



NORWEGIAN CHURCH AID
actalliance

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NCA Concept note for Mozambique

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1. CONTEXT ANALYSIS



Mozambique is one of the poorest countries in the world. It ranks as number 172 out of 182 countries on the UNDP Human Development Index, and 90% of its close to 22 million people lives on less than USD 2 per day.

Mozambique is a highly rural country with poor infrastructure outside of the main cities. Agriculture is the main economic sector in Mozambique and provides the livelihoods for the majority of Mozambican families. More than 75% of the population is involved in small-scale farming. To a large extent, food security is the overarching challenge in Mozambique. Without food security, the social, environmental and institutional stability is threatened. Energy poverty in the rural areas is a big challenge for the development of the country side. Poor infrastructure and challenging geographical conditions makes grid electricity cumbersome and expensive whereas off-grid solutions are not yet widely distributed, leaving large parts of the population without any access to neither household energy nor energy for basic service institutions such as health- and education facilities. Small scale off-grid renewable solutions such as solar power might be one solution and there are signs of some investment in this area.

Mozambique is already severely affected by climate change, and is deemed to be one of the most vulnerable countries in Africa to the effects of climate change in the future. The National Disaster Management Institute warns that erosion could push the 2,700km coastline inland by around 500 meters. With 60 percent of the population (ca 12 million) living in coastal areas, this is a very serious scenario for Mozambique. In addition, less rainfall upstream in Zimbabwe and Zambia could translate into significantly decreased river flows in Mozambique and lower rainfall in the Zambezi River Basin could severely reduce energy output from the Cahora Bassa dam, a crucial power source for the country and the region¹. Differences in rainfall contribute to higher levels of poverty in drier areas.

As a grim contrast to the picture of Mozambique as a poor and rural country, Mozambique has been characterized by the World Bank to be the “number one success

¹ Irin Africa News, May 2009

story for shared growth"². In the period following the end of the civil war in 1992 and free elections in 1994, Mozambique has had an economic growth averaging 8% a year. Between 1997 and 2003, nearly three million people were moved out of *extreme poverty* and into the somewhat better "*poverty*" segment. Also, the poverty gap between rural and urban populations persists, although the segment of urban poor is expanding.

The long civil war (1977-1992) following independence resulted in increased migration of the population to urban and coastal areas. The war, combined with hasty migration led to adverse environmental consequences such as desertification and pollution of surface and coastal waters³. In addition, the country has been ridden by regular droughts, devastating cyclones and floods. Mozambique is, according to its National Disaster Management Institute (INGC), already more frequently and severely affected by natural disasters than virtually any other country in Africa. The exposure to natural disaster risk in Mozambique will increase significantly over the coming 20 years and beyond.

Rainfall variability would increase, the start of the rainy season would likely shift, flood risk would be higher, and the centre of the country would suffer more intense cyclones and droughts.

Mozambique is rich on natural resources. Minerals that are currently being exploited include titanium, tantalum, marble, gold, coal, bauxite and granite. There are also reserves of natural gas outside the coastline, and further exploration is under way. Despite the country's considerable mineral resources, the mining sector is not very developed, but is definitely set to assume a more prominent role in the economy in the coming years. The Christian Council of Mozambique predicts that extractive industries will be a major source of income – and social concern – within the next 10-20 years. The question remains, however: who will benefit from the income, and who will have to deal with the social concerns? Experience from a number of other countries (e.g. Angola) shows that unless such natural resources are managed well and is able to generate revenue for the benefit of people in Mozambique, the equality gap will increase dramatically and poor people will be extremely vulnerable to exploitation, environmental damage to agricultural land (and other land), forced movement of people, issues around land- and water rights etc.

International investors are coming into Mozambique at a high rate: In the period 2007-2009, foreign direct investment grew by an average of 44% per annum. The private sector – especially the international – is hence an important player in Mozambique, for better or worse. Fair taxation of companies is however not implemented as of yet, and businesses who are attracted to the country are not necessarily leaving much behind. As an example: The exports of the internationally owned Mozal aluminum plant have allegedly increased Mozambique's Gross Domestic Product (GDP) by between 3.2 and 5 percent. Its output in 2007 represented almost half the country's growth in manufacturing. In spite of these apparent benefits, Mozal has contributed little to the country's development so far. Initial investment in the project amounted to approximately 40 percent of GDP, but only created around 1500 jobs, of which nearly a third are held by foreigners. The smelters also use more electricity than the rest of Mozambique combined. The company imports most of its raw material and equipment duty-free, and enjoys an extensive list of incentives ranging from discounted electricity to a prolonged tax holiday and it also has the right to repatriate profits. Mozal currently pays only one percent tax on sales and according to a study carried out in 2007 by the UNDP International Poverty Centre in Brazil, the Mozambique state budget could increase by 50% if Mozal had paid one-third of the normal tax rate for firms. Hence, if

²World Bank Chief Economist for Africa, Shanta Sevarajan in <http://blogs.worldbank.org/africacan/african-successes-one-pagers>

³ The world Fact book, CIA 2010

Mozambique were to tax mega-projects at discounted rates instead of offering tax holidays, the government could reduce budget dependency on foreign aid to almost zero.

1.1 Analysis of Main Rights Deficits

As per NCA's Rights Based Approach, our Human Dignity Triangle (as outlined in the Global Strategy 2011-2015) is an appropriate analytic tool to identify the main rights deficits in the region. Poverty and marginalization is seldom caused by one deficit only. The most marginalized are often victim to a systematic combination of all three, so the deficits link to each other and are often overlapping.

The participation deficit

Public participation in decision making has limited tradition in Mozambique. After independence in 1978, Mozambique established a very centralized government system, as to consolidate the new independent state. This centralized structured did however prove to be inefficient and inconducive to democratic development. Mozambique has since 2006 received substantial support from donors to focus on a decentralized planning and financing programme. This programme has given some good results in terms of local development and it is hoped that by providing more autonomy to the provinces, money will be more efficiently spent and more directly answer to the local challenges.

In term of democratic development, however – Mozambique still has some way to go. Although decentralization of power is a good idea in principle, it does not always lead to more democratic processes where citizens are heard. Current complaints from Mozambiquean civil society very much revolves around the lack of willingness from the government to actually LISTEN to its people during the sometimes extensive consultative processes – unless the input from citizens actually lead to responses from the government, the consultations remain nothing but time consuming processes that contribute to a “democracy fatigue” among citizens. Decentralization can also mean giving more power to the ruling party - who are usually in control of local governance structures – and hence further consolidating the ruling party's power.

NCA's experience in Mozambique has shown that in most cases citizens are not even aware of their right to participate, to access information from local authorities and to demand service delivery. Likewise, local government structures and representatives are often not briefed or prepared for citizen demands, and are hence not sure how to react when the public demands information and participation. It is the role and right of citizens to participate in all the stages and levels of policy and decision making which affects them. But with 90% of the population living in poverty, citizens are often pre-occupied with their most immediate basic needs and their interest to engage duty bearers remains minimal and ineffective.

In spite of a relatively large proportion of women participation in national political decision making (35% of parliament seats were held by women in 2008), the closer you come to the grassroots level the fewer women are participating in government structures. At Ministerial level one finds 29% women holding ministerial positions, at provincial governor level only 18% are women and finally as chairs of municipal boards, only 3% are women⁴.

The equity deficit

In spite of impressive economic growth rates averaging 8% per year for several consecutive years, it has failed to lift ordinary Mozambiqueans out of poverty. It is safe to conclude that the growth is mainly benefitting a different segment of the population than the poor. The 2010 price hike of bread and other basic consumer goods led to

⁴ Tvedten et al: *Gender policies and feminization of poverty in Mozambique*, CMI 2008

spontaneous violent demonstrations as a witness of the desperate situation most people find themselves in. The development of Mozambique's Gini index shows that the inequalities among the rich and poor have increased the past decade. This index measures the degree of inequality in the distribution of family income in a country. In 1997, the Gini Index of Mozambique was at 39.6 % whereas in 2009, this number has increased to 47,1. Hence, the economic growth that took place in those years did not benefit the larger part of the population but rather increased the gap between rich and poor.

There are also clear gender disparities in the population when it comes to poverty. A recent study done by the Christian Michelsen Institute⁵ concludes that the feminization of poverty in Mozambique is increasing and that the proportion of female headed households are on the rise and represents an increasing proportion of the poorest segments of the population. The finding in the report is underpinned by data showing that women in general have lower income, inferior employment opportunities, inferior access to land and lower agricultural production. Only 3,9 percent of women are employed in the formal sector, as compared to close to 20% of men. Women's lack of access to economic means and sustainable livelihoods is pointed out as a significant stumbling block to the poverty reduction in Mozambique. Unless the poverty gap between men and women are closed, poverty will not be eradicated. Furthermore, the report concludes that the most appropriate areas for interventions to achieve more gender equality in the country are economic participation, education, domestic violence and political participation.

The protection deficit

Climate change and natural disasters poses serious threats to people's lives and livelihoods.

The poorer people are, the more vulnerable they are to natural disasters and natural phenomena that endanger food production and livelihoods. Again, there is a significant gender dimension to climate change vulnerabilities. Women in Mozambique have access to - but not control over - natural resources and other property rights. 89% of women in Mozambique list the agricultural sector as their main source of livelihood - with commerce (5%) and services (3%) being the main alternatives⁶. Hence, should crops fail due to droughts or floods, or natural disasters or climatic conditions reduce the output from the agricultural sector, women are the hardest hit.

The effect of extractive industries on poor people is another protection deficit. Unless the rights of poor people living in the areas where extractive industries are operating are protected, they remain very vulnerable to exploitation. They might experience forced movement, their livelihoods might be threatened due to environmental damage and water shortages etc.

1.2 Role of local civil society and FBOs (in the context of state and market)

NCA believes that a strong, vibrant and politically active civil society is needed to build accountable leadership and democratic societies where the citizens are driving the agenda. Civil society in Mozambique is known to be quite weak, especially in terms of institutional capacity. A UNDP funded study from 2007⁷ found that civil society's effect on society is limited. Several factors contribute to this situation: Registering an organization is complicated and cumbersome, established CSOs struggle to ensure compliance with existing laws and are ultimately marginalized in political processes. In addition, the reports points to that often, NGOs and CSOs do not themselves practice the values of democracy and transparency that they extol. The government system has

⁵ Tvedten et al: *Gender policies and the feminization of poverty in Mozambique*, CMI 2008

⁶ Tvedten et al: *Gender Policies and the feminization of poverty in Mozambique*, CMI 2008

⁷ *Index of Civil Society in Mozambique 2007*, UNDP 2008

consolidated its powers throughout the country and the voice of civil society is not appreciated as an important part of the checks and balances that constitutes a democratic and accountable state. A OECD study from 2009 points to that the mechanisms for civil society to influence or participate in decision making processes are not clear, hence opening the door for surface- processes that have no real impact⁸. There are however some signs that the government is opening up more to input from civil society. For this to materialize, it is of high importance that the indigenous Mozambiquean civil society is strengthened, in particular institutionally. For civil society to become accountable and relevant actors in influencing political decision making, they must have good financial and administrative management, they should execute principles of good governance in their own organisations and they must have professional and thematic knowledge on the issues at hand.

Faith Based Organizations (FBOs) are an important part of civil society in Mozambique with great - but often unrealized - potential as an agent for social and economic justice. As in the region in general, FBOs in Mozambique enjoys substantial legitimacy at the grassroots level, while also having significant political influence.

FBOs and community leaders are however not only agents for change, they often also represent stumbling blocks for positive change. They are moral duty bearers who have the power to change rights deficits within their own structures. One relevant example could be discriminatory policies and practices within churches, e.g. the churches' negative influence on gender equality.

Mozambiquean FBOs' capacity and voice remains largely underutilized due to limited capacity to engage primary duty bearers. While they have been instrumental in providing essential services including health and education, they have not yet realized their full potential in terms of influencing policy decisions of government at different levels.

International donors are abundantly present in Mozambique. The OECD report (footnote 9) from 2009 claims that in a context of a weak civil society and a weak parliament, the government remains more accountable to the donors than to local actors, a power relationship stemming from the high degree of aid dependency in the state budget.

The private sector is also on the increase in Mozambique, and has increased influence on political processes – and thereby on the country's development agenda. Mozambique's extractive industries sector is expected to grow significantly, which will have impact on land rights issues, environment, as well as taxation laws and other means to attract international business (to mention a few) – all issues that are core to the development agenda.

1.3 NCA's comparative advantages in country

NCA has worked in Mozambique for a number of years, albeit on a relatively low scale. Our main partners in the country are the Christian Council of Mozambique (CCM) as well as the Lutheran World Federation (LWF). These organisations, alongside other church based agencies, are the core members of the ACT Alliance in Mozambique. FBOs have widespread influence, especially at grass roots level but also at political level. NCA, CCM and LWF are all part of the global ecumenical church structures. This identity gives NCA the legitimacy and responsibility to *support as well as challenge* churches and religious leaders to live up to their potential as prophetic voices and actors for social justice. In the past few years, several ACT Alliance members have closed their offices in Mozambique due to funding challenges. As part of the coordination and division of labour between the ACT Alliance funding partners, NCA has decided to try to maintain and upscale our programs in Mozambique. Experience has however taught us that an

⁸ Jose Jamie Macuane: *Towards common donor responses to corruption*, OECD 2009

efficient upscale of programs will require presence in the country as to maximize the added value of NCA funding – NCA pride ourselves in offering more than grants to our partners, and due to language barriers as well as poor infrastructure in Mozambique, efficient professional program back up from NCA to partners will require a staff person to be based in Mozambique.

1.4 Relevance in relation to Norwegian development priorities

The Norwegian Government White Paper No 13 (2008-2009), titled "Climate, Conflict and Capital" clearly states that the objective of Norwegian development policy is to: "challenge the unequal distribution of power within and between countries, as well as the conditions that underpin injustice, oppression and discrimination – at every level"⁹.

The emphasis on climate and capital corresponds with the programmes chosen by NCA Southern Africa. Our mandate is also highly relevant for the "Principles for Norad's support to Civil Society in the South" (2009)". In particular, the reasoning behind principle 1) "Mobilize NGOs at all levels in the struggle against poverty and oppression" and principle 2) "Strengthen civil society actors working towards development, democratization and redistribution of power" corresponds with the new mandate and strategy for NCA Southern Africa outlined above.

In line with the recommendations of the Government appointed Policy Coherence Committee (NOU 2008:14) the NCA programme in Mozambique can a valuable contribution to greater coherence by addressing the role Norwegian companies like Statoil in Mozambique.

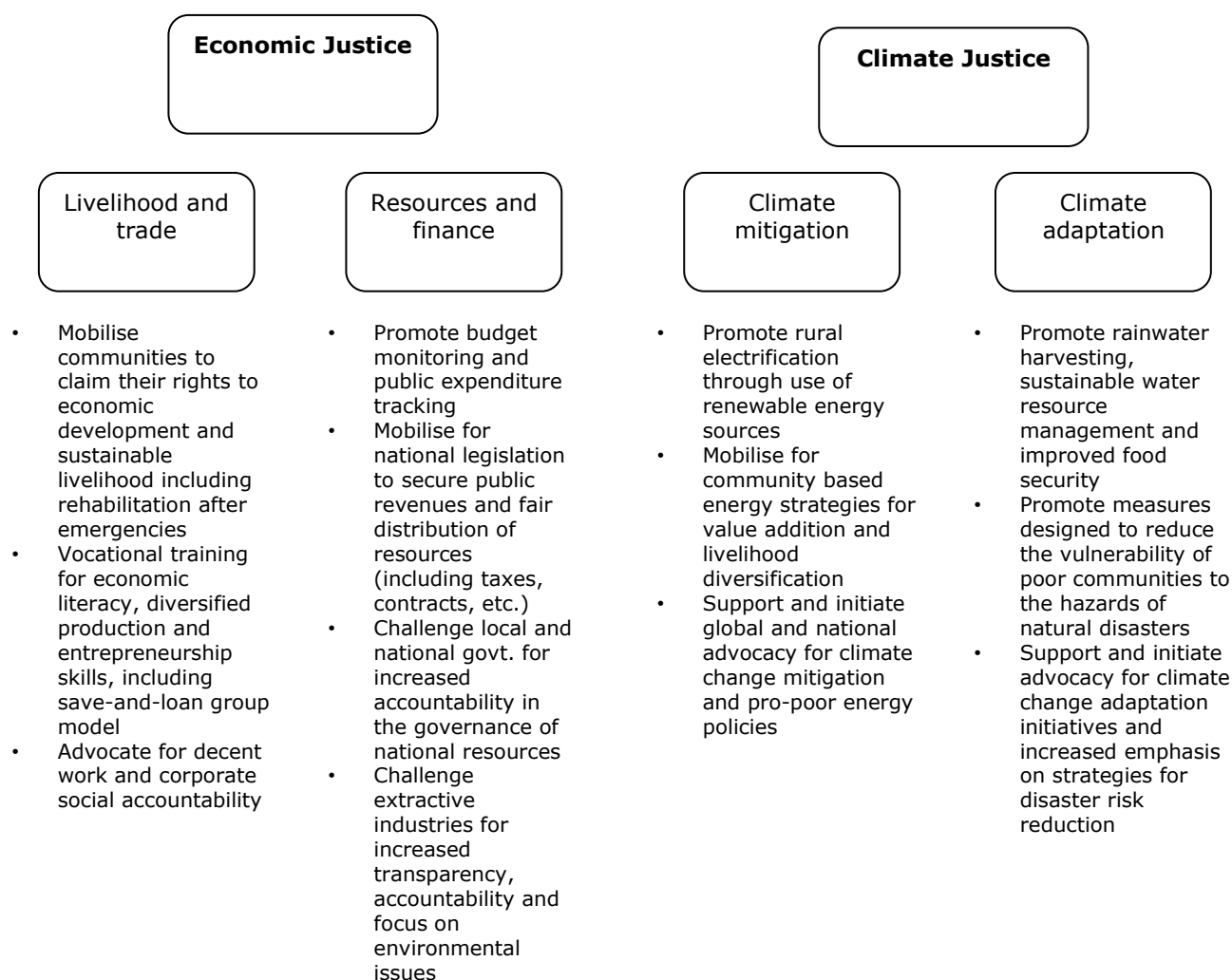
2. MAIN INTERVENTION STRATEGIES

Based on our analysis above, taking into account the capacity and priorities of our current partners, NCA has decided to initially assess the feasibility of a possible country program in Mozambique that focuses on Economic Justice and Climate Justice. This will build on parts of our existing activities in Mozambique, but the vision is to build a program that is more coherent and systematic in our approach to achieving a just society at country level: connecting the various levels from local to provincial, national and international and creating synergies between thematic program areas and partners will be a main priority and will require a different approach to programming than what we have done in the past. The feasibility of such a program will be assessed, especially in regards to the choice of thematic foci. A certain adjustment of the focus areas must be expected (e.g. fewer areas will be finally chosen for intervention) depending on the outcome of the assessment. Based on the findings and discussions with partners, a proper country plan will eventually be made, where the exact program areas will be outlined in a more detailed manner. Gender will be an integral and visible part of all programs, as women's economic development is key to the eradication of poverty in Mozambique. Likewise, since women are the hardest hit in terms of climate change they must be key stakeholders in all of our work for Climate Justice. It is however necessary to assess if Gender Justice has to be singled out as a separate component, as to avoid a mainstreaming that effectively mutes the gender component and pulverizes responsibility and commitment– which has too often been the case in Mozambique, as documented by the CMI studies from 2010¹⁰.

⁹ Norwegian Ministry of Foreign Affairs (2009): Climate, Conflict and Capital Norwegian development policy adapting to change Report No. 13 (2008–2009) to the Storting (p 5).

¹⁰ Tvedten et al: *Gender policies and the feminization of poverty in Mozambique*, CMI 2008

2.1 Strategic Priorities and Programmes



2.1.1 Economic Justice

As outlined in the context analysis and in the analysis of deficits, economic injustices on Mozambique prevail. NCA would in the coming five years like to build an economic justice program that works to create links between various levels of society so as to impact practises and policies at all levels. We will utilize the partners and networks we have at various levels to build a coherent program where experience and mobilization at grassroots level is brought up to provincial, national and regional levels for pro-poor policy change. Policy advocacy for pro poor policies should be rooted in communities. Unless people are empowered to address their own challenges, real change remains elusive and unsustainable. The work that specialized advocacy organisations do is very valuable, but unless advocacy is firmly rooted in people's lives and experiences, the legitimacy and representativity of advocacy is limited. At the same time, the most impoverished people have little time and interest to engage in pure advocacy issues, as their main priority must be to put food on the table on a daily basis. Experience from NCA Tanzania does however show that if people are mobilized around strategies for improved livelihoods – activities that contribute to their daily struggle for survival – they are very much susceptible for getting engaged in policy advocacy, e.g. through budget monitoring and public expenditure tracking. NCA wants to try this approach in Mozambique, and aim at identifying at least 2 pilot areas for this model to be tried out.

As Extractive Industries (EI) has been identified by our partners as an area of concern for the future, NCA also wants to build a program where our partners and local communities are trained and prepared for the issues surrounding EI in Mozambique. It is of high importance that Mozambiquean national policies are designed in a way that caters for good natural resource management – if Mozambique is to benefit from its rich natural resources, one must secure that revenue is left inside the country and is made available for just distribution to the people of Mozambique. Since NCA as an organisation is very much linked to Publish What You Pay (PWYP – NCA is currently hosting the PWYP secretariat in Norway), it will also be a priority to link our partners up to the to the PWYP and Extractive Industries Transparency Initiative (EITI) processes and secure learning and exchange between Mozambiquean partners and partners in other countries where EITI and PWYP are operating.

As a Norwegian organisation, NCA also has a particular interest – and responsibility – to monitor the behaviour of Norwegian companies and investments in Mozambique, through the help and input of our partners.

2.1.2 Climate Justice

The effects of climate change must be addressed as a matter of priority. As pointed out in the context and deficits analysis, Mozambique is a very vulnerable country to the effects of climate change. This, combined with an urgent need for access to energy in rural communities, makes Mozambique an interesting case for small scale renewable energy solutions. Access to energy is a key component in assisting people to fight their own way out of poverty. Experience from NCA Kenya has shown that access to small scale energy has e.g. improved schooling attendance - simply because children now are able to do their homework after they have finalized their domestic chores – after dark. In addition, rural small scale farmers are better equipped to positively utilize market mechanisms for their agricultural produce – by accessing cooling storages for their goods, they are no longer forced to sell their products immediately at any price – they could wait until they negotiate better prices. Access to energy is hence an important pre-requisite to address the equity deficit. Climate change mitigation and adaptation must be holistically addressed, as renewable energy solutions would contribute to the mitigation aspect, whereas there is an urgent need for more adaptation measures. Poor people, especially in the rural areas, are already hit by the effects of climate change, and the projections for further aggravation of these effects are already on the table and should be utilized to find good adaptation strategies for poor communities. This will also further strengthen the resilience and emergency preparedness of these communities, in a country that is regularly ridden by natural disasters. An important part of NCA's existing programs in Mozambique are focussed on access to water and rain water harvesting and these programs should be further developed to put even greater focus on a broader adaptation agenda. It will also be important for NCA to make linkages between the work we do with communities on mitigation and adaptation as case studies and justification for our national, regional and international advocacy on energy policies and climate. By making linkages from the work in communities and all the way up to international levels, NCA and our partners will contribute to a better documented and holistic advocacy for a just climate policies.

NCA will, as part of the country program assessment, carefully consider which areas of intervention that is most relevant and feasible for NCA and partners to address.

2.2 Strategies for strengthening local civil society from a rights based approach

Until communities can own and drive their own development agenda and hold duty bearers to account, development will remain ineffective and unaccountable. Yet,

communities have largely been deliberately sidelined on issues of development and management of resources. This underlines the importance of building and strengthening social movements for positive change. The church with its decentralized structures is very suitable to mobilize communities. It is therefore important that NCA works hard to build the capacity of the church to enable it to unleash its community mobilization role. Although the church is a large constituency, it does not exist in isolation. Stronger collaboration between the church and other strategic parties will achieve more impact. Thematic capacity building of NCA's partners in Mozambique will therefore be a key component to make sure that the church has the needed competence and capacity to legitimately mobilize people on thematic issue that re relevant to the communities they work in. By claiming abstract rights as tangible entitlements, poor people can improve their lives. Social relations and institutions within society can however pose serious barriers to poor men and women who try to claim their rights. In a rights based approach, the state is the ultimate duty bearer and NCA's support to community based programs should never try to build a parallel service delivery structure, but rather make sure to include an advocacy component that underlines the government's responsibility to deliver basic services. This is an essential part of NCA's integrated approach.

Civil society in Mozambique is generally weak in terms of institutional capacity. Lack of core funding for many organisations creates a vicious circle: Many organisations do not have funds enough to pay their staff on a regular basis. This leads to high staff turnover which in turn leads to less qualified capacity to plan, monitor and report properly – a basic requirement to attract funding for any organisation. Language barriers also contribute to a difficulty in developing funding proposals which are attractive for international donors – many of whom do not have sufficient skills in Portuguese. In order to strengthen partner's programmatic capacity from a rights based approach, it is also necessary to develop their internal capacity and this will require close monitoring, mentoring and follow-up from NCA's side.

2.3 NCA Integrated Approach

NCA will strive to build an extensively intergrated program in Mozambique, where NCA's three working methods (long term development, emergency and advocacy) are central components of all work that we do. Due to Mozambique's vulnerability to the effects of climate change and natrual disasters, emergency preparedness and risk reduction is key to achieve sustainable and effective development. But without addressing the political conditions and frameworks that are often root casues of poverty, sustainable development remains elusive. Influencing policies to become more pro-poor is indeed an effort to build better pre-requisites for long term and sustainable development and emergency preparedness.

3. FUNDING STRATEGY

NCA has over the past few years had a very limited portfolio in Mozambique, with a volume of ca 2 million NOK. The past two years has seen a further scale down, as programs were put on hold for a better strategizing around our use of funds and choice of focus areas in the country. An important learning has been that without representation in the country, our programs are not likely to succeed the way we want. Working in the Mozambiquean context is demanding and requires a different level of follow up than what NCA has been able to provide in the past years. Since civil society partners are weak on the internal capacity side, close monitoring and mentoring is needed. In addition, our partners are somehow isolated from the rest of the region by the language barrier – by providing day-to-day follow up from NCA by a Portuguese speaking staff person, a more systematic capacity building of partners can take place, including more exposure to like-minded organizations in the region and beyond. This

level of close follow up is not possible to provide from Pretoria in any sensible manner. For NCA to build a program in Mozambique, a total level of funding should not go significantly below NOK 5 million per year, including funding for one staff person who should be based with one of NCA's partners.

3.1 Funding sources

NCA would need to find new and additional funding in order to build a country program in Mozambique.

Once the feasibility of a country program has been assessed, NCA will explore possible funding sources for the program.

These possible funding sources include:

- The Norwegian Embassy in Mozambique. NCA's priorities are very much in line with the priority areas of Norwegian assistance to Mozambique. This funding could be for both Economic Justice and climate justice.
- The corporate sector, e.g. Statoil, who is working outside the coastline of Cabo Delgado, one of NCA's main program areas in Mozambique. NCA is working in partnership with Statoil in Angola and in Mozambique we would like to encourage them to work more actively on mobilizing civil society on issues of transparency and public expenditure tracking – as part of a more accountable governance of natural resources and revenues gained from Extractive Industries. Statoil could potentially bring in a lot of revenue to the Mozambiquean government, and it would be good Corporate Social responsibility to encourage a just and transparent spending of these funds for the benefit of the Mozambiquean people. This funding would primarily be for Economic Justice, but also Climate Justice could be an option to look into (e.g. small scale renewable energy sources for households)
- The UN system in terms of Climate Justice
- Other bilateral donors for both Economic Justice and Climate Justice

4. ACT ALLIANCE COORDINATION

Inside the Act Alliance, there is an expressed desire and aim to collaborate and coordinate our efforts more closely. Part of the rationale for NCA to explore the possibilities for a more consolidated country program in Mozambique is that some other ACT Alliance funding partners have closed or reduced their programs in Mozambique whereas Zimbabwe has attracted more funders. NCA hence decided, in the spirit of division of labour and coordination, that we would reduce our activities in Zimbabwe and rather give focus to Mozambique.

Over time, it might become relevant to develop joint proposals with other ACT members in the region on an issue based level on thematic areas like climate and economic justice. A certain channelling of funds from other ACT agencies through NCA, earmarked for policy advocacy with joint partners is also foreseen.