objectives, contents, state of progress
Roads	ROSC-I (fiscal 1992, \$74.3 million), ROSC-II (fiscal 1994, \$188 million), ROSC-III (planned for fiscal 2000)	Sida, EU, USAID, NORAD, CFD, AfDB, UNDP, SDC, KfW, BADEA, DANIDA, DFID, Kuwait Fund, UNCDF, OPEC, IFAD, Islamic Development Bank, South Africa, IDA	ROSC-I (five-year plan) was aimed at improving access to all provinces by removing transportation and distribution barriers. The ROSC-II budget is \$815 million, of which \$646 million is from external funds.
Health care	Health Sector Recovery Program (fiscal 1995, \$98.7 million)	Switzerland, Finland, Norway, Denmark, OPEC, EU, USAID, Netherlands, Ireland, AfDB, UNDP, WFP, UNICEF, WHO, IDA	This is a five-year comprehensive sector plan (1996-2000) under which overseas donors are providing \$280 million to supplement the government budget of \$120 million for improving national health through the Mozambique health sector strategy (MSH). Improvements have been seen in the various health indicators, and a monitoring committee has been set up under the deputy minister. This plan is currently being considered for review and expansion as a SWAP.
Agriculture	Agriculture Sector Investment Program (PROAGRI) (March 1999, \$60 million)	DANIDA, Sweden, EU, USAID, Netherlands, DFID, GTZ, AfDB, Portugal, Italy, IFAD, UNDP, AusAID, IrishAID, Finland, IDA, etc.	This is a five-year plan aimed at raising mid-to long-term agricultural production, food security, creating employment and reducing poverty. It especially aims at rationalizing sector expenditure to ensure sufficient funds are allocated to priority activities. The overall five-year budget is \$202 million (Mozambique is to raise 30% of this). As of 1999, PROAGRI was faced with a range of problems, including a lack of funds and delays in its implementation, coupled with a general lack of management capabilities within the Agriculture Ministry.
Education	General Education Sector Development Program (ESSP) (planned for fiscal 1999, \$60 million)	Sweden, Finland, Norway, Denmark, EU, USAID, Netherlands, Ireland, AfDB, WFP, UNICEF, UNESCO, UNDP, IDA	ESSP aims at expanding basic education opportunities, improving the quality of education, and capacity building in educational administration. The budget is \$717 million (five years), and Mozambique is to raise 62% of this.

Source: World Bank (2000).

2. Aid Trends among Major Donors

2-1 International organizations

(1) World Bank

1) Objectives and Strategies

The World Bank provides aid to Mozambique in accordance with its Country Assistance Strategy (CAS), prepared every three years.

The previous CAS covering the period 1995-97 gave highest priority to reducing poverty for Mozambique's immediate post-war reconstruction, but at the same time,

it also focused on economic growth, including macroeconomic stability, human resources development through restoration of basic health care and education services, and development of agriculture, transportation, energy, and other sectors with strong potential for growth.

Aid provided by the World Bank under this guideline has generally achieved its objectives, and has paved the way for steady progress in Mozambique's economic situation and its various reform policies.

However, at the review meeting of aid strategies held in February 1997, the World Bank and the Mozambican government clashed over the conditionality accompanying reforms and aid in areas such as finance and trade,

and the environment. The meeting also examined the changing situation surrounding Mozambique, including the possibility of regional cooperation within southern Africa in view of political developments in South Africa and peace in Congo, and the HIPC initiative.

Based on these discussions, in November 1997 the World Bank announced the current CAS covering the years 1998–2000. Like the previous CAS, the current CAS gives priority to poverty reduction through stable economic growth, and advances the following aid strategies: i) promotion of rapid and broad-based, private-sector-led economic growth; ii) capacity building and human resources development; and iii) strengthening of development partnerships.

These aid strategies are summarized in Table 2-5 below.

2) Aid achievements

As of June 1999, the World Bank had provided Mozambique with 33 loans totaling \$1.812 billion, all through IDA financing. In the twelve months from July 1998 to June 1999, approval was given to IDA loans totaling \$176 million,⁴ and also to a loan of \$150 million

to the economic management reform project under the HIPC initiative.

(2) European Union (EU)⁵

The EU provides priority assistance to Mozambique. During the period 1996–2000 the European Development Fund (EDF) is providing 215 million Euro in aid, focusing on Mozambique's major development issue of eradicating poverty, and as a part of this, priority is being given to rural development. In 1998 EDF/EC provided 81.9 million Euro in aid to Mozambique. Major funding sources of the EDF are the NIP Fund (43%) and SAF (34%), while other sources account for the remaining 23%. The EU provided about 75% of funding for the December 1999 election (2.1 million Euro).

The objectives of the 8th EDF (National Indicative Programme–NIP) are as follows.

- i) Improved access to education, health care and other basic services, and improved rural production through employment creation.
- ii) Improved living standards based on the community.
- iii) Promotion of community participation in socio-economic activities.

Table 2–5 Aid Strategies and Programs in the World Bank 1998–2000 CAS

Aid strategy	Major programs
Strategy 1: Promotion of rapid and broad-based, private-sector-led economic growth	
Support for macroeconomic reform	Economic reform support loans, etc.
Support for development of sectors with strong potential for growth	Maputo corridor development, etc.
Improvement of the business environment	Industrial improvement plan, etc.
Improvement of environmental management and assessment	Marine life diversification project, etc.
Strategy 2: Capacity building and human resources development	
Promotion of Mozambican people's involvement in economic activities	Enterprise development projects, etc.
Improvement of public sector management capabilities	Improvement of local governments, etc.
Improvement of education and health services	Improvement of the health sector, etc.
AIDS education and awareness raising	UNAIDS project, etc.
Strategy 3: Strengthening of development partnerships	
Improvement of cooperation between the Mozambican government and the World Bank	CAS etc.
Coordination with other bilateral aid agencies and international agencies	CG meetings, etc.
Partnership development with the general community	Private sector conferences, etc.
Enhanced cooperation with World Bank group organizations	

Source: World Bank (1997).

⁴ Agricultural sector public expenditure plan: \$30 million; Education sector strategy project: \$71 million; and National water development project (phase I): \$75 million.

⁵ EU (1999). Information obtained from interviews with the local office (August 17, 1999)

Cooperation includes the restoration of rural roads, which support small farmers and create jobs, water supply systems, schools and health care facilities, promotion of livestock industry and agriculture, and assistance in food security measures. The environment is also given high priority. Aid is focused on the central and southern provinces of Sofala, Tete, Manica, Maputo, and Inhambane.

For the past three years the EDF has been providing funds for the removal of landmines in Mozambique in concert with UNDP and other organizations, and based on evaluations of the program to date, the cooperation is expected to continue for another three years. It has also formed a consortium with CND, GTZ, MINTEC, and NGOs to expedite landmine clearance, and the consortium is currently drawing up a national landmine map using the remote sensing technology of the Dutch ITC company.

Coordination with NGOs are mainly active in the area

of rural development and rehabilitation.

(3) United Nations Agencies

The various United Nations agencies⁶ operating in Mozambique provide aid in accordance with the United Nations Development Assistance Framework (UNDAF), formulated as an integrated aid policy for coordinating individual programs so that maximum benefit and effect can be obtained from those programs. The UNDAF is based on the 1995 Country Strategy Note (CSN), the 1997 UN Common Country Assessment (CCA), and a range of other policy documents already formulated by the relevant UN agencies.

The UNDAF specifies three strategic aid objectives, priority areas within each of the strategies, details of the cooperation, budgetary resources, and the coordinating agency. An outline of the 1998–2001 UNDAF is shown at Table 2-6.

Table 2-6 Outline of the UNDAF for Mozambique (1998–2001)

Strategic objectives	Priority areas	Coordinating agency	Major plan
Strategic objective 1: Increasing access to and quality of basic services and employment	Education	UNESCO	School construction, school feeding, teacher training, etc.
	Health	WHO	Policy development, improvement of drugs and health supplies, etc.
	Water and sanitation	UNICEF	Policy and guidelines development, budget support for rural areas, etc.
Strategic objective 2: Fostering the development of an enabling environment for sustainable human building and peace building	Governance	UNDP	Support to local elections systems, and capacity building of the judiciary, parliament and national police, etc.
	HIV/AIDS	WHO	HIV education, provision of family planning material
	Gender	UNFPA	Policy assistance, support for gender pilot projects, etc.
Strategic Objective 3: Promoting the sustainable natural resources management	Special needs of children, youth and adolescents	UNFPA	Advocacy and enforcement of laws protecting the special needs of children, adolescents and youth, promotion of basic education, etc.
	Environment and natural resource management	UNDP	Promotion of environmental awareness campaigns, support for community-based natural resources management, etc.
	Disaster management	WFP	Disaster prediction mapping, information development, etc.
	Food security	FAO	Rural road and infrastructure construction, micro-finance support, etc.

Source: UNDAF (1998).

⁶ UNDP, WFP, UNFPA, UNHCR, UNICEF, UNIFEM, WHO, UNESCO, FAO, UNIDO, and UNOPS, all of which have offices in Mozambique, participate in this framework. The ILO (Harare) and IFAD (Rome), which do not have representation in Mozambique, also take part in discussions. This framework forms the basis for actual project implementation.

The UNDAF contains not just aid plans for each of the priority areas, but plans detailing the division of responsibilities to ensure that the aid effort is well coordinated and efficiently implemented. To facilitate aid coordination, the agencies meet regularly, and evaluate the effectiveness of the aid provided thus far.

(4) UNDP⁷

With the ultimate objective of sustainable human development, the UNDP strives to create management capabilities and an environment which will promote participation at the local level. Aid for the 1998–2001 period amounts to approximately \$120 million, and is provided in the following four priority areas.

1) Poverty eradication

i) Improvements in sustainable livelihoods:

Promotion of a labor-intensive rural commerce network through support of the National Feeder Road Programme, rural road rehabilitation, micro-credit schemes in Nampula and Tete provinces, promotion of small and medium enterprises in the northern and central regions.

ii) Human resources development:

Support for formulation of the Education Strategic Plan, training for primary school teachers, regional health services for the northern regions, improved access to education, vocational training and support for job creation for youth as a social action program in the National Plan of Action for Youth.

iii) Cross-sectoral issues:

Implementation support for the government's gender initiative, support along with the WFP, UNICEF, UNFPA, etc. for gender integrated pilot programs in Zambezia province, and continued support for the Accelerated Demining Programme.

2) Good governance

Assistance for training for the judiciary, national police and parliament, support for the local election process, NGO assistance, and aid for the maintenance of a free press.

3) Management of the environment and natural resources

i) Environmental and water management:

Support for the formulation of National Environmental Management Programmes, and for the implementation of the National Water Programme and the Low-cost Sanitation Programme.

ii) Food security:

Assistance for the formulation of the National Agriculture Development Plan with the FAO and World Bank, and for its implementation with FAO and WFP.

4) Economic and financial management

Economic Management Capacity Building: Assistance for the implementation of the National Economic Management Capacity-building Programme and for administrative reform, and assistance for private sector-led development (especially agricultural production).

(5) World Food Programme (WFP)⁸

Commencing in 1974, food aid to Mozambique had reached 14 million tons (equating to \$569 million) by 1997. Emergency aid accounts for 80% of this aid, including assistance towards restoration after the civil war, drought measures and Mozambican refugees in neighboring nations.

Since 1989, 558,000 tons of food has been supplied as emergency aid for the post-war restoration. The focus of emergency aid and support of returning refugees in the past has been small-scale development projects implemented by the community, regional agencies, NGOs and the like. Aid in the form of 35 micro-projects, including nutrition improvement activities and Food-for-Work initiatives, were conducted in 1994. Food-for-Work was successfully conducted in all provinces in combination with projects such as trunk road construction, and school and health and sanitation facility rehabilitation through a partnership with SIDA, UNDP, EU and Germany. Under a municipal sanitation scheme in Maputo, a comprehensive irrigation and sanitation system was established. Other forms of aid include assistance in demining, the purchase and transportation of seeds in conjunction with FAO for people affected by disasters, and the purchase of excess crops to boost incomes in northern regions.

Through prompt responses, advocacy and community

⁷ UNDP (1997).

⁸ WFP (1997). Local office interview (August 17, 1999).

projects, the WFP 1998–2001 Country Programme is aiming to mitigate the vulnerability of people, especially women, for whom a safe food supply is not guaranteed. The WFP goals range from simple emergency aid to the development of comprehensive activities including infrastructure, health care, education, disaster response and management in communities judged to be the most vulnerable⁹. Under the WFP food aid structure, maize, beans and other produce are purchased in northern areas where there is a food surplus for use as food aid in southern areas which tend to suffer from food shortages. Relief for the victims of drought and flood is also provided. Assistance is also given in the formulation and systematization of national disaster preparedness policy. A new initiative through the WFP Food Fund is the provision for a maximum of two years of assistance for micro-projects by NGOs and the local community in districts where food supplies are not secure. The budget for the 4-year program is approximately \$63 million, of which 68% is development aid and 32% is emergency aid.

As a consequence of the February 2000 flooding, the WFP has distributed food earmarked for development projects, and provided assistance in relocating victims of the floods.

(6) African Development Bank

The African Development Bank has been providing

loan assistance to Mozambique since 1977, approving funding for 37 items (26 projects, 9 development studies, 2 policy based projects) to this point (equating to 453.63 million UA). Areas in which loan assistance has been provided, and the agencies involved, are shown in Table 2-7.

Of the above, 17 projects had been completed by 1998, and four had been suspended. Loans of \$146 million are planned for the period 1999–2001 (excluding new activities). Direct financial supports accounts for \$37 million of this.

2-2 Bilateral aid organizations

(1) United States¹⁰

The United States is the largest bilateral aid donor to Mozambique. Aid from USAID centers on the northern and central regions where the population density is high, the impact of the civil war severe and the potential for agriculture is high. An agreement was reached in October 1999 that loans of \$134 million would be provided from 1999 to 2001. The US Trade and Development Agency has also agreed to provide assistance for a study by Mozambique's telecommunications bureau (Telecomunicacoes de Mocambique: TDM) on the development of satellite communications with a view to the expansion of telephone networks to remote areas.

Table 2-7 African Development Bank commitments by sector and agency (as of June 1, 1996)

(Unit: million UA)

Sector	Amount of assistance in each AfDB group					Proportion (%)
	AfDB	NTF	ADF	TAA/TAF	Total	
Agriculture	55.25	-	149.50	1.90	206.66	46.1
Multi sector	-	-	89.97	0.46	90.43	20.2
Public facilities	35.87	6.89	14.55	4.25	61.56	13.7
Transport and communications	-	-	53.47	3.32	56.78	12.7
Social sector	-	-	26.34	2.08	28.42	6.3
Industry	-	-	1.48	2.50	3.98	0.9
Total	91.13	6.89	335.32	14.51	447.84	100

Source: AfDB (1998)P. 17.

⁹ With the cooperation of the Mozambican government and USAID, the WFP has a section which conducts Vulnerability Analysis and Mapping (VAM) to identify the most vulnerable areas in terms of food security.

¹⁰ USAID (1998). USAID (2000). Informations obtained from interviews with USAID Mozambique office (August 17, 1999).

The objectives of USAID aid for 1996–2001 are as follows.

- i) Increase rural household income: improved agricultural productivity for food security and sales, rural road development for marketing, support of enterprises and small business in rural areas (Zambezia, Nampula, Manica and Sofala provinces), participation in the Africa Food Security Initiative conducted through aid coordination.
- ii) Promote effective and democratic governance: technical support for parliament, strengthening of the court system in the capital, improving the capabilities of citizens' organizations (national level) .
- iii) Improve access to maternal/child health care: provision and management of health care services including family planning and AIDS prevention (Niassa and Gaza provinces) .
- iv) Create a suitable environment for trade and investment: promotion of dialog between the private sector and the government, improvement of the tax system, ratification of international trade agreements, improvement of internet connections (national level) .

Also planned are special programs for victims of the war, and support for environmental considerations in private sector development.

The United States is the leading donor for PROAGRI, which places emphasis on dissemination and research, and seeks capacity building in the Ministry of Agriculture in cooperation with the University of Michigan. PROAGRI will receive aid of \$25–30 million in the period 1999–2001. USAID is also promoting labor-intensive activities through its participation in Road SIP.

(2) Switzerland

The Swiss Agency for Development and Cooperation (SDC) emphasizes the following four areas in aid objectives in its 5-year Country Program¹¹ for 1997–2001.

- i) Governance: support for public sector management, democratization and the rule of law, provision of technical cooperation to improve national revenue through the IMF by the Federal Office of Foreign Economic Affairs

(FOFEA) , capacity building in the Ministry of Finance and Planning and support for reform of the police system.

- ii) Health care: promotion of the Health Sector Recovery Program and aid coordination, budget and organization support for the National Health System(NHS), funding assistance for pharmaceuticals and participation in pharmaceuticals donor meetings, and particularly financial management, creation of an accounting system, integrated plan formulation at the provincial level, implementation of community health strategies and gender considerations.

- iii) Water: joint lead donor with the World Bank; human resources development and system construction (at the national level and in Nampula and Cabo Delgado provinces) , investigation of vocational training centers in the water and sanitation sectors (Vocational Training Center for the Water and Sanitation Sector: CEPAS) , adoption of a demand-led approach, SDC fund management contract at local level.

- iv) Civil society: aid for small-scale projects focusing on civic society and gender, rural development in Nampula and Cabo Delgado provinces, aid for Land Act related campaigns (Land Campaign) , support for the establishment of an NGO forum, aid for campaigns against violence against women.

(3) United Kingdom¹²

Aid from the United Kingdom focuses predominantly on Zambezia province, with assistance provided in such areas as public service reform, rural development, education and environmental management. Aid in fiscal 1998 reached 30 million pounds (of which 20 million pounds was Programme Aid) , and there are plans to expand the bilateral aid to 20 million pounds.

The direction of development aid from the United Kingdom is as follows.

- i) Supports for sustainable livelihood Improved financial management, support for public service reform and a sustainable rural lifestyle are set as basic objectives on this point. Specifically, contributions to program aid in the form of HIPC monitor-

¹¹ Swiss Agency for Development and Cooperation (SDC) (1999) Annual Programme 1999.

¹² DfID (1998) Mozambique: Country Strategy Paper 1998.

ing and support for poverty planning, development of customs posts, fiscal reform aid, joint aid with the private sector, promotion of PROAGRI, improved capacity at the local level through small-scale loan programs and protection of small farmer land rights in the implementation of Phase II of the Zambezia Agricultural Development Programme, support for local NGO ORAM, dissemination of information regarding the new Land Act, capacity building in the agricultural sector of provincial governments, development of rural roads, and demining.

ii) Education and health care for the poor

Initiatives and financial aid for education sector assistance, improvement of access to and quality of primary education, examination of the possibility of distance education, and support for the Health Sector Recovery Programme.

iii) Protection and management of natural resources for sustainable rural living

Coastal management in Zambezia province, and sup-

port for prawn farming in mangrove areas.

iv) Drought Measures

(4) Sweden ¹³

Swedish aid is focused on education, peace building and democracy, and capacity building.

Providing assistance in education since 1975, Sweden is currently the leading donor in SWAP in the education sector. About \$12 million was provided for education between 1997 and 1999, including assistance for primary education, vocational training, and improving capabilities in planning and management. Research cooperation has been underway since 1978, primarily in the form of assistance for the Eduardo Mondlane University.

The Swedish International Development Co-operation Agency (Sida) concentrates its activities in Niassa province and the central regions, and provide budget aid, agriculture, micro-credit and infrastructure assistance.

Sweden also provides a broad range of assistance in the area of peace building, as shown in Table 2-8.

Table 2-8 Sida's Assistance in the Area of Peace Building

Field of cooperation	Specific form of aid
Democracy and human rights	Pledge to respect democracy and human rights as a national strategy of the government, written pledge of government support for a civil society.
Disarmament	Provision of bicycles and machinery as exchange for weapons.
Assistance for local elections	Support for the 1998 local elections through UNDP, education for political parties.
Tackling violence against women	Support for the "Everyone Against Violence" campaign through for the women's umbrella organizations Forum Mulher, and Kulaya, which conducts counseling at the central hospitals.
Research cooperation	Research cooperation for research regarding peace and conflict issues conducted at the Institute for Studies of International Relationships (ISRI) and the Institute at the University of Gothenburg (PADRIGU) .
Female teacher training	Training about reproductive health in Sofala and Cabo Delgado provinces through the Associao Mocambicana Mulher e Educacao (AAME) , training regarding cultural laws and citizenship in Inhambane and Zambezia provinces.
Demining	Demining aid through the UNDP and the Norwegian People's Aid, support for educational activities of Handicap International.
NGO Assistance	Support for Swedish NGOs, such as the Africa Groups of Sweden and the Swedish Red Cross.

Source: Sida (1998) .

¹³ Sida (1998) , and local embassy interview in Mozambique (August 17, 1999) .

(5) Germany ¹⁴

Germany has extended aid to Mozambique since 1992, and in 1998 GTZ provided a total of 22.9 million marks for projects. Emergency aid was provided until 1996, then this switched to development from 1997, and is centered on the so-called "Poverty Pocket" of the two central provinces (Manica and Sofala) .

Major assistance areas of GTZ are as follows:

- i) Policy assistance relating to the social dimensions of Structural Adjustment, and support for the institutional building for the decentralization at the provincial level.
- ii) Human Resources Development: aid for primary education, teacher training, universities, and social integration of returned soldiers.
- iii) Private Sector Development: Promotion of economic development and entrepreneurs, reconstruction of the Banco Popular de Desenvolvimento (BPD) , assistance for the establishment and operation of investment banks for small and medium businesses in Maputo and Beira.
- iv) Comprehensive Rural Development: assistance for the Mozambique Agricultural Rural Reconstruction Project, resident-led, regionally based pilot projects in Manica, Inhambane and Zambezia provinces, support for returning refugees.

Cooperation towards primary education in Beira and Inhambane provinces, and support for the veterinary sector is also being provided.

Plans are being considered in 2000 for vocational training, and experts are to be dispatched for systematic cooperation, encompassing everything from ascertaining employment needs to support for the formulation of human resources development plans.

Aid in the health care sector is being conducted in Beira province in conjunction with the central Ministry for Health. The focus is on family planning and mother-infant health. Preparations are underway regarding cooperation in the area of HIV, and this is due to begin in 2000.

In the area of the environment, assistance is being provided for regulations on the export of hazardous agricultural products in which DDT has been used.

Demining assistance takes the form of the Integrated

Humanitarian Demining project conducted under contract by the Zimbabwean enterprise, Minetech.

(6) Canada (CIDA) ¹⁵

In the 1997-98 period, CIDA extended 37.23 million dollars worth of assistance to Mozambique (57.6% bilateral, 39.48% multilateral and 2.92% partnership) .

Canada identifies human resource development as the most important developmental task for Mozambique. While Canada's Mozambican assistance falls short of what is the norm for other donors in monetary terms, it is highly focused. The sectors covered are:

1) Education sector

Fostering of workers with skills, technical expertise and knowledge and expansion of educational opportunities, particularly for women (assistance with the printing of textbooks and contribution to the implementation of UNICEF gender and education projects, as well as assistance in the implementation of the ESSP (10 million dollars)) .

2) Water sector

Provision of access to water and sanitation facilities in Inhambane Province (10 million dollars) . This is an innovative pilot project that uses a community-based demand-led approach.

3) Assistance for clearing of landmines

Being a strong advocate of the Mine Ban Treaty, the Canadian Government has been implementing a landmine clearing programme and co-ordination project in Mozambique (10.5 million dollars) . Under the guidance of Canadian experts, a landmine contamination map is being prepared by putting together landmine deployment and other information collected through the National Level One General Survey.

4) Cross-sectoral issues

In tackling the above priority sectors, CIDA pays attention to cross-sectoral issues, such as governance, gender and the environment. Though small in scale, CIDA also runs institution building assistance and micro-financing schemes.

(7) Denmark ¹⁶

Mozambique is one of the largest recipients of development aid from Denmark, which has decided to provide \$215 million of aid between 1999 and 2003. Cooperation

¹⁴ GTZ (1999) and local office interview in Mozambique (August 17, 1999) .

¹⁵ CIDA (1999) .

¹⁶ JICA internal document.

focusing on rural development, including health care, education, water and agriculture is planned, with the emphasis on Nampula province.

(8) Netherlands¹⁷

Grant aid of 60 million guilders (of which 32 million guilders was for special programs and 13 million guilders was for the HIPC initiative) was provided mainly for the social sector (health, sanitation, water, environment) in 1999. The programs are mainly being developed in Nampula province.

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¹⁷ *ibid.*

Part III. Recommendations for Japan's ODA to Mozambique ¹

Chapter 1. Basic Perspectives on Development Assistance to Mozambique

Takao TODA (JICA Senior Adviser)

1. The “World’s Poorest Nation” and the Arduous Path to Post-war Restoration and Development
2. Abundant Development Potential and Foreign Investment and Aid-driven High Economic Growth
3. Dealing with the Simultaneous Occurrence of the “Three Agonies”
4. Poverty Eradication and Social Stability, and ODA for Self-Reliant Development

1. The “World’s Poorest Nation” and the Arduous Path to Post-war Restoration and Development

With a per capita GNP of \$210 (1998; 199th out of 210 nations²) and 60% of the total population (approximately 10 million people) living in absolute poverty, not only is Mozambique one of the poorest countries in the world, but it also endured a protracted civil war³ of nearly twenty years immediately following independence. The scars of the civil war remain vivid, presenting as a myriad of social problems including the securing of employment for the estimated 1.7–2 million returning refugees and former soldiers, guaranteeing a living for widows and war orphans, landmines, and the destruction of economic and social infrastructure including rural primary and secondary schools. Given these circumstances, it is hardly believable that the post-war restoration process has been completed. Certainly, the school enrollment ratio which fell as low as 54% in 1992 has recovered to 74% (1999), and it appears that the priority issue of the first 5-year development plan (1995–

1999) the establishment of peace, has now shifted to the eradication of poverty in the second 5-year development plan (2000–2004) . Since the chances of civil war re-igniting are few, Mozambique is evaluated as one of the most successful African nations which realized democratization during the 1990s.

Nonetheless, in addition to the influx of refugees and former soldiers, there are also personnel reductions in line with privatization, and huge numbers of expatriate workers flooding back into the country having lost work due to labor cuts in South African mines, not all of whom have necessarily been re-assimilated into Mozambican society. From a comprehensive standpoint which includes these factors plus the continuing abysmal state of access to health care, education, safe water and other basic living conditions, it can be summarized that although Mozambique “has been successful in winding down the armed fighting, it has yet to be victorious in the battle to eradicate poverty and secure social stability”.

2. Abundant Development Potential and “Foreign Investment- and Aid-driven” High Economic Growth

Although Mozambique is currently in harsh circumstances, as outlined above, it is potentially a nation of abundance, well known as being favored with rich natural resources, fertile soil and a geographically advantageous position as a corridor nation, and there are minute signs that its potential is gradually starting to bloom following the conclusion of the civil war. A look at the per capita grain production, for example, shows a rapid increase since the war, rising from just 100 kg in 1991/1992, to reach 250 kg in 1997/1998. Foreign investment,

¹ Taskforce chief compiled Part III based on the discussions and comments of the Study Committee.

² World Bank (1999)p231.

³ Despite a protracted civil war following independence in 1975, the peace process was completed through the 1992 signing of a peace treaty and the 1994 multi-party elections.

no more than \$71 million in 1993, climbed to an annual average of approximately \$800 million⁴ from 1996–1998, accounting for around one-third of the GDP (\$2.4 billion in 1997) . Moreover, given that foreign aid of between \$900 million and \$1.1 billion per annum is received, Mozambique relies on overseas aid for around two-thirds of expenditure for national management. Another major problem is the repayment of foreign debt (\$6 billion in 1997) which is twice Mozambique's GDP, although \$3.7 billion of debt was erased and the repayment of principle and interest was reduced when Mozambique was accredited as having reached Decision Point in the HIPC initiative in 1998, and Completion Point in June 1999.⁵

The high rate of economic growth (7.1% in 1996, 11.1% in 1997 and 9.9% in 1998) has come to fruition through foreign investment and aid-driven endeavors. That is to say, in order for Mozambique to realize its ample potential and achieve economic growth, it is recognized that not only foreign investment, but also aid in the form of financing with a high degree of concessions and technical cooperation is of overwhelming importance, and that “the time is not yet ripe for self-sustainable development”.

3. Dealing with the Simultaneous Occurrence of the “Three Agonies”

In dealing with the three agonies of 1) 10 million people in absolute poverty; 2) the aftermath of a protracted civil war, and; 3) growing disparities and aberrations stemming from rapid social changes due to economic liberalization and high growth, the securing of social stability as a basis for people to enjoy life with peace of mind is an important factor in all. From this standpoint, it is vital to support the poorest and the most vulnerable in society. This kind of assistance does not simply mean the

rescuing of the destitute on humanitarian standpoints. Efforts must be made with an awareness of the connection between ensuring the dignity as human beings of the most vulnerable groups in society and the removal or mitigation of social disparities and other social disorder, and the promotion of a stable society.

In other words, a basic approach to be considered is the priority input of aid resources into social groups or regions in which the above-mentioned three issues are present, or are inter-related.

4. Poverty Eradication and Social Stability and ODA for Self-Sustainable Development

As stated earlier, the need for ODA is basically present in all areas in Mozambique especially focusing on the following four points.

- i) Reconciliation with development plans and other basic policy framework of the government.
- ii) Securing the ability to absorb aid and sustainability.
- iii) The ability to input specific resources appropriate to the requirements (especially for technical cooperation) .
- iv) Ensuring no overlap with private sector economic activities and other aid activities.

As there is naturally a limit to the aid resources that Japan has, however, it will be vital to have a strategy for prioritizing input in areas in which greater effectiveness expected.⁶ Being aware of the aforementioned fact that Mozambique has “yet to be victorious in the battle to eradicate poverty and secure social stability”, and that “the time is not yet ripe for independent development”, the study committee concluded that, ideally, the following two concepts should form the axis of assistance to Mozambique efforts in order to respond to this situation.

- i) Ensuring the eradication of poverty and social stability.

⁴ 1996: \$519 million; 1997: \$1.754 billion (rapid increase due to Maputo corridor-related investment) ; 1998: \$837 million (CPI, Maputo) .

⁵ The HIPC initiative is a debt relief scheme which reduces the debt burden of countries laboring under massive debt to a sustainable level commensurate with the circumstances of each nation. It was instigated in September 1996 under the leadership of the IMF and the World Bank. Nations wishing to avail themselves of the debt relief under this scheme first implement a Structural Adjustment Programs in accordance with the IMF and the World Bank as the first phase for a minimum of three years. Upon completion of this first phase confirmation is made regarding the debt situation and a determination made as to whether the nation can proceed to phase 2 (decision point) . In phase 2, another three years of Structural Adjustment Programs is implemented, and if only this is determined to have been well conducted, debt relief would be actually provided (completion point) .

⁶ In policy dialogues regarding grant aid and technical cooperation in 1994, the Japanese governments and Mozambique governments concurred on aid implementation in three priority fields of: 1) agriculture; 2) improvement of the social sector (BHN and basic infrastructure) and; 3) human resources development, based on the problems faced by Mozambique including improvement in the food supply, resettlement of returning refugees, and the social reintegration of former soldiers.

ii) Self-Sustainable development.

Based on these two concepts, we set three priority issues to be undertaken and propose future direction of specific assistance as follows.

Chapter 2. Priority Issues for Japan's ODA to Mozambique

1. Rectification of regional disparities and stabilization of society through aid for the poorest, victims of civil war and the society's most vulnerable
2. More direct aid for regional stabilization
3. Human resources development and institutional building for self-sufficient development in the mid- to long-term - development of personnel to act as facilitators for the needs of the poor in the policy process

1. Rectification of Regional Disparities and Stabilization of Society through Aid for the Poorest, Victims of Civil War and the Society's Most Vulnerable

Given that some 60% of the population in Mozambique (around 10 million people) live below the absolute poverty line. When the degree of urgency of aid is considered in accordance with the basic perspectives stated in

Chapter 1, however, there are people even among this massive strata of the poverty-stricken who emerge as being the greatest priority. They are war widows and orphans (1.7–2 million people), former soldiers without job prospects, victims of landmines and other people who have lost the basis of their lives due to the effects of the civil war. The enormous number of Mozambicans returning to the country after losing their jobs in South Africa also constitute a recent, major social issue, making assistance for these people also of importance from the perspective of measures against socially disruptive factors.

It may be of interest that Japan has provided aid directly benefit the poorest in such areas as village water provision and nutritional improvement, and that aid in formulation of rural development programs which include returning refugees and former workers in South Africa among the beneficiaries is scheduled to commence. These aid endeavors need to be actively conducted.

Table 2-1 shows the possible images of aid from this kind of approach.

Table 2-1 Concept for specific aid for the poorest, victims of the civil war and the socially vulnerable

Priority assistance areas	Detailed images of assistance
Aid to achieve food self-sufficiency	<ul style="list-style-type: none"> • Aid to improve agricultural productivity. • Development of food storage facilities. • Development of locally-based agricultural product processing industry. • Contributions of agricultural materials and equipment. • Development of small-scale irrigation facilities.
Development of small-scale food distribution areas.	<ul style="list-style-type: none"> • Development of distribution systems. • Development of rural roads.
Development of agricultural product processing and niche products for local markets.	<ul style="list-style-type: none"> • Development of rural roads. • Development of agricultural product processing facilities.
Securing access to safe water and good sanitation conditions.	<ul style="list-style-type: none"> • Development of facilities for improvement of rural water dissemination rates (Zambezia and Manica provinces, and the northern part of Gaza province). • Development of water facilities in urban areas.
Enhancement of primary health care	<ul style="list-style-type: none"> • Development of rural health care facilities.
Assistance for landmine victims	<ul style="list-style-type: none"> • Development of human resources for medical rehabilitation, facility development.
Considerations	

Table 2-1 Concept for specific aid for the poorest, victims of the civil war and the socially vulnerable

- Coordinated promotion of the development of, and improved access to, towns and smaller cities constituting regional centers.
- Consideration for returned soldiers, refugees and migrant workers to merge into the community.
- Implementation of participatory development with residents themselves taking part in planning.
- Provision of aid with consideration to regions contaminated with landmines.

Box 3. Aid for Flood Restoration

The worst floods in 50 years were experienced predominantly in Mozambique's central and southern regions¹ due to intermittent rain since January 2000 and an ensuing cyclone in mid-February. The result was massive losses of both human lives and property². The floods caused damage to roads, bridges, railway lines, power, water supply facilities and other infrastructure, and did not spare agricultural products in any way. With food, safe water and sanitation for flood victims a matter of utmost urgency, the Mozambican government called upon the international community for financial assistance for emergency measures. Japan responded by contributing a total of five million dollars in emergency grant aid and emergency relief supplies as initial emergency aid. Medical teams from the international emergency relief team were also dispatched to take part in medical activities such as local measures against infectious diseases including cholera and malaria.

Given the current circumstances which necessitate this additional injection of significant funds, the Mozambican government has begun a review of the use of the 2,000 national budget, and with a full understanding of the position taken by the Mozambican government, in April 2000 Japan implemented project finding studies from the perspective of providing aid for flood restoration, and gathered information for future aid from relevant organizations. Between early April and early May, Japan dispatched a project formulation advisor in disaster field, and continued to collect data, including information on responses by other donors.

At a donor conference held in Rome in early May to raise funds for reconstruction following the floods, about 300 participants from 27 countries, including Japan, the U.S., the Netherlands and Canada, international organizations and NGOs pledged a total of \$452.9 million. This was more than the \$450 million requested by the Mozambican government. At the conference Japan pledged an additional \$30 million in aid. In addition to short-term aid, including the emergency response in BHN, Japan will provide assistance of a more mid- to long-term nature for rebuilding the infrastructure and disaster prevention, based on the findings of the project formulation study team which was dispatched in August this year.

¹ The provinces of Sofala, Manica, Inhambane, Gaza and Maputo were particularly hard hit. The flood damage also spread across the Mozambican borders to Zimbabwe and Botswana.

² According to announcements made at the end of March by the Mozambican government, at least 640 people had perished, approximately 500,000 people had lost their homes, and the total number of people affected was around two million.

2. More Direct Aid for Regional Stabilization

As stated at the outset of Part III, although Mozambique is in the process of relatively steady recovery after its long civil war, not all areas are necessarily proceeding smoothly, including the removal of landmines and the securing of livelihoods and employment for returning refugees and former soldiers. Demining in poor, rural areas and the provision of basic social services for refugees and soldiers returning to rural villages in particular are gravely insufficient, compounding the already dire state of poverty of the regions in question. And in more than a few cases, some of these people make their way to urban

areas, where they contribute to the already excessive circulation of firearms, and also to the seeds of social instability.

In relation to landmines, with approximately 500,000 still buried, estimates are that it will be another 5-7 years before the situation is no longer considered serious. So the need for continued, dogged demining work, and for support for post-demining rural development and rehabilitation of landmine victims remains high. In response, Japan should ideally form effective links with UNDP and other donors (including South Africa¹) and NGOs to conduct direct aid for demining activities themselves, and also take a positive role in activities such as the support

¹ South Africa provides support for UN Coordinated Peacekeeping and Reintegration Programmes, as well as for: 1) vocational training for returned soldiers; 2) water provision to returning refugees and soldiers, provision of agricultural tools and seeds and agricultural training, and 3) demining training.

Box 4. Background to the floods

The disastrous floods that struck Mozambique in February 2000 caused massive damage, especially in the southern provinces. Roughly 140,000 ha of cultivated land — 10% of all cultivated land in Mozambique and 22% of cultivated land in the five flood-stricken provinces — was affected, 124,000 households lost their crops and farming equipment, 880 shops and 118 wholesalers were forced to close, and about 90% of the irrigation infrastructure in the Limpopo Valley was damaged by the floodwaters. The total cost of the disaster has been put at \$495 million.

Floods hit Mozambique almost every year, but there have been few studies into what causes the flooding, so this is an area where research should be tackled. We can, however, identify an important factor in why the floods caused the extensive damage they did, and that is the fragility of the rural base. Contributing to this fragility are the degradation of farmland and forests resulting from the exodus of farmers because of the protracted civil war, lack of technological innovation to raise and stabilize productivity, low storage capacities in rural areas, cuts in the food distribution network, and the loss of knowledge about crop risk diversification (mixed crops, catch crops) due to the impact of the civil war. Post-harvest loss is therefore quite substantial, and this can easily lead to food shortages and a lack of seeds during a disaster.

The rural poor own only very small areas of farmland, and with only very limited means of production, they have great difficulty in growing any surplus food. They also have very few avenues available to acquire income, so droughts and floods are indeed a life and death struggle for them.

Strengthening the rural base is therefore important as a long-term initiative. Specifically, Mozambique needs to tackle flood control, increasing productivity, post-harvest processing and storage, building small reservoirs, and guarantee of land title. The nation is blessed with rivers and abundant rainfall, and has tremendous potential productivity, so there is every likelihood that such measures will lead to greater agricultural growth and stability.

Measures to combat flooding include building dams, improving infrastructure design and building standards to better withstand flood damage, improving capabilities to respond to natural disasters in terms of weather forecasting and water use, residents' education campaigns, and drawing up maps indicating flood-prone areas. There is also a need to provide assistance to Mozambique for formulating and implementing disaster prevention policies, enhance the disaster management capabilities of the National Institute for Disaster Management, and, since heavy rains in inland countries played a major part in Mozambique's floods, improve natural disaster management capabilities under the SADC framework.

Source: Analysis in Chapter 5 in Part I, EIU (2000).

of capacity building on the Mozambican side in order for them to conduct initiatives including landmine mapping.² At this time, aid formats such as development and welfare aid should be further utilized in respect of assistance to victims in social reintegration, and coordination with NGOs and other organizations conducting continuing activities in this area should be enhanced.

It is anticipated that maintenance of safety in the capital district will involve human resources development in the areas of police administration and criminal justice. It would also be of value to investigate a new approach in which lateral support would be provided for policing and judicial cooperation between Mozambique and South Africa based on the fact that safety in the Mozambican capital relies on close relations with neighboring South Africa.

Table 2-2 shows the possible images of aid to contrib-

ute to regional stabilization.

3. Human Resources Development and Institutional Building for Self-Reliant Development in the Mid to Long-term Development of Personnel to Act as Facilitators for the Needs of the Poor in the Policy Process

Some officials in the central government on whom great hopes for the future are pinned have relatively ample opportunity to avail themselves of training overseas. However, the gap between these officials and those in poverty are expanding due to the swiftly growing economic and social disparities³.

From the viewpoint of human resources development towards self-sustainable, it is important that attention

Table 2-2 Specific aid concepts for regional stabilization

Priority Assistance Areas	Detailed images of Assistance
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² Refer to analysis in Chapter 4 of Part I.

³ While the national average is \$210 per capita, the income level is almost ten times that in the capital district.

Table 2-2 Specific aid concepts for regional stabilization

Assistance for the social integration of refugees, returned soldiers, and landmine victims	<ul style="list-style-type: none"> • Support for vocational training for landmine victims. • Contribution of artificial limbs and orthoses. • Regional support through NGOs. • Implementation of small-scale rural development projects utilizing Community Empowerment Program, etc.
Aid for the maintenance of safety.	<ul style="list-style-type: none"> • Aid for human resources development in police and the judiciary.
Points to note	
<ul style="list-style-type: none"> • Aid should be conducted with due consideration to the situation regarding regional disparities. 	

should also be directed towards middle managers who design the details of policy execution and who are at the center of regional administration or community planning and are executing a range of reforms, and who can act as liaison between the poor and the policy process. From this perspective, it can be argued that it would be worthwhile to support the mid- to long-term development of core personnel for promoting the independent development of regional governments and communities in all areas.

Virtually many aid agencies involved with Mozambique believe it is desirable that the international community as a whole continue to inject at least the same amount of aid as up to this point for at least the next ten years. Considering the vulnerability of the basic structure of the economy, the overwhelming poverty outside the

capital district and the hopelessly inadequate administrative ability, certainly it is undeniable that Mozambique's promising future would start to wind back if aid was cut off at this time. Even if "dependence on aid" has to be accepted as inevitable for the time being, the important point is how to implement international aid efforts to prompt future self-reliant development. While the most vital factors in this are the development of human resources and institution/capacity building, these cannot be achieved overnight. In this sense, assistance toward human building should be started at this point on creating a scenario regarding human resources development aimed at independence from a mid- to long-term view.

From this position, the images of aid for human resources development and institutional building that could be possible at this point is shown in Table 2-3.

Table 2-3 Priority Assistance Areas, Considerations and Detailed images of Assistance relating to human resources development and institutional building.

Priority assistance areas	Detailed images of assistance
Implementation of vocational education and training in line with industrial demands.	<ul style="list-style-type: none"> • Development of training facilities • Development of instructors.
Capacity building in the central government and local governments, institutional building.	<ul style="list-style-type: none"> • Aid for human resources development for central government and local government staff. • Dispatching advisor-type experts and implementation of country-specific training
Expansion of opportunities for basic education and improvement of the quality of education.	<ul style="list-style-type: none"> • Repair and upgrading of educational facilities • Repair and improvement of teacher training schools. • Assistance for school management. • Assistance for mathematics and science education. • Support for curriculum and teaching materials, etc.
Points to note	

Table 2-3 Priority Assistance Areas, Considerations and Detailed images of Assistance relating to human resources development and institutional building.

- Be actively involved in Education Sector Investment Programs.
(Rather than just focusing on the progress of ESSP programs particularly implemented from 1999, feedback of Japanese knowledge should be actively provided.)
- Focus on the development of primary and intermediate schoolteachers.
(combine with investigation into such matters as education for females and school management, etc.) .
- Utilize the Shibusutuni Teachers Training College build by Japanese grant aid and implement technical assistance inter-linked with this at the core. Assist private sector-led vocational training (because there are strong concerns that the governmental vocational training is not being implemented efficiently; ODA will not be deeply involved at present) .
- Consideration of returning soldiers, refugees and other socially vulnerable people.
(Comprehensive education should be attempted, including primary and secondary education and technical education, rather than vocational training outside of schools) .
- Carefully Coordinate with Mozambican government to foster middle-class human resources who confront with local citizens at the local administration.
- Current situations of the recipient side should be fully taken care of in executing institutional building assistance, not by merely forcing Japanese experiences.

Chapter 3. Practical Measures and Considerations

1. Approach for the Effective Input of Aid Resources
2. Promotion of Regional Stabilization through Deepening Inter-dependence among the Regions
3. Aid Coordination

1. Approach for the Effective Input of Aid Resources

1-1 Measures to imbedding assistance

As previously mentioned, when urgent assistance for the poorest and most disadvantaged people are regarded as the priority aid target, generally unavoidable problems are securing absorptive capacity and aid sustainability. After the end of the civil war in 1992, assistance to Mozambique has already shifted to the restoration and development stage, however, it must be kept in mind that Mozambique is seeking aid which will take root— that is, aid that will lead to the self-reliant development of the poorest, rather than aid which is temporary, emergency measures.

What, then, is the key to conducting aid which will take root in Mozambique?

Here, I would like to present examples which should be useful references for considering aid concepts and methods in respect of these issues.

(1) Taking the long-term view

“Donors which can only see around five years into the future are not truly trusted” —these kinds of comments were after heard when the study committee conducted field survey in Mozambique in Aug. 1999.¹ While it is only natural to adopt a strongly demanding posture towards the results of aid, it is often detrimental to expect swift results. For this reason, in cases of facility development with financial aid, for example, it is best to foresee the state of that aid for 5–10 years into the future based on the sustainability and developmental capacity of those facilities as a base. On this point, Shibusutuni Teachers Training College, constructed with Japanese grant aid, has taken a comprehensive view of the impact on the edu-

cation sector, location and other factors, are highly evaluated by other aid agencies. Japan must, therefore, treat this kind of assistance as an important aid base in the area of education from a long-term point of view.

Japan has been predominantly implementing aid with the emphasis on self-help in Asia. This kind of aid cannot necessarily be dismissed, it is feared that overly rigid application of principles such as the recipient country bearing local costs will make aid implementation itself impossible considering the actual situation in Mozambique. Thought should therefore be given to an approach in which a long time frame for self-reliance is allowed, and in the first half of aid provision the aid provider bears all, or part of, local costs while creating institutions and capacities of the recipient side during that time. During the latter half of the aid provision, ownership would be strengthened gradually in the transition to self-reliant development.

(2) Avoid premature narrowing down of entry points and intermediaries

Although it is essential to use community leaders and other local resources as entry points in order to ascertain the needs of the local people and foster participatory development, such entry points should not be restricted until a solid understanding and capacity to build relationships has been secured, and endeavors undertaken by gathering a variety of opinions from a number of sources. This has been the lesson learned by NGOs which have implemented assistance activities in Mozambique since the civil war.² Having experienced dramatic political change, Mozambique is a nation in which relationships of trust and community cohesion are somewhat weaker than other African nations, resulting in many schisms between generations and in respect of recognition of traditional authority and the like. For this reason, a variety of means for gaining local understanding is required to accurately ascertain the local needs from the very outset of a project.

(3) Begin with the creation of self-circulation mechanisms in a small area

Striving for the development and fortification of sustainable markets and self-circulation structures for econo-

¹ As a matter of interest, although not directly related, there are very few people particularly at the aid operations level in other aid agencies who stay more than five years.

² As informed by former Mozambique UNV, Sayaka Funada in June 1999.

mies at the level of a single community, or a cluster of several communities should be fostered, while incorporating the small-medium towns surrounding rural villages. The important points are to make the development system over as small an area as possible to reduce costs involved with the movement of people and distribution, and which does not require large-scale infrastructure. Furthermore, it is necessary to ensure the poorest people of the district to be incorporated in finances, services and other cyclical processes. Sustainability cannot be achieved by relying on the flexibility of finances and services for poverty relief.³

For example, institutional building (organization of farmers) to improve the ability of communities to negotiate with external parties, and the organising of small-scale farmers as a force to resist the driving down of prices⁴ by distributors are considered as specific assistance approach.

Also to be investigated is the utilisation of counterpart funds accumulated by the non-project grant aid as the initiating costs, or booster funds for these cyclical mechanisms.

(4) Gradually strengthen safety nets

In addition to the low standard of living itself, another problem faced by the poor in Mozambique is their vulnerability to external shocks, indicating that endeavors should be made to create safety-net mechanisms to steadily, even if only a little at a time, build some resilience to these shocks. For example, as more than a few districts in rural areas in Mozambique only have food stocks which will not even last six months, this is indicative that just one season of crop failure could see even more farmers fall into the category of landless farmers and other poverty-stricken people. Action should be taken to gradually improve stock ratios while simultaneously adding market price adjustments and low-cost post-harvest techniques to be applied when there are bumper crops.

(5) Efficiently nurture counterparts with a good understanding of Japan to create a multi-strata network

Projects which have been successful have, almost without exception, been those in which there have been people among the counterparts with a good understanding of Japan. Given the limited exchange of people between Japan and Mozambique, however, Japan would do well to be more conscious in the future of efficiently nurturing relationships from the perspective of “the effective use of people with an understanding of Japan to smoothly implement projects”. There are a multitude of tools available for this, such as invitations to intermediate officials from the Ministry of Foreign Affairs, Ministry of Education exchange students and JICA trainees (including the newly introduced long-term trainees), and it is important that aid practitioners not only use these tools strategically, but also share and actively utilize information about such people. Also vitally important is revitalization and use of JICA trainee alumni associations and such.

As for projects which will become bases for future aid (e.g. the aforementioned Shibusutuni Teachers Training College), efforts should be made to create a multi-strata network by consciously revising Japan’s training programs each year and conducting counterparts invitations for a variety of social classes.

1–2 Rectification of regional disparities

In the second 5-year plan (covering the years 2000–2004), measures to address poverty and the rectification of regional disparities are set as a priority policy issue.⁵ Considering that the Mozambican government concentrates the majority of foreign investment in the capital district,⁶ attempts to rectify the disparities take the form of measures such as tax incentives for investors in the central and northern regions.

There is wide-spread absolute poverty in most rural areas outside the capital district, which is flourishing due to the introduction of foreign investment, and all are in need of similar levels of aid. Sources say that the situation is dire in the central region where the ravages of war are striking, and the northern region which has a lack of social infrastructure considering the relatively high popu-

³ An example is the village vitalization activities conducted in South Africa by JVC (the commencement of actual house repairs in a community by people who had gained skills in house repair through vocational training).

⁴ Although distributors are powerful and the need for the organization of farmers is high in border trade in the north, in particular, with some being of the view that as this is a matter involving vested interests, involvement of external parties is limited.

⁵ Interview with the Mozambican Ministry for Finance during a local study in August 1999.

⁶ At least two-thirds of foreign investment in 1998 was concentrated in Maputo province.

lation density.⁷ Poverty is particularly serious in the central region, consisting of the four provinces of Manica, Sofala, Tete and Zambezia.⁸

Consideration also needs to be given to the sharing of duties with other aid agencies. In many instances, other aid agencies concentrate their efforts on certain areas according to the field of aid. Germany, for example, is apparently concentrating its aid efforts in the field of agriculture in the provinces of Manica and Sofala, collectively known as the poverty pocket⁹, after consultation among the EU nations. When determining recipient areas for specific aid at the aid program level, as mentioned in 1-1, it is necessary to secure the ability to absorb aid and sustainability and make priority selections of areas in which there is a relatively high chance that effective aid can be conducted, in addition to considerations of aid needs as stated previously.

As a basic strategy, even if aid for the poor is continued in the relatively affluent southern provinces in light of aid implementation, the monitoring systems and the ability of the counterparts to absorb aid, work should now commence on creating bases to allow aid to be developed in the central region, such as Zambezia province, or the northern region where there is serious poverty and a large population.

2. Promotion of Stabilization through the Deepening of Regional Interdependence

2-1 Response to the Corridor Development Programs

Considering the stabilization of society in the context of Mozambique's regional relations in Southern Africa, it becomes evident that Mozambique can play an important role in the stabilization of the region as a whole, although its relationship with South Africa takes on another meaning. As is widely known, Mozambique has a highly advantageous geographical location which provides the most economical path to the sea for all the inland countries in Southern Africa, apart from Lesotho, and for the

South African capital area.¹⁰ Well aware of this significance, Mozambique is ambitiously developing Major Corridor Development Plans shored up with aggressive investment of South African capital, starting with the Maputo Corridor Development. The progress of this Corridor Development Plans, and the promotion of their use by inland countries and South Africa will not only open up the prospect of economic revitalization centered on this one axis spearing through the entire Southern African region, the so-called "inland country = corridor country", but also contribute to regional stability as a result of deeper ties of interdependence between the nations of the region.¹¹

As to the three corridor development plans themselves (Maputo, Beira and Nacala), in contrast to the progress seen in the Maputo corridor due to investment by South Africa, the other two plans are not showing much concrete advancement, despite some progress in creating part of the framework for discussions with relevant inland nations. When considering these Corridor Developments for the time being, the following responses would ideally be based on a cooperative and complementary relationship with private-sector economic activities and OOF, etc.

《Assistance Approaches for Corridor Development Programs》

i) Place importance on complementing private sector economic activities

Since private sector leadership is vital for the Maputo corridor. Little room for ODA input.

The development of infrastructure for private sector activities are major in the other two corridors.

ii) Prioritize consideration of soft forms of aid first.

Provide assistance in drafting proposals for policy relating to infrastructure development, and basic plan formulation, etc.

Provide assistance in developing customs clearance systems which lag behind others in the South African region as a whole.

⁷ As a matter of interest, while the southern region is a base for the FRELIMO party (in power as of December 1999), the central and northern regions are a base for the RENAMO party.

⁸ Refer to the analysis by Shimohira. In respect of access to water, the northern province of Nampula is also included.

⁹ As informed by the GTZ Maputo office during the local study in August 1999.

¹⁰ The Maputo Corridor in the southern capital district, the central region Beira corridor, and the northern region Nacala corridor are, respectively, vital as the only, or the most economic, outlet to the sea for South Africa and Botswana, Zimbabwe, Zambia and Botswana, and Malawi and Zambia.

¹¹ Although only the Corridor has been presented here, there are also other relationships of interdependence being developed in other areas through cross-border trading. An example is the economic zone being formed in the north which straddles the border with Tanzania.

3. Aid Coordination

3-1 Active participation in sector-wide approaches

As the principles of this matter have already been presented in Volume 1 as a problem common to the south African region, Mozambique's unique issues are summarized here.

(1) Active participation in sector meetings and donor meetings

In addition to the frequently held sector meetings for at least five fields (agriculture, transport (roads), health, water and education) led by the UNDP and World Bank, there are also regular meetings of the heads of aid agencies in Mozambique. Ideally, Japan should be more actively utilized in these meetings in the future to positively gather relevant information and provide information from the Japanese side.

From the perspective of placing importance on Japan's present personnel system and its efficient utilization, rather than attempt the same kind of planning participation in all sectors at such a time, a more realistic approach would be to apply selective modulation primarily in the areas of the following two categories when participating in planning.

《Important Areas for the Participation into the Sector/Donor Meetings》

- i) Areas such as the social sector, including education and health care which will continue to be priority fields for Japanese ODA, and agriculture and rural development.
- ii) Sectors such as transportation and communications, which are directly related to the stable development of not just Mozambique but the south African region as a whole, and in relation to activities other than ODA, specifically private sector economic and investment activities.

Although not unusual in places where there is lively aid activity, in Mozambique also it is common for there to be a mix of technology with many differing systems among the hardware and other assistance introduced due to the numerous donors participating in the same sector, negatively affecting the development effects. In order to

avoid these detrimental aspects, it must be ensured that what is used can be locally produced and upgraded, and is in keeping with local circumstances and technology levels.

(2) Demonstrating initiative in Japan's priority areas

The most vital point when demonstrating initiative in aid issues considered important by Japan is timely participation at the planning stage. In relation to the coordinated funding for the health sector, for example, consideration of the Health Sector Recovery Programme II for 2001-2005 is steaming ahead, and it is highly desirable at this type of planning consideration stage in particular that Japan actively participates to create a common awareness of the objectives of the aid. It is essential that strategic scheduling be undertaken to ensure opportunities are not missed which would allow constructive Japanese advice to be put forward during the planning process by positively taking part in sector and donor meetings and having foreseen the timing of basic framework compilation. Regarding the areas on which Japan places importance, close exchanges of information and opinions between the Mozambican government and donors are required. The following two factors will be important in achieving this.

《Measures to actively take the Initiatives in Aid Coordination》

- i) Securing and using central personnel of high expertise and experience. (experts in policy assistance, broad-area specialists, etc. Includes commuting with short stays, rather than insisting on long term dispatching).
- ii) Formulating networks which allow information gathering over a large area. (Utilization of local human resources through Comprehensive Social Development Programs, etc.)

(3) Responses in consideration of sector strategies

In seeking aid coordination, Japan should place importance on the visibility of Japanese aid achievements. The same methods and aid formats as other donors need not necessarily be relied upon, even to realize common objectives, and as a basic approach Japan should exercise its individuality and relative advantage as necessary. For

¹² Refer to Section 3 in Volume 1.

example, while sharing sectoral development objectives and information with other donors is important and should be actively promoted, it is necessary to examine specific means of achieving this with a view to ensuring activities are mutually complementary with those of other donors and respecting the ownership of the recipient country. At the same time, it is realistic for Japan to selectively participate in sectors that it considers to be a high priority.

From the perspective of the efficient use of the limited human resources and systems in securing overall efficiency of aid from donors and aid uptake, there are more than a few instances in which it is better not to cling to methods in which projects whose form of input is considered important are implemented in isolation. In such cases, a method needs to be sought which respects coordination with the whole, including the policies of the recipient nation and other donor activities, even if conventional practices might be revised.

Specifically, the following responses are envisaged.

《Examples for Specific Responses to the Sector Strategies》

- i) For pooling arrangements and other matters relating to development funds, there is no need at present to respond positively against reason while thoroughly assessing the management capabilities of the Mozambican side which operates such arrangements. On the other hand, a positive response from Japan would come in cases where the overall efficiency of aid would be heightened through the adoption of a pooling arrangement, or the like, for pharmaceuticals and other capital good, within a clearly defined framework.
- ii) Although in the conventional project-base aid formats, leeway needs to be allowed to enable flexible amendments to approaches to the initial assistance framework with an eye to the trends in the sector in question and in response

to changes in circumstances. Meanwhile, when beneficial knowledge is gained, or when funding has been provided for a sector program overall in the project implementation process, this is actively fed back into the Sector Program to contribute to improvements.

- iii) Although the importance for soft forms of aid has long been extolled, when needs have been identified in areas such as the tangible side of facility construction where Japan has a comparative advantage, Japan should not be ready to reject an approach in which Japan provides aid on the hardware side in line with sector strategies and even with rigid consideration to maintenance costs and other matters. (In such cases, however, it goes without saying that it would be highly desirable for Japan to continue to conduct soft forms of aid in areas such as overall program formulation, including for the facilities in question, or technical cooperation with the facility in question as the base.)

3-2 Measures for South-South cooperation ¹⁴

In the case of Mozambique, frequent debate has taken place to the effect that the possibility of cooperation with South Africa, with which it has the closest ties, and with Brazil, with whom it shares a common language, should be investigated.

As to cooperation with Brazil and other Portuguese-speaking nations, detailed consideration must be given to the sentiments of the parties involved, such as the feelings of Mozambicans to other countries which have Portuguese as a national language, the zeal with which English is being learned since Mozambique joined the British Commonwealth, and the sentiments of those on the Brazilian side who many not have fully rid themselves of apprehensions that they will have no choice but to essentially play a supplementary role.¹⁵ Being realistic, investigations should proceed cautiously for the time being, having made these considerations.

Cooperation between South Africa and Mozambique, two nations that are forging an extremely close relationship following the democratization of the former, has

¹³ Refer to Chapter 7 in Part I.

¹⁴ Refer to Part IV in Volume 1.

¹⁵ In conducting this Japan-Brazil aid for developing countries, Brazil, seems to need an cooperative relationship based on equal qualifications for Brazil and Japan, and do not want Brazilians to be "supplementary" support for activities by Japanese.

already seen lively activity in the Maputo Corridor Development and other bilateral and private sector based activities, in spite of some delicate relationship between Mozambique and South Africa. Nonetheless, in order to further deepen ties between the two countries, there is room to actively investigate ODA cooperation based on coordinated and complementary relationships with aid on a private sector base or OOF, as long as there is room for Japanese involvement.

Furthermore, although involvement in SADC or other regional aid frameworks will not necessarily be required when implementing this aid, it would be worth investigat-

ing the development of bilateral aid in a more dynamic multi-national relationship while making use of such frameworks as required, keeping in mind the promotion of regional stability through stronger ties of interdependence between countries within the region.

Mozambique is “one of the worlds poorest nations which has an affluent future”, and one whose future will be significantly impacted upon by the aid from the international community. Japanese responsibility and capabilities as a leading donor would be examined in the implementation of aid to Mozambique.

Box 5. Japan-Brazil Partnership Program

The Japan-Brazil Partnership Program (JBPP) was concluded into by Japan and Brazil on March 28, 2000 with the aim of providing support to developing countries as partners. As a middle-income country and a major regional power in South America, Brazil has to date been providing South-South cooperation independently, and JICA has provided support for South-South cooperation by Brazil mainly through third-country collective training programs. Countries that will receive aid through the partnership are Mozambique and other Portuguese-speaking African countries (PALOPS; Angola, Cape Verde, Guinea-Bissau, and São Tomé and Príncipe), and East Timor.

The JICA Brazil office and the Brazil Cooperation Agency (ABC) have already been jointly identifying and designing partnership projects, and in fiscal 2000, two joint training programs (mandioc (cassava) development, and public sanitation) for PALOPS are to be implemented in Brazil.

The project formulation study in July 2000 examined the implementation schedule for the programs, and also the potential for cooperation in water resources development and vocational training for PALOPS.

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