

# REPUBLIC OF MOZAMBIQUE

## Multi-annual Indicative Programme 2021-2027

### 1. The overall lines of the EU international cooperation in the partner country

#### 1.1. Basis for programming

The basis for programming is a joint framework document between the EU and its Member States built on an assessment concerning its policy towards this partner country for the period 2021-2027.

Despite significant economic growth in the last decade and the discovery of important reserves of natural resources, Mozambique remains one of the bottom ten countries in the world in terms of human development, aggravated by increasing inequality in the last years. In a country with the second largest population in the Southern Africa region, more than 46% of the population live below the national poverty line. The increasing inequalities have a strong gender and territorial component: women are worse off than men in all indicators related to poverty, employment and education, as well as in the access to and control over resources. Poverty is concentrated in the centre and north of the country.

At the same time, risks related to fiscal sustainability and macroeconomic developments will continue to be considerable. The outbreak of the COVID-19 pandemic in 2020 came at a time when Mozambique was still recovering from the impact of two devastating cyclones in 2019 and the economic consequences of the 2016 hidden debt scandal. Whereas the health consequences of the pandemic are yet to be determined, the COVID-19 crisis has already had a severe social and economic impact on the country. It has worsened an already weak macroeconomic framework, contributing to the rapid increase in public debt and to the growing risk of the state not being able to provide basic services to the population. In addition, the complex humanitarian and security crisis in Cabo Delgado remains critical.. These challenges have negatively affected the outlook for the liquified natural gas (LNG) projects on which Mozambique's future macroeconomic framework is based. In this scenario, it will be important to maintain a focus on diversifying the economy.

Mozambique is an important partner for the EU in Southern Africa, as indicated in the Council Conclusions of April 2020 also due to its proximity to European Union territories in the Indian Ocean. European investment is significant, and is expected to increase. Financial co-operation will therefore be complemented by continued European Economic Diplomacy. Overall, the EU's aim will be to deepen and strengthen the EU's political, economic and cultural relationships with Mozambique through a comprehensive humanitarian-development-peace triple nexus approach contributing to peace, stability and sustainable and inclusive development in the forthcoming period.

The priorities identified in the Joint Communication “Towards a Comprehensive Strategy with Africa” are very relevant for Mozambique’s current and future political and socio-economic context and will guide the EU's actions in the forthcoming period. While traditional development needs persist in the country, Mozambique is expected to start a crucial socio-economic transformation in the next decade. The EU will need to be flexible in this regard and should as necessary adjust its instruments and programmes to adapt to this new reality.

Mozambique has approved in 2020 its new five-year Government Plan (2020-2024), in Portuguese *Plano Quinquenal do Governo* (PQG), which will guide the government’s intervention across all sectors for the next five years. The five-year PQG, with the Medium-

Term Fiscal and Expenditure Frameworks, is the main operational instrument of the national planning system. This Plan was developed based on limited consultations with national stakeholders and development partners.

In line with the previous five-year plan, the new PQG lays out an integrated and holistic agenda promoting inclusive social and economic development. It is aligned with other national strategic documents, such as the Agenda 2025 (from 2003), the National Development Strategy 2015-2035, as well as other national and regional strategies and commitments, including the Agenda 2030 for sustainable development (2015). The Plan is also based on the ruling party FRELIMO's 2019 electoral manifesto and on the specific priorities of the government established by President Nyusi at the start of his second mandate. The main objective continues to be diversifying the economy and supporting competitiveness as a means of generating income and employment, with an emphasis on youth. The PQG also focuses on better education and health services, sound public finance management, efficient administration and an improved investment environment. It proposes to transform key growth sectors, such as agriculture, extractive industries and tourism with a more transparent management. Furthermore, the government underlines the need to focus on the consolidation of peace and democratic reforms.

Considering the deterioration of human development and governance indicators over recent years, widening inequalities, frequent natural disasters and macroeconomic challenges, recently aggravated by the COVID-19 pandemic, it is unlikely that the PQG targets and expected results will be fully reached and implemented. Nevertheless, the EU will continue to support the government to achieve its development goals.

Mozambique has a Sustainable Development Goals (SDGs) National Implementation Framework, with country-specific indicators and targets. However, the difficult socio-economic context described above will make it challenging for the Mozambican government to reach these targets. The priorities identified in the Joint Communication "Towards a Comprehensive Strategy with Africa" will assist Mozambique in advancing on its SDG agenda.

## **1.2. Status of joint programming**

A better coordinated, more coherent and united EU and Member States' engagement is key, not only in terms of development cooperation, but also to improve coordination and coherence on political, economic and security issues. Although Member States do not always have identical interests and priority sectors in Mozambique, there is added value in the EU and Member States working together in the context of a "Team Europe" approach, based on a common EU vision and corresponding to a flexible combination of financial and non-financial interventions. This joint programming approach includes joint analyses and studies, sectoral and political and policy dialogues, joint missions and visibility initiatives, implemented by the EU and the Member States according to the level of their respective financial and technical capacities and jointly identified priority sectors and areas of expertise.

At the core will be a more targeted, smarter and flexible development cooperation - one that forges alliances with key deciders, the private sector and opinion leaders, and by particularly involving youth. There should be a focus on what and where the EU, working together as a single team, can make a difference for Mozambique, enhancing the EU's overall influence in the country.

With the goal of Working Better Together, the EU and the Member States in Mozambique have agreed to support a pragmatic approach, which should correspond to a voluntary, flexible and country-led process confirming the findings of the 2017 joint programming evaluation. Based on these findings, the EU and the Member States have been exploring new avenues of working together with a view to better operationalise joint programming in the country. With this aim, the EU and the Member States adopted in 2019 the 1st Joint Action Plan (JAP) for Working Better Together, aimed at improving policy coherence and the EU's overall leverage vis-à-vis Mozambican partners, in line with joint programming guidance. The first JAP was assessed and updated in 2021, and a 2<sup>nd</sup> EU Joint Action Plan was adopted.

The new JAP is an important tool guiding the EU and the Member States' activities in Mozambique. The set of common actions corresponds to four agreed objectives:

- (i) A better alignment and common understanding of key priorities;
- (ii) Ensuring EU leverage;
- (iii) Enhancing joint implementation and
- (iv) Increasing visibility for the EU and the Member States.

The JAP encompasses a set of proposed actions in support of a practical and pragmatic approach as enshrined in the European Consensus for Development and the principles outlined in the Working Better Together orientation document. The JAP envisages, among others, joint policy dialogues on gender, culture and human rights, as well as the preparation of joint analyses in sectors of common interest and the division of labour among the EU and the Member States.

The mid-term review of the Multi-annual Indicative Programme (MIP) in 2024 will offer an opportunity to prepare a joint EU document in line with Mozambique's forthcoming National Development Plan and on the basis of previous work and lessons learned, in a joint programming approach.

The MIP will aim at supporting the harmonisation of the EU's and the Member States' activities in Mozambique. The expected financial envelop and the number and relevance of sectors covered by the MIP will make the EU one of the largest contributors of development aid to Mozambique. There is also the potential to use the NDICI-GE financial instrument as a platform to delegate or co-finance development strategies of Member States and other partners.

Finally, given Mozambique's proximity to France's outermost regions in the Indian Ocean, Mayotte and La Réunion, synergies between NDICI-GE and European Regional Development Fund (ERDF) funds will be sought for the implementation of cooperation projects in relevant areas implemented in the INTERREG programmes (e.g. innovation and research, competitiveness, preventing and combating natural hazards, sustainable development - biodiversity, renewable energy and circular economy-, culture, tourism, education and training, etc.).

### **1.3. Priority areas of the EU's cooperation with the partner country**

The MIP aims at supporting Mozambique's transformation through economic, social and political inclusion. With this goal, the EU will focus on the following three priority areas in the forthcoming period:

- **Growing Green**
- **Growing Youth**
- **Governance, Peace and a Just Society**

The MIP will take into account the agreed spending targets for climate change, social inclusion and human development and education. At least 85% of the proposed actions will have gender equality and women's empowerment as a principal or significant objective. It also puts strong emphasis on digitalisation either through climate change, human development programmes or via specific interventions.

In the forthcoming period it will be essential for the EU to engage in Mozambique in line with a comprehensive humanitarian-development-peace triple nexus approach in order to address the underlying fragilities and chronic vulnerability that turn shocks and stresses into humanitarian crises, with the ultimate objective to help people recover from those crises. Opportunities to operationalize the triple-nexus within the different EU instruments/programmes will be pursued and strengthened, including synergies with EU-funded humanitarian programmes. Whenever possible, the EU will ensure an overall conflict-sensitive engagement and will seek the integration and complementarity of actions. Projects should be designed to support durable peace and long-term stability across the country in support of Mozambique's but also the EU's overall priorities. This comprehensive and integrated approach will require that special attention is given to coordination, not only among

the different EU actors, but also with our partners working in Mozambique. Design of actions and monitoring progress to reach the objectives and support evidence-based decision-making require improving the quality and availability of statistical data.

The principle of the 2030 Agenda for Sustainable Development of ‘Leaving No One Behind’ will guide EU’s interventions ensuring that people that are often excluded or marginalised, such as persons with disabilities<sup>1</sup>, children, women and girls, can meaningfully engage in all three EU priority areas of the MIP and equally benefit from EU support.

Equally central to the overall approach will be the principles and the ambitious objectives detailed in the Communication on the “European Green Deal”, which will shape directly the actions under priority area 1 and provide cross-cutting reference for the MIP as a whole.

The "Green Deal" will focus on sustainable growth and decent job creation. It foresees an ambitious approach in support of Nationally Determined Contribution implementation, sustainable green and blue economies, forest conservation and cross-cutting issues, such as investments in renewable energy and disaster risk reduction.

In line with the Joint Communication to the European Parliament and the Council on “Gender Action Plan III: an ambitious vision on gender equality and women’s empowerment for EU external action”, gender equality and women and girls’ empowerment will be an overarching priority for all future programmes. Actions will be informed by the analyses included in the Gender Country Profile for Mozambique and will be in line with the GAP III Country Level Implementation Plan (CLIP). The emphasis on youth should focus on good nutrition, quality education, including foundational skills, technical and vocational education, entrepreneurship, digital transformation and employment through sustainable trade and investments. These are important factors for supporting resilience.

There will be a need to bolster the EU's partnership with civil society organizations (CSOs). The 2021 mapping study of CSOs indicated that the engagement of CSOs in environmental issues, digitalization, youth and employability is weak and that very few CSOs are specialised in issues related to peace and security. In line with the CSO Roadmap, the MIP will contribute to the development of a supportive environment for CSOs as well as their engagement in policy-making and governance. In the forthcoming period, there will be a focus on human rights(including labour rights<sup>2</sup>) and fundamental freedoms in line with the EU Action Plan on Human Rights and Democracy 2020-2024, its Council Conclusions, and the Human Rights and Democracy Country Strategy 2021-2024. Moreover, there will be a focus on good governance and public finance management, as well as on strengthening institutions by making them more resilient to cope with future crises and by supporting them to keep pace with the expected economic and social transformation and Mozambique’s international commitments.

In line with the guiding principles of the EU Strategy for International Cultural Relations, the EU approaches culture as a means to promote job creation and to support sustainable and social economic development. During the next programming phase, the EU will engage with Mozambique in support of EU's overall priorities in this sector through an active cultural diplomacy.

#### **1.4. Justification and context**

In the last years, Mozambique has overall performed poorly in implementing the Sustainable Development Goals (SDG) of the Agenda 2030. According to the 2020 SDG Index Report, Mozambique is on the 140<sup>th</sup> position out of 166 countries, with a score of 54.1, slightly above the Southern African region’s average. SDG progress in Mozambique still faces significant challenges, with many indicators remaining stagnant, including SDG 1 on poverty reduction. Nevertheless, the Government acknowledges that tackling high poverty levels and raising inequality is central to Mozambique’s priorities in implementing the SDGs. The situation has been further aggravated by the COVID-19 pandemic, which will reduce the country’s fiscal

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<sup>1</sup> Actions will be in line with the UN Convention on the Rights of Persons with Disabilities, to which the EU and Mozambique are parties.

<sup>2</sup>Actions will support effective implementation of all eight ILO fundamental conventions, to which both the EU Member States and Mozambique are parties.

space in the coming years. The Government has identified a number of key ‘development drivers to accelerate progress towards the achievement of the SDGs’, leveraging synergies between different strategic priorities and plans. The EU will be investing in some of these priorities in the new programming phase, including in sustainable growth based on the conservation and enhancement of natural capital, in inclusive and quality social services, in education, in strengthening competitiveness and productivity for inclusive growth, in ensuring access to justice and in fighting all forms of violence and in participation in governance.

### **Priority Area 1 - Growing Green**

Mozambique is one of the most vulnerable countries to climate change and weather-related disasters in the world. Mozambique is also a unique shrine of biodiversity with globally important ecological regions that are under significant pressure. The country is moreover in search of an inclusive and sustainable development model, on the one hand capable of balancing the acceleration expected from the exploitation of its gas resources, and on the other hand dealing with the political and social fractures still marring the country's structural cohesion. The EU is ideally placed to provide a strategic contribution to this search, including Mozambique's post-COVID recovery, encouraging the country to look at the potential of a genuinely sustainable development model, shaped by the principles of the European Green Deal.

A green and just transformation can only be achieved when it is pursued, perceived and implemented as the best way to support the country's long-term prosperity. In Mozambique, where the economic potential of climate-smart policies and economics has its foundation in the natural capital of the country, this should therefore be the first priority target. There is a need to support efforts aimed at reversing the degradation of the environment and ecosystems. At the same time, the transition cannot - by definition - be static. While conserving and protecting the environment, the EU's support should also aim at increasing economic opportunities, generating jobs and transforming production patterns towards more sustainable, inclusive, and profitable models. Building on the experience and the achievement of previous programmes, this effort will look especially at the relation between agriculture, forestry and the surrounding landscapes and at developing genuinely green and blue economies, keeping at its core poverty reduction and the most vulnerable livelihoods in rural and coastal communities, including through raising income, job creation, adoption of digital technologies, and enhancing food nutrition security.

Such investments in a greener future for Mozambique should be enabled and reinforced by an infrastructure network which can respond to development needs in a climate-smart way. The EU will therefore continue to invest in renewable energy and in sustainable water supplies and sanitation, while increasing its focus on resilience, climate-efficiency and the environmental impact of other functional infrastructure investments.

The national context in Mozambique is at the same time both challenging and promising. On the one hand, the country has developed a strong awareness of climate change and related vulnerabilities, especially due to the impact of the cyclones that affected the country in 2019. Overall, there is a perception of the economic and social rationale behind measures intended to protect (in the long term) and prepare (in the shorter term) the country to climate challenges. At the same time, Mozambique is receiving large investments in fossil fuel extraction, which are seen as the main driver for the country's future development. The EU and the Member States will have to acknowledge and realistically manage the intrinsic tension between a strong push for decisive climate action and their support to the Government's efforts and the private sector to develop the gas projects and other extractive industries. The engagement in this priority area will therefore be essential to ensure that a forward-looking and sustainable vision complement and balance the development of “traditional” investment streams. Such vision is valid beyond the gas sector, supporting across the board fair and inclusive policies on the use of natural resources, and at the same time protecting the rights of local communities and future generations. This approach will also offer the opportunity to pursue clear interests of the EU in - inter alia - supporting the conservation of global biodiversity and in nurturing a leading role in the multilateral fight against climate change.

Efforts in the sector will be framed by supporting national existing institutional and policy efforts to engage Mozambique in climate discussion. Reference will therefore be important to tools such as the National Climate Change Adaptation and Mitigation Strategy (NCCAMS 2013-2025), the Strategy and Action Plan for Gender, Environment and Climate Change and the Government's national system for monitoring and evaluation of Climate Change in the NDC framework. Interventions will also build on relevant EU and international policy frameworks and initiatives, for instance in the forest sector, the EU communication on protecting and restoring the world forests, and related actions and the, the REDD+ strategy and the FLEGT Action Plan.

By definition, climate and environmental challenges go beyond national boundaries and often highlight chances for common responses and commitments. The Southern African/Indian Ocean region is no exception to this dynamic. Similar patterns of vulnerability have led neighbouring countries to intensify their dialogue in the SADC framework and beyond. From transboundary conservation areas to the coordination of disaster management policies and the joint combat against wildlife trafficking, the actions under this priority area will be defined in full consideration of the potential of regional interventions and in coordination with neighbouring EU Delegations.

Although Mozambique's hydro, solar and biomass potential is particularly interesting, the country is having an increasing share of its wealth from coal (the second-largest coal producer in Africa, with almost the entire production being exported) and natural gas (Temane gas field accounts for natural gas exported to neighbouring South Africa and in-country power generation, from 0% in 2012 to 35% of produced electricity in 2020). The income from fossil fuels in 2018 accounted already for 8.6% of the GDP, with the threat of the country being relatively highly exposed to carbon risks. Recent disinvestments in coal mining in the country show how real the risk is.

In addition, with only 6% of the population with access to clean cooking, the energy sector is still dominated by biomass, mostly for traditional residential use. This increases the pressure on forestry reserves.

Electricity access is still as low as 38% (up from 8% in 2006), below the average in sub-Saharan Africa (47%). With around 20 million people without access to electricity, Mozambique has the 6<sup>th</sup> biggest unserved population on the continent. The official goal is to achieve universal access by 2030 with 70% of the customers on-grid and 30% off-grid. In line with the Integrated Master Plan for Electricity Infrastructure for the period 2018-2043, Mozambique envisages to increase installed generation capacity from the current 2,638MW to 17,720MW to satisfy internal demand as well as to multiply export to members of the SADC.

The EU aims to contribute to enhance access to renewable energy, with a particular focus on rural areas, through on-grid but also off-grid solutions. Reducing pressure on key biodiversity and forestry areas requires also reinforcing the nexus between energy, water and food in order to increase productivity, fight malnutrition and to create new job opportunities. Energy efficiency is also an essential cornerstone of a successful clean energy strategy, acting as a clean "fuel" to meet significant portions of consumer electricity demand. Efficiency also supports increased electricity access, job creation, affordability of renewable energy, inclusive connectivity, and economic growth.

The support can build on lessons learnt from former EU support to the energy sector that followed a two-pronged approach: an intensive and extensive preparation phase followed by an investment phase in which different instruments are linked together. The preparation phase includes the definition of a pipeline of bankable projects as well as capacity-building of both the public and private sectors to be able to translate this pipeline in concrete investments. This was accompanied by policy dialogue, close coordination among stakeholders, capacity building of the public and private sectors, the definition of the appropriate legal framework and support to early-stage project development. Support to the power utility and the regulator to increase their performance was also part of this approach, which resulted in the first renewable energy auction in the country.

Boosting the SMEs' investment in renewable energy will require further adapted blending tools and guarantees under the new EFSD+. As a result of cheaper renewable energy technologies, further support to auctions or similar competitive tendering will enable crowding out financing of coal and gas power plants.

In line with the Mozambique-EU Joint Declaration on Renewable Energy, the EU has been leading the policy dialogue over the last years on behalf of donors and will continue to play this role for Team Europe in the run-up to COP26 in Glasgow in November 2021 and beyond. The EU will ensure that support to energy will be aligned to the “policy first” principle regardless of the financial instrument used, including activities financed by the European Investment Bank.

The global transition to climate neutrality could replace today's reliance on fossil fuels with one on raw materials, many of which we source from Africa, notably from Mozambique, and for which global competition is becoming fiercer. There is a high demand for graphite to meet the world's surging battery industry. Leading the way is Mozambique, a big producer of the small and medium size flakes required for battery applications. During the first semester of 2019, 82% of their production went to China. Much of the exponential increase in Mozambique's graphite shipments can be attributed to the Australia-based company Syrah Resources and its “Balama Graphite project”, located on a 106 km<sup>2</sup> mining concession within the Cabo Delgado province.

Currently, the European Commission is shaping the “EU-Africa strategic partnerships on sustainable raw materials value chains” with a number of African countries. If Mozambique takes part, this partnership has strong potential to deliver impactful benefits in terms of sustainability record of raw materials-based value chains, better integration of industrial value chains, mobilising funds for infrastructure, improving skills along the value chain and creating benefit in the mining sector. Also, the EU will continue its support to the Extractive Industries Transparency Initiative (EITI) and related platforms of Civil Society Organizations as mechanisms to allow advocacy for more transparency, better governance and addressing the “the natural resource curse”. The latest EITI report on Mozambique, was published in December 2020. An important recent step forward was the decision by the Ministry of Mineral Resources and Energy that all exports of precious metals and gemstones mined in Mozambique will be subject to the issuance of a certificate of origin.

Access to clean water and improved sanitation remains key to address multiple diseases, such as the COVID-19 pandemic, but also to combat malnutrition. Almost 50% of the total population remain without access to clean sources of water. Over 70% of the population lack access to appropriate sanitation facilities. Adequate access to water and sanitation is necessary to ensure a healthy and productive society in both rural and urban areas. Moreover, the country lacks adequate policies and infrastructure for waste management, which if adequately handled can be turned into a productive asset (recycling, reuse and waste to energy). This could also minimize the impact of pollution on phreatic water, watersheds and the Indian Ocean. The EU will contribute to enhance the access to water and sanitation, which are fundamental to ensure food security, health, societal well-being and economic growth, by promoting investment in climate-resilient infrastructure.

Transport infrastructure in Mozambique is poor. The country has one of the lowest road coverages on the continent both per capita (45<sup>th</sup> out of 54) and by land area (46<sup>th</sup>), especially in rural areas with only 33% of the rural population living within 2 km of an all-season road. In view of the country's strategic location with access to major sea ports and its role for transit transport to landlocked corridors along East-West and North-South transport routes, strategic multi-modal transport development will be envisaged in coherence with the regional programming.

## **Priority area 2 – Growing Youth**

Mozambique has a remarkably young age structure. Youth (aged 10–35) accounts for almost half of the total population, but its potential is far from being reached. In order to unleash the full potential of the youth, the EU will support efforts that ensure adequate nutrition and food

security, more and better investment in inclusive quality education, the creation of more employment opportunities by integrating green and digital skills into education and training in a thriving trade and business climate to ensure the consolidation of the country on the path of sustainable growth.

Proper nutrition is the basis for the development of children and youth: children who are well nourished are more likely to be healthy, productive and able to learn. Stunting traps people into a lifelong cycle of illness, poverty and inequality. During the first two years of life, the damage to physical, mental and cognitive development is largely irreversible. Considering current population growth rate in Mozambique, it is expected that by 2025 at least two million children will be stunted. The factors hindering food and nutrition security are multiple and include low levels of food production, low income, poor diet quality consisting primarily of staple foods, resulting in insufficient micronutrient intake, limited access to health and nutritional practices, and insufficient access to clean water and sanitation. As good nutrition is essential to human and economic development and is intrinsically connected to reduced inequalities, concrete actions are urgent, especially for women and children, who are both the most vulnerable and those most likely to drive change. Indeed, gender relations affect food distribution among men, women and children, with an impact on the absorption of nutrients by pregnant women and consequences for the development of the unborn child, as well as after delivery. Primary attention will therefore be given to children under five years, women and adolescents (tackling the high rates of early marriage and early pregnancies), pregnant and lactating mothers. Increased availability of and access to services treating acute malnutrition as well as basic services promoting healthy growth and development will also be supported.

Mozambique has achieved progress towards universal access to schooling with 7.2 million in 2018 compared to 1.8 million students in grade 1 in 1998. Moreover, there has been progress on gender parity as well as a timid expansion of pre-schooling. Yet, school completion rates remain low: over 50% of the Mozambican children do not complete primary education. According to the 2017 population census, 39% of the children aged 6-17 were out of school. The overall illiteracy rate of 39% is among the highest in the region with substantial disparities between illiteracy rates for men (27.2%) and women (49.4%). According to the last national learning assessment, only 4.9 % of Grade 3 pupils had the desired literacy level in 2016, with significant provincial disparities. COVID-19 is expected to aggravate this learning crisis and to increase inequalities within and between schools. Indeed, evidence from previous similar shutdowns of schools shows that pupils, and especially girls, who are out of school for extended periods are much less likely to return to their schools when classrooms reopen.<sup>3</sup> In a country where 22.5% of children aged 5–14 are engaged in some form of work to earn income for themselves or their families (including the worst forms of child labour), education is a crucial component of any effective effort to eliminate child labour. Progress towards gender parity in primary school enrolment is encouraging but significant challenges are faced by girls, particularly in relation to child marriages (around 50% of girls marry before the age of 18) and teenage pregnancies. Girls are more likely to drop out of schools with only 41.8% of enrolled girls finishing primary education<sup>4</sup>. For secondary education, only 12.8% of girls enrolled finish the last year of education<sup>5</sup>. Support to sexual reproductive health and rights (SRHR) provision will therefore be a key factor to retain girls in school, including the supply of sexual and reproductive health services in line with the GAP III targets. Family planning activities in schools have also been affected negatively by COVID-19. More and better investment in education is needed so that children and youth acquire the right skills for life and work, starting with the most foundational literacy and numeracy skills. Investments are also needed to tackle the skills mismatch, which is a barrier for young people entering the labour market, to improve the quality of provision, to enhance the soft skills of those leaving basic education, and to expand opportunities for completion of secondary education. Actions in this sector will consider the existing sector coordination structures and funding mechanisms as well as policy dialogue on education and will be complementary to the EU's contribution to the Global Partnership for

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<sup>3</sup> Plan International (2015). Ebola: beyond the health emergency.

<sup>4</sup> Ministry of Education and Human Development, Análise do sector de Educação (ESA): Relatório final, Julho 20219.

<sup>5</sup> Ibid.

Education and the Education Cannot Wait and other Education and Emergency Initiatives. School-based SRHR provision for adolescents will be pursued including SRHR information, education and communication activities and information on family planning.

In order to unleash the full potential of youth, Mozambique needs to kick-start its digital transformation. Mozambique's digital infrastructure is still a long way from achieving broadband universal access. Regulatory improvements have fostered competition in the market, and mobile penetration has experienced rapid growth in recent years, with close to half of the population using mobile services in 2021. However, the proportion of individuals using the Internet is still low at only 21% compared to an African average of 28% or a world average of 54%. Mobile broadband has become the most common and popular way for people to access the internet. In 2020, 82% of the population lived within reach of a 3G mobile network and 33% within 4G. Mobile broadband penetration is still very low at 18% 2020. Gender and urban-rural divides persist. Other major constraints to access to digital services in Mozambique are the affordability of internet-enabled devices, digital illiteracy and low electrification rates. Access to energy is fundamental to reduce the digital gap.

While progress was made in digital public services, effort to date focused more on automating government services than on delivering online services to citizens and business. Mozambique also lacks some of the core enabling strategies and laws for digital public services. Gaps also persist in digital skills, especially in intermediate and advanced skills that are essential for the development of the digital economy. Mozambique's enterprise ecosystem is weak, but has potential to grow. Access to finance and limited opportunities for incubation and acceleration of the start-ups are some of the key challenges.

The COVID-19 pandemic was an eye-opener to the importance of upscaling investments in digital connectivity, technologies and services in Mozambique. The EU, in line with the African Union's Digital Transformation Strategy for Africa, will contribute to harnessing digital technologies and innovation to transform the Mozambican society and economy, generate inclusive economic growth, stimulate job creation and break the digital divide. A strong focus will be put on closing the gender divide, digital literacy and digital entrepreneurship. Universities will be supported to play a central role in the promotion of youth as brokers of technological innovation and scientific research. Academic mobility and partnerships between universities from Mozambique, Southern Africa and Europe will be stimulated, taking advantage of the international dimension of Erasmus+, which will be further strengthened to boost Mozambique's participation in the different key actions and Joint Africa-EU initiatives. There are also synergies with the regional Multi-annual Indicative Programme for Sub-Saharan Africa, in particular with the new actions under education and skills development as part of priority area 1 human development, building on ongoing and past experiences such as the Intra-Africa Academic Mobility Scheme or the Harmonisation of African Higher Education Quality Assurance and Accreditation initiative. It is expected that academic mobility and cooperation can contribute to increase skills, competences and employability of young students and staff of Mozambican higher and vocational education institutions and allow for increased cooperation of academic institutions across different regions. It can also contribute to disseminate and promote good practices, capacity building and knowledge transfer activities, thus contributing to strengthen the Mozambican academic education. The EU will also mainstream digital solutions throughout the three priority areas.

Almost 500,000 young people enter the labour market every year in Mozambique, however youth unemployment continues to rise (women 24%, men 20%) resulting in fewer opportunities for young men and women. Technical and vocational education and training (TVET) should be more market-oriented and deliver skill-sets which enhance employability of young people. In this regard, understanding the needs of the private sector, and the dialogue and coordination between the private and public sectors are crucial. Making the transition from school to employment easier is only one side of the coin. There is also a need to create more opportunities for youth to enter the labour market by promoting job creation or assisting them to set up their own businesses. Entrepreneurship should be promoted by lifting barriers faced by youth when

starting up a business; access to finance and corruption are considered being the main ones<sup>6</sup>. Small and medium sized enterprises are the main employer in Mozambique, but the lack of access to skilled personnel, finance and technology is a major constraint for them. Intermediaries like business incubators, accelerators and tech hubs, which provide a wide range of services for entrepreneurs and start-ups, should also be expanded to assist youth. However, youth entrepreneurs do not operate in a vacuum and a conducive business and investment climate is necessary. In 2020, Mozambique held the 138<sup>th</sup> place of 190 economies in the Doing Business ranking, and scores particularly poorly on starting a business (176<sup>th</sup>), getting credit (165<sup>th</sup>) and enforcing contracts (168<sup>th</sup>).

The EU will keep promoting free trade and a rules-based trading system through support to the implementation of the Generalised Systems Preference “Everything but Arms” (GSP EBA) and the EU-SADC Economic Partnership Agreement (EPA). Through the regional programme, the EU will also support Mozambique to get prepared for the African Continental Free Trade Area (AfCFTA). One of the main challenges of the success of these free trade agreements for Mozambique is the ability to participate in regional and global value chains. Productive integration will be key. Moreover, diversification of the economy and industrialisation are crucial to enhance Mozambique's competitiveness. SME's export-readiness needs to be enhanced, ensuring among others that products answer to international quality norms and standards. The existing ‘Trade for Decent Work’ programme with the ILO should also be followed up and promoted.

Finally, Mozambique has a rich cultural heritage that deserves to be protected and enhanced. Culture is indeed a dynamic sector in Mozambique with a strong potential to help diversifying the economy and to create job opportunities for young women and men. Furthermore, culture is increasingly more digital, including by the increased use of digital technologies. Culture can thus become a driver of digital economy and innovation. In this sector, the EU will help overcoming difficulties such as the lack of technical capacities and digital skills, access to finance and local market limitations. Synergies will be sought with regional programmes supporting job creation in the cultural and creative industries, in particular with the countries of the PALOP-TL region, which share the same cultural and linguistic background.

### **Priority area 3 - Governance, Peace and a Just Society**

Mozambique has launched structural reforms to ensure constitutional rights, promote justice, good governance, public integrity, decentralization, and sustainable development. However, most governance related indicators have followed a negative trend in recent years. Given the importance of good democratic and economic governance for the functioning of all public policies, to achieve sustainable development and a just and peaceful society, the EU will continue its long-standing support to the sector in the period 2021-2027.

The Mozambican Constitution ensures separation of powers, but checks and balances are weak, and the judiciary is exposed to political influence<sup>7</sup>. Corruption is widespread due to shortcomings in the effective implementation of the legislative framework and to poor oversight and accountability mechanisms<sup>8</sup>. Mozambique is undergoing a decentralization reform process that so far has been constrained by the nature of the political system. The success of the reform would be essential for the promotion of local development, effective and equitable service delivery, and the strengthening of democracy and peace in Mozambique.

Six successive general elections have been organised since the introduction of multiparty elections in 1994. During the last presidential and general elections in 2019, a number of

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<sup>6</sup> Enterprise Survey, 2018

<sup>7</sup> The World Justice Project (WJP) Rule of Law Index 2020 ranked Mozambique 113 out of 128 countries.

<sup>8</sup> The 2020 Transparency International Corruption Perception Index (CPI) ranked Mozambique 149 country out of 180 worldwide – losing 3 posts since 2019. In his public interventions President Nyusi has often described corruption as as one of the main obstacles to the development of the country, "a silent disease that keeps weakening the Mozambican state".

irregularities led to the contestation of the election results, and international election observation missions, including the EU Election Observation Mission, expressed reservations regarding the process. The next municipal and general elections will be organised in 2023 and 2024 respectively. District elections may also be organised for the first time in 2024. Only transparent, credible, inclusive and peaceful general elections can improve public trust in and enhance the legitimacy of the electoral process.

The media environment has also deteriorated, with an increasing number of incidents that contribute to worsening indicators on freedom of expression.

As regards gender equality and women's rights, despite Mozambique's progressive legislative framework, lack of implementation is a key challenge. Most social and economic indicators are worse for women and girls. Early marriages and pregnancies and sexual and gender based violence continue to be major challenges.

Building on previous interventions and lessons learnt, the EU's support will seek to address some of these challenges by, inter alia, enhancing democratic, accountable and transparent institutions at central and decentralised levels, by promoting responsive, inclusive, participatory societies and representative decision-making, supporting independent and pluralistic media, access to information and fighting misinformation, and by protecting and promoting human rights. The EU will continue to support the strengthening of the separation of powers (parliamentary oversight and the independence of the judiciary), the rule of law, access to and quality of justice, the fight against corruption, credible, inclusive and transparent electoral processes, and a proper implementation of the EU Electoral Observation Mission recommendations. Building on the achievements of the Spotlight Initiative, the EU will continue engaging with the Government, CSOs and key stakeholders to fight against gender based violence and early marriages and promote sexual and reproductive health and rights. Synergies will be sought with regional programmes among PALOP-TL countries to enhance the countries' governance and accountability architecture and transparent institutions.

Economic governance is at a crossroads, with key structural reforms (macro-fiscal policies, including fiscal decentralisation, and public financial management reforms) needed to restore macroeconomic stability, to diversify the economy, to improve public service delivery to the citizens and to strengthen accountability. Pushed forward by the optimism linked to the discovery of large gas deposits in 2010, Mozambique launched sophisticated public financial management and economic reforms to modernise its public financial governance and its foreign direct investment environment, especially for capital-intensive projects. However, this approach did not address the shortcomings related to basic financial compliance standards, domestic accountability and quality and accessibility of public service delivery. These priority areas, together with efforts to diversify the economy, should provide opportunities for inclusion, which could in turn improve social indicators and promote sustainable economic growth.

Corporate Social Responsibility (CSR) will be promoted, as will preparations for the upcoming EU due diligence legislation, be it for EU enterprises active in Mozambique, for local enterprises from Mozambique or for enterprises from third countries active in Mozambique interacting with international supply chains linked to the EU market.

In line with EU priorities and based on its long lasting engagement in the sector, the EU will continue supporting the Government's key reforms in domestic revenue mobilisation and public financial management, and digital public services in close coordination with partners, and especially the IMF. This approach aims at a more effective and accountable administration and at consolidating the national financing capacities for core public services and development expenditures. These reforms are instrumental to renew the social contract, invigorate state legitimacy and, ultimately, pave the way for a more diversified economy, conducive business environment, inclusive growth and a peaceful society.

Good governance and peace are closely interrelated, but also mutually reinforcing. Some of the governance challenges mentioned above are key drivers of the conflicts currently affecting Mozambique. The EU is already a key supporter of peace and reconciliation in the country and these efforts will continue in the next programming period.

The Peace Agreement between the Government and the main opposition party RENAMO signed in 2019 aimed at achieving greater pacification of the country by putting an end to the hostilities in the central region, by integrating a limited number of residual RENAMO ex-combatants into the national army and police, and by dismantling their military bases around the country. In June 2020, the disarmament, demobilisation and reintegration (DDR) process resumed after a hiatus. The DDR process has continued to move forward with over 2.700 (more than 50%) ex-combatants demobilised and more than a half of the RENAMO bases being closed as of November 2021. Nevertheless, the opposition to the Maputo Peace Agreement by a RENAMO minority splinter group, the Military Junta led by general Nhongo, raised concerns about the persistence of a low-intensity conflict in central Mozambique. However many of the Military Junta's (including key) members have eventually given up arms and decided to join the DDR. The Military Junta's leader General Nhongo was killed in a security operation led by the Mozambican police in October 2021.

Meanwhile, Mozambique is facing escalating violence in the resource-rich northern province of Cabo Delgado, where the large gas projects are located. The conflict had claimed over 3.000 lives and resulted in around 800.000 internally displaced people and significant damages to private and public infrastructure by the fourth quarter of 2021. Because of the increased violence, Mozambique is ranked 15<sup>th</sup> in the 2020 Global Terrorism Index (a negative increase of 10 positions compared to 2019). The crisis appears to have grown out of a complex set of interlocking internal and external factors. There is a risk that the insecurity challenges can spread to neighbouring provinces.

Building on previous interventions, the EU will support social cohesion and conflict-sensitive interventions through an integrated approach, i.e. a humanitarian-development-peace triple nexus to reinforce peace and stability and to prevent further spread of violent extremism. Specifically regarding the humanitarian and security crisis in the Northern provinces, interventions will be coordinated with the integrated approach to the crisis in Cabo Delgado province of Mozambique endorsed by EU Member States in March 2021 designed to encompass actions across humanitarian, peacebuilding, security, and development pillars that are interlinked and mutually reinforcing.

In this context, the EU will aim at supporting the peace process and stabilisation measures (that may include DDR, basic social services, and reconciliation through culture, psychosocial support and socio-economic development). The capacities of central and local level government will be reinforced to deliver basic services and responsive social protection to conflict-affected communities, IDPs and host communities. The EU may support the development of the capacities of law enforcement institutions – in particular police - to be more accountable and reliable when engaging with conflict-affected communities. If the political environment is favourable, early warning mechanisms and strategies for the prevention of conflict and atrocities may be supported. Special attention will be paid to community-based approaches for peacebuilding, such as community-based policing, media and communication counter-messaging, civic education, traditional approaches to justice and reconciliation, and cultural initiatives to promote social cohesion. All programmes under this priority will ensure the participation of women and incorporate a gender perspective, in line with UNSCR 1325 on Women, Peace and Security.

The MIP will seek complementarity with actions defined and financed under the Foreign Policy Instrument, CSDP instruments and the European Peace Facility. It will also seek complementarity with other external security policies, programmes and non-financial crisis response mechanisms. Finally, the EU will make the most of Erasmus+ to foster dialogue about peace and reconciliation between the academic world and Mozambican civil society, policy-makers and civil servants, which will reinforce the geopolitical role of the EU in Mozambique.

Under the three priorities areas, the EU will seek, through the mainstreaming of disaster preparedness and resilience programming, to shift the narrative towards a more anticipatory approach to respond to climate- or human induced crisis. Whenever possible and justifiable, the use of flexible procedures applicable in crisis situations, including the use of “crisis modifiers”,

will be sought in order to enable early action and rapid response to new crisis that could manifest during the implementation phase.

**1.5. Duration of the MIP and option for synchronisation**

The duration of the MIP is 7 years **and will include a mid-term review in 2024.**

The current Mozambique National Development Plan (Plano Quinquenal do Governo - PQG), has the duration of 5 years (2020-2024)<sup>9</sup>. The next presidential elections are foreseen in 2024.

The synchronisation of the MIP mid-term review with the new National Development Plan provides an opportunity for the EU and the Member States to further progress towards joint programming. A Joint EU document could be envisaged at that stage, based on the results of the mid-term review, the lessons learned and the implementation of the Working Better Together Joint Action Plans.

**2. EU support per priority area and proposals of Team Europe Initiatives**

**2.1. Priority area 1 – Growing green**

The action under this priority area will follow a three-pronged strategy. First, it will focus on protecting and developing the natural capital of Mozambique, redoubling efforts to safeguard the country’s ecosystems and biodiversity. This fundamental building block will be complemented and reinforced by the support to the transformation of production patterns in the agriculture, forestry and fishery sectors, which are able to intensify production sustainably. Investments in climate-smart, low-carbon and resilient infrastructure will represent the third strand of work, contributing to the long-term impact both in terms of mitigation and adaptation. EU Member States will participate in this initiative, in cooperation with a vast array of partners and using several implementing modalities.

**Risk assessment**

<b>Risks</b>	<b>Mitigating measures</b>
Communities’ resistance to adopt new and improved practices.	Provision of evidence-based data and examples, ensuring culturally sensitive accompaniment of the introduction of new principles.
Opposition to increased transparency and accountability in the governance of natural resources.	Engagement of political stakeholders in the regulatory sphere, support to monitoring and enforcement capabilities of public authorities and to transparency mechanisms (such as civil society involvement).
Failure to attract the private sector to invest in climate smart infrastructure in a high risk country	Use of grant financing and guarantees to de-risk investments. Promotion of better business and investment climate. Stimulate public-private dialogue.
Macro-economic stability jeopardized by an excess of debt, hampering public and private investments.	Continue promoting improved and transparent public finance management. Close follow up of Art. 4 missions and Extended Credit Facility by IMF.

<sup>9</sup> Approved by Mozambican Parliament on 3<sup>rd</sup> April 2020.

Occurrence of new climate and weather-related disasters.	Focus on resilience and apply ‘Building Back Better’ principles. Implementation of actions promoting climate adaptation. Enhance disaster prediction and preparedness. Inclusion of Crisis Modifier and flexibility of funding to adapt in case of new or exacerbated climate- or human-induced disasters.
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## **Role of Civil Society**

Civil society engagement on environmental and climate themes is already growing in dynamism and capacity. Investments in public awareness and behavioural change will be critical to further support the crucial role of civil society in this regard, especially in such a large and geographically diversified country as Mozambique. The activities of community-based social actors are essential to drive a change and to ensure participatory planning and monitoring for greater transparency and local empowerment.

The potential of support to social entrepreneurship, cooperatives and other entities of the social and solidarity economy will be explored.

### **2.1.1. Specific objectives related to the priority area**

1. Protect, restore and enhance Mozambique’s natural capital and ecosystem services as essential drivers of sustainable growth and resilience.

*DAC Sector: Environment Protection - 410 / SDG 13, 14, 15*

2. Support the transformation of the agriculture, forestry and fishery sectors towards more sustainable food systems, livelihoods and production patterns.

*DAC Sector: Agriculture, Forestry, Fishing 310 / SDG 2, 12, 14, 15*

3. Mozambique increases its low-carbon, climate-resilient and sustainable infrastructure.

*DAC Sector: 232 Energy generation, renewable sources - Rio marker – climate change mitigation / SDG 6, 7, 11*

### **2.1.2. Expected results per specific objective**

- 1) Protect, restore and enhance Mozambique’s natural capital and ecosystem services as essential drivers of sustainable growth and resilience.**

- Sustainable management expanded, and deforestation and forest degradation reduced.
- Increased protection, restoration and sustainable management of marine and coastal ecosystems.
- Strengthened government capacity and communities' participation in the conservation and sustainable use of natural resources.
- Reduced risks and vulnerabilities of communities to climate change.

- 2) Support the transformation of the agriculture, forestry and fishery sectors towards more sustainable food systems, livelihoods and production patterns.**

- Increased adoption of climate smart and sustainable deforestation-free agricultural and agroforestry practices.
- Increased economic benefits from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism.

- Increased income and enhanced food nutrition security of small-scale producers, in particular women, through secure and equal access to productive assets, services and markets.
- Increased private sector participation in sustainable food systems that contribute to climate action, food nutrition security and foster in-country added value, growth and job creation.

**3) Mozambique increases its low-carbon, climate-resilient and sustainable infrastructure.**

- Decarbonized energy mix.
- Enhanced access to on-grid and off-grid renewable energy.
- Improved energy efficiency of the electricity network.
- Increased access to water and sanitation services.
- Improved national and regional multi-modal transport networks to strengthen further opportunities for sustainable climate-resilient economic development (in coordination with regional programming).

**2.1.3. Indicators (including baseline and targets), per expected result**

**1) Protect, restore and enhance Mozambique's natural capital and ecosystem services as essential drivers of sustainable growth and resilience.**

- Progress towards sustainable forest management (SDG 15.2.1): a) Forest area as percentage of total land area. b) Proportion of forest area under a long term forest management plan.
- Coverage of Marine Protected Areas (MPA) as percentage of the Exclusive Economic Zone (EEZ) total area (SDG 14.5.1).
- Number of legal/regulatory/ policy/institutional frameworks developed and enforced with EU support. Including natural resources (co-)management mechanisms established as a result of EU support.
- Number of local authorities with local adaptation plans, climate change, and/or disaster risk reduction strategies: (a) developed, (b) under implementation with EU support.

**2) Support the transformation of the agriculture, forestry and fishery sectors towards more sustainable food systems, livelihoods and production patterns.**

- Agricultural and pastoral ecosystems where sustainable management practices have been introduced with EU support (ha) (EU RF2).
- Sustainable marine fisheries as a proportion of GDP (SDG 14.7.1).
- Number of smallholders reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land (EU RF 1).
- Number of agriculture, agroforestry and fisheries companies or new investments that adopt sustainable practices in their operations as a result of EU support.

**3) Mozambique increases its low-carbon, climate-resilient and sustainable infrastructure.**

- Renewable energy generation capacity installed (MW) with EU support (EU RF-Level 2).
- New share of renewable energy integrated in national grid

- Number of individuals with access to electricity with EU support through: a) new access (EU RF-Level 2).
- Energy savings (in MWh) as a result of energy efficiency measures (contributing to SDG 7.3).
- Number of individuals with access to improved drinking water source and/or sanitation facilities with EU support (EU RF).
- Number of green infrastructures with EU support in targeted sectors.
- Total length of transport infrastructure supported by the EU (kms): a) roads, b) railways, c) waterways (EU RF).

#### **2.1.4. Possible use of blending and guarantees for investment under EFSD+**

Despite the challenging business environment as well as the fact that sovereign state loans have not been possible since 2016. Mozambique has been able to make use of a range of blending opportunities and guarantees, mainly in the renewable energy sector. The idea is to create opportunities in other sectors such as sustainable agriculture, forestry and biodiversity.

The largest European Development Finance Institutions operating in Mozambique are KfW and AFD, both constrained to use grants as the preferred financing modality due to Mozambique's public debt distress. The EIB has a long track record of financing operations in Mozambique both from own resources and through third party resources. Restrained in its sovereign debt operations since 2016, the EIB has focused on loans to the private sector to finance projects or investment programmes. Following the devastating cyclones in 2019, the EIB set up a post-disaster climate change resilience operation structured by the Bank of Mozambique. The concessional loan – blended with EDF funds– supports water and flood mitigation investments in cities hit by the cyclones.

In order to attract investments under the EFSD+, it will be crucial to improve the business and investment climate. Facilitating access to finance will also be crucial.

Extensive preparation will be undertaken with European and International Financing Institutions to prepare projects that ensure the EU's additionality and that have a leverage effect.

It is recommended to replicate the model followed under the 11<sup>th</sup> EDF, namely setting aside national funds in a specific programme to be channelled through the African Investment Platform for blended operations in complement of the regional funds. Based on the current experience and pipeline, the energy sector will be a primary entry point for the EFSD+. However, considering the number and the size of projects in this area, future financial needs will be well beyond the amount allocated to this priority area. Extension of the EGRE non-sovereign guarantee to cover all the PROLER's solar and windfarm power plants alone will require at least EUR 20 million. Other energy structural projects, such as the national dispatch power centre to deal with the increased participation of renewables in the energy mix, the backbone transmission lines, regional interconnectors (Mozambique-Zimbabwe-South Africa (MoZiSa) and Mozambique-Tanzania) and several hydropower projects (e.g. Mphanda Nkuwa, 1500MW) represent total investments well over EUR 8 billion.

Subject to its confirmation through the implementation phase, it is expected that an indicative total amount of EUR 41 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations, including under this priority area.

## **2.2. Priority area 2: Growing Youth**

Youth will be the highlight of EU's partnership with Mozambique over the 2021-2027 period, with EU action seeking to have a demonstrable positive impact on the life of young Mozambicans.

## 2.2.1. Specific objectives related to the priority area

1. Reduction of all forms of malnutrition, particularly stunting and micronutrient deficiency for a better development of human capital.

*DAC Sector: Nutrition – 12240<sup>10</sup> / SDG 2, 5*

2. More inclusive and equitable quality basic education.

*DAC Sector: Education – 110 / SDG 4, 5*

3. Foster digital transformation for inclusive growth.

*DAC Sector: Communications – 220 / SDG 9*

4. Enhanced opportunities for youth to obtain decent employment.

*DAC Sector: Social infrastructure and services (employment creation) – 160 / SDG 4, 8, 17*

EU Member States will participate in this initiative, in cooperation with a vast array of partners and using several implementing modalities.

### **Risk assessment:**

<b>Risks</b>	<b>Mitigating measures</b>
Exacerbation of learning losses and pre-existing education disparities due to the COVID-19 crisis, reducing the opportunities for many children and youth to continue their learning.	Accompanying the reopening of schools in coordination with EU humanitarian programmes in Education in Emergency. Strengthening the resilience of education systems, including using IT enabled learning environment. Assist in securing financing for education and ensure donor coordination. Rethink education in a creative way to ensure learning opportunities.
Increases of fiscal pressure, further aggravated by COVID-19, lead to a decrease in the public financing of social sectors.	Improve dialogue with Government on budget allocation. Reinforcing the role of civil society as a "watchdog" on public spending in social sectors.
Continuous population growth/high fertility rate outpaces economic development and enhances inequality.	Empower women to make informed reproductive decisions and enhance the supply of sexual and reproductive health services (SRHS). Ensure that girls are at school. Prevent child marriages.
The country is in debt distress and the financial sector has not fully recovered from the 2016 hidden debt crisis. This risks affecting the economic opportunities for the youth.	Continued dialogue with Government to put in place employment support schemes for youth. Support to improvement of regulatory framework to attract more private investment.

### **Role of Civil Society:**

Youth needs to be culturally, economically and politically empowered so that they can take charge of their own lives and play a meaningful role in the development process of Mozambique. In a context of gender-based violence, forced child marriages and early pregnancies, awareness of sexual reproductive rights is hereby an important factor. Youth should be consulted and given more influence in decision-making. Youth platforms and movements should be created to facilitate action and channel the voice of youth. These platforms should be included in the monitoring of public policy-making and implementation at

<sup>10</sup> Specific and sensitive nutrition interventions are foreseen under this objective which are beyond basic health (DAC 122). Thus, the Common Reporting Standard (CRS) code for nutrition is indicated (12240).

all levels. Promotion of digital tools and innovative communication, also through social media, are important to ensure youth participation in a way that no one is left behind. The European model of integration, diversity, social protection and Green Recovery can help youth to be at centre-stage in developing their country's future.

Culture is also an important vector for youth development. Investing in cultural resources, including tangible and intangible heritage, as well as music, dance, theatre, cinema and festivals, can open up opportunities for youth and develop sustainable creative economies. Youth can be a bridge between tradition and modernity, strengthening hereby identity and social cohesion. Harnessing young people's creative potential, also through the promotion of the use of new technologies, should therefore be a priority.

## **2.2.2. Expected results per specific objective**

### **1. Reduction of all forms of malnutrition, particularly stunting and micronutrient deficiency for a better development of human capital**

- Improved nutritional status of children and most vulnerable groups\*.
- Adequate nutrition for the most vulnerable groups\*.
- Improved use and quality of nutrition and WASH services.
- Improved people's knowledge and awareness, attitudes and practices related to nutrition and water, sanitation and hygiene practices.

\*women of reproductive age, adolescent girls and children under 5.

### **2. More inclusive and equitable quality basic education**

- Improved learning outcomes particularly related to primary education.
- Improved completion of inclusive and equitable early childhood, primary and secondary education with a focus on gender equality.
- Strengthened school governance and management to address efficiency issues, accompanied by adequate supervision.
- Improved education system resilience and coordination across the humanitarian development peace nexus, including conflict sensitive education and disaster risk reduction practices.
- Enhanced awareness on climate adaptation and mitigation in education stimulating behavioural change.

### **3. Foster innovation and digital transformation for inclusive growth**

- Enabled environment for high quality access to broadband communication networks and services at affordable prices for all – closing the rural-urban and the gender gap.
- Youth's digital skills improved, including their awareness on protection of privacy and personal data.
- Enhanced digital entrepreneurship and use of digital technologies, including in creative industries.
- Youth prioritized as innovators and creators.

### **4. Enhanced opportunities for youth to obtain decent employment**

- A more conducive business environment is in place, in which investment, free trade and rules-based trade (with a strong basis of internationally agreed labour standards and environmentally standards) are promoted.
- Increased Quality Infrastructure and Business Development Services to enable national industry's participation in international trade and value chains.

- Enhanced access to finance and capacities for start-ups and SMEs, with a particular focus on digital, renewable energy, green, and creative industries.
- Boosted inclusive employability of youth by equipping them with labour relevant skills and accompanying their transition from school to work.

### **2.2.3. Indicators (including baseline and targets), per expected result**

#### **1. Reduction of all forms of malnutrition, particularly stunting and micronutrient deficiency for a better development of human capital**

- Prevalence of stunting (height for age <-2 standard deviation from the median of the World Health Organization (WHO) Child Growth Standards) amongst children under 5 years of age (%) (SDG 2.2.1).
- Number of women of reproductive age, adolescent girls and children under 5 reached by nutrition related interventions supported by the EU (EU RF 33).
- Prevalence of diarrhoea amongst children under five years of age (%).
- % of population living in rural areas using adequate water and sanitation services
- Percentage of infants <6 months old exclusively breastfed (%)

#### **2. More inclusive and equitable quality basic education**

- Percentage of girls and boys mastering basic literacy skills required for Grade 3 (contributing to SDG 4.1.1).
- Net enrolment ratio in primary education, disaggregated by sex
- Gross enrolment ratio in secondary education, disaggregated by sex
- Percentage of schools monitored that follow minimum quality standards
- Number of school aged children out of school, disaggregated by sex (EU education indicators guidance).

#### **3. Foster innovation and digital transformation for inclusive growth**

- Number of enabling strategies, laws and regulation for advancing digital transformation.
- Number of institutions related to information society which have been reinforced with EU support.
- Number of youth trained and “equipped” with digital skills with EU support (disaggregated by sex, age and type of skill).
- Number of digital entrepreneurs being supported (especially youth, women & rural population).
- Number of digital platforms and training schemes for stimulating and creating IT and non-IT sector jobs for youth and women with EU support.
- Number of partnerships focusing on innovation and research involving Mozambican universities and research centres.

#### **4. Enhanced opportunities for youth to obtain decent employment**

- Volume of trade to EU from Mozambique (contributing to SDG 17.10).
- Value of Foreign Direct Investment stock from the EU in Mozambique.
- Number of additional accredited quality certification schemes offered to economic operators.
- Number of initiatives incubated or accelerated with EU support.
- Number of SMEs with access to financial services with EU support (contributing to SDG 8.3).

- Number of people who have benefited from institution or workplace based TVET/skills development interventions supported by the EU (disaggregated by sex, age groups, sector) (contributing to SDG 4.4).

#### 2.2.4. Possible use of blending and guarantees for investment under EFSD+

Credit lines with interest rate bonification as well as guarantee schemes are needed to facilitate access to finance for SMEs. Access to affordable credit is indeed among the main constraints for private sector development. However, even when concessional credit is available it remains underused due to the SME’s lack of capacity to present bankable business plans. Therefore, the EU plans to reinforce SME’s capacities to develop business plans in order to access credit, particularly from commercial banks, and guarantees.

Digital connectivity is another area with enormous potential for support through blending and guarantees that will be explored.

Subject to its confirmation through the implementation phase, it is expected that an indicative total amount of EUR 41 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations, including under this priority area.

### 2.3. Priority area 3: Governance, Peace and Just Society

#### 2.3.1. Specific objectives related to the priority area

1. Strengthened democratic system (transparency, accountability and the rule of law) and economic governance frameworks for a more inclusive and just society in Mozambique.

*DAC Sector: Government & civil society-general – 151 – SDG 16 and 17*

2. To enhance social cohesion and to reinforce peace and stability through the humanitarian-development-peace nexus

*DAC Sectors: Civilian peace building, conflict prevention and resolutions – 15220 – SDG 16; and other social infrastructure and services – 160 – SDG 1 and 10*

#### Risk assessment

Risks	Mitigating measures
Further deterioration of the political environment, political interference in the independency of oversight institutions, deterioration of the media environment.	Enhanced political and policy dialogue, support for institutional capacity development, enable an environment for greater demand for accountability by civil society.
Macro-economic instability and a possible debt crisis.	Strengthening of domestic resource mobilisation and optimisation of fiscal space.
Gas megaprojects do not yield the expected growth and jobs.	Promotion of further diversification of the economy.
Instability related to the 2024 Presidential and General Elections, including the succession of President Nyusi, and the uncertainty related to the District elections in 2024.	An enhanced political dialogue and implementation of the recommendations of the EU Electoral Observation Mission, including through technical support.
Deterioration of the security situation, especially in the North of the country, with the	Applying a humanitarian-development-peace nexus approach to help communities be better prepared for, withstand, and cope

Cabo Delgado conflict spilling over to other provinces.	with crises. Increased coordination with the Government, Member States and other development partners on political and security-related issues, using all EU instruments in a strategic and coordinated manner. Inclusion of Crisis Modifier and flexibility of funding to adapt in case of new or exacerbated climate- or human-induced disasters.
A poor implementation of the 2019 Peace Agreement which could lead to the resumption of violence in parts of the country.	Ensuring political and financial support to the peace process and an enhanced political dialogue with the Government and RENAMO.

### **Role of Civil Society Organisations**

Support measures in favour of civil society will reinforce political pluralism and civil society participation to prevent and counter shrinking civic space and democratic backsliding. Actions may include: supporting civic spaces and evidence-based advocacy; independent and pluralistic media; participation in decision-making; promoting collaboration between municipalities and civil society organisations (e.g.: citizen budget, provincial councils); supporting civic-tech activism and innovative digital tools to better convey citizens' voices to governments; strengthening CSOs digital's literacy and capacity, etc. A related work stream will seek to protect and empower women and men by the observance of the principles of human rights, be they civil and political or economic and social rights. This will include actions to protect the rights of women, children, LGBTI persons, persons with disabilities, to promote freedom of thought, and to fight discrimination. The role and action of human rights defenders and CSOs will be critical.

Support measures will also enable CSOs to better work across the humanitarian and development divide to maximize cross-sectoral efforts to move from humanitarian relief to development, and from conflict into safer, stable, and prosperous living conditions.

#### **2.3.2. Expected results per specific objective**

##### **1. Strengthened democratic system (transparency, accountability and the rule of law) and economic governance frameworks for a more inclusive and just society in Mozambique.**

- Improved transparency and accountability of democratic institutions at central and decentralised levels, including oversight by the parliament and civil society.
- Enhanced efficiency and accessibility of the justice system, with legal and institutional frameworks focusing on anti-corruption measures.
- Improved efficiency, integrity and accuracy of the electoral processes.
- Women, men, girls and boys in all their diversity are better protected from all forms of gender-based violence in the public and private spheres.
- Enhanced public space of journalists, media outlets and media institutions to exercise their right to freedom of expression, access to information in order to strengthen pluralism.
- Strengthened capacity of the state and decentralised authorities for more efficient and inclusive planning and budgeting processes for improved quality of service delivery.
- Public finance management (expenditure and revenue sides) improved at central and decentralised levels to restore fiscal discipline, improve strategic allocation of resources, strengthen budget credibility and enhance efficient service delivery.

- Improved debt management and sustainability, natural resource governance and economic diversification to establish conditions for more equitable and inclusive growth.

## **2. To enhance social cohesion and to reinforce peace and stability through the humanitarian-development-peace nexus.**

- Successful implementation of the peace agreements to reinforce reconciliation, democratic consolidation and decentralization.
- Reinforced capacity of the Government to provide shock-responsive social protection to conflict-affected people, particularly IDPs and host communities, and promote social cohesion.
- Enhanced capacity of criminal justice chains, especially with regards to evidence collection, prosecution and detention in full respect of international human rights standards, and increased capacities of law enforcement authorities to protect and engage with communities.
- Conflict-affected communities are involved in political processes (including peaceful resolution initiatives), local governance, and benefit from socio-economic development to prevent radicalisation.
- Promotion of intercultural dialogue and protection of cultural heritage to foster an open, resilient, inclusive society and contribute to conflict prevention and peaceful inter-community relations.

### **2.3.3. Indicators (including baseline and targets), per expected result**

#### **1. Strengthened democratic system (transparency, accountability and the rule of law) and economic governance frameworks for a more inclusive and just society in Mozambique.**

- Country ranking according to the Bertelsmann Transformation Index (BTI) (contributing to SDG 16).
- Country score or ranking in the World Justice Project Rule of Law Index (contributing to SDG 16.3)
- Number of government policies - including the state budget - developed or revised with civil society organisations participation at central and decentralised levels with EU support (EU RF 2.25).
- Country score or ranking in the World Justice Project Rule of Law Index (contributing to SDG 16.3)
- Number of recommendations of EU Election Observation Missions (EOM) implemented.
- Number of individuals benefiting from EU-funded programmes to counter sexual and gender-based violence (EU RF 37).
- Country score according to the Reporters Without Borders' (RSF) Press Freedom Index.
- Fiscal decentralization framework developed (contributing to SDG 17).
- Status of the implementation of the updated PFM Strategic Plan (Addressing PEFA weaknesses).
- Status of IMF program to restore macroeconomic balances and fiscal sustainability (contributing to SDG 17.4)

## **2. To enhance social cohesion and to reinforce peace and through the humanitarian-development-peace nexus.**

- Number of people involved in local reconciliation initiatives, confidence-building initiatives, or formal peace processes (e.g. local peace committees, public debates, forums, cross-community activities and others) through EU support, disaggregated by sex and community (contributing to SDG 16).
- Number of households covered by non-contributory social protection systems in conflict-affected provinces.
- Number of state institutions and non-state actors supported on countering violent extremism, conflict prevention, protection of civilian population and human rights (contributing to SDG 16).
- Number of civil society projects promoting social cohesion and conflict prevention between host/resident communities and displaced persons/returnees with support from the EU-funded intervention (contributing to SDG 16)
- Proportion of population who believe decision-making is inclusive and responsive, by sex, age, disability and population group (SDG Indicator 16.7.2).
- Number of new cultural interventions that promote social interaction within and among communities and that explore issues around conflict.

### **2.3.4. Possible use of blending and guarantees for investment under EFSD+**

NA

## **2.4. Proposals of country Team Europe Initiatives**

### **2.4.1. TEI 1: Green Deal for Mozambique**

The EU Green Deal marked the commitment to engage in the transformational change necessary to contribute to the global fight against climate change and to guarantee long-term sustainability to the European development model. As this vision could be genuinely coherent only if also reflected into EU partnerships around the world, the GDxM (Green Deal for Mozambique) TEI was developed to contextualize its principles and operationalize its objectives in the Mozambican reality.

The TEI provided a strategic framework for perspective programmes contributing to climate action and green transition, maintaining a very flexible approach. This was done establishing a fundamental common objective: engaging the Mozambican Government and the society in the global, EU-led effort to combat climate change (through the global Paris Agreement architecture), offering the opportunities for an alternative and genuinely sustainable growth strategy.

Based on the priority of protecting Mozambique's natural resources and biodiversity (also a European interest), the intention has been therefore to, on the one hand, support the Government in the definition and implementation of its National Determined Contribution under the Paris Agreement Framework; and on the other hand, to look into two main macro-areas of action: marine/coastal ecosystems and forest sustainable management. These are considered sectors where the strongest transformational and systemic impact can be achieved in light of their demographic importance, global environmental relevance and more specifically: a) the (high) significance of timber trade on GDP, b) the (very low) percentage of forest area sustainable managed and c) the (minimal) coverage of Mozambique's marine protected areas compared to the rest of the region.

The effort to safeguard, sustainably use and develop these areas and their resources has to include investments in, among others, value chains, conservation, ecosystem restoration and agro-forestry in conjunction with interventions aimed at supporting the resilience of local communities and their livelihoods. The latter entails a strong focus on climate-smart infrastructure and on the climate-efficient management of the water-energy nexus areas in which innovative development financing and the involvement of the private sector hold enormous potential.

Politically speaking, the TEI is accompanied by a constant effort to highlight the value of a green transformation as an opportunity for growth, able to produce more resilient societies and opportunities to build long-term prosperity. This is pursued through dedicated climate diplomacy actions, reflected in the policy dialogue with the Government and in the work done to increase awareness, especially among the youth.

This TEI is fully embedded in priority area 1 of the MIP and as a cross-cutting in the other priorities and support measures.

The EU's indicative contribution to this TEI (EUR 150 million) is subject to the confirmation of the Team Europe partners' indicative meaningful contribution as early as possible. In the absence thereof, the EU's indicative contribution may be redirected in accordance with the priority areas of the MIP and their allocations. The obligation of the Union and the Member States to coordinate their development policies following initiatives by the Commission to this effect, as per article 210 TFEU, always applies.

#### **2.4.2. TEI 2: e-Youth**

This initiative aims at supporting Mozambican youth to reach their full potential to lead the socio-economic transformation of the country. Unlocking their potential will require bold action across the public, social and private sectors. With a Team Europe approach, the TEI aims to solve the “Triple-E” challenge: Education, Employment and Empowerment. While each is important in its own right, the cumulative impact of all three will offer Mozambique the chance to achieve sustainable and inclusive growth by involving their youth.

What does it take to put Mozambican youth at centre-stage in developing their country's future?

First of all, there is a need to lay a sound foundation by improving and scaling education for youth. Quality education is a human right and an essential prerequisite to sustainable growth as part of a broader investment in people. It enables everyone to learn and to acquire the knowledge, skills, values and attitudes essential for active and successful lives, as well as an environment that promotes pluralism, knowledge and cultural diversity. A special focus will be put on inclusion and equity in access, participation – also of parents – and retention.

Secondly, there is a need to give youth the opportunity to develop 21<sup>st</sup> century skills that improve their transition from the world of education to the world of employment. Solving the skills mismatch will require greater partnership among government, private sector and education providers. For academic higher education, exchanges between European and Mozambican universities and research institutions should be stimulated, and opportunities for mobility of students should be enhanced. Strengthening scientific research and technological innovation processes applied to the socio-economic and territorial development of Mozambique will be important, building a sustainable link between Higher Education and the job market and contributing to enhancing the internal efficiency and capacity for coordination, direction, control and evaluation of the Higher Education institutions. Digital solutions and awareness-raising of climate change need to be present in all levels of education and approached from different perspectives across the curriculum.

More opportunities also need to be created for youth to enter the labour market by promoting job creation. As micro, small and medium sized enterprises play a crucial role being the main employers, building greater entrepreneurship among youth is critical. This means that most common barriers faced by youth entrepreneurs need to be addressed: access to capital, lack of management skills, and lack of mentorship. Business incubators and accelerators should be

supported, especially in the field of digitalisation and green jobs. Big companies will also be stimulated to bring MSMEs into their supply chain. In general, Team Europe needs to provide support to a conducive business and investment environment in Mozambique.

Thirdly, youth needs to be better involved in decision-making, contributing in a creative and innovative way to the transformation of the communities they live in. Platforms for youth action and giving youth a voice will enhance youth leverage on decision-making. This will have the effect of consolidating democracy, preventing and resolving conflict and violent extremism. Every individual should also be equipped to take charge of his/her own life, including making choices about their sexual and reproductive health. People therefore need access to accurate information.

In order to harness the potential of youth through education, employment/entrepreneurship and empowerment, Team Europe needs to fully understand the preferences of youth and to speak their language. The EU should promote a view of a Europe as a dynamic, modern society close to the hearts of Mozambican youth. The European model of integration, diversity, social protection and green growth could inspire Mozambican youth for the change they want to see in their country.

This TEI is embedded in priority area 2 of this MIP and as cross-cutting in other priorities and supporting measures.

The EU's indicative contribution to this TEI (EUR 138 million) is subject to the confirmation of the Team Europe partners' indicative meaningful contribution as early as possible. In the absence thereof, the EU's indicative contribution may be redirected in accordance with the priority areas of the MIP and their allocations. The obligation of the Union and the Member States to coordinate their development policies following initiatives by the Commission to this effect, as per article 210 TFEU, always applies.

## **Support measures**

### **a. Measures in favour of civil society**

Measures in favour of civil society organizations will be aligned with the EU priorities and the three country priorities. While working on the different work streams detailed in section 2, measures in favour of civil society will contribute to a more enabling environment for civil society, enhanced CSO participation in policy-making and monitoring for increased domestic accountability, and strengthened CSO capacities. Building on previous experience, the support measures will put in place strategies to progressively further reach grass-root organisations, emerging social movements and youth and women's associations. The support measures will seek complementarity with the CSO thematic programme and the European Instrument for Democracy Human Rights.

### **b. Cooperation facility**

A Technical Cooperation Facility will be established in order to:

- Support the preparation, implementation and monitoring/evaluation of programmes, including via technical assistance;
- Support capacity development and institutional building through technical assistance and exchange of public expertise -including through TAIEX and Twinning, when relevant;
- Support policy dialogues: conferences, events, studies, fellowships, exchange platforms to support sector dialogues leading to policy reforms and engagement with the government and other stakeholders.
- Facilitate joint programming, including Team Europe coordination, for a more effective partnership and results;

- Finance communication, including strategic communication and fight against disinformation and visibility actions on EU policies and cooperation.
- Support public diplomacy specific interventions to promote EU policies as well as its multilateral agenda in Mozambique.
- Support the implementation of the Gender Action Plan III (e.g. technical assistance for developing gender analyses, supporting gender mainstreaming, training courses, reporting and communication).
- Support climate and cultural diplomacy specific interventions to promote EU policies, exchange of ideas, strengthen relationships and enhance socio-cultural cooperation.
- Ensure reasonable accommodation measures to ensure accessibility for persons with disabilities (i.e. TA, accessible documents, sign language interpretation, captioning, etc.).
- Support to the operationalisation of the humanitarian-development and peace nexus through policy dialogue, diplomacy and eventually technical assistance support.

### **3. Financial overview**

Although the duration of this MIP is seven years, the indicative allocations for Mozambique and for each of the priority areas and support measures laid down in the table below are provided for the 2021-2024 period only. The indicative allocations for 2025-2027, as well as the possible modification of other substantial elements of this MIP, will be subject to a decision by the EU. This decision should be preceded by a review of the implementation of this MIP, which should include a dialogue with the authorities and other stakeholders of Mozambique.

	<i>EUR</i>	<i>% total</i>
<b>1. Growing Green</b>	<i>150 000 000</i>	<i>35%</i>
<b>2. Growing Youth</b>	<i>163 000 000</i>	<i>38%</i>
<b>3. Governance, Peace and a Just Society</b>	<i>94 000 000</i>	<i>22%</i>
<i>Support measures</i>	<i>21 000 000</i>	<i>5%</i>
<b><i>TOTAL for 2021-2024*</i></b>	<b><i>428 000 000</i></b>	<b><i>100%</i></b>

\* Subject to its confirmation through the implementation phase, it is expected that out of the total of EUR 428 million, an indicative amount of EUR 41 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations under the three priority areas.

#### **Attachments**

1. Intervention framework
2. Donor matrix showing the current indicative allocations per sector

## Attachment 1. Intervention framework

<p><b>Priority area 1: Growing Green</b></p> <p>DAC Sector: Environment Protection - 410 / SDG 13, 14, 15  DAC Sector: Agriculture, Forestry, Fishing 310 / SDG 2, 12, 14, 15  Marker: Rio marker – climate change mitigation / SDG 6, 7, 11</p> <p>Marker: Nutrition</p>		
<p><b>Specific objective 1:</b>  Protect, restore and enhance Mozambique’s natural capital and ecosystem services as essential drivers of sustainable growth and resilience</p>		
<b>Expected Results</b>	<b>Indicators</b>	<b>Baseline &amp; targets (disaggregated by sex, age, disability and income quintile when possible)</b>
Sustainable forest management expanded and deforestation and forest degradation reduced.	Progress towards sustainable forest management (SDG 15.2.1):  a) Forest area as percentage of total land area.  b) Proportion of forest area under a long term forest management plan	a) Baseline: 44% (2018) Target: 44% (2035) <sup>11</sup> Source: National Forest Inventory, National Forest Strategy 2020-2035  b) Baseline: 58.5% Target: 70% (2027) Source: Food and Agriculture Organisation (FAO) Forest Resources Assessment Report
Increased protection, restoration and sustainable management of marine and coastal ecosystems.	Coverage of Marine Protected Areas (MPA) as percentage of the Exclusive Economic Zone (EEZ) total area (SDG 14.5.1)	Baseline: 2.1% (2021) Target: 5% (2025) Source: Biodiversity Strategy and Action Plan
Strengthened government capacity and communities' participation in the conservation and sustainable use of natural resources.	Number of legal/regulatory/policy/institutional frameworks developed, and enforced, with EU support. Including natural resources (co-) management mechanisms established.	Baseline : 0 Target: to be defined at action document development stage <sup>12</sup> Source: Ministry of Land and Environment, National Administration of Conservation Areas
Reduced risks and vulnerabilities of communities to climate change	Number of local authorities with local adaptation plans, climate change. and/or disaster risk reduction strategies: (a) developed, (b) under implementation,  with EU support	(a) Baseline :122 (2021) <sup>13</sup> Target: 154 (2027)  (b) Baseline: 4 (2021) <sup>14</sup> Target: 10 (2027) Source: Ministry of Land and Environment
<p><b>Specific objective 2:</b>  Agriculture, forestry and fishery sectors follow more sustainable food systems, livelihoods and production patterns.</p>		
Increased adoption of climate smart and sustainable agricultural and agroforestry practices.	Agricultural and pastoral ecosystems where sustainable management practices have been introduced with EU support (ha) (EU RF2)	Baseline: 0 Target: 200 000 ha (2027) Source: Ministry of Agriculture and Rural Development / Project reports
Increased economic benefits from the sustainable use of marine resources,	Sustainable marine fisheries as a proportion of GDP (SDG 14.7.1).	Baseline: 1.02% (2017) Target: 1.7 % (2027)

<sup>11</sup> Forest area as percentage of total land area to remain constant

<sup>12</sup> Target to be defined in consultation with relevant Government institutions during programme development

<sup>13</sup> Baseline refers to ongoing EU support (EDF11)

<sup>14</sup> Baseline refers to ongoing EU support (EDF11)

including through sustainable management of fisheries, aquaculture and tourism.		Source Food and Agriculture Organisation (FAO), United Nations Environment Programme World Conservation Monitoring Centre (UNEP –WCMC)
Increased income and enhanced food nutrition security of small-scale producers, in particular women, through secure and equal access to productive assets, services and markets.	Number of smallholders reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land (EU RF1)	Baseline: 0 Target: 300 000 (2027) Source : Ministry of Agriculture and Rural Development / Projet Reports
Increased private sector partnership in sustainable food systems that contribute to climate action, food nutrition security and foster in-country added value, growth and job creation.	Number of agriculture, forestry and fisheries companies or new investments that adopt sustainable practices in their operations as a result of EU support.	Baseline: 0 Target: 10 (2027) Source: Project reports )
<b>Specific objective 3:</b> Mozambique increases its low-carbon, climate-resilient and sustainable infrastructures.		
<b>Expected Results</b>	<b>Indicators</b>	<b>Baseline &amp; targets (disaggregated by sex, age, disability and income quintile when possible)</b>
Decarbonised energy mix.	Renewable energy generation capacity installed (MW) with EU support (EU RF-Level 2).  New share of renewable energy integrated in national grid	Baseline: 0 Target: 200 MW (2027) Source: project reports  Baseline: 0 Target: 20% (2040) Source: Electricidade de Mocambique (EDM)
Enhanced access to on-grid and off-grid renewable energy.	Number of individuals with access to electricity with EU support through: a) new access (EU RF-Level 2).	Baseline: 0 Target: a) 500 000 (2027) Source: project reports
Improved energy efficiency of the electricity network.	Energy savings (in MWh) as a result of energy efficiency measures (contributing to SDG 7.3).	Baseline: 0 Target: 128 GWh (2027) Source: Electricidade de Mocambique (EDM)
Increased access to water and sanitation services.	Number of individuals with access to improved drinking water source and/or sanitation facilities with EU support (EU RF).  Number of green infrastructures with EU support in targeted sectors.	Baseline: 0 Target: 400 000 (2027) Source: project reports  Baseline: 0 Target: 4 (2027) Source: project reports
• Improved national and regional multi-modal transport networks to strengthen further opportunities for sustainable climate-resilient economic development (in coordination with regional programming).	Total length of transport infrastructure supported by the EU (kms): a) roads; b) railways; c) waterways	Baseline: 0 Targets: to be defined in regional action document development Source: reports regional projects
<b>Priority area 2: Growing Youth</b>  DAC Sector: Nutrition – 12240 / SDG 2, 5 DAC Sector: Education – 110 / SDG 4, 5 DAC Sector: Communications - – 220 / SDG 9 DAC Sector: Social infrastructure and services (employment creation) – 160 / SDG 4, 8, 17		

Marker: digitalisation		
<b>Specific objective 1:</b> Reduction of all forms of malnutrition, particularly stunting and micronutrient deficiency for a better development of human capital of Mozambique.		
<b>Expected Results</b>	<b>Indicators</b>	<b>Baseline &amp; targets (disaggregated by sex, age, disability and income quintile when possible)</b>
Improved nutritional status of children and most vulnerable groups	Prevalence of stunting (height for age <-2 standard deviation from the median of the World Health Organization (WHO) Child Growth Standards) amongst children under 5 years of age (%) (SDG 2.2.1)	Baseline: 43 % (2013) Target: 35% (2027) Source: Ministry of Agriculture reports
Adequate nutrition for the most vulnerable groups	Number of women of reproductive age, adolescent girls and children under 5 reached by nutrition related interventions supported by the EU (EU RF 33)	Baseline: 0 Target: 1,000,000 (2027) Source: Specific, Measurable, Achievable, Relevant and Timely (SMART) surveys/ Programme reports
Improved use and quality of nutrition and WASH services	Prevalence of diarrhoea amongst children under five years of age (%)	Baseline: 13% (2019) Target: 5% (2027) Source: Ministry of Health (MISAU)/SMART survey
Improved people's knowledge and awareness, attitudes and practices related to nutrition and water, sanitation and hygiene practices	% of population living in rural areas using adequate water and sanitation services  Percentage of infants <6 months old exclusively breastfed (%)	Baseline: 32% (2020) Target: 55% (2027) Source : Government National Development Plan (PQG) 2020-2024 Baseline: 42.8 % (2014) Target: 50% (2027) Source: Ministry of Health (MISAU)
<b>Specific objective 2:</b> More inclusive and equitable quality basic education		
<b>Expected Results</b>	<b>Indicators</b>	<b>Baseline &amp; targets (disaggregated by sex, age, disability and income quintile when possible)</b>
Improved learning outcomes particularly related to primary education.	Percentage of girls and boys mastering basic literacy skills required for Grade 3 (SDG 4.1.1 adapted)	Baseline: 4.9 % (girls and boys) mastering basic literacy skills required for Grade 3. (2016)  Target: >6 % mastering basic literacy skills (2024) Source: Report of the Study of the National Assessment of Learning, INDE (National Education Development Institute INDE)
Improved completion of inclusive and equitable early childhood, primary and secondary education with a focus on gender equality.	Net enrolment ratio in primary education  Gross enrolment ratio in secondary education	Baseline: 93.3% (92.9% girls) (2019) Target: 98% (95% for girls) (2024) .Source: Education Management Information System (Educstat)
Strengthened school governance and management to address efficiency		Baseline: 60% (63.2% for girls ) (2019)

issues, accompanied by adequate supervision.	Percentage of schools monitored that follow minimum quality standards	Target: 85% (72% for girls) (2024) Source: Education Management Information System (Educatat)  Baseline: 20% (2019) Target: 40% (2024) Source: District supervision platform reports; Education Annual Review Report
Improved education system resilience and coordination across the humanitarian development peace nexus, including conflict sensitive education and disaster risk reduction practices being applied	Number of school aged children out of school, disaggregated by sex (EU education indicators guidance)	Baseline: 4 million out of school children 2017 INE Census Data) Target: < 4 million out of school children (2027) Source: Project Reports and Out of School Studies
<b>Specific objective 3:</b> Foster innovation and digital transformation for inclusive growth		
<b>Expected Results</b>	<b>Indicators</b>	<b>Baseline &amp; targets (disaggregated by sex, age, disability and income quintile when possible)</b>
Improved high quality access to broadband communication networks and services at affordable prices for all – closing the rural-urban and the gender gap.	Number of enabling strategies, laws and regulation for advancing digital transformation.  Number of institutions related to information society which have been reinforced with EU support.	Baseline: 0 Target: 3 (2027) Source: Official Journal, decisions of Council of ministers  Baseline: 0 Target: 3 (2027) Source: project reports, Ministry of Science and Technology and Higher Education (MCTES) Reports and Ministry of Transport and Communication (MTC) Reports.
Youth's digital skills improved, including their awareness on protection of privacy and personal data.	Number of youth trained and “equipped” with digital skills with EU support (disaggregated by sex, age and type of skill).	Baseline: 0 Target: 10 000 (2027) Source: projects reports
Enhanced digital entrepreneurship and use of digital technologies, including in creative industries.	Number of digital entrepreneurs being supported (especially youth, women & rural population).  Number of digital platforms and training schemes for stimulating and creating IT and non-IT sector jobs for youth and women with EU support.	Baseline: 0 Target: 80 (2027) Source: project reports  Baseline: 0 Target: 5 (2027) Source: project reports
Youth prioritized as innovators and creators.	Number of partnerships focusing on innovation and research involving Mozambican universities and research centres.	Baseline: 0 Target: 5 (2027) Source: project reports, DG Education and Culture Erasmus+ International Dimension reports; MORENET platform
<b>Specific objective 4:</b> Enhanced opportunities for youth to secure decent employment		
<b>Expected Results</b>	<b>Indicators</b>	<b>Baseline &amp; targets (disaggregated by sex, age, disability and income quintile when possible)</b>

A more conducive business environment is in place, in which investment, free trade and rules-based trade are promoted.	Volume of trade to EU from Mozambique.  Value of Foreign Direct Investment stock from the EU in Mozambique.	Baseline: EUR 1.3 billion (2020) Source: Eurostat Target: at least EUR 200 000 annual increase from 2022 to 2027 Source: Eurostat  Baseline: EUR 4.1 billion (2019) Source: Eurostat Target: at least EUR 300 000 annual increase from 2022 to 2027 Source: Eurostat
Increased Quality Infrastructure and Business Development Services to enable national industry's participation in international trade and Value Chains.	Number of additional accredited quality certification schemes offered to economic operators.	Baseline: 0 Target: 3 new schemes offered by 2027 Source: National Institute of Standardization and Quality (INNOQ) annual reports
Enhanced access to finance and capacities for start-ups and SMEs, with a particular focus on digital, renewable energy, green, and creative industries.	Number of initiatives incubated or accelerated with EU support.  Number of SMEs with access to financial services with EU support .	Baseline: 0 Target: 150 (2027) Source: project reports  Baseline: 0 Target: 15 Source: project reports
Boosted inclusive employability of youth by equipping them with labour relevant skills and accompanying their transition from school to work.	Number of people who have benefited from institution or workplace based TVET/skills development interventions supported by the EU (disaggregated by sex, age groups, sector).	Baseline: 0 Target: 4 000 (2027) Source: project reports
<b>Priority area 3: Governance, Peace and Just Society</b>		
DAC Sector: Government & civil society-general – 151 – SDG 16 and 17 DAC Sectors: Civilian peace building, conflict prevention and resolutions – 152 – SDG 16; and other social infrastructure and services – 160 – SDG 1 and 10		
<b>Specific objective 1:</b> Strengthened democratic system (transparency, accountability and the rule of law) and economic governance frameworks for a more inclusive and just society in Mozambique.		
<b>Expected Results</b>	<b>Indicators</b>	<b>Baseline &amp; targets (disaggregated by sex, age, disability and income quintile when possible)</b>
Improved transparency and accountability of democratic institutions, including oversight by the parliament and civil society.	Country ranking according to the Bertelsmann Transformation Index (BTI) (contributing to SDG 16).  Number of government policies - including the state budget - developed or revised with civil society organisations participation at central and decentralised levels with EU support (EU RF 2.25).	Baseline: Status Index 4.25 (scale 0-10) / 101 (out of 137) in 2020. Target: > 4.5 (2027)  Baseline: 0 Target: > 5 (2024) Source: Project Reports
Enhanced efficiency and accessibility of the justice system, with legal and institutional frameworks focusing on anti-corruption measures.	Country score or ranking in the World Justice Project Rule of Law Index (contributing to SDG 16.3)	Baseline: score 0.41, global rank 113 (out of 128) in 2020  Target: > 0.41 (2024) Source: World Justice Project Rule of Law Index
Improved efficiency, integrity and accuracy of the electoral processes/	Number of recommendations of EU Election Observation Mission (EOM) implemented.	Baseline: 0 of the 20 recommendations implemented Target: 15 recommendations implemented (2024)

		Source of data: Project Reports
Women, men, girls and boys in all their diversity are better protected from all forms of gender-based violence in the public and private spheres.	Number of individuals benefiting from EU-funded programmes to counter sexual and gender-based violence (EU RF37)	Baseline: 0 Target: 600 000 (400 000 women and girls) (2027) Source: Project Reports
Enhanced public space of journalists, media outlets and media institutions to exercise their right to freedom of expression, access to information in order to strengthen pluralism	Country score according to the Reporters Without Borders' (RSF) Press Freedom Index	Baseline: 108 out of 178 (2021 RSF Index) Target: < 108 (2027) Source: Reporters Without Borders' (RSF) Press Freedom Index
Strengthened capacity of the state and decentralised authorities for more efficient and inclusive planning and budgeting processes for improved quality of service delivery	Fiscal decentralization framework developed (contributing to SDG 17).	Baseline: Lack of fiscal decentralization framework Target: expenditure and revenue assignments revised in line with decentralization reform (2027) Source: Government of Mozambique Decentralisation Legislation
Public finance management (expenditure and revenue sides) improved at central and decentralised levels to restore fiscal discipline, improve strategic allocation of resources, strengthen budget credibility and enhance efficient service delivery.	Status of implementation of the updated Public Finance Management (PFM) Strategic Plan	Baseline: PFM Strategic Plan covering (2019-2024) not updated.  Target: New PFM Strategic Plan adopted  Source: Annual monitoring reports and Repeat PEFA
Improved debt management and sustainability, natural resource governance and economic diversification to establish conditions for more equitable and inclusive growth.	Status of implementation of IMF program to restore macroeconomic balances and fiscal sustainability (contributing to SDG 17.4)	Baseline: no IMF program in 2020) Target: IMF program implemented Source: IMF Art IV
<b>Specific objective 2:</b> To enhance social cohesion and to reinforce peace and stability through the humanitarian-development-peace nexus		
<b>Expected Results</b>	<b>Indicators</b>	<b>Baseline &amp; targets (disaggregated by sex, age, disability and income quintile when possible)</b>
Successful implementation of the peace agreements to reinforce reconciliation, democratic consolidation and decentralization.	Number of people involved in local reconciliation initiatives, confidence-building initiatives, or formal peace processes (e.g. local peace committees, public debates, forums, cross-community activities and others) through EU support, disaggregated by sex and community (contributing to SDG 16).	Baseline: 0 Targets: tbd ataction document stage. Source: Project reports
Reinforced capacity of the Government to provide shock-responsive social protection to conflict-affected people, particularly IDPs and host communities, and promote social cohesion.	Number of households covered by non-contributory social protection systems in conflict-affected provinces	Baseline: 101 520 (Cabo Delgado and Sofala provinces) Target: > 101 520 (2024) Source: ILO Statistical Buletin for Mozambique based on INAS (Instituto Nacional de Accao Social)Data
Enhanced capacity of criminal justice chains, especially with regards to evidence collection, prosecution and detention in full respect of international human rights standards, and increased capacities of law enforcement authorities to protect and engage with communities.	Number of state institutions and non-state actors supported on countering violent extremism, conflict prevention, protection of civilian population and human rights (contributing to SDG 16).	Baseline: 11 (ongoing projects) Target: 20 Source: Project Reports
Conflict-affected communities are involved in political processes	Number of civil society projects promoting social cohesion and conflict	Baseline: 2 (ongoing projects) Target: 5 (2024)

(including peaceful resolution initiatives), local governance, and benefit from socio-economic development to prevent radicalisation.	prevention between host/resident communities and displaced persons/returnees with support from the EU-funded intervention (contributing to SDG 16)	Source: Project Reports
Promotion of intercultural dialogue and protection of cultural heritage to foster an open, resilient, inclusive society and contribute to conflict prevention and peaceful inter-community relations.	Number of new cultural interventions that promote social interaction within and among communities and that explore issues around conflict.	Baseline: 0 Target: 10 Source: Project Reports

## Attachment 2 – Donor matrix showing the current indicative allocations per sector

Mozambique		IMPORTANT: In order to interpret the table appropriately, it is necessary to acknowledge the limitations that it presents. Even though all efforts were made to employ consistent criteria and reliable sources, the data represents only a partial and time-sensitive snapshot of existing and planned funding. Development partners are in different phases of their programming exercises, employ different allocation methodologies, cover different periods and provide their own data on the basis of different internal criteria. The information below therefore does not replace the comprehensive assessment that - at local level - allows for a regular and fully informed coordination with Member States and other international partners																																				
Donor matrix - allocations per donor per sector for the period 2021-2024 (EUR million, DAC sector codes)																																						
International Aid Transparency Initiative (IATI)																																						
OECD Sector name	Education_Level Unspecified	Basic Education	Secondary Education & Vocational Training	Post Secondary Education	Health_General	Basic Health	Population Policies/Programmes & Reproductive Health	Water Supply & Sanitation	Government & Civil Society/general	Conflict, Peace & Security	Other Social Infrastructure & Services	Transport & Storage	Communications	Energy	Energy Policy	Energy generation, renewable sources	Energy distribution	Banking & Financial Services	Business & Other Services	Agriculture	Forestry	Fishing	Industry	Mineral resources & mining	Trade Policies & Regulations	Tourism	General Environment Protection	Other Multisector	General Budget Support	Developmental Food Aid/Food Security Assistance	Emergency response	Reconstruction Relief & Rehabilitation	Disaster Prevention & Preparedness	Administrative costs of donors	Unallocated / Unspecified	Grand Total		
OECD DAC sector code	111	112	113	114	121	122	130	140	151	152	160	210	220	230	231	232	236	240	250	311	312	313	321	322	331	332	410	430	510	520	720	730	740	910	998			
Donors	Current national strategy framework											Predicted allocations 2021-2024																										
Team Europe	45.73	21.89	124.96	24.50	95.36	25.70	57.16	198.33	158.02	12.41	30.52	3.05	6.19	7.07	-	105.40	68.48	37.76	23.52	168.63	0.03	0.56	5.70	-	2.88	0.23	57.66	89.68	-	0.02	16.57	1.32	63.14	6.05	455.62	1,914.11		
EU	MP 2021-2027 under formulation - Allocations to be confirmed																																					
Austria (AT) 2021-2023	Country Strategy Mozambique 2019-2024																																					
Belgium (BE)	2021 bridging pending 5 year strategy and framework 22-26																																					
Finland (FI)	8.10	16.00	9.60				4.30		9.03		7.70																											
France (FR)	3.00		4.55			13.80		2.50	1.50		2.26	3.05				56.34											9.20	2.52										
Germany (DE)	6.00		38.43			5.00			30.62							25.00	55.79	37.53	22.11								25.00	58.73										
Ireland (IE)	14.68				18.35				43.06	10.62	3.67								1.41				1.41		2.81													
Italy (IT)		5.11	46.59		21.90		2.50	63.07		0.60	1.05		6.19	5.13																								
Netherlands (NL)								42.68	122.59	22.33						5.64											18.48	18.90					1.60				3.74	
Portugal (PT)	13.95	0.78	1.05	24.00	0.25		0.41		0.21									0.04								0.23	0.17	2.25			0.02	0.07	0.24	0.04	2.31			
Spain (SP)			2.04		9.73	2.43		1.43	19.05																													
Sweden (SE)				0			3.40	0.005	31.92	1.09	10.84	0	0.004			6.06	12.69	0.19		2.74	0.027		4.29		0.072		2.86	3.99				0			0.005	0.04		
Bilateral donors	4.98	41.72	6.51	-	108.96	102.21	151.82	110.94	116.17	3.07	10.25	32.51	-	-	34.03	-	16.33	3.11	-	108.81	26.22	10.26	10.74	0.16	9.26	-	33.25	66.59	-	-	19.07	2.93	-	-	273.46	-		
Australia	Australia's aid program to Sub-Saharan Africa																																					
Canada	The Canada Fund for Local Initiatives (CFLI) 2019-21																																					
Japan						82.02	120.24	109.43	64.67	1.31	6.77									30.59	26.22		9.90				0.51	32.38										
Korea		6.60										26.35																										
Norway	2.09	10.91	6.51		1.98	0.02			28.97	1.76	2.75																											
Switzerland					6.72	-			16.12	-	0.73																											
UK	2.89	-	-		5.17	20.17	31.58	1.51	6.41																													
USA	Country Development Strategy (CDS) 2020-2025																																					
Multilateral donors and UN agencies	64.41	29.28	35.92	-	59.93	68.29	75.50	457.71	127.09	5.05	350.88	344.08	126.24	-	189.78	-	18.16	32.72	-	244.77	20.07	-	0.85	71.51	-	36.81	19.78	-	0.24	12.38	223.71	94.83	22.79	41.87	6.27			
ADB	Country Strategy Paper (CSP) 2018-2022																																					
WB	Country partnership framework (CPF) FY17 - FY21																																					
UN agencies	Country Partnership Plan (CPP) UNDAF 2017-2020																																					
Grand Total	115.12	92.89	167.39	24.50	264.25	196.20	284.48	766.98	401.28	20.53	391.65	379.64	132.43	7.07	223.81	105.40	102.97	73.59	23.52	522.21	46.32	10.82	17.29	71.67	12.14	37.04	110.69	156.27	0.24	12.40	259.35	99.08	85.93	47.92	735.35	5,998.39		

### Methodology used for data collection and reporting:

Data is collected from the International Aid Transparency Initiative (IATI). The database is filled voluntarily by head-offices. It is extracted to reflect donors financial engagements (grants and loans) recorded before 01-01-21 to be disbursed from 01-01-21 onwards, until 2024. It is distributed by DAC5 sectors (3 digits only) then grouped by category. The information contained in this table is subject to regular update.

To the maximum extent, it is double-checked by European partners in Mozambique using their own parallel sources of information. In order to avoid double entries, they are advised to exclude any European co-financing from their reporting

Information reported in the matrix are estimates and subject to regular updates.