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ANNEX 1

of the Commission Decision on the financing of the Annual Action Programme 2019 – part 2
in favour of the Republic of Mozambique

**Action Document for "Support to the consolidation of peace in Mozambique, Phase 1:
local governance and early economic recovery"**

1. Title/basic act/ CRIS number	"Support to the consolidation of peace in Mozambique, Phase 1: local governance and early economic recovery" CRIS number: MZ/FED/041-899 financed under the 11 th European Development Fund (EDF)	
2. Zone benefiting from the action/location	Republic of Mozambique The action shall be carried out at the following locations: provinces of Tete, Manica and Sofala.	
3. Programming document	National Indicative Programme (NIP) 2014-2020 for Mozambique	
4. Sustainable Development Goals (SDGs)	<u>Main SDGs</u> Goal 16. Promote peaceful and inclusive societies for sustainable development; Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all and Goal 10. Reducing inequality within and among countries; <u>Other significant SDGs</u> Goal 1. Ending Poverty in all its forms everywhere; Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture; Goal 5. Achieve gender equality and empower all women and girls and Goal 13: Take urgent action to combat climate change and its impacts.	
5. Sector of intervention/ thematic area	Sector 1: Good Governance and Development	DEV. Assistance: YES ¹
6. Amounts concerned	Total estimated cost: EUR 25 000 000 Total amount of EDF contribution: EUR 25 000 000	

¹ Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

7. Aid modality and implementation modality	Project Modality Indirect management with the the entities to be selected in accordance with the criteria set out in section 5.4			
8 a) DAC codes	Main codes: 15220 – Civilian peace-building, conflict and resolution Sub-codes: 15112 – Decentralisation and support to subnational government; 43040 - Rural Development; 15110 – Public sector policy and administrative management			
b) Main Delivery Channel	United Nations Capital Development Fund - 41111			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women’s and Girl’s Empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

10. Global Public Goods and Challenges (GPGC) thematic flagships	n.a.
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SUMMARY

The programme "Support to the consolidation of peace in Mozambique, Phase 1: local governance and early economic recovery" represents the European Union's strong commitment to support the the peace process in its consolidation and implementation phase following the Maputo Peace and Reconciliation Agreement signed in August 2019 through a comprehensive framework of interventions: (1) support to livelihoods in conflict-affected areas (rehabilitation); (2) decentralisation; (3) reconciliation and (4) disarmament, demobilisation and reintegration (DDR). There is increased recognition today that DDR needs to be part of the political and social developments and will be most successful when properly linked to an overall peace process, democratic governance issues and long-term development criteria. Therefore the combination of swift short and medium term interventions, covering all four areas will contribute to guarantee longer-term peace building. This action represents the first phase of support to the peace process from the 11th European Development Fund. The second phase will be formulated at a later stage in view of the AAP 2020 and will reinforce the areas of intervention mentioned above.

The action will contribute towards the consolidation of peace in Mozambique, enhancing an inclusive local governance in selected provinces and conflict affected districts (specific objective 1) and improving the livelihoods of rural communities in conflict affected districts, with a special focus on women, youth and disadvantage groups (specific objective 2). The action will work through local structures in selected conflict affected rural districts and municipalities to provide alternatives for the former combatants and population in terms of equitable and inclusive access to the political process, viable livelihoods and social and economic prospects for the future Local Civil Society Organisations. These will be engaged to promote inclusion and ensure that opportunities and benefits are available to women, youth and disadvantaged groups. The action will also promote linkages between district development planning and investments in climate resilient small infrastructure and climate smart agricultural techniques and practices and will strengthen capacities for service delivery among district and community-based institutions.

Overall, the action is expected to promote inclusive local development in the context of multi-party governance at subnational levels, facilitate peace-building dialogue at community level under the 2018 constitutional amendments linked to the peace process and to also build capacity and social capital in conflict affected rural areas in preparation for the first elections of district governments planned for 2024.

The activities will target the provinces that are the most affected by the conflict: Sofala, Manica and Tete. At provincial and central levels, this action will support and complement the core local-level activities of inclusive governance and local economic development/livelihood improvement in project-targeted districts. At national level, the action will support policy-relevant learning, analytical studies, and dissemination of information about future decentralisation reforms and peace-building initiatives.

1. CONTEXT ANALYSIS

1.1. Context Description

The General Peace Agreement, signed in October 1992 in Rome², with the aim to put an end to Mozambique's civil war, was followed by multi-party elections, a new Constitution adopted in 1994 and the start of a demobilisation process. Nevertheless, in spite of these important achievements, several challenges in the implementation of the Agreement, including an unequal distribution of power, absence of immediate gains for RENAMO's (the Mozambican National Resistance) ex-fighters and the entire population eventually led to a resurgence of low intensity conflict in 2012. Although the negotiations resumed in 2014 allowing for general elections to take place that year, the process was stalled again in 2015.

However a cease-fire was announced in December 2016. Subsequently, the Parliament adopted a constitutional reform in June 2017, allowing more provincial autonomy. In August 2018, the two sides signed a Memorandum of Understanding (MoU) on Military Affairs, which set out the benchmarks and timelines for a DDR process. As a result, of the negotiations, steps were taken towards decentralisation, with an agreement that the election of the provincial governors would take place, together with the general elections, in October 2019. District administrators will be elected as of 2024, together with a multiparty district assembly.

On 6 August 2019 the "Maputo Peace and Reconciliation Agreement" was signed with a view to achieving a definitive peace, building on the Agreement on the definitive cessation of military hostilities – previously signed between President of the Republic and the President of Renamo (1 August 2019), as well as the MoU on Military Affairs (6 August 2018).

Despite a definitive peace agreement being in place, the current implementation phase is not less important, as various challenges have to be tackled, including trust building, security and in particular sustainable reintegration of the Renamo guerrilla fighters and their families, ensuring their livelihoods and allowing them to quickly and irreversibly enjoy peace dividends. Possible political tensions may be exacerbated by a stagnant economy, fiscal austerity and ongoing governance and corruption issues.

The international community's support to the peace process, including its current implementation and consolidation phase, is channeled through the Contact Group, of which the EU is a member, chaired by the Swiss Ambassador / UNSG Personal Envoy. The Contact Group has facilitated and accompanied the entire peace process composed of its two main chapters: (i) security and defence-related arrangements and (ii) decentralisation.

The impacts of several years of intermittent partisan violence in the provinces of the central region - Sofala, Manica and Tete - have diminished over the last year and normalisation of social and economic life has advanced considerably. However, political disagreements and disputes over both national and regional issues between the two main political parties as well as their weaknesses and infighting continue to be present, which could jeopardise the benefits of the definitive peace agreement.. Further outbreaks of disruptive violence at local level remain possible, especially in the districts of the central region which were most affected between 2014 and 2017.

² Signed by former President J. Chissano and RENAMO's leader A. Dhlakama. The process was supported by the mediation of M. Raffaelli, representing the Italian Government, the Archbishop of Beira, Jaime Gonçalves and the Community of Sant'Egidio.

More broadly, unremitting high levels of poverty and growing geographical inequalities, increasing rates of unemployment and persistent malnutrition and food insecurity will continue to threaten Mozambique's long-term stability. In spite of Mozambique's impressive economic growth up until 2015, human and socio-economic development indicators have progressed at a slow pace. Gross National Income (GNI) decreased from USD 620/capita in 2014, to USD 420/capita in 2017. Mozambique ranks 180th out of 189 countries in the Human Development Index (HDI). There is also a widening economic gap across the country. Provinces in the centre and North have poverty rates nearly 40 points higher than the Province of Maputo, while in 2003 this gap was below 7 %. There are concerns that the dividend from the current natural resources boom (such as coal, gold, gems and yet to come natural gas) could increase inequality and emerge as an additional source of social tension, if not carefully managed. Recurring violence in Northern Cabo Delgado province associated with the rapid growth of extractive industries in a socially unstable environment remains an additional cause for concern. Thus, the links between governance, economic development and potential conflict are highly salient in contemporary Mozambique.

Agriculture remains the main economic activity in Mozambique, and especially in the districts affected by the conflict. Its contribution to Gross Domestic Product (GDP) remains significant at 21 %. Smallholder systems account for 95 % of the country's agricultural production, characterised by low productivity, low incomes and technology adoption. Mozambique's rural households are also highly vulnerable to the impacts of climate change and extreme weather events such as droughts, floods and cyclones. Meanwhile, the natural disasters in the central and northern region caused by Tropical Cyclones Idai and Kenneth in March and April 2019 have compromised important economic infrastructure and severely threatened the livelihoods and economic prospects for over two million people.

1.2. Policy Framework (Global, EU)

Conflict Related Policies: The proposed approach follows the EU's Integrated Approach to Conflict and Crisis of the EU Global Strategy³ as the programme responds to a multi-phased approach, acting through different interventions according to the peace process stages. It also provides a multi-level intervention engaging all key players involved in the conflict or necessary for its resolution. The action supports the key role of the population to ensure stabilisation and longer-term peace-building and stresses the importance of local ownership, inclusiveness, resilience and sustainability of supported actions by engaging with national, provincial and local authorities, communities and civil society.

Local Governance and Local Development: The action will closely follow the strategic approach recommended by the Commission's Communication "Empowering Local Authorities in Partner Countries for Enhanced Governance and More Effective Development Outcomes"⁴ and the 2016 Tools and Methods Series "Supporting Decentralisation, Local Governance and Local Development Through a Territorial Approach". Key aspects of this approach include: (1) a territorial approach to local development (2) a clear political vision emphasising development-friendly decentralisation; (3) empowering Local Authorities with resources, autonomy, and accountability relations; (4) the central position of citizens in local-level governance and development processes.

Local Economic Development: The action will support the implementation of the "Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Increasing the

³ January, 2018- Council Conclusions on the Integrated Approach to External Conflicts and Crises.

⁴ COM(2013)280 final of 15.5.2013.

impact of EU Development Policy: an Agenda for Change"⁵, especially the strategy for pro-poor sustainable agriculture and the Communication on "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries"⁶. At the country programme level the action will contribute to implementing the 2018 Growth and Jobs Compact⁷ by linking small agricultural development to the private sector via the enabling business environment and enhanced access to markets. It also follows the EU Concept for Support to Disarmament, Demobilisation and Reintegration (DDR)⁸ that considers efforts for sustainable peace require broader development programmes, ensuring balance support between demobilised ex-combatants and other citizens.

Human Rights, Gender and Empowerment: The proposed action will contribute to the implementation of the European Council's 2015 Action Plan for Human Rights and Democracy by supporting the key articles of the Universal Declaration of Human Rights: Equality, Freedom from discrimination, Freedom of opinion and information, Participation in government and in free elections, Right for work, and Improvement of living conditions. The action will ensure empowerment of women and representation of their interests and gender equality. This is in line with the EU Framework for "Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020"⁹, especially with the objective 15 "Equal access by women to financial services, productive resources including land, trade and entrepreneurship".

Environment and Climate Change: The action introduces and promotes climate-smart farming techniques at local level and climate-proofing of District Development Plans and thereby is in line with the United Nations 2030 Agenda for Sustainable Development and the Nationally Determined Contribution (2015) prepared for the Paris Agreement on Climate Change, which includes the aim to increase the resilience of agriculture guaranteeing the adequate levels of food security and nutrition. Overall, the action establishes a link between the impact of climate change and the welfare of women, as they are particularly vulnerable as it mainstreams gender in the environmental sector in order to mitigate the impact of climate change and promote the sustainable use of natural resources.

Mozambique National Indicative Programme (NIP): The EU NIP 2014-2020 for Mozambique identifies two focus sectors: Sector 1 - Good Governance and Development and Sector 2 - Rural Development. The present action integrates these two priority sectors in support of the Peace Process. The action is also closely linked to the NIP's special emphasis on support to Civil Society Organisations (CSO) particularly in Sofala and Tete which are two provinces where the Support Programme to Non State Actors (PAANE II) signed under this NIP is active. Not only will the action directly support community-based civic participation in district governance, it will also engage national Non-governmental organisations (NGOs) and CSOs as local level facilitators.

1.3. Public Policy Analysis of the partner country/region

Peace and reconciliation process in Mozambique: Since a new chapter of the peace process was launched in March 2017, an indefinite cease-fire was declared in May 2017, and two

⁵ COM(2011)637 final of 13.10.2011.

⁶ COM(2014)263 final of 13.5.2014.

⁷ EU Delegation to Mozambique, Supporting Job Creation and Economic Growth in Africa: Jobs and Growth Compact for Mozambique, December 2018.

⁸ December 2006- Council of the European Union, EU Concept for Support to Disarmament, Demobilisation and Reintegration (DDR).

⁹ SWD (2015) 182 final of 21.9.2015.

joint commissions on decentralization and military affairs were established. In line with Renamo's long-term demand, the Parliament adopted in May 2018 various constitutional amendments aimed at enhancing decentralisation, notably the election of provincial governors in the 2019 general elections as well as the election of the District administrators as of 2024, satisfying one of the key requests from Renamo. These efforts resulted in the signature of the "Maputo Peace and Reconciliation Agreement" on 6 August 2019, with a view to achieving a definitive peace.

Decentralisation policy in Mozambique: Although there is not a national strategy for decentralisation, decentralisation reforms have been a core element of Mozambique's peace process for over three decades. Local governments were first foreseen in the 1991 constitutional revision, which provided the political basis for the 1992 Peace Accords¹⁰ that laid the groundwork for the first multiparty general election in 1994¹¹. In 1998 the first municipal elections were held, these decentralised bodies now exist in 53 cities and towns, organised nationally under the umbrella of their national Association (ANAMM). They remain largely dependent on fiscal transfers, although they enjoy some autonomous revenue sources and considerable managerial autonomy within the limited scope of the urban services under their authority¹². Mozambique's eleven provincial "governments"¹³ have until now remained deconcentrated units of territorial governance with limited political, fiscal and managerial autonomy. Provincial Governors are appointed by the President of the Republic and function as chief political executive of the province. Subsequent legislation¹⁴ established elected Provincial Assemblies, which were first elected in 2009. However, these representative bodies have extremely limited legislative and fiscal powers. District "governments" and their appointed chief political executives, the District Administrators, are similarly dependent on and subordinated to provincial authorities. In the absence, until 2024¹⁵ of policy enabling democratic institutions, districts manage service provision and implement development policies made at higher levels, employing a participatory process model based on non-elected Local Consultative Councils, which provide a venue for information exchange with community representatives.

¹⁰ The 1992 agreement between the FRELIMO Government and RENAMO was brokered by Italian mediators from the Comunità de San Egidio and included the following key provisions: Cease Fire, Constitutional Reform, Executive Branch Reform, Electoral/Political Party Reform, Territorial Power Sharing, Military Reform, Police Reform, Demobilization, Disarmament, Reintegration, Human Rights, and Media Reform. (<https://www.c-r.org/accord/mozambique>).

¹¹ Mozambique's first framework law for local government (3/94) was the last law approved by the single party Popular Assembly. Two years later, in 1996-7, the legal framework for decentralisation was revised to limit political and fiscal decentralisation to cities and towns ("municipalities"). The first municipal elections were held in 1998. Under the Government's gradualist policy the scope of democratic local government has expanded slowly; to date all 23 cities and 30 of approximately 120 towns are now managed by elected municipal councils.

¹² Currently, municipal competencies include urban infrastructure, environmental management and small business licensing including provision and maintenance of public roads and drainage, markets structures, parks, cemeteries and sports facilities etc.; land use planning, allocation of land use-rights, and construction licensing; and regulation of local shops, markets, service businesses, and other small businesses. (see Laws 1/97 to 8/97).

¹³ Subnational territorial governance institutions at provincial and district levels are considered "governments" in Mozambican legislation even though they do not have autonomous political authority or fiscal autonomy. See Lei 5/2005.

¹⁴ Lei 5/2007, 9 February establishes Provincial Assemblies.

¹⁵ Recently approved constitutional amendments stipulate the election of devolved district governments beginning in 2024.

The post-2015 peace process renewed the political impetus for decentralisation. The 2018 constitutional amendments mandate the election of the provincial executive¹⁶ for the first time in October 2019 and set forth the principles for broader decentralised subnational governance, bestowing administrative, fiscal and asset autonomy to the newly created Decentralised Provincial Executive Governance Bodies to be established after those elections. In addition, the amended Constitution establishes a presidentially appointed “Provincial Secretary of State” with authority derived from the central government. The responsibilities, powers and capacities for these new subnational institutions defined in the legislation need to be clarified during its implementation to avoid creating conflictive interpretations and resolve potential disputes about the competences of the institutions.

Rural economic development policy in Mozambique: The overarching strategy for local economic development is the National Development Strategy 2015-2035. The strategy prioritises the transformation of the agriculture and fisheries sectors through increasing productivity and commercialising smallholder production. The Ministry of Land, Environment and Rural Development has also defined a National Programme for Sustainable Rural Development (2015–2030) focusing on technology, energy, water, roads and finance.

The Strategic Plan for Agricultural Development 2010-2019 (PEDSA) is the medium/long term vision for agricultural development based on the National Development Strategy, and focuses on increasing agricultural production and productivity and its competitiveness and market integration. The Ministry of Industry and Commerce’s Industrial Policy and Strategy (2015–2024) includes Micro, Small and Medium Enterprise (MSME) development with a focus on rural sectors.

Gender development policy in Mozambique: The proposed action will contribute to the implementation of key recommendations of the Gender Profile for Mozambique, the Gender Action Plan for Mozambique and the National Agricultural Gender Policy and Strategy¹⁷ (2005), especially: (i) improved access to land and other productive assets for women; (ii) improved household food security and resilience (with attention to child and women headed households) through increased income; (iii) active involvement of women in agricultural value chains; (iv) improved access to agricultural inputs and technologies, (v) income generating activities (women businesses/women entrepreneurs); and (vi) disseminating the legal rights of women to land, hence facilitate access, control and use.

1.4. Stakeholder analysis

The focus on this action is mainly at local level, where key stakeholders are farmers, citizens, community leaders, and district officials. In general, national stakeholders are best seen as duty bearers in relation to the decentralisation and local development processes as they may enhance or constrain the autonomy and responsiveness of subnational governing bodies and officials to the social and economic interests of the citizens and communities.

¹⁶ Technically known as a “decentralized provincial governance body” rather than a provincial government.

¹⁷ The Ministry of Gender, Children and Social Action 2016 “Profile of Gender in Mozambique” contains key recommendations relevant to the project’s activities including: i) Promote gender equality in Local Consultative Councils and address issues relevant to the inclusion and empowerment of women and girls in local plans and programmes; ii) Monitor and advocate that the representation of women in Local Consultative Councils is at least 30 % (as per law), iii) Assist Local Consultative Councils in identifying priorities of women, young people, persons with disabilities and the elderly to include them in local programs, and iv) Support women in the growth and formalisation of their businesses.

Community members/citizens/smallholders with a special focus on women, youth and disadvantaged groups are the ultimate beneficiaries of support to agricultural and local economic development as well as the ultimate beneficiaries of the inclusive local governance and local development process. Peace and inclusive, responsive and accountable governance are expected to broadly benefit the citizens of rural districts where these activities will be implemented. The action will expend considerable effort on social inclusion with a focus on engaging with women, ex-combatants and youth to ensure that they have a stronger voice in local governance processes and that their interests are taken into account in defining local priorities for development investments and public service delivery.

Traditional leaders and other community-based social and cultural leaders or elites who play important roles in local consensus building, decision-making, allocation of resources (including access to land and natural resources), alliance formation and conflict-resolution. Traditional leaders are duty bearers for communitarian interests in their home area. However, they may also be affiliated with local or regional power-brokers and then perceived as representing more narrow interests. Local religious organisations and their leaders are also important stakeholders to be associated for their influence in community participation.

Civil society, heads of smaller political parties and other civic opinion leaders who have been active and outspoken in relation to the peace process and associated political and policy issues. These stakeholders provide analyses regarding current plans and proposed arrangements for democratic decentralisation and their potential links to responsiveness and/or accountability of provincial and district governance. Other interest groups are active in promoting more equitable access to land and more progressive smallholder-oriented agricultural and rural development policies and programs. These actors are both rights bearers as participants in the public space for free expression and duty-bearers as advocates for various constituencies and interests within Mozambique's society and economy. NGOs' civic entities such as community radio stations are also significant stakeholders, especially in issue areas related to social inclusion and peace building. Even though they have capacities, in general, they lack resources.

Sub-national institutions: District Governments play an important role as regulators and facilitators for local investment and productive activities. Natural resources' use by household-scale producers is licensed by the district, including land registration¹⁸. District governments are also often influential in mobilising resources for road maintenance, a crucial enabling input for rural enterprises. The District Service for Economic Activities (SDAE) is responsible for promoting agriculture, livestock, forestry, fisheries, industry, trade and tourism in their respective districts. The SDAE also carries out off-farm private sector promotion and licensing through its industry and commerce staff. SDAE resources are limited and therefore its outreach is restricted unless supported by an external project. Typically, the SDAE does not have the level of skills required to provide business support services for commercial smallholders or for small agribusiness operators.

Micro (household scale), **small and medium enterprises** (MSMEs) include district-based "agro-input dealers" who supply seeds, fertilisers and other inputs to smallholders and "district traders" who aggregate produce from farmers to sell onto wholesalers. MSMEs also include "local processors", such as maize millers and dairies who buy directly from smallholders. The main constraints faced by MSMEs include access to finance, lack of internal capacity, strong

¹⁸ Direito de Uso e Aproveitamento dos Terras—"right of use and benefit of land"(DUATs) for small plots are approved locally while for larger plots applications are processed by the district (including public posting and community consultations) then sent to the province with a recommendation for decision.

competition and difficulties meeting quality and scheduling requirements of larger market buyers.¹⁹

Larger commercial agro-enterprises are now investing and have a visible presence in the target provinces. They include seed producers, maize millers, dairy processors, fruit and vegetable exporters. In addition to their own farms, some of the enterprises also support independent out grower and contract farming schemes, offering opportunities and support to smallholders wishing to commercialise.

The two **main political parties**, the Mozambique Liberation Front (FRELIMO) and RENAMO are main actors in the Peace Process (though the negotiating parties are the Government and RENAMO), in consultation with the Movement for Multiparty Democracy (MDM), the third party represented in the National Assembly. These parties are negotiating and approving new legislation, policies and procedures related to peace, including the approval of the Maputo Peace and Reconciliation Agreement (in August 2019) and subnational governance. Local political party leaders are often highly responsive to the national leadership of their parties but also have strong ties to regional interest groups, including prominent locally based elites. **Parliamentarians** remain important actors in the link between decentralisation policies and the peace process and are key duty-bearers as stewards of the public order and of citizens' rights and interests.

Central Government Ministries, including the Ministry of Agriculture and Food Security (MASA), the Ministry of Land, Environment and Rural Development (MITADER), the Ministry of State Administration and Public Service (MAEFP), the Ministry of Economy and Finance (MEF) and the Ministry of Industry and Commerce (MIC) are the relevant executive branch duty-bearers as implementers of national policies and programmes. The MASA is responsible for promoting sustainable agricultural production, agro-industrialisation, competitiveness and food security, including research and extension with a focus on smallholder commercial development. The MITADER is responsible for ensuring sustainable and equitable development by promoting an inclusive and diversified rural economy. The MAEFP and the MEF are responsible for defining the institutional and fiscal arrangements through which new decentralisation policies will be implemented at provincial and district levels and the MAEFP is responsible for capacity-building at deconcentrated public institutions. The MIC is responsible for preparing policies and implementing strategies to promote industrial production, trade, agricultural marketing and export.

The **National Association of Municipalities in Mozambique** (ANAMM) defends the interests and rights of local authorities and gives support through studies, trainings, exchanges of experiences and technical assistance, including for drafting legislation. The role of the ANAMM is positively recognised by the municipalities, the MAEFP and development partners.

The Government's **Peace and Reconciliation Fund** ("*Fundo da Paz*") provides economic support to ex-combatants (predominantly related to the independence struggle) to facilitate their productive reintegration into community life.

1.5.Problem analysis/priority areas for support

The action will address two constraints related to implementing Mozambique's peace process in affected rural districts: the need to improve the inclusiveness and responsiveness of local governance and the need to promote widely accessible opportunities for improved livelihood

¹⁹ ICC (2014) *Demand and Opportunity Assessment and Analysis: Business Services in Mozambique*, ACIS.

through local economic development. Both share the challenge ensuring inclusiveness in order to overcome historical tensions driven by perception of politically driven exclusion that frequently undermines peace at the local level. Perceived exclusion of marginalised communities and households from governance and development processes has often weakened the legitimacy of local public institutions. Past local conflicts and recent partisan alliances are frequently linked to Mozambique's history of civil war. In some areas, this tendency towards alienation of the population from their government has been exacerbated by electoral competition and contested outcomes.

Local economic development and rural livelihoods remain reliant on the agriculture sector. However, productivity and incomes are low even in regions with relatively functional market linkages²⁰. A sustainable shift towards a more competitive and commercial agriculture for smallholders will require capacity-building and establishing market linkages as well as higher quality standards.

Citizens in the central region frequently perceive themselves as being excluded from economic and development benefits as a result of a partisan bias in the allocation of local public resources²¹. Perceptions of exclusion contribute to social tensions and provide incentives to engage in violence. This perception of exclusion also motivates households to withdraw from participating in farmers' associations and local Consultative Councils. Such voluntary withdrawal can reinforce tendencies towards factional dominance in these institutions when setting local development priorities and allocating resources. Irrespective of their objective basis, such perceptions of exclusion can exacerbate polarisation at community level.

On this basis, the action will invest in both the capacity and responsiveness of local government and of local development initiatives while ensuring that they are perceived to be fair and even-handed in its provision of services and developmental support to all citizens independent of gender, social status or political affiliation. The latter will mainly be addressed through capacity building to districts' governments and SDAE to deliver those services. Improved services will not only lead to increased agricultural productivity and farm incomes but also to off-farm economic activities and employment in related support services, thus enhancing social inclusion by improving income generation and livelihoods of women, youth and disadvantaged groups at the local level.

To improve the enabling environment for inclusive local development in rural communities, the action will also work at the provincial level to promote inclusion at sub-national level that will proactively address the political and administrative challenges that appear likely to arise while implementing reforms resulting from the peace process. The 2018 Constitutional Amendments stipulate provincial reform implementation after the 2019 elections²². These will involve both locally elected authorities—Provincial Governors and their personally appointed

²⁰ The average land holding is small (1.8ha) and crops are generally low value, such as maize. Productivity is also low due to the limited use of yield improving inputs and high post-harvest losses. Farm mechanisation to increase area cultivated and irrigation to increase cropping intensity is likewise under-utilised.

²¹ Forquilha, Salvador Cadete and Aslak Orre (2011) "Transformações sem Mudanças? Os Conselhos Locais e o Desafio da Institucionalização Democrática em Moçambique - Desafios para Moçambique" 2011. IESE: Maputo.

²² After the 2024 elections, analogous reforms will be implemented for elected District Executive Councils.

Executive Councils—exercising devolved autonomous powers²³ alongside presidentially appointed Secretaries of State exercising powers deconcentrated from the central government.

Given the likelihood that in some provinces these two figures representing different sources of legitimacy and authority will be aligned with different political parties, the action will support measures to promote peaceful coexistence and productive collaboration by providing technical support to clarify competencies and streamline government operations as well as facilitation support to promote constructive dialogue.

The action will link dialogue at provincial and district levels with policy and strategy discussions at central level related to peaceful collaboration around local development and decentralisation among individuals and institutions that may be aligned with different political parties or interests. This approach will seek to achieve consensus around socially inclusive participation for the benefit of local communities irrespective of partisan or other alignments. The action’s crosscutting focus on empowering women in both local governance processes and in economic development activities aims not only to directly benefit women participants and their households. It also aims to engage the constructive influence of empowered women as contributors to peaceful outcomes despite often divergent tendencies among predominately male power-brokers.

2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Lack of political stability and weak legitimacy of leaders undermines confidence in sub-national governance institutions.	M/H	Grassroots participatory processes will enhance local government legitimacy and responsiveness irrespective of national political dynamics and electoral outcomes.
Macro-economic instability negatively affects local economic activities and market integration.	M	Develop business support services, collective action and strong entrepreneurial skills.
External shocks such as floods and droughts displace population, damage economic infrastructure and reduce agricultural production.	H/M	Promote climate smart agriculture and resilient infrastructure. Support investment initiatives and services that can mitigate impact (social cash transfers, cash for work/ public works, etc.)
Emergency/crisis response consumes stakeholders and implementers capacities to engage in the programme.	M	Strengthen local capacities for planning and management.
Financial capacity of government at local level remains limited due to ongoing fiscal crisis.	H	Provide additional funding for local public services and infrastructure investments in response to community priorities.

²³ The respective powers of these elected and appointed executive bodies are not fully detailed in existing legislation. They are expected to be fully defined in subsequent regulations to be published during 2019.

Dominant political actors at local level may exclude citizens from participating in or benefiting from public programmes.	H	Support inclusive participation by local CSOs to strengthen social inclusion.
Women, youth, and other disadvantaged groups often lack skills and resources to participate effectively in local governance processes and/or local economic development activities.	L	Support training and facilitation by CSOs and SDAEs of women, youth, and disadvantaged groups to ensure social inclusion and equitable access to social and economic benefits.
Inefficient donor coordination of support to decentralisation reforms slows their implementation.	L	Facilitation of improved information flows and coordination mechanisms among development partners.
Low capacity of district governments and SDAEs to provide effective leadership and technical support to local development.	M	Investment in training and institutional strengthening for key public agencies in participating districts.
Assumptions		
<ul style="list-style-type: none"> • The Peace Agreement signed between the Government and RENAMO will be respected by both Parties and will not be challenged. • No major natural disasters affect the project area. • Insurgency in Northern Mozambique is contained and stability/legitimacy of governance institutions along with overall peace and physical security continue in project area. • Decentralisation policies and legislation are approved and implemented. • Agricultural prices remain at levels that incentivise increased commercial production. • Agricultural support services provided by the market are affordable to smallholders. • Local infrastructure providing market access is adequately maintained. 		

3. LESSONS LEARNT AND COMPLEMENTARITY

3.1. Lessons learnt

- The implementation of the General Peace Agreement of 1992 showed serious shortcomings, including an unequal distribution of power, lack of follow-up/monitoring and absence of immediate gains for the entire population.
- Understanding the context and adapting the post-conflict programme approach to specific social and political dynamics is essential for effective support for peace processes and conflict mitigation at the local level.²⁴
- Sustainable post-conflict programmes at the local level should be closely linked to poverty reduction, especially community-based development that emphasises local empowerment and the creation of employment and sustainable livelihoods through people-centered, area-based programmes and the development of policies that foster the growth of small enterprises.²⁵

²⁴ ECDPM (2012) "Glass half full: Study on EU lessons learnt in mediation and dialogue". Request EEAS.K2.002.

²⁵ UNDP (2006) "Evaluation of UNDP Assistance to Conflict-Affected Countries: Ch.6 Lessons Learned and Recommendations."

- Support to former combatants through community-based approaches creates conducive conditions for their long-term reintegration and solutions to avoid tensions leading to future conflicts.²⁶
- The effort to address gender issues in conflict resolution and peace building projects should be encouraged in all instances including, where possible, local implementing agencies, keeping in mind local cultural and social attitudes and contexts.²⁷
- Local governance frameworks should be designed so they are supportive of conflict management. This includes options that avoid winner-takes-all democracy, taking into account historical and cultural context, appropriate sequencing of elections at local and national level, and the balancing of decentralisation and fragmentation.²⁸
- Central—local relations play an important role in influencing whether decentralisation achieves service delivery, democratic and conflict mitigation outcomes, particularly the configuration of interests and power between central and regional/local elites.²⁹
- Linking farmers to markets³⁰ through arrangements that offer predictable and reliable market access including for the provision of inputs and extension services have resulted in significant production and productivity increases.
- Service providers engaged to link farmer groups with the private sector must be competent and experienced in dealing with the private sector.³¹

3.2. Complementarity, synergy and donor coordination

The implementation structure of the Maputo Peace and Reconciliation Agreement, signed on 6 August 2019, includes the Swiss Ambassador / UNSG Personal Envoy, as Chair of the Contact Group, Secretariat, Board and a basket fund aimed at supporting the implementation of the Agreement, including the DDR (Disarmament, Demobilisation and Reintegration) process and decentralization.

The EU is a member of the Contact Group, along with the other members including Botswana, China, Norway, United Kingdom and United States.

The current EU Instrument contributing to Stability and Peace (IcSP)³² support to the peace process in Mozambique will be complementary to this action until its end in 2020. The action will be aligned and coordinated with future IcSP interventions. The EU programme to "Support consolidation of democracy"³³ supports capacity building of newly-elected representatives and bodies. The support at decentralised level will be complementary to this action.

In the local economic development arena, this action builds upon experience from several other EU-funded programmes, such as nearly completed Local Economic Development

²⁶ See among others, Alder (2002) Making old soldiers fade away: Lessons from the reintegration of demobilised soldiers in Mozambique

²⁷ SIPU Intl et al (2000) "Assessment of Lessons Learned from SIDA Support to Conflict Management and Peace Building." SIDA Evaluation Report 00/37.

²⁸ IDEA International (2005) "Democracy and Peace building at the Local Level: Lessons Learned, A Report of the Programme in Democracy and Conflict Management" - International IDEA (Institute for Democracy and Election Assistance).

²⁹ Brinkerhoff, Derick W. and Ronald W. Johnson (2009) "Decentralized Local Governance in Fragile States: Learning from Iraq" International Review of Administrative Sciences 75(4)

³⁰ EUD (2015) Contract farming study .USAID SPEED-Programme (2016). "Costs of Compliance: Principal Constrains to Investment in Mozambique."

³¹ IFAD ProSul.

³² ICSP/2016/040-037

³³ MZ/FED/040-700

Programme (ProDel) and the "Accelerate Progress towards Millennium Development Goal 1.C" programme. Both these Actions sought to improve extension services, food security and nutrition, amongst other objectives. The action also shares similar objectives with the EU 11th EDF rural development focal sector (PROMOVE) that include programmes on smallholders agriculture, rural roads, trade and nutrition to be implemented in Nampula and Zambezia provinces, with which synergies will be sought.

Synergies will be also sought with the EU Support Programme to Non State Actors (PAANE II)³⁴ that aims at promoting dialogue between CSOs and local and national authorities. Areas of particular importance for this action include PAANE's support to civil society participation and accountability in decentralised planning and service delivery.

Other significant projects aiming at rural economic development in the target provinces with which complementarities will be sought include ProEcon, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Federal Ministry for Economic Cooperation and Development (BMZ), ProCava, the International Fund for Agricultural Development (IFAD), World Bank Catalytic Fund and the Vale of Zambezi Development Agency. All the above projects have elements of smallholder commercialisation associated with private sector value chains. The action will particularly build on agriculture-focused projects currently implemented by the Italian Agency for Development Cooperation and Austrian Development Agency in the target provinces.

Development partners active nationally in the agricultural sector are organised in a working group (AGRED). The EU is also active in other sector working groups, including those for private sector development, decentralisation, rural finance and land.

In the area of decentralisation and local governance, there are currently few active funded programmes. German Cooperation/GIZ supports decentralised Public Finance Management (PFM) and governance activities in several Provinces. The National Decentralised Planning and Finance Programme (NDPFP) is of particular relevance to this action. Although it ended in 2015, its methodologies continue to be implemented by the Government to support District planning. The United Nations Capital Development Fund (UNCDF) currently supports a climate resiliency planning based on NDPFP methodologies in several provinces.

Most development partners consider decentralisation and local governance to be a likely focus of their future cooperation programmes. Many expect that a broad multi-donor dialogue will take place with the incoming government, beginning in 2020. In the meanwhile, several bilateral agencies presently prefer to approach local governance through the entry point of their sectoral support. UKAID has recently prepared a project to strengthen civil society at subnational levels. The World Bank, is currently mobilising resources for a multi-donor trust fund which should include intergovernmental fiscal policy and decentralised PFM reform.

4. DESCRIPTION OF THE ACTION

4.1. Overall objective, specific objective(s), expected outputs and indicative activities

Overall objective

To contribute towards consolidation of peace at subnational levels in Mozambique.

Specific objectives

1. To enhance inclusive local governance in selected provinces and conflict affected districts.

³⁴ MZ/FED/039-385

2. To improve the livelihoods of rural communities in conflict affected districts, with a special focus on women, youth and disadvantaged groups.

Results and activities

The expected results and indicative activities are as follows:

Specific Objective 1: Inclusive local governance in selected provinces and conflict affected districts.

Activities under this objective aim at supporting subnational capacities for peace-building and accompanying the decentralisation reform, including building knowledge and evidence to support decentralised governance. Beneficiaries will be elected officials, public institutions, civil society organisations and community leaders of the selected provinces, municipalities and districts.

Output 1.1 Increased awareness and strengthened capacities of subnational political, administrative and civil society actors to implement new decentralised institutional arrangements.

Indicative activities:

- Train and assist district and municipal officials and community/civil society leaders in preparation for introduction of new elected district governments with special attention to minimum standards for women's participation and representation.
- Promote inclusive dialogue platforms among political and public institutional actors at provincial, district, and municipal levels such as structured and permanent forums (consultative councils, local observatories) in order to mitigate tensions and increase the responsiveness and accountability of governance processes.
- Promote awareness raising activities such as debates and informative public sessions to promote unbiased understanding of inclusive governance and facilitate implementation of democratic decentralisation reforms, with participation of provincial, district and municipal governments.

Output 1.2 Enhanced capacities for responsive, inclusive, climate smart gender sensitive planning and budgeting in selected districts and rural municipalities.

Indicative activities:

- Train and assist district governments and rural municipalities for transparent and inclusive participatory planning, budgeting, management, and governance processes that ensure the active contribution of women, youth and disadvantaged groups to promote equitable social and economic development.
- Train and assist local capacities to undertake climate resiliency planning and formulation of gender sensitive local economic development strategies as part of District Development Planning processes.
- Reinforce the capacity of local communities to hold governments accountable for the efficient use of local resources addressing local needs and the provision of social services, improved monitoring mechanisms, local resource mobilisation and equitable distribution.
- Support transparent and inclusive land use planning and land administration—ensuring equitable access to land and natural resources for women, youth and disadvantaged groups—including facilitation of land conflict resolution.

Output 1.3 Knowledge built on best practices in local governance for the consolidation of peace.

Indicative activities:

- Train trainers to support sub-national institutions in selected provinces for facilitation of climate resilience and inclusive gender-sensitive governance at subnational levels as a means for consolidating peace and promoting inclusive local development.
- Involve key political, governmental, parliamentary, civil society and academic opinion leaders at national and provincial levels in training and dialogue process about the relationships among decentralisation, local governance and local development as means towards consolidating peace.
- Support public information campaigns with a focus on women and marginalised social groups, including former combatants to increase awareness and comprehension of the links between peace, inclusive local governance, and local economic development.
- Undertake and disseminate studies and researches through think-tank organisations and other research and civil society entities leading to policy analyses, strategic assessments, feasibility studies, lessons learned, etc. to support sub-national levels for pro-poor local public service delivery for social inclusion with a focus on gender and youth for the consolidation of peace at local level.
- Support learning and promotion of good practices regarding inclusive and resilient local economic development through documenting successful experiences

Facilitate exchange of experiences at national and sub-national level with regional practitioners related to decentralisation, local economic development, climate smart agriculture and alternative models for social inclusion.

Specific Objective 2: Improved livelihoods of rural communities in conflict affected districts, with a special focus on women, youth and disadvantaged groups.

Activities under this objective aim at promoting local economic recovery and improved rural livelihoods through early recovery initiatives, public investment and enhanced service provision for conflict affected communities and former combatants. Activities will have a particular emphasis on increasing the communities' confidence in the political process. Particular attention will be provided to support farm and non-farm activities through improved service provision and directly supporting the adoption of technologies as well as investments in local economic infrastructure.

Output 2.1 Enhanced public investment and service provision in selected districts and rural municipalities.

Indicative activities:

- Improve investment management mechanisms (procurement, planning and design) in response to community demands.
- Finance small-scale local public infrastructure (construction / rehabilitation of water supply systems, community centres, energy supply) through inclusive, climate and gender sensitive district development planning as well as decentralised investment management/infrastructure maintenance.

- Quick rehabilitation of critical economic support infrastructure with a focus on early recovery of conflict affected communities, such as repair of market feeder roads, small-scale irrigation systems, farm produce aggregation/trading centres.
- Provide incentives to ensure access to public services such as scholarships for education to conflict affected communities, also as a measure to address child labour
- Develop alternative models for public service provision and private sector partnerships that help implement district development plans, especially in economically productive sectors.
- Develop informal social protection measures adapted to the local context for family and community based social action service provision, drawing from existing experiences namely through community based organisations.

Output 2.2 Increased adoption of climate smart and productivity enhancing agriculture technologies and practices by conflict-affected communities.

Indicative activities:

- Support the adoption of climate smart, yield improving inputs and techniques for selected crops and livestock through demonstration plots and training.
- Reduce post-harvest losses through the adoption of improved storage techniques.
- Introduce high-value cash crops, such as horticulture and livestock.
- Promote climate smart agricultural practices such as short-duration, drought resistant annual crop varieties; tree crops; livestock; and irrigation/drainage infrastructure.
- Strengthen SDAE capacity to deliver climate-smart agricultural extension services, especially for women and disadvantaged groups. This could include extension skills and other capacity issues such as mobility.
- Facilitate linkages with business services providers such as agro-input dealers to also provide climate smart production inputs, and ensuring access for women producers.

Output 2.3 Enhanced market integration and off-farm economic activities of conflict-affected communities.

Indicative activities:

- Strengthen SDAE capacity to deliver non-farm business support services.
- Assist processors, traders and service providers to develop new business with a special focus on opportunities for women and disadvantaged groups and respect for rights at work with focus of child and forced labour
- Provide specific training to strengthen micro and small enterprises' business management skills with special focus on women-led enterprises and promote transition from the informal to the formal economy .
- Establish or strengthen farmer organisations to access services and markets, with a specific focus upon women's associations.
- Facilitate links to financial service providers for smallholders, women producers and associations.

- Facilitate establishment of smallholder "inclusive" business models between value chain actors such as out-grower and contract farming schemes.

4.2. Intervention Logic

The action has been formulated as an element of the EU support to the consolidation of peace in Mozambique acting through different phases according to the peace agreement implementation stages. These include (1) support to livelihoods in conflict-affected areas (rehabilitation); (2) decentralisation; (3) reconciliation and (4) Disarmament, Demobilisation and Reintegration (DDR). This action represents the first phase of support to the peace agreement implementation, focusing on rehabilitation and an initial support to decentralisation reforms at local level. The two other areas in addition to a fully-fledged support to decentralisation will be covered through subsequent programmes to be formulated at a later stage.

Because of the diagnosis that perceived that exclusion is a root cause of the tendency towards conflict in rural Mozambique, the action's intervention logic aims to address social inclusion. It will contribute to overcoming existing biases and barriers to equitable access to opportunities for political participation and economic development at the local level. The action's premise is that more inclusive participation in subnational governance (Specific objective 1) and rural economic activities leading to improved livelihoods (Specific objective 2) will result in greater propensity among local leaders and community members, including ex-combatants, to reduce tensions and sustain peace at the local level. By promoting broadly based income growth and employment among the rural population, with a focus on marginalised groups such as women, youth, and ex-combatants, the action will promote a more favorable environment for individual and family livelihoods.

The action will then aim to focus on improving community residents well-being through "growing the pie" rather than through disputing the distribution of a "shrinking pie."

Proactively addressing the political and administrative challenges that are likely to arise while implementing the decentralisation reforms while ensuring inclusion of all groups, especially women and youth, in the new governance arrangements at district and provincial levels (Output 1.1) will provide the groundwork for advances on inclusive subnational governance. Transparent and inclusive participatory planning, budgeting, management and governance processes will seek to achieve consensus around socially inclusive participation for the benefit of local communities irrespective of partisan or other alignments (Output 1.2). The generation and dissemination of information and knowledge gained by the action (Output 1.3) will positively influence further complementary actions among other individuals and groups interested in inclusive local development as a contribution to peace building.

With respect to improving rural livelihoods, the assumption is that district investments and services that respond better to community needs (Output 2.1) will foster inclusive local economic development for all. In addition, the early delivery of peace dividends will increase the communities' confidence in the political process. The adoption of agriculture technologies and practices to enhance climate resilience and increase productivity is a major factor for increasing rural incomes and improving livelihoods (Output 2.2). This needs to be complemented by facilitating market access and fostering entrepreneurship (Result 2.3). This activity will pay special attention to the role of women and youth as emerging commercial farmers and as micro and small entrepreneurs in off-farm activities. Local CSOs would also ensure that no households are excluded based on their political affiliation or social status, or pressured into collective production or marketing arrangements they may not find beneficial.

4.3. Mainstreaming

Gender: The promotion of gender equality and women's empowerment is a key feature of the project. Overall, the project will carefully monitor and foster the participation of women in governmental councils and committees as determined by law and promote their active participation in decision-making processes concerning local governance. As the role of women in peace processes is proven undeniable, gender equality will be promoted in project supported workshops and trainings.

Gender equality and women's empowerment play an even greater role in support to farming and off-farm income sources. Women will be specifically targeted via the SDAE's technical support on climate smart high-yielding varieties. Women informal or formal associations will also get priority concerning support with agricultural input and knowledge transfer. Women's access to productive assets, in particularly land, will be re-enforced and women led small-scale enterprises targeted in value chain development. A detailed gender analysis will be conducted during the project's inception phase.

Human rights: A rights-based approach is the basis for the proposed action. The activities directly or indirectly contribute to several Human Rights. These include the right to equality, freedom from discrimination, freedom of opinion and information, participation in government and in free elections, right of work and right of adequate living conditions. Project implementing partners will provide training for local government officials and other collaborating organisations will be trained to ensure that the action does not induce any impairment of Human Rights or contribute to exclusion and marginalisation especially of women, youth and political minorities. Specific attention will be paid to respect for fundamental rights at work, including child and forced labour.

Environment and climate change: Mozambique is one of the most vulnerable countries to climate change. Climate change adaptation and mitigation through sustainable interventions should therefore be a key component. Since the target region in particular is highly vulnerable to the impact of climate change, special attention is put on the dissemination of knowledge and awareness raising on the impact of climate change amongst the stakeholders through district development planning and information campaigns.

Climate-smart farming techniques will be introduced and promoted and local government institutions will be trained and supported to support vulnerable farmer groups in their implementation. These include measures to improve soil fertility by reducing land degradation. Climate-smart farming will enhance the resilience of individual farmers and associations to climate shocks.

Another strategy to mitigate the impact of climate change is the diversification of livelihoods. The proposed action will explore and support off-farm income generation by tailored interventions for poor and vulnerable households. Off-farm activities will help to promote access to a minimum household income in the case of floods, storms or droughts. New farming activities will not be made to the detriment of the local environment (e.g., through deforestation). Rather, it will focus on reducing land degradation and improve water conservation.

The project also foresees the rehabilitation and/or improvement of small-scale infrastructure and will adhere to established guidelines and standards to make them more resistant to heavy rains, storms and floods.

Disadvantaged and marginalised groups - "Leave no one behind": Social, political and economic inclusion is a key feature of the proposed action. Disadvantaged groups, including former combatants, will need to be defined at the initial phase of the project. Besides, as a

working definition during the conceptualisation of the action, disadvantaged (or marginalised) groups and individuals are classified as follows: (A) Limited or no opportunity to participate in decision making processes due to their affiliation to a certain political party or movement;; (B) Extremely poor and through their struggle for daily survival have no time to engage in committees and associations at community, district and provincial level; (C) Physically and/or psychologically in such a state that they cannot involve in meaningful productive activities (elderly, chronically sick, physically or mentally disabled etc.).

The project will particularly target these groups. Group (A) will be targeted through their participation in local planning and governance activities and in the promotion of smallholder agricultural production. Groups (B) and (C) will be targeted through developing local post-harvest value-addition enterprises. Opportunities will be particularly explored on how to engage disadvantaged groups in post-harvest production.

Resilience and conflict sensitivity: The project follows a conflict-sensitive approach by making peace building efforts an integral part of interventions for the decentralisation process. Capacities at provincial, district and community level will be enhanced to support inclusive local development. The project will contribute towards responsive, inclusive, accountable and conflict sensitive governance in the target region and in training government bodies that support the peaceful and equitable implementation of decentralisation laws, inclusive public investment and service provision. For the livelihood component, the project particularly focuses on conflict-affected districts and fosters inclusion of social, political and economically disadvantaged groups through carefully analysing the community dynamics and tailoring interventions to specific needs. A participatory approach will be followed in all actions to ensure that individuals and groups are not excluded but are heard and included in the decision-making process.

4.4. Contribution to the Sustainable Development Goals (SDGs)

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of: *SDG Goal 16 Promote peaceful and inclusive societies for sustainable development*; *SDG Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*; *SDG Goal 10 Reducing inequality within and among countries*; *SDG Goal 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture*, *SDG Goal 5 Achieve gender equality and empower all women and girls* and *SDG Goal 13 Take urgent action to combat climate change and its impacts*.

5. IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation of the budget support component

n/a

5.4 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures³⁵.

³⁵ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

5.4.1 Indirect management with a Member State Agency

A part of this action may be implemented in indirect management with an entity which will be selected by the Commission's services using the following criteria: technical capacity and solid experience in implementing actions and in providing capacity building services for participatory local governance and local economic development in rural districts of Manica and Tete provinces; good knowledge of target local context with strong working relationships with provincial and local Governments, Civil Society and private entities. The implementation by this entity entails the outputs related to Specific Objective 2: "Improved livelihoods of rural communities in conflict-affected districts, with a special focus on women, youth and disadvantaged groups", Outputs 2.1, 2.2 and 2.3 in the Provinces of Manica and Tete.

5.4.2 Indirect management with a Member State Agency

A part of this action may be implemented in indirect management with an entity which will be selected by the Commission's services using the following criteria: technical capacity and solid experience in implementing actions and in providing capacity building services for participatory local governance and local economic development in rural districts of Sofala province; good knowledge of target local context with strong working relationships with provincial and local Governments, Civil Society and private entities. The implementation by this entity entails the outputs related to Specific Objective 2: "Improved livelihoods of rural communities in conflict affected districts, with a special focus on women, youth and disadvantaged groups", Outputs 2.1, 2.2 and 2.3 in the Province of Sofala.

5.4.3 Indirect management with an International Organisation

A part of this action may be implemented in indirect management with an entity which will be selected by the Commission's services using the following criteria: demonstrated high level expertise in international best practices for participatory local governance and local economic development, including in Mozambique; demonstrated capacity to undertake analytical studies and to document and disseminate lessons learned during project implementation in support of strategic and policy dialogue; already maintained working relationships with CSOs and local academics to undertake facilitation processes and promotion of social inclusion and peace building activities. The implementation by this entity entails the outputs related to Specific Objective 1: "Inclusive local governance ", outputs 1.1, 1.2 and 1.3.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

Budget Headings	EU contribution (amount in EUR)
5.4.1 Indirect management with Italian Agency for Development Cooperation AICS (Outputs 2.1, 2.2 and 2.3 in Provinces of Manica and Tete)	9 800 000
5.4.2. Indirect management with Austrian Development Agency ADA (Outputs 2.1, 2.2 and 2.3 in Sofala)	9 500 000
5.4.3. Indirect management with United Nations Capital Development Fund UNCDF (Outputs 1.1, 1.2 and 1.3)	3 000 000
5.9 Evaluation and 5.10 – Audit	400 000
5.11 Communication	300 000
Contingencies	2 000 000
Total	25 000 0000

5.7 Organisational set-up and responsibilities

A National Steering Committee (NSC) shall be set up to supervise, provide strategic guidance and ensure overall achievement of the general and specific programme objectives. The NSC will be composed of high-level representatives from the Ministry of Land, Environment and Rural Development (MITADER), the Ministry of State Administration and Public Service (MAEFP) and the Ministry of Agriculture and Food Security (MASA), as well as the National Authorising Officer (NAO), the implementing parties and the EU. Other stakeholders, such as subnational governments and assemblies and development partners may be invited in order to improve coordination of interventions.

A "Reference Group" (RG) will be established to provide guidance to the NSC. The RG will be composed of representatives from the parties involved in the peace process. Its role will be to ensure that the programme responds to the commitments agreed by the parties and ensures long-term peacebuilding.

At operational level, a Programme Technical Committee will be formed to supervise project activities, ensure coordination and establish dialogue with the stakeholders. It will comprise of representatives of the Provincial Governors, Directors of the Provincial Directorate of Land, Environment and Rural Development (DPTADER) and the Provincial Directorate of Agriculture and Food Security (DPASA), representatives from implementing partners and the EU. The Programme Technical Committee will play a key role in promoting strategic coordination with other programmes and the harmonisation of interventions across provinces and districts to ensure that synergies and complementarities are maximised.

The NSC, RG and Provincial Technical Committees' specific working mechanisms and memberships will be outlined in the contractual modalities chosen for implementation. The

three entities will be supported administratively and technically by a secretariat, managed by the UNCDF.

5.8 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the responsibility of the UNCDF with the support of the implementing partners. To this end, the UNCDF jointly with the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports. This will include the collection of baseline and final data. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the log frame matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Given the importance of the action, mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to steering and correcting the implementation of the programme when required.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the action. Indicatively, two contracts for evaluation services shall be concluded under a framework contract within three years of implementation and at the end of the implementation.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

It is foreseen that a contract for communication and visibility may be contracted under a framework contract.

APPENDIX - Indicative Logframe matrix

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Impact (Overall Objective)	To contribute towards consolidation of peace at subnational levels in Mozambique.	<ul style="list-style-type: none"> • Reported presence/absence of physical conflict among political actors within selected districts. • (%) in the proportion of district population living below the national poverty line, by sex and age . 	<ul style="list-style-type: none"> • Media reports • Government Reports • District reports and National Institute of Statistics (INE) data 	
Outcomes (Specific Objectives)	<p>1. To enhance inclusive local governance in selected provinces and conflict affected districts.</p> <p>2. To improve the livelihoods of rural communities in conflict affected districts, with a special focus upon women and disadvantaged groups.</p>	<p>1.1 (%) of decentralised investment resources allocated for the improvement of infrastructure and services that benefit disadvantaged groups.</p> <p>2.1 Value and volume of local agricultural production commercialised in the targeted districts.</p> <p>2.2 Annual average income of smallholder farmers when compared to control groups (disaggregated by gender and targeted disadvantaged groups).</p> <p>2.3 Employment/decent jobs created as a result of the programme support (disaggregated by gender and targeted disadvantaged groups).</p>	<ul style="list-style-type: none"> • Government Reports • INE statistics • District plans and budget reports and statistics 	<ul style="list-style-type: none"> • Stability and legitimacy of national governance institutions at all levels • Long-term economic stability • No major disaster affecting the target region • Key stakeholders link improved social and economic development to peace
Outputs	<i>Specific Objective 1: Enhanced inclusive local governance in selected provinces and conflict affected districts</i>			
	Output 1.1 Increased awareness and strengthened capacities of subnational political, administrative and civil society actors to implement new decentralised institutional arrangements.	<p>1.1.1 Number of provincial executive officials, provincial assembly and political party members, and civil society leaders who participated in project-supported dialogue related to peace and provincial governance.</p> <p>1.1.2 Number of inclusive facilitation processes / dialogue mechanisms implemented at provincial level to minimize tensions resulting from subnational political reforms.</p> <p>1.1.3 Increased awareness among key provincial, district and municipal officials and civil society actors of governance strategies for peace-building and social inclusion linked to decentralisation reforms.</p> <p>1.1.4 Number of districts with Institutional Reform /Change Management Plans approved and under implementation before district elections.</p>	1.1.1, 1.1.3 Project Implementation Reports. 1.1.2, 1.1.4 Provincial and District planning and implementation reports.	<ul style="list-style-type: none"> • Implementing Partners contribute actively to project reporting and monitoring. • Legislation supportive of local decentralisation approved and implemented • Adequate resources are allocated and available to sub-national bodies. • Government provides enabling environment for peace-building at provincial and district
	Output 1.2 Enhanced capacities for responsive, inclusive, gender sensitive planning and	<p>1.2.1 Number of local ‘Consultative Councils’ with inclusive representation of social groups including gender and youth as defined in Official Guidelines.</p> <p>1.2.2 Number of District Strategic Development Plans (PEDD) and Annual plans and budgets (PESOD) developed through inclusive participation, approved, and being</p>	1.2.1, 1.2.2, 1.2.3: Project implementation reports; Provincial and District planning and	

budgeting in selected districts and rural municipalities.	transparently implemented. 1.2.3 Number of District Development Plans with integrated climate change adaptation and mitigation and Local economic development strategy reflected in annual plans.	implementation reports.	levels • District officials commitment to project supported governance, planning, and local development support activities
Output 1.3 Knowledge built on best practices in local governance for the consolidation of peace.	1.3.1 Number of analytical reports (assessments, preparatory or feasibility studies) supporting sub-national governance legislation, institutional reform, systems development, social inclusion, and service delivery completed and disseminated. 1.3.2 Number of national and provincial opinion leaders (government, parliamentary, civil society, or academic) who participated in workshops about aspects of subnational governance with a focus on peace building, social inclusion and gender. 1.3.3 Research survey regarding the awareness, opportunities and outcomes of link between peace, decentralisation and local economic development conducted and published.	1.3.1, 1.3.2 Project Implementation Reports from Implementing Partners; Reports on reform implementation by key ministries and parliamentary commissions. 1.3.3 Research papers, analytical reports.	• Government institutions provide timely and accurate data • Implementing Partners contribute actively to project reporting and monitoring
<i>Specific Objective 2: Improved livelihoods of rural communities in conflict affected districts, with a special focus on women, youth and disadvantaged groups</i>			
Output 2.1 Enhanced public investment and service provision in selected districts and rural municipalities.	2.1.1 Number of public investment projects identified through participatory planning approved and transparently implemented by district governments in compliance with government procedures. 2.1.2 Number of critical economic infrastructure rehabilitated. 2.1.3 Population benefitting from effective services and improved infrastructure (disaggregated by gender and targeted disadvantaged groups).	2.1.1, 2.1.3 Provincial and District planning and implementation reports. 2.1.2, 2.1.3 District Service for Economic Activities (SDAE)/ Provincial Directorate of Agriculture and Food Security (DPASA) quarterly activity and production reports.	• Stability of agricultural prices • Off-farm economic activities produce significant incomes • Services are affordable • Infrastructure is maintained
Output 2.2 Increased adoption of climate smart and productivity enhancing agriculture technologies and practices by conflict affected communities.	2.2.1 Creation of knowledge and adoption of sustainable and climate-smart agricultural practices among the Programme beneficiaries (disaggregated by gender and targeted disadvantaged groups). 2.2.2 Proportion of smallholder's yields (ton/ha) under sustainable agriculture of selected crops among Programme beneficiaries (disaggregated by gender and targeted disadvantaged groups). 2.2.3 Proportion (%) of post-harvest losses among Programme beneficiaries (disaggregated by gender and targeted disadvantaged groups).	2.2.1 Annual reports compared to baseline. 2.2.2, 2.2.3 SDAE/DPASA quarterly activity and production reports. 2.2.2, 2.2.3 Ministry of Agriculture and Food Security (MINASA) and INE statistics.	

	<p>Output 2.3 Enhanced market integration and off-farm economic activities of conflict affected communities.</p>	<p>2.3.1 Number of smallholders, producer organisations and micro, medium and Small enterprises (MSMEs) with access to adequate support services (disaggregated by gender and targeted disadvantaged groups).</p> <p>2.3.2 Number of smallholders, producer associations and MSME integrated in business models between value chain actors (disaggregated by gender and targeted disadvantaged groups).</p> <p>2.3.3 Number of producer associations MSMEs using defined business plans, new technologies, business skills and improved capital creation (disaggregated by gender and targeted disadvantaged groups).</p> <p>2.3.4 Number of new off-farm enterprises established (disaggregated by gender and targeted disadvantaged groups).</p>	<p>2.3.1, 2.3.2 Annual reports compared to baseline.</p> <p>2.3.1, 2.3.3 SDAE/DPASA quarterly activity and production reports.</p> <p>2.3.4 MINASA and INE statistics.</p>	
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