

TABLE OF CONTENTS

- A. ANALYSIS OF THE NATIONAL DEVELOPMENT CONTEXT**
 - A.1 The context of Mozambique
 - A.2 Challenges in the Urban Development and Environment Subsectors
 - A.3 Mozambique's Development Strategy
 - A.4 Prior and Ongoing Foreign Assistance
 - A.5 Institutional Framework Applicable to the Programme

- B. PROGRAM OUTLINE**
 - B.1 The Problem Addressed by the Programme
 - B.2 Direct Beneficiaries of the Programme
 - Indirect Beneficiaries of the Programme
 - B.3 Sustainability and Programme Results
 - B.4 Implementation Strategies and Institutional Arrangements
 - General Principles of the Programme
 - Implementation Strategy
 - Institutional Arrangements
 - Program Phasing
 - Implementation Arrangements
 - B.5 Reasons for External Assistance
 - B.6 Special Considerations
 - B.7 Coordination Arrangements
 - B.8 Counterpart Support Capacity

- C. DEVELOPMENT OBJECTIVE**

- D. IMMEDIATE OBJECTIVES, OUTPUTS AND ACTIVITIES**
 - D.1 Immediate Objective 1
 - D.2 Immediate Objective 2
 - D.4 Immediate Objective 3
 - D.5 Immediate Objective 4

- E. INPUTS**
 - Government Inputs
 - UNCHS Inputs

- F. RISKS**

- G. PRIOR OBLIGATIONS AND PREREQUISITES**

- H. PROJECT REVIEW, REPORTING AND EVALUATION**

- I. LEGAL CONTEXT**

- J. BUDGET**
- K. WORK PLAN**

A. ANALYSIS OF THE NATIONAL DEVELOPMENT CONTEXT

A.1 The Context of Mozambique

After seventeen years of a devastating civil war that destroyed most of its physical and social infrastructure and with accomplishment of the peace agreement and subsequent first general election of 1994, Mozambique could finally embark on a process of national reconstruction. The war displaced large numbers of people, causing immense human suffering and weakening already poorly established institutions. For the first twelve years following independence (1975), the country experienced a continuous decline in per capita Gross National Product (GDP) and had to cope with the serious disruption of its production base. In 1987, Mozambique started its Structural Adjustment Programme under the auspices of the World Bank and the International Monetary Fund, implying among other things that a series of austerity measures, macro-economic policy reforms, liberalization of commerce and a strict fiscal discipline were implemented. This is coupled with an effort to rebuild the institutional and regulatory basis which in many cases practically need to be developed from scratch.

Mozambique is a country in transition still. The present effort of the Mozambican government to achieve a development process that combines economic stabilization, growth and national reconstruction with human development and natural resources management -- all compatible with the principles of sustainable development -- has received high praise from the international donor community.

Opportunities

The country is presently going through a process of rapid transformation at all levels, with all changes earmarked by profound political and economic reforms. The move from an one-party system and a centrally planned economy towards a multi-party system, that is based on a free market economy is changing centralized governance into decentralized systems with local government autonomy and democracy. As a result of decentralization and municipal reform, the population of the five major cities in 1996 will elect mayors in a democratic election. There is also a process of institutional and legislative reform that will lead to the redefinition of the role, size and scope of the state, thereby opening more opportunities for private sector participation and strategic partnerships in local development.

Despite its being one of the poorest least developed countries in the world (with an annual per capita income estimated at US\$70 and occupying the 159th position in a list of 173 countries listed by the UNDP's Human Development Index), Mozambique has some distinct comparative advantages. With relatively rich natural resources, approximately half of its territory may be potentially important for commercial agriculture. There are major river systems crossing the country and its coastline - the third longest in Africa - provides enormous opportunities for fishery and tourism development. The wildlife is plentiful and diverse; moreover, the national parks and forest reservations cover more than 11% of the country's territory.

A.2 Challenges in the Urban and Environment Subsectors

The process of economic decline and the prolonged war have severely impacted the country's urban areas. The urban population almost doubled between 1965 and 1991, growing at an estimated rate of 8% per annum. The urban population constitutes 26% of the total population (15.6 million people), is spread among 23 cities, 68 rural towns (vilas) and 91 urban centres. Although there is no recent and reliable demographic figures, several government sources indicate that rapid growth is concentrated in four major cities: Maputo (the capital city with 875,100 inhabitants); Matola (337,239 inhabitants); Beira (350,000 inhabitants); and Nampula (293,202 inhabitants). In addition, many other urban areas have doubled and tripled in size in less than two decades.

The urbanization process has put enormous pressure on infrastructure, services and the public institutions responsible for urban development management and planning. Informal settlements are a common phenomenon on the urban landscape, they represent a continuing serious problem. After peace was achieved, the displaced population were to return to their place of origin, but this relocation is not taking place as hoped. The experience from other African countries with histories similar to Mozambique indicates that a large part of the population will remain in the cities where they found refuge for many years. Moreover, urbanization is expected to continue in Mozambique, following the Sub-Saharan pattern.

Urban service decline has drastically increased as a result of the war and the uncontrolled growth of informal settlements. Deteriorating road accesses and linkages, overcrowding, inadequate potable water supply, inefficient drainage and poor domestic sanitation are causing severe soil erosion and water contamination, resulting to the transmission of water-borne diseases, e.g., diarrhoea, cholera and other intestinal diseases. Liquid waste management and solid waste collection are both insufficient in cities like Beira, Maputo and Nampula with the wastes being channelled to water sources where they seriously damage important natural resources.

Additionally, the dependence on fuelwood and charcoal to meet basic energy needs is causing considerable urban and peri-urban deforestation, a fact that also contributes to soil erosion and environmental degradation. All told, the adverse impacts on the urban environment are extensive.

Combined with inappropriate planning and managerial instruments and archaic legislation inherited from colonial times, there are limited institutional, financial, technical and managerial capacities within the local authorities to intervene effectively in this process, only aggravating the situation. The highly centralized structure that emerged in the post-independence period placed the decision making process at the national level and inhibited local solutions and initiatives. Fiscally, the cities are still heavily dependent on the central government budget, a fact that also inhibits creativity and efficiency in local resource mobilization. Citizen participation in urban environment planning and management has been limited as well, in part, because the scant tradition of bottom-up approaches and participatory planning processes during the years of central planning.

These problems are aggravated by a chronic shortage of educated and trained Mozambicans with relevant and update planning and management tools and instruments.

A.3 Mozambique's Development Strategy

National policies and strategies for the urban development and housing sectors, which includes human settlement development planning and management are in process of being defined after the new government took office. The process of privatising the state-owned housing stock has led to some ad-hoc initiatives in defining a housing policy. The creation of a housing fund is also under discussion, and it is related to the process of institutional reorganization and creation of new ministerial mandates, a new banking system that would define criteria for loans, credits, collateral, etc. The Second United Nations Conference for the Habitat (Habitat II) to be held in Istanbul in June 1996, has launched a process of mobilizing inter-ministerial co-ordination and stimulated the government to formulate a national plan of action. It is expected that this exercise will result in concrete follow-up actions, programs and projects.

Sustainable Development and Poverty Eradication

In terms of the environment, there seems to be a much clearer policy and institutional context. The National Environmental Management Programme (NEMP) which is the five-year master plan for the environment in Mozambique adopted in 1995 addresses key environmental development issues. Under the motto “sustainable development and poverty eradication”, the NEMP addresses environmental management and sustainability in all national development activities while stressing the strategic role of the Ministry for Co-ordination of Environmental Affairs (MICOA). With the implementation of NEMP, the institutional position and the coordinating role of the MICOA are significantly strengthened. The ministry is placed in the center of networks with line ministries and government implementing agencies which provides coherence and continuous monitoring to public policy implementation in relation to or affecting the environment.

A Program Approach to Sustainable Development and Capacity Building

The basic strategy of the NEMP is to define a clear national environmental policy, one that will be conducive for the establishment of a supportive legal basis for policy formulation and implementation and the subsequent enforcement of laws and regulations. The NEMP is a comprehensive effort that ultimately aims at sustainable development. It intends to create an environmental culture and sustainable practices of consumption and production in the Mozambican society. The overall objective of the programme is to address environmental management as an important component of the five-year government plan which is itself aimed at poverty eradication and promotion of sustainable development.

In terms of policy formulation and implementation, research and information dissemination, the NEMP includes a capacity building component and particularly the institutional strengthening of the MICOA. The consolidation of this ministry and the emerge of the NEMP programme can be seen as the successful result of a continuous multi-donor institutional, financial and technical assistance to the National Commission for the Environment and the Division for the Environment which were MICOA's predecessors.

In the urban sector, NEMP sponsors basic urban and environmental management capacity building within urban municipalities and regional planning institutions. It intends to create the conditions for the formulation of a national policy on urban development and urban environmental management. A Centre for Sustainable Development (SDC) is to be created in Nampula within the framework of NEMP, and it is to become one of the instruments of MICOA to deconcentrate its activities and launching comprehensive capacity building programmes and human resources development. The SDC in Nampula will become MICOA's instrument to strengthen local governments' capacity in environmental planning and management. Nampula has been selected by MICOA as a demonstration area for MICOA to introduce examples of good practices in urban environmental planning and management which is participatory and sustainable by definition. (see **Figure I**).

The Urban Environmental Management Programme in the City and District of Nampula (UEMP) formulated by the MICOA is a programme based on a “process approach” to urban management which implies institutional support, local capacity building and human resources development within the local government with special attention to urban environmental management. A spearhead of the MICOA's national strategy is the establishment of three Sustainable Development Centers from which one is situated in Nampula and is primarily concerned with capacity building in urban environmental management.

Decentralization and Strengthening of Local Governments

Financed by a World Bank credit, the Local Government Reform and Engineering Project (PROL)

focuses on the legal, institutional and fiscal framework of local governments in order to create a suitable structure for self-sufficient and accountable local authorities, thereby providing some modest pilot investments in the five cities of Maputo, Beira, Pemba, Quelimane and Nampula. Among its several components, the PROL has an urban/environmental management component that promotes the formulation of affordable, high priority, demand-based municipal development plans and the test of cost effective approaches to urban and environmental management. In Nampula, PROL is planned to support capacity building through training, workshops, seminars and working visits and to facilitate the preparation of the municipal development plan, a planning project consisting of preparing base maps, rectifying aerial photography, drafting a structure plan of the city, preparing a priority intervention plans and providing general technical assistance.

A.4 Prior and Ongoing Foreign Assistance

Mozambique is one of the largest recipients of foreign aid in Africa and is recently moving from a position of humanitarian assistant to development planning. Currently, there is an insignificant amount of externally funded assistance to urban development, urban management and urban environmental planning programmes and projects. Foreign assistance is concentrating on macro-economic reform, balance of payment support, international trade support, transport and infrastructure rehabilitation, social development including drinking water and sanitation, institutional development, rural development and agricultural sector reconstruction.

Multi Donor Assistance to the Environmental Sector

The environment is presently gaining importance in terms of donor assistance. According to government sources, nearly 50 different environmental projects are being carried out in the country. Among these projects are UNDP-funded institutional strengthening and support to MICOA; UNEP-supported coastal zone management and information systems for marine resources and bio-diversity; wildlife and natural resources management; environmental assessment training and conservation projects related to nature reserves.

In total, there are twelve donors and international NGO directly engaged in environmental programmes and their participation is likely to continue for the coming years. Five multilateral agencies (UNDP, UNEP, European Union, World Bank and African Development Bank), four bilateral agencies (ASDI, NORAD, SWISSAID, Dutch cooperation agencies), three NGOs (for example, the International Union for Conservation of Nature-IUCN, World Wildlife Foundation-WWF and the Ford Foundation) are providing assistance.

NORAD, for example, provides support to the wildlife department, funds a coastal zone management project and provides support to the Inhaca Island management plan. It also supports basic mapping activities at the National Agency for Geography and Cadastre (DINAGECA), one of the PROL components for the five major cities. It is actually considering expanding this support to other areas. The ASDI provides support to the municipal reform programme and assists training programmes for local decision-makers on environmental issues and environmental impact assessment. The ASDI is currently formulating its five year cooperation plan in which specific areas of concentration might be selected.

The World Bank and the Environmental Sector

The World Bank supports seven programmes: wildlife, coastal zones, national environment strategies, environmental assessment, urban management, local government reforms and GIS databases. Particularly important for the SNCP is the Bank's support to PROL, the Local Government Reform and

Engineering Project. Coordinated by the Ministry of State Administration (MAE) a conducive framework for enabling local government reform was created. Both the Bank and ASDI are supporting PROL. To implement PROL, MAE will be assisted by three working groups dealing specifically with legal and institutional (Working Group I), fiscal, financial and organizational reform (Working Group II), urban/environmental management and development (Working Group III). PROL also involves capacity building, institutional support and project management. The oversight responsibility of Working Group III is the municipal development plans and rapid mapping for five cities including Nampula; an urban upgrading pilot in Pemba; a non-motorized transport project in Beira; a land information system in Maputo; and an environmental development pilot project in Nampula. In this city, the World Bank is supporting the rehabilitation of the city hospital and the construction of an incineration plant to manage the hospital waste.

The Netherlands and Environmental Management in Nampula

The Netherlands is committed to support the MICOA's programme approach to implement sustainable development activities concentrated around the city and district of Nampula. A sign of that is the establishment of an Embassy office in the city and on-going bilateral discussions about program planning and investments needs. The Urban Environmental Management Programme in the City and District of Nampula (UEMP) formulated by the MICOA is a programme based on a "process approach" to urban management which implies institutional support, local capacity building and human resources development within the local government with special attention to urban environmental management. A spearhead of the MICOA's national strategy is the establishment of three Sustainable Development Centers from which one is situated in Nampula and is primarily concerned with capacity building in urban environmental management.

The Netherlands is already supporting the rehabilitation of the water-supply system in Nampula city, which is expected to be extended to the provincial level. Related to that is the Oxfam/Belgium supported community based water management programme that includes the construction of 75 public water standposts, of which 45 are already executed. It also sponsors basic community organization for using, maintaining and managing the public water standposts.

Denmark and Community-based Environmental Actions

The Danish Association for International Cooperation (MS) is carrying out a programme that supports the local government in community-based environmental improvement programmes. The MS strengthens the Gabinete de Meio Ambiente (GAMA), a unit that is sponsored by the MICOA but that is directly under the responsibility of the mayor. It hopes to build up capacity to deal with environmental problems, in part by introducing low cost techniques and launching community participation activities in road paving, erosion relief actions and environmental protection.

GAMA relies upon technical assistance from the MS to undertake its community-based environmental improvement programmes. The MS provides GAMA with technical, logistic and managerial assistance. It has organized a small office in the headquarters of the municipal council with a small administrative staff and ten community mobilizers who deal directly with community groups in the periphery neighbourhoods. It has a modest budget of around US\$ 400,000 that enables a programme to implement low cost techniques in road paving, erosion relief, environmental protection, tree planting, community awareness, popular mobilization and environmental management. The population has been quite responsive to its activities

A.5 Institutional Framework Applicable to the Environment

The institutional framework of the urban development sector is characterized by the lack of political, administrative, financial autonomy and the double subordination imposed to local governments. Modern public service organizations, trained personnel and laws and regulations that reflect urban realities are lacking as well. Although there are a few actors who have the responsibility for urban environmental planning and management, there is still insufficient inter-sectoral and inter-institutional cooperation and no tradition in public-private partnerships. These aspects are major threats to effective urban management and sustainable development but recent measures of the government present some interesting development opportunities which are pertinent for the programme in Nampula.

Co-ordination of Environmental Management Practices at the National Level

A significant development opportunity in the institutional and regulatory frameworks is the establishment of the MICOA which is the principal central government organization with responsibility for coordinating, supervising and monitoring environmental planning and management in Mozambique. As a new ministry, it is gradually consolidating its roles and functions in relationship to other sectoral ministries who will continue to perform their own tasks. Realizing that environmental management demands an inter-sectoral approach, the MICOA is pursuing a close cooperation and coordination with and between the various actors engaged in different development activities specially those responsible for government policy making and implementation.

MICOA intends to facilitate the implementation of specific demonstration projects in order to develop new environmental management approaches and as well as its own capacity and to monitor all development activities to determine whether these activities and their proponents are promoting sound environmental policies. MICOA is also responsible for the formulation of sustainable development policies; the definition of laws and regulations for the use of natural resources; the creation of mechanisms for their enforcement; the promotion of public awareness; and environmental education.

Environmental Management Practices at the Local Level - Nampula

A fact that offers another development opportunity within the institutional framework is the support provided by the MICOA to the municipality of Nampula which is in line with the MICOA mandate inherited from its predecessor, the National Commission for the Environment (CNA). This mandate is reflected in the establishment in 1990, of a technical unit, Gabinete de Meio Ambiente (GAMA), within the local government framework (see **Figure II**). MICOA sponsors GAMA's activities and provides support for urban environmental local actions. GAMA's coordinator reports directly to the mayor in addition to participating in MICOA-organized meetings and activities. GAMA works in full cooperation with the Municipal Department of Physical Planning and Construction, especially in the expansion area designed and implemented by the municipality.

Nampula is struggling to keep up with its basic planning and managerial tasks in relation to the city. Revenue collection has increased recently as a result of the work of a task force established by the mayor, but in general, the municipality depends on central government support to fund and execute plans, repair roads, pay the personnel.

Co-ordination between Physical Planning Activities and Environmental Planning and Management

The National Institute for Physical Planning (INPF) is now placed within MICOA. Consequently, INPF's duties to carry out nationwide activities such as physical planning, urban and regional development planning, human settlement design and applied norms and legislation have been placed under MICOA's responsibilities. This will tend to facilitate the incorporation of environmental planning and management concerns in the process of land use planning and territorial occupation. The INPF has

provincial offices that provide technical assistance to city, district and provincial governments which facilitates the transfer of these concerns to the very local level of planning and management. Centralizing these activities was the result of post-independence policies that decreased the relative autonomy local governments detained during the colonial period; municipalities were transformed into city executive councils with a clear task to execute command orders. Several municipal departments became (double) subordinated both to the president of the executive council who is nominated by the Ministry of the State Administration, except for Maputo, and to the specific line ministry related to their activities. This situation will change after the election of the mayors in the five major cities although the local governments will still continue to depend on central government support.

Local Governments

Apart from general responsibility for local government matters such as public administration, public servant career development, legislation, etc., the Ministry of State Administration (MAE) is the one of primary agencies responsible for the implementation of PROL. All local governments; provincial, district and city, are subordinated to MAE. MAE is responsible for the present institutional reform and decentralization. In the case of Nampula, MAE works in full collaboration with MICOA. This is demonstrated by the leading role played by the MICOA in the working group III of the PROL.

Housing and Infrastructure Development

The newly created Ministry of Public Works and Housing (MOPH) is responsible for major heavy construction works such as roads, bridges and housing and all works carried out by the National Water Company (DNA). The MOPH is currently working on the (re)formulation of the national housing strategy and the establishment of a national housing finance system. The coordination and supervision of the INPF for all tasks related to urban legislation, building regulations and housing policy formulation and implementation remained with MOPH. This strict division will impose the need for collaboration between MICOA and MOPH in the implementation of cross cutting development activities.

Roles of the Public, Private and Community Sectors

Despite the present decentralization effort, local government will only be empowered after the municipal elections of 1997. But even after that, local governments will still face a major constraint in financial and human resources to materialize a de facto empowerment. The State is still the predominant actor in the development of Mozambique. Central government institutions still play the dominant role in local development and in the provision of urban services. It appoints personnel to key positions including the chief executive of local governments, defines policies and programs and collects and re-distributes revenues and resources that are locally generated and is directly responsible for public service delivery. This dominant central government role was reinforced by post-independence policies that transformed local governments into a purely executive body and a final recipient of command orders. The result was that local governments did not have the chance to build a capacity to plan, manage and coordinate cross-sectoral development policies. The legacy of this central planning period is that private sector participation is still very sporadic but emergent and there is no tradition in private provision of urban services and infrastructure. This is gradually changing but regulations, norms and principles to guide private initiatives are not in place yet. Public participation and community involvement has been resumed to a few experiences of self-help housing and in general the population has been playing the role of final recipient of state programmes.