

ENVIRONMENTAL INSTITUTIONS, PUBLIC EXPENDITURE AND THE ROLE FOR DEVELOPMENT PARTNERS

MOZAMBIQUE CASE STUDY

FINAL REPORT

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List of acronyms

BER	Budget Execution Report
CDS	Sustainable Development Centre (<i>Centro de Desenvolvimento Sustentável</i>)
CIDA	Canadian International Development Agency
CGE	State General Account (<i>Conta Geral do Estado</i>)
COFOG	Classification of functions of government
CONDES	National Council for Sustainable Development (<i>Conselho Nacional para o Desenvolvimento Sustentável</i>)
CSO	Civil society organisation
DFID	Department for International Development, United Kingdom
DINAPOT	National Directorate for Spatial Planning and Organisation (<i>Direcção Nacional para o Planeamento e Ordenamento do Território</i>)
DNAC	National Directorate of Conservation Areas (<i>Direcção Nacional de Áreas de Conservação</i>)
DPAG	Provincial Directorate of Agriculture (<i>Direcção Provincial de Agricultura</i>)
DPCOA	Provincial Directorate for the Coordination of Environmental Action
DPTUR	Provincial Directorate of Tourism (<i>Direcção Provincial do Turismo</i>)
EADS	Environment Strategy for Sustainable Development (<i>Estratégia Ambiental para o Desenvolvimento Sustentável</i>)
EIA	Environmental Impact Assessment
FAO	Food and Agriculture Organization of the United Nations
FUNAB	Environment Fund (<i>Fundo do Ambiente</i>)
GBS	General Budget Support
GoM	Government of Mozambique
MDGs	Millennium Development Goals
MICOA	Ministry for the Coordination of Environmental Action
MINAG	Ministry of Agriculture
MINFIN	Ministry of Finance
MITUR	Ministry of Tourism
MINEN	Ministry of Energy
MIREM	Ministry of Mineral Resources
MoF	Ministry of Finance
MOPH	Ministry of Public Works
MPD	Ministry of Planning and Development
NGO	Non-governmental organisation
ODA	Official development assistance
OE	State Budget (<i>Orçamento do Estado</i>)

PAPs	(GBS) Programme Aid Partners
PARPA	Poverty Reduction Action Plan (<i>Plano de Acção para a Redução da Pobreza Absoluta</i>)
PEI	Poverty and Environment Initiative
PES	Economic and Social Plan (<i>Plano Económico e Social</i>)
PPFD	Decentralised Planning and Financing Project
PROAGRI	National Programme for Agricultural Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
UN-HABITAT	United Nations Human Settlements Programme

Summary

This country study has been undertaken under joint funding from CIDA, DFID and UNEP on behalf of the Poverty and Environment Partnership. It has been managed by the Overseas Development Institute. It forms part of a wider study which includes cases studies of Ghana, Mali and Tanzania and whose purpose is: first, to analyse and document experience in transferring environmental priorities from national plans to budgets, and through into government implementation plans; and second, to identify how development partners can facilitate and support such processes within the context of increasing budgetary support. The primary audience are government officials in the respective countries and their environment/natural resources counterparts in development agencies. A secondary audience are non-environment specialists involved in the design and management of budget support arrangements.

The study provides an assessment of whether existing policies, institutional structures and current financing levels in Mozambique are adequate to ensure proper environmental management. It devotes particular attention to the resource allocation process and how stated environmental policy priorities are translated or not into the national budget. The study also examines the direct and indirect contributions of development partners to environmental policy debate and implementation.

The study concludes that policy implementation is one of the main challenges to sound environmental management in Mozambique. The policy and legal framework is perceived to be of reasonable quality but its implementation has been constrained by a number of factors which pertain not only to the environment sector but also to wider public administration. The consequence has been limited operationalisation of environmental policies and legislation and poor performance of even basic functions, such as the reviewing and monitoring of environmental impact assessments.

The lack of clear policy prioritisation and transparency in budget accounting and reporting mechanisms are some of the general public administration constraints discussed. In addition to these, particular governance difficulties in the environment domain are analysed. The cross-sectoral character of environmental management constitutes a major challenge to implementation. Although this cross-sectoral dimension is understood and widely accepted at the conceptual level, the existing institutional framework has not been able to deal with it in an effective manner and the result has been limited incorporation of environmental considerations into resource allocation and development interventions at sector level. The influence of the National Council for Sustainable Development (CONDES) in sector policy debates remains largely unnoticed because of limited political leverage (*vis-à-vis* sectoral ministries) and technical competence (to engage in policy debates). Equally, the Ministry for the Coordination of Environmental Action (MICOA) suffers from similar political and technical capacity constraints and has largely failed to perform a coordination role. Environmental units present in various sectoral ministries have no institutionalised link with MICOA or CONDES.

These sector coordination difficulties are partly related to the strong compartmentalisation of public sector management, as reflected in the way the state budget is allocated and managed. But cross-sectoral coordination and harmonisation is also challenged by unresolved tensions between economic development objectives and environmental sustainability. Such tensions are particularly acute in a country where more than half of the population is poor and the pressure on natural resources exploitation is significant.

A set of recommendations is provided on how development partners can support addressing these problems. These recommendations emphasise the need to strengthen inter-sectoral

dialogue on environmental issues not only within government but also within donor agencies. Such recommendations are directed to both the agencies (or sections of agencies) working directly on environmental issues as well as those working in sectors which are considered to be strategic for sustainable natural resource management – such as agriculture, fisheries, forestry, energy, mineral resources and tourism. Special emphasis is given to the opportunities General Budget Support is likely to offer to environmental mainstreaming, particularly in terms of managing environment policy dialogue across all relevant government agencies.

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1. Introduction

1.1. The study

1. This country case study is part of larger study on environmental public expenditure and development cooperation. Besides Mozambique, the study covers three other countries: Ghana, Mali and Tanzania. The purpose of the study is to analyse and document experience in transferring environmental priorities from national plans to budgets, and through into government implementation plans. In addition, the study should discuss how donors can facilitate and support such processes, particularly in the context of general budget support.
2. This country case study draws on 8 days of field work in Maputo, Mozambique. Work in the field consisted of compilation of relevant documentation on the institutional framework and public expenditure in the environment sector and individual semi-structured interviews with key informants – the list of people interviewed is presented in Annex I. Particular attention was given to how environment considerations are taken from national policy and planning documents to budgets, and how environmental policy fares in budget support dialogue and development cooperation arrangements.
3. The study has the following limitations. It does not cover environmental management at local government levels (municipalities and provincial and district levels), or private sector interventions and practices. Furthermore, the analysis was constrained by the scarce and fragmented information available on public environmental expenditure.
4. This report is structured in seven chapters. After this brief description of the study, the introduction proceeds with an overview of the country context. Chapter 2 reviews the institutional framework governing the environmental sector in Mozambique. Chapter 3 analyses public environmental expenditure and Chapter 4 discusses how environmental priority themes are taken up by the budgeting process. Chapter 5 summarises the main emerging issues from the analysis in the previous chapters and Chapter 6 draws implications for the role of development partners. Chapter 7 concludes and suggests areas for further work.

1.2. The country context

Socio-economic conditions

5. Mozambique is considered one of sub-Saharan Africa most successful stories of post war economic recovery. Real economic growth rates have remained high for a number of years, averaging about 9 percent from 1997 to 2003, and other macroeconomic indicators (such as inflation, interest rates and debt) have been generally stable.
6. Despite the encouraging macroeconomic performance Mozambique remains one of the poorest countries in the world. More than half of the population lies below the national poverty line and the country ranks 168 out of 177 in UNDP's Human Development Index, the lowest in the Southern African region. In 2003, about 47% of the population was undernourished and only 36% had access to an improved water source. Poverty incidence has been declining however (by 15 percentage points since 1996/97) and some socio-economic indicators have shown notable progress. For example, the net enrolment rate in primary education increased by more than 25 percentage points between 1997 and 2003 and the maternal mortality ratio declined from 1,000 to 408 per

100,000 live births between the early 1990s in 2003 (Republic of Mozambique and UNDP, 2005). But there is still a long way to go in the pursuit of the Millennium Development Goals (MDGs). A progress report on the MDGs produced in 2005 indicates that a number targets, namely the ones concerning environmental sustainability (MDG7), are unlikely to be met by 2015 (Table 1).

Table 1. Mozambique progress towards the Millennium Development Goals

GOALS/TARGETS	WILL THE GOAL/TARGET BE MET?				STATE OF SUPPORTIVE ENVIRONMENT			
EXTREME POVERTY & HUNGER								
Halve the proportion of people living in extreme poverty by 2015	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
Halve the proportion of people who suffer from hunger by 2015	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
UNIVERSAL PRIMARY EDUCATION								
Ensure that all boys and girls are able to complete a full course of primary schooling by 2015	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
GENDER EQUALITY								
Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
CHILD MORTALITY								
Reduce by two-thirds the under-five mortality rate by 2015	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
MATERNAL HEALTH								
Reduce by three-quarters the maternal mortality ratio by 2015	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
HIV/AIDS, MALARIA AND OTHER DISEASES								
Have halted by 2015 and begun to reverse the spread of HIV/AIDS	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
ENVIRONMENTAL SUSTAINABILITY								
Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
Halve, by 2015, the proportion of people without access to safe drinking water and sanitation	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
By 2020, to have achieved a significant improvement in the lives of slum dwellers	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
GLOBAL PARTNERSHIP FOR DEVELOPMENT								
Develop further an open, ruled based, predictable, non-discriminatory trading and financial system	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
Address the special needs of the least developed countries	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
In cooperation with developing countries, develop and implement strategies for decent and productive work for youth	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
In cooperation with the private sector, make available the benefits of new technologies, especially information and communications	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak

Source: Republic of Mozambique and UNDP (2005), p. 3.

Environmental context

7. Mozambique has an important natural resource base. It is estimated that there are 80 million hectares of land, of which 2% are inland waters, 13% national parks and 21% are covered by forest (Republic of Mozambique and UNDP 2005). With a coastline of 2,470 km and an exclusive economic zone of 200 nm, the country is endowed with a rich and diverse coastal and marine biodiversity. Other natural resources include coal, titanium, natural gas, hydropower, tantalum and graphite.
8. But Mozambican ecosystems are highly vulnerable. During the last decade different parts of the country have suffered either from severe droughts or devastating cyclones and floods. Furthermore, a long civil war combined with natural hazards have resulted in increased migration of the population to urban and coastal areas with adverse environmental consequences, such as desertification and pollution of surface and coastal waters. Inadequate farming and mining practices have also resulted in substantial deforestation and soil degradation.
9. The context of extreme poverty puts strong pressures on natural resources, since these represent the main source of subsistence for the majority of households. The country is still predominantly a rural economy. About 64% of Mozambicans live in rural areas and agriculture alone employs just above 80% of total workforce and about 93% of rural workforce (INE 2004). Also, foreign investment, attracted to the country by the political stability and good macroeconomic performance, has been putting significant pressure on the country's productive potential, particularly in the forestry, mining, fisheries and tourism sectors. Economic growth objectives often collide with environment sustainability objectives along the country's development process.
10. Progress towards MDG7 has been disappointing (as illustrated in Table 1). In addition to ecosystems vulnerability, environmental management is hindered by very weak institutional capacity. The lack of qualified human resources and technical means limit the Government's actions for effective enforcement of environment legislation and monitoring of natural resource use. There is also very limited statistical information on environmental indicators, particularly those that would facilitate the evaluation of progress in the implementation of MDG7 – the 2005 MDG progress report assesses as weak all the elements of monitoring environment (Table 2).

Table 2. Environmental monitoring and evaluation capacity

Elements of monitoring environment	Assessment		
Data gathering capacities	Strong	Fair	Weak
Quality of recent survey information	Strong	Fair	Weak
Statistical tracking capacities	Strong	Fair	Weak
Statistical analysis capacities	Strong	Fair	Weak
Capacity to incorporate statistical analysis into policy, planning and resource allocation mechanisms	Strong	Fair	Weak
Monitoring and evaluation mechanisms	Strong	Fair	Weak

Source: Republic of Mozambique and UNDP (2005), p. 41.

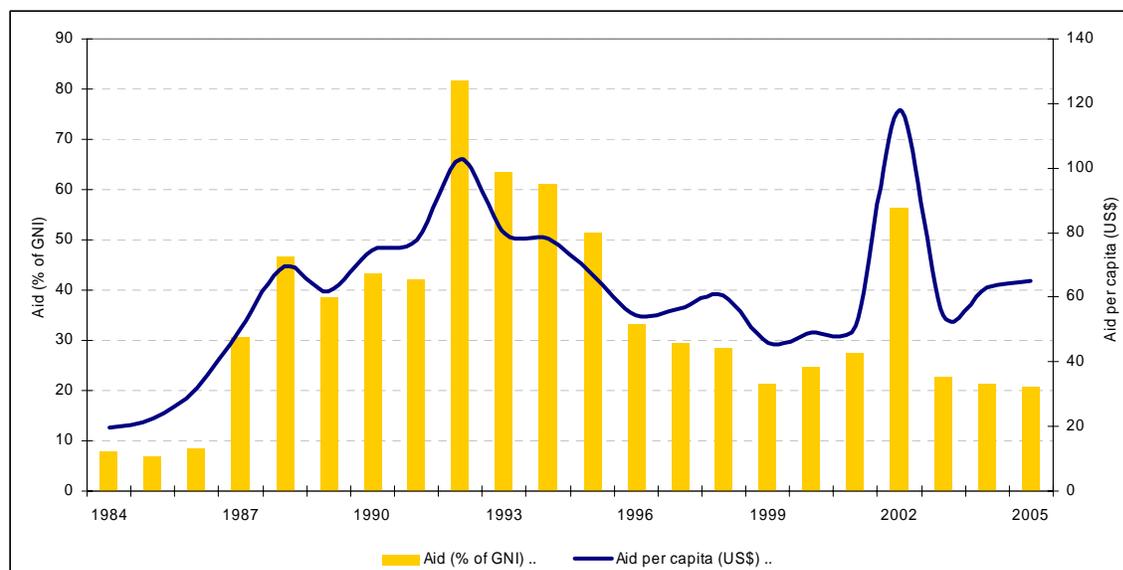
Development assistance

11. Mozambique is one of the largest aid recipients in Sub-Saharan Africa. Net official development assistance (ODA) averaged US\$ 1.1 billion in the period 1997-2003, around 31.4 percent of GNI or US\$ 62 per capita in the same period. Around three-

quarters of ODA were provided under bilateral programmes, whilst the remainder was provided by multilateral institutions.

12. Aid flows to Mozambique became significant after the introduction of an economic and social rehabilitation programme in 1987, which was supported by the Bretton Woods institutions and bilateral (western) donors. In 1990, GoM and IMF agreed to an structural adjustment programme and in 1992 aid flows reached 81% of GNI, having remained above 50% until 1995 (Figure 1). Aid flows have since then stabilised around 20-30% of GNI; 2002 was an exceptional year with aid flows practically doubling.¹

Figure 1. Official development assistance to Mozambique, 1984-2005



Source: OECD-DAC Online statistics.

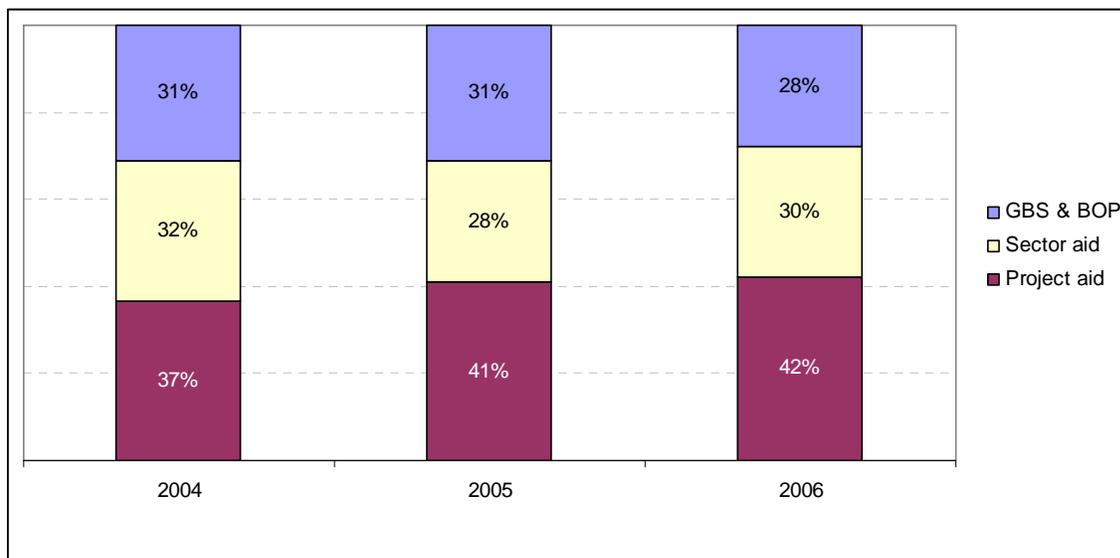
13. Despite the relative stability of aid flows over the past ten years, the nature of aid delivery approaches and the mix of aid instruments used have been changing quite significantly, reflecting, in broad terms, trends in aid thinking and practice at international level.
14. The late 1980s and early 1990s were a period dominated by structural adjustment and macroeconomic stabilisation policies and significant influence by the IMF and World Bank; balance of payments support, food aid and project aid were the dominant modalities. International NGOs became particularly active in Mozambique since the 1992 Peace Settlement and with them came the proliferation of projects to support reconstruction and restore service delivery in essential areas.
15. In the mid-to-late 1990s bilateral donors started playing a more prominent role – bilateral aid increased more than twofold between 1998 and 2002 (Batley et al. 2006) – and the focus of development aid was directed to public sector structures and service provision, centrally and at provincial level, to counterbalance the effects of several

¹ The explanation for such peak is not immediately obvious. By looking at OECD-DAC aid data in detail it seems that this is related to the dramatic increases in funding from France, Italy and Japan that year. This might have been related to, in the case of France, the debt relief initiative and, for all, possibly the response to severe damage provoked by the natural disasters that hit the country in 2000/01. It is worth noting that this significant increase in aid disbursements happened in spite of the major banking crisis that erupted in 2001 and associated human rights violations.

years of budgetary austerity which had compromised (and in some cases disrupted) service delivery and poverty reduction efforts. Sector Wide Approaches, as well as other donor harmonisation arrangements at sector level (such as sub-sectoral basket funds), started emerging to support the restoring of public services in key sectors through improved aid harmonisation and policy coordination while attempting to rethink and modernise the state's presence in those sectors.

16. In the early 2000s, the focus on priority sectors (particularly education and health) and their contribution to poverty reduction was furthered and Poverty Reduction Strategies and the MDGs were placed right at the centre of the development aid doctrine. Aid delivery mechanisms adjusted accordingly directing aid flows further upstream – SWAPs in the social sectors were being consolidated and General Budget Support (GBS) rapidly become a major aid instrument as well as platform for policy engagement with the Government of Mozambique. Between 2000 and 2004, GBS increased from about 2.7% to 18.6% of ODA with some donors channelling nearly 50% (e.g. Netherland and EC in 2004) of their assistance through this modality (*ibid*); in 2006, DFID allocated as much as 65% of bilateral programme in Mozambique to GBS, becoming the largest bilateral user of this modality.
17. But despite the rapid switch (by some agencies) to GBS, complementarity between different aid instruments is now being emphasised, partly as an attempt to diversify risk (GBS is recognised to have a high level of fiduciary risk attached) and as a way of exploring complementary entry points into different levels of policy-making. DFID's Guidance on Aid Instrument notes that "it is not useful to look at individual instruments in isolation" and that "different types of instruments – financial aid to government and to non-state actors, TC [technical cooperation], policy engagement – have different and complementary strengths" (DFID 2006: 13). Likewise, the GBS evaluation in Mozambique recommends that the aid strategy should be designed considering "the advantages of different aid modalities and how each might be used" (Batley et al. 2006: 137). The emphasis on complementarity may also be seen as a way of justifying the still significant presence of project aid, which may be in fact again on the rise (Figure 2).

Figure 2. Aid from GBS donors to GoM by type of instrument, 2004-2006



Source: Ernest & Young (2006).

2. Environmental institutional setting: policies and stakeholders

18. This chapter provides an overview of the institutional framework governing the environmental sector in Mozambique. It summarises government policy objectives and priorities and describes the scope and roles performed by the most prominent players in the sector. It also analyses policy dialogue and coordination mechanism in place.

2.1. Government environmental policy

19. Environment policy objectives and priorities in Mozambique are framed by an array of policy instruments, each with their specific drivers, scope, timeframe and audiences.

Overarching government policy: PG, PARPA and PES

20. Public environment policy is defined in the first instance by the three GoM planning instruments: the five-year Government Programme (PG), the Poverty Reduction Strategy (PARPA), and the annual Economic and Social Plan (PES). Each of these has a dedicated environment chapter or section, which specifies policy objectives, priority areas of intervention, and, in the case of PARPA and PES, monitoring indicators and corresponding targets.
21. PG is the overarching government policy instrument. It is approved by Parliament at the beginning of each Legislature and it constitutes the Government's programme for its five-year term. It is a strategy document which sets general policy objectives and areas of priority action. PARPA complements PG by focusing on poverty reduction objectives. The annual PES turns PG and PARPA objectives and priorities into concrete annual interventions. The PES is approved by Parliament alongside the State Budget.²
22. There is broad consistency across the three policy instruments in terms of policy objectives and areas of priority intervention. But the three instruments suffer all from being rather general and weak in terms of environment policy prioritisation. PG, for example, includes a long list of objectives/activities which simply reproduces government's environmental governance mandate. PG also fails to treat environment as a cross-cutting issue, presenting environmental policy objectives and interventions in a separate chapter on cross-cutting issues (which also includes HIV-AIDS and gender) and ignoring the environmental dimensions of sectoral policies.
23. PARPA takes environmental policy formulation one step forward by incorporating the environmental perspective into sectoral policy objectives and priorities. PARPA obtained a very high score in the Bojö et al. (2004) assessment of environmental mainstreaming in PRSPs.³ Two hypotheses were offered in explaining the high score: (a) the quality of the PRSP process and the extent to which the environmental constituency was mobilized and allowed to contribute; and (b) the recent occurrence of natural disasters that might have sharpened the political awareness of environmental vulnerability.

² Section 4.1 provides an overview of the planning and budgeting process, including the engagement of environmental agencies in the elaboration of the PES and accompanying State Budget.

³ The study used four rating criteria: (i) diagnosis of environmental issues; (ii) analysis of poverty-environment links; (iii) environmentally relevant actions; and (iv) the extent to which participation and consultation allowed environmental concerns to be heard.

24. There are several examples of environmental mainstreaming in PARPA. For example, the reduction of deforestation related to fuel wood extraction and the promotion of sustainable energy sources are included amongst the main energy policy objectives. Sustainable natural resource management also features quite prominently in the agriculture, fisheries and mineral resources programmes.
25. The annual PES follows to some extent this mainstreaming approach although it fails to turn environmental management objectives into concrete activities and targets for areas outside the remit of agencies more explicitly mandated with environmental management⁴, as is the case, for example, for the renewable energy and sustainable mineral resources extraction objectives.

Environmental specific policies

26. The 1997 Environmental Law (Law n° 20/97) set the foundations for the policy and institutional framework for environmental management in Mozambique. The Law defines the scope, agents and management tools for environmental management.
27. Since then a number of specific laws, regulations and strategy papers have been produced. The main strategy papers on broad environmental management issues are the Strategic Plan for the Environment Sector 2005-2015 and the Environment Strategy for Sustainable Development 2007-2017 (EADS). Specific environmental management policy instruments include the Spatial Planning Law (Law n° 17/2007), the Spatial Planning Policy (Resolution n° 18/2007), the Law and Regulation on Environment Impact Assessment (Decree n° 45/2004). Other relevant sub-sectoral legislation and policy papers include: the Land Law, the Forestry and Wildlife Law, the Energy Policy, the Water Resources Legislation, the National Tourism Strategy, the Strategy for Managing Dangerous Waste, the Strategy for Coastal Management, the Action Plan for the Combat of Drought and Desertification, the Action Plan for the Conservation of Biodiversity, the Action Plan for Combating Soil Erosion, amongst other.
28. Mozambique is also signatory to various treaties and protocols with regard to the environment, including: the African Convention on the Conservation of Nature and Natural Resources, the UN Framework Convention on Climate Change, the UN Convention for the Combat of Desertification, the Convention on International Trade in Endangered Species of Wild Flora and Fauna, the Convention on Biological Diversity, the UN Declaration on Human Settlements, the Millennium Declaration, the Action Plan for Sustainable Development, and the Treaty of Cross-border Conservation Areas.
29. On the whole, the legislative and policy framework for environmental management is perceived as being comprehensive and of reasonable quality. A study by CIDA rated Mozambican environmental legislation and analysis as robust (CIDA, 2004). It has been reported however that the legislation tends to be too general and that regulation is produced without sufficiently debate and consultation and often contains gaps and mistakes. But the more significant problem concerns implementation of the existing legislative/policy framework due to the lack of means and incentives to enforce regulation and policy and, particularly, the weakness of the government agencies mandated with the coordination of environmental action. Legislation on Environment Impact Assessments (EIA), for example, is reportedly comprehensive and well crafted but its operationalisation has been weakened by the lack of financial and technical

⁴ As analysed in Section 2.2 the government agencies with more explicit environmental management mandates include the Ministry for the Coordination of Environmental Action, the Ministry of Agriculture and the Ministry of Tourism.

resources (to review EIAs and monitor environmental impact mitigation plans) and, more importantly, the conflict of interests between economic and environment protection/promotion objectives. Hence, for example, although EIA legislation requires EIAs to be produced for any tourism development project, there are many tourism development concessions being granted without the existence of an EIA (Bazaruto and Ponta do Ouro are well know examples).

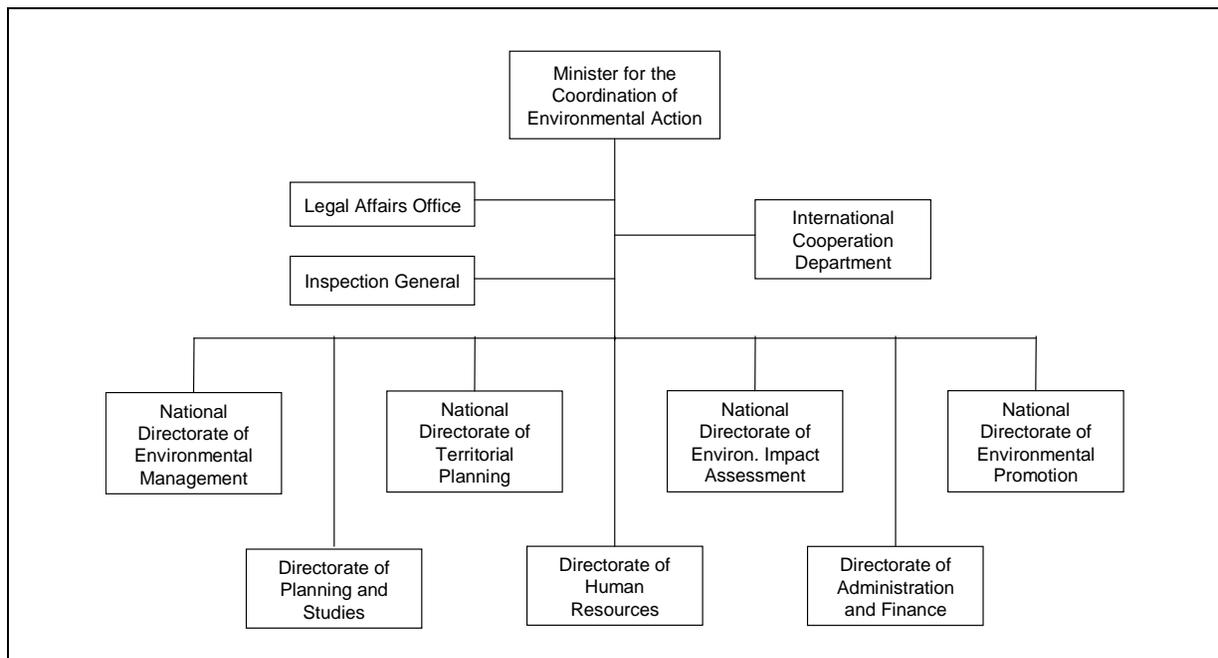
2.2. National institutional players

30. There are a number of national institutional players with a role in environmental governance. This section provides an overview of some of the main stakeholders and, for some of them, briefly discusses how they are performing their role and relating to the other players in the sector.

Ministry for the Coordination of Environmental Action

31. MICOA is the government agency with responsibility for overall coordination of government activities in the environment domain. It was created in 1994 (by Presidential Decree 2/94) and has as main functions (established by Presidential Decree 6/95): (i) the promotion of conservation and sustainable use of the country's natural resource base, and (ii) the promotion of environmental policies and strategies to be integrated into sectoral development plans.
32. MICOA is structured around six areas of intervention: (i) inter-sectoral coordination, (ii) research, planning and environmental management, (iii) territorial planning, (iv) environmental impact assessment, (v) environmental education and dissemination, and (vi) inspection and control. MICOA's organizational structure at central level is represented in Figure 3.

Figure 3. MICOA organisational structure at central level



33. There are four thematic Directorates which together with the Inspection General cover the above mentioned areas of intervention. There are also three Directorates providing support services (planning, studies, human resource management and administration), a Department for international cooperation affairs and an Office for legal affairs. MICOA is represented at provincial level through Provincial Directorates with a similar structure which are responsible for the coordination of environmental activities at provincial and district levels.
34. MICOA is a coordination - not an implementation - agency. As its managers like to emphasise, MICOA does not have the mandate to *do things*, but only the mandate to *coordinate* environmental action carried out by other sectoral ministries. The general perception is however that MICOA experiences serious difficulties in performing this coordination role effectively. Part of the problem is that 'coordination' seems to be a rather fuzzy competence. Another problem is that MICOA has little political leverage over other sectoral ministries and hence limited scope for influencing sector policies. This limited influencing capacity is exacerbated by the fact that MICOA is poorly endowed in terms of human and financial resources.

National Council for Sustainable Development

35. The National Council for Sustainable Development (CONDES) is Cabinet's consultative body on environmental issues. It is subordinated to the Prime Minister's Office and is constituted by Ministers and Vice-ministers from relevant sectors (agriculture, tourism, energy, mineral resources, planning and development, health, etc.) and chaired by the Minister of Environment.
36. CONDES was formally established by the 1997 Environment Law to promote and coordinate all sectoral efforts towards sustainable use of natural resources while promoting sustainable economic and social development. Its mandate is to promote dialogue on environment issues during the preparation of sector policies pertaining natural resources use and management and monitoring the implementation of all policies of relevance to environmental management. CONDES is assisted by a Secretariat constituted by two MICOA staff members.
37. CONDES is at the top of the GoM's environmental management hierarchy. But the general perception is that it has failed to position itself and play its role effectively. Its political leverage and technical capacity are, reportedly, very weak. Therefore, and despite its institutional position, CONDES does not have a strong presence in environment policy debate or sectoral coordination.

Sustainable Development Centres and Research Centres

38. There are three Sustainable Development Centres (CDSs), all subordinated to MICOA: one focusing on coastal areas (located in Xai-Xai), another one on urban environment (in Nampula) and a third one on natural resource conservation and management (in Manica).
39. CDSs are relatively new (were formally established around 2003/4) and originated out of successful environmental projects. Their mandate and required competences are still being discussed. Currently, they are performing a variety of roles, including: research activities, project implementation, and technical support on environmental issues to the provincial and district levels.
40. Furthermore, a research centre on marine and coastal environment (*Centro de Pesquisa do Ambiente Marinho e Costeiro*) was created in 2007. This research centre is located in Pemba, Cabo Delgado province, and is under MICOA's tutelage. It aims to

produce scientific research on marine and coastal ecosystems and thereby contribute to the promotion of the conservation and sustainable use of marine and coastal resources.

Environment Fund

41. The Environment Fund (FUNAB) is a public sector agency under MICOA's tutelage but with financial autonomy. It was created in 2000 (Decree 39/2000) to promote, through the provision of financial resources, public and private sector interventions in the environment domain. FUNAB funds small scale activities at the district or community level and related to spatial planning, environmental awareness campaigns and promotion of use of environmentally sustainable technologies.

National Directorate for Conservation Areas of the Ministry of Tourism

42. The National Directorate for Conservation Areas (DNAC) is part of the Ministry of Tourism (MITUR) and is responsible for overseeing the management of conservation areas. DNAC used to be part of the Ministry of Agriculture (part of the Forests and Wildlife Directorate) but was transferred to MITUR, upon its creation in 2000, with the aim of exploring the tourism potential of these areas. Conservation areas in Mozambique include 5 national parks, 6 national reserves and 12 'coutadas'. These represent about 16% of the national territory.
43. The World Bank is the main source of funding for nature conservation activities. The ongoing Trans-frontier Conservation Areas and Tourism Development Project will provide a total of \$US 34 million over a period of 15 years (1997-2012). This project has a purposely created management unit, the *Unidade de Coordenação das Áreas de Conservação Transfronteira*. The World Bank project has amongst it several components support to policy, legal and institutional framework. This includes support to the formulation of the conservation policy, which is the responsibility of MICOA. MICOA's involvement has been disappointing as it has shown limited technical capacity to engage with the subject as well as difficulties in managing inter-sectoral coordination.
44. The conflict of interest between tourism development and nature conservation is a hot debate. According to some views, GoM, and MITUR in particular, has been unclear about its natural resource management objectives and this has created some tensions. It is frequent practice, for example, for tourism businesses to get their environment licences after being already fully settled and running the business (e.g. the luxurious Indigo Bay Island Resort, located in the Bazaruto archipelago).

National Directorate of Land and Forestry of the Ministry of Agriculture

45. The National Directorate of Land and Forestry (DNLF), located under the Ministry of Agriculture (MINAG), is responsible mainly for forest management, wildlife conservation and the management of the land registry. Its natural resource management activities are concentrated around the awarding and monitoring of concessions and licences for forest exploitation. Concessions/licensing and monitoring generate three main types of revenue: licensing fees, fines and revenue from the selling of apprehended products. Revenue collections reached about US\$ 6 million (149 billion Mt) in 2006.
46. There are also some forest and wildlife conservation activities. For example, the PES 2007 proposes to reforest 1.095 ha of land for conservation and to carry out sensitisation campaigns on the importance of wildlife in three provinces.⁵ These

⁵ República de Moçambique (2007) 'Plano Económico e Social e Orçamento do Estado - 2007', Maputo.

conservation activities do not feature, however, in MINAG's annual implementation report which focuses exclusively on the licensing activity.⁶

Environmental units and focal points located in sectoral ministries

47. There are five known environmental units (in some cases called departments) in operation in the Ministry of Agriculture (MINAG), Ministry of Energy, Ministry of Mineral Resources, Ministry of Public Works (Roads Section) and Ministry of Health. These units were all created under specific donor-funded projects/programmes as a requirement from the financier (the World Bank in most cases). The aim was to incorporate an environmental perspective into sectoral planning and contribute to improving environmental impact assessments of development interventions.
48. The structure and attributions of these units vary. For example, the Ministry of Mineral Resources' Environment Department is structured into two Sections: the Environmental Management Section and the Environmental and Social Analysis Section. The Department is staffed with 3 people working full time and there are specific terms of reference for the Department and Section levels, albeit expressed in very general terms. By contrast, the MINAG's 'unit' is made of one person who also heads the Department for Agricultural Policy Analysis and therefore does not have environmental issues as part of her main attributions.
49. There is no institutional link between these units and MICOA. Despite being a coordination agency, MICOA has little knowledge about these units' attributions and how they operate. These units are, reportedly, co-opted by the projects that created them and there is little sharing of information across environmental agencies. This has often resulted in duplication of work and coordination failure on the part of MICOA. For example, mining concessions have reportedly sometimes been granted without MICOA knowing about it. To address this type of problem, MICOA is about to initiate a study aiming to understand their functioning, explore opportunities for the creation of new units in relevant sectors, and strengthen inter-sectoral coordination and institutionalised links with MICOA. The establishment of environment units in key sectors is in fact one of the environment policy targets set in the PARPA – according to the revised PARPA monitoring matrix, eight new environmental unit are expected to be created during the course of 2007 in key economic sectors and municipalities. According to the view of the present study' informants this target is highly unlikely to be reached in 2007.
50. In addition to the environment units, there are also designated focal points for environment issues in some ministries who have been working with MICOA on an *ad hoc* basis. With the exception of the MPD focal point, who has mainly focused on poverty-environment issues (through a UNEP-funded project), the other focal points work with MICOA essentially on the review of impact assessment studies and monitoring missions when these concern activities in their respective sectors.

Civil society or non-governmental organisations

51. There are a number of active NGOs in the environment sector. The majority of them are located in Maputo although there are also some community-based organisations or initiatives often stimulated and supported by the better endowed Maputo-based NGOs.
52. The profile of the Mozambican environmental NGOs' is varied. *Centro Terra Viva* (CTV), for example, focuses mainly on research and policy advice. It works often for the GoM, particularly MICOA and MITUR at province level, supplying studies, legal advise

⁶ MINAG (2006) 'Relatório Anual do MINAG - 2005'. Maputo, June.

and training. CTV has also played an active role in the elaboration of PARPA II, having coordinated a group of NGOs engaged in the process. By contrast, *Livaningo* (the first environmental NGO in Mozambique), *Forum Natureza em Perigo* (FNP), amongst others, play a more activist type of role by carrying out advocacy campaigns, denouncing environmental misconduct and challenging government policies threatening conservation and sustainable natural resource management. *Livaningo*, for example, describes its action as “street fighting”; it has, for example, offered strong criticism to the government for its apathy with regards to illegal logging, fishing and settlement of tourism infrastructures on the coast.

53. Three major issues were raised by the NGOs consulted by this study. The first one concerns the lack of public awareness on environmental issues which is thought to be partly related to the detachment of the population from the land.⁷ This constraints domestic resource mobilisation and therefore leaves the national NGOs strongly dependent on the financial resources and agendas of their external donors (international NGOs and donor agencies). It was also noted that the availability of international funds for environmental activities has created a lot of opportunism in the NGO sector.
54. A second major remark concerns the lack of commitment from the government to the sector which is reflected by the limited leverage and technical capacity of MICOA. Coordination of sectoral ministries is perceived to be virtually non-existent, largely because of the lack of political weight to confront powerful ministries such as MITUR. MICOA is left with the review and monitoring of EIAs which is seen as its almost exclusive activity, for specific interventions of more limited scope (such as the plantation of trees in schools).
55. The third point concerns NGOs responsibilities in the implementation of PARPA. Although PARPA is a government programme, NGOs and other sections of society are expected to play an active role in its implementation. There seems to be however little clarity on what this actually entails. For example, where would the resources come from for NGOs to be able to play their part?

2.3. Development partners and funding modalities

56. There are a number of development partners supporting environmental management activities in Mozambique, both directly and indirectly. Some of them have focused on policy development and capacity building of government agencies while others have concentrated on direct interventions in the field, either with government agencies or with non-governmental organisations.
57. The Netherlands was for many years and until recently MICOA's main source of bilateral support, having played an important role in various key environmental policy processes such as the creation of MICOA, the legislation on Environment Impact Assessment and the Environment Strategy for Sustainable Development. The Netherlands concluded its direct support to the environment sector in 2006 mainly because of the Dutch cooperation's policy of reducing to three the number of sectors of cooperation in Mozambique (water, health and education) and adopting General Budget Support (GBP) as the main modality for channelling assistance to government. But

⁷ A long civil war and recurrent drought in the hinterland have resulted in continuous migration of the population to urban and coastal areas with adverse environmental consequences (such as desertification, pollution of surface and coastal waters) and the loss of traditional sustainable natural resource management practices.

despite this, the Netherlands maintains a strong engagement with the sector. It plays an active role in environmental policy dialogue fora and promotes the integration of environmental objectives into governance and development policies in general, particularly via the GBS platform (an issue which is further discussed in Chapter 6). The Netherlands continues to be seen as the environment policy champion amongst donors.

58. Denmark is currently MICOA's main source of institutional capacity building support. It is running a five-year Environment Support Programme (2006-2010) which will fund a number of institutional capacity building activities up to a total of US\$ 5.5 million. The Programme also includes other components at various levels of environmental governance (amounting to US\$ 29 million): urban environmental management at municipality level, support to the Sustainable Development Centre for Coastal Areas, support to nature conservation (Gorongosa National Park), and support to the development of the Environment Management Strategy for the Greater Maputo area. The Programme also includes the provision of 2 Danish advisors for MICOA (one based in Maputo and the other in Denmark) and a team of international advisors for short-term inputs. The Programme has a Financial Management Unit run by a contracted agency (set outside government structures).
59. The World Bank is a major source of multilateral funding. It is currently funding two large projects providing about US\$ 15 million to environmental protection interventions: Trans-frontier Conservation Areas and Tourism Development (mentioned above) and Coastal and Marine Biodiversity Management (2001-07). These projects are managed by project specific management units in MITUR and MICOA, respectively. They both include international technical assistance components.
60. There are several UN agencies supporting environmental action through a variety of channels.⁸ For example:
 - UNEP manages the Poverty and Environment Initiative (PEI) which focuses essentially on capacity-building and awareness raising activities on the links between poverty and environment and on the mainstreaming of environment into PARPA-implementation at the provincial level. PEI partners include both governmental (MICOA and MPD) and non-governmental (Centro Terra Viva) agencies.
 - UN-HABITAT plays an active role in the areas of sanitation, waste management and erosion at municipal level.
 - UNIDO is about to initiate a pilot project (covering seven other sub-Saharan African countries) aiming to address the negative impacts of coastal tourism on the coastal and marine environment and promote the development of sustainable tourism policies and strategies.
 - FAO supports the implementation of the Forestry and Wildlife Component of the National Agriculture Development Programme (PROAGRI) which focuses on local community participation in the use, conservation and benefits generation from natural resources management.

⁸ It is worth noting that environment does not feature strongly in the UNDP cooperation agenda for Mozambique, as reflected by the absence of environmental issues in the list of priority areas of intervention included in the draft UN Development Assistance Framework (UNDAF) for Mozambique. This created strong dissatisfaction amongst the UN agencies most active in the environment domain. They have pressured UNDP to add an environmental dimension into the UNDAF and which is now going to feature as part of a new chapter on sustainable economic development.

61. There are also a number of other development partners providing project funding to environmental activities, including: Finland (CDS - natural resources), France (National Parks), Germany (trans-frontier conservation and waste management), Japan (obsolete pesticides and sanitation), Portugal (National Parks, sanitation and climate change), Spain (spatial planning), the EC (sustainable natural resource management and sanitation), and the African Development Bank (National Parks and sanitation).
62. Finally, some donors provide indirect support to environmental management activities. For example, part of the provincial budget support provided by Ireland to two provincial governments (in Niassa and Inhambane) has been used to support environmental resource mapping as an input to the elaboration of Provincial Development Strategies. Spain and Italy have also supported environmental interventions through their provincial budget support arrangements, in Cabo Delgado and Sofala respectively. There are also a number of projects for which the environment is not the primary focus but have nonetheless environmental management-related components. An example of this is the World Bank-funded Energy Reform and Access Project which includes a renewable energy component which supports investments in renewable energy.

2.4. Policy dialogue and coordination mechanisms

63. Mechanisms for policy dialogue and coordination on environmental issues are still weak in Mozambique but there have been several attempts to strengthen them in recent years.

Policy dialogue and coordination inside government

64. At the government level, CONDES and MICOA are, institutionally, the agents for the promotion of policy dialogue and inter-sectoral coordination. However, as discussed before, they have not been able to play that role effectively. Environmental management is still widely perceived by other sectoral ministries as an obstacle to economic development and investment decisions are often made with very little consideration given to environment regulation and sustainable development objectives (e.g. construction of dams, land and mineral resource concessions). Neither CONDES nor MICOA have managed to influence high level government policy decisions and push convincingly for a sustainable development agenda.
65. Inter-sectoral exchanges and debate do occasionally take place but these rarely lead to truly coordinated decision-making (with conciliation between economic growth and environment protection/promotion objectives). The elaboration of the Environmental Strategy for Sustainable Development (EADS) is a case in point.⁹ Its elaboration went through, reportedly, extensive stakeholder consultation and the Strategy is considered by some (particularly MICOA and some development partners) the overarching policy strategy on environmental management. But the reality is that it is not widely known outside the circuits of MICOA and partners working directly on sustainable development issues, which raises questions about the effectiveness of existing inter-sectoral policy dialogue and coordination mechanisms. The review and monitoring of EIAs seems to

⁹ The EADS is a medium-term government strategy which is set to provide a common vision and direction for all environment stakeholders (government, NGOs, private sector, development partners and civil society) in their efforts towards sustainable development and poverty eradication. The Strategy was produced by a multi-sectoral government team following GoM's participation in the 2002 World Summit on Sustainable Development held in Johannesburg. It was approved by Cabinet in 2007 after a four-year preparation process which involved extensive stakeholder consultation.

be one of the few areas where collaboration between sectoral ministries and MICOA takes place on a regular basis, although not without problems.

Dialogue and coordination between government and other stakeholders (donors and NGOs/CSOs)

66. During the preparation of the second PRSP (PARPA II), a multi-stakeholders policy dialogue group was constituted with the aim of discussing environment policy in the context of the government's strategy for poverty reduction. The Environmental Reflection Group (*Grupo de Reflexão Ambiental*), as it was called, was headed by MICOA and included representatives from various sectoral ministries, development partners and NGOs/CSOs. The group was actively engaged in the preparation of PARPA II but has been dormant ever since. There is however a widespread interest in reactivating the group and using it as a platform for more continuous dialogue and exchange.
67. The Netherlands Embassy has been particularly dynamic with regards to the revitalisation of this working group and has helped to devise specific terms of reference for its institutionalisation. These terms of reference propose to rename the group as Environment Working Group (EWG) and define its mission as follows: "*The EWG promotes an intersectoral approach to create synergies between policies, strategies and programme, ensuring that environmental considerations are taken into account in the development planning instruments*".¹⁰ The EWG is to be chaired by the Permanent Secretary of MICOA and assisted by MICOA's National Planning Directorate. Proposed group members include: focal points/members of the Environment Units in government sectors; other government representatives, civil society and private sector representatives of relevance to topic being discussed in the meeting; and the chair of the Environment Development Partners Working Group (see below).
68. The institutionalisation of EWG is part of a larger process of improving dialogue with government and strengthening policy alignment, which is being largely driven by the General Budget Support framework and, more generally, by the application of the principles on aid effectiveness established in the 2006 Paris Declaration. GBS is to some extent changing the architecture of development cooperation in Mozambique. This aid modality was introduced in 1999 by a group of six donors and quickly expanded to become one of the most significant aid modalities in use. Today there are 19 signatory development partners in the arrangement, commonly referred to as Programme Aid Partners (PAPs or G19).¹¹ In 2007, pledged resources amounted to US\$ 337 million, representing about 20% of overall ODA to Mozambique and 12% of the government's budget. With such magnitude, it is hardly surprising that GBS has become an important platform for policy dialogue between development partners and the Mozambican government.
69. The quality of the policy dialogue between PAPs and GoM has been improving. In its early years it focused almost exclusively on budget management and fiduciary risk, but it is now covering a wide range of general governance and sector specific topics. There are currently several technical working groups¹² which inform dialogue at the political

¹⁰ Draft terms of reference for the Environment Working Group, produced jointly by MICOA and development partners, 2007.

¹¹ The PAPs have a website where they publish all relevant information concerning their structure and activity: www.pap.org.mz.

¹² For the existing groups and some of their outputs, see www.pap.org.mz/working_groups_reports.htm.

level.¹³ Although the EWG is still to be institutionalised, a group of GoM and donor representatives has been meeting on an *ad hoc* basis since 2005. It has produced at least three reports which have informed joint reviews of GBS.¹⁴

70. It has been reported, however, that the important discussions on environmental issues are held at a very high political level (the level of diplomacy) and do not feed down effectively to operational levels. Technical discussions held at operational levels tend to concentrate on the monitoring of the indicators and targets established in the GBS Performance Assessment Framework (PAF) matrix. The environment subject is not, however, well represented in the PAF. The existing matrix contains one environmental management indicator – “*the number of District Development Strategy Plans with an elaborated and approved integrated spatial component (use of land)*”.¹⁵ Whether this indicator is representative of current outstanding environmental governance issues is highly debatable. Furthermore, the target for this indicator is reportedly beyond reach which casts doubts about the quality of the process which generated it.

Dialogue and coordination amongst development partners

71. Development partners’ interventions in the environment domain spread across several sectors and, until recently, there had been few attempts to promote dialogue and coordination around environmental issues.
72. Mechanisms for donor policy dialogue and coordination focused on environmental issues are now being developed. The creation of an Environment Development Partners Working Group (EDP) has been proposed alongside the EWG. The EDP is expected to function in parallel to the EWG and ensure a harmonised policy dialogue between development partners and GoM. The EDP will be open to all bilateral and multilateral development partners involved in environmental areas. It will be chaired by one partner and co-chaired by another one.¹⁶
73. The creation of the EDP will be the formalisation of an *ad-hoc* working group already in operation. Some development partners have been working together to assess government performance on environmental issues, as part of the process of mid-term review of GBS. In the last two reviews (2006 and 2007), specific reports on environmental issues have been produced by a group of development partners to inform policy dialogue with GoM. An example of this is an issues paper on natural resources produced by the PAPs in 2007¹⁷ which raises and discusses in detail important cross-cutting environmental problems, such as uncontrolled forestry concessions, conflict between community land rights and the granting of concessions for mineral resource and tourism exploitation, and the weakness of marine control and surveillance.

¹³ There are several different levels of dialogue with GoM. The main PAPs structures for dialogue are the Heads of Mission group, the Heads of Cooperation group and the Economists Working Group. Additionally, there is the PAF coordination group, chaired by the troika of Heads of Cooperation and formed by the representatives of sector working groups and cross-cutting groups relevant for assessing PAF performance. More information on PAPs structures and terms of reference can be found on www.pap.org.mz/pap_structure.htm.

¹⁴ Every year GoM and development partners hold a joint review process on performance against indicators and targets set in the GBS Performance Assessment Framework.

¹⁵ PAF matrix, page 4.

¹⁶ *ibid.*

¹⁷ Cited in the previous chapter: Donor Task Force (2007), *op. cit.*

Dialogue and coordination amongst civil society and private sector organisations

74. There have been attempts to improve coordination amongst civil society organisations working on environmental issues. In 2005, for example, a network of CSOs was established with the aim of focusing on environment and development and strengthening the links with community organisations. But there is little evidence that such network has been playing an active role. More recently, there has been an attempt to create the Civil Society Environment Forum and there is currently a working group to take this idea forward. Further developments have been constrained by the lack of financial resources and the absence of a strong constituency pushing forward these initiatives.
75. There is also an NGO representing the interests of the private sector with regards to environmental issues. The *Forum Empresarial para o Meio Ambiente* (FEMA) was established in 1996 and integrates more than 90 of the largest private sector operators in Mozambique. Its activities include: promotion of environmental awareness; facilitation of dialogue between the public and private sectors on environmental policy and legislation; and provision of technical assistance and training on environmentally sound investment, pollution mitigation and sustainable natural resource management.

3. Public environmental expenditure

76. This chapter analyses public environmental expenditure in Mozambique. It starts with a definition of public environmental expenditure and a description of expenditure classification systems and data sources in use in Mozambique. This is followed by a detailed analysis of environmental funding and spending. The chapter concludes with an estimate of overall resources channelled to environmental activities.

3.1. Definition, classification system and data sources

Defining public environmental expenditure

77. The Classification of the Functions of Government (COFOG) is part of the United Nations family of international classifications and is widely used to identify the socio-economic objectives of government transactions. COFOG specifies ten broad functions of government.¹⁸ One of these is 'environmental protection' (Division 05) which is broken down into six sub-categories: '05.1 - Waste management', '05.2 - Waste water management', '05.3 - Pollution abatement', '05.4 - Protection of biodiversity and landscape', '05.5 - R&D environmental protection', and '05.6 - Other environmental protection services'.¹⁹
78. COFOG's exclusive focus on environment protection has been described as too narrow for leaving out natural resource management activities. Swanson and Lundethors (2003) suggest a definition of public environmental expenditure which accounts for these: '*expenditures by public institutions for purposeful activities aimed directly at the prevention, reduction and elimination of pollution or any other degradation of the environment resulting from human activity, as well as natural resource management activities not aimed at resource exploitation or production*' (Op. cit. page 36). The latter are somewhat difficult to capture since they often overlap with non-environmental government functions. The difficulty is producing a satisfactory typology of environmental activities and expenditure is reflected by the practice of World Bank Public Environmental Expenditure Review (PEERs). In ten PEERs conducted by the Bank five different definitions and classification systems were used (Op. cit. page 31).
79. In Mozambique, the definition of public environmental expenditure commonly used is very narrow. Although environment is now widely referred to as a cross-cutting issue (*assunto transversal*), rather than a sector with a confined administrative structure, the budget planning and accounting tools do not treat it as such. For example, public environmental expenditure is normally recorded as expenditure carried out exclusively by MICOA and its subordinate and tutelage institutions. This is the way the Medium Term Expenditure Framework (*Cenário Fiscal de Médio Prazo*, CFMP) and the State Budget (OE) report it (see Section 3.2), leaving out a number of important environment protection and natural resource management activities carried out by other parts of government. Obvious examples of these would be MITUR's biodiversity conservation, MINAG's forest management and wildlife protection and MOPH's sanitation infrastructure development and management.

¹⁸ For the complete listing, see: <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=4>.

¹⁹ This breakdown is based upon the Classification of Environmental Protection Activities as elaborated in the European System for the Collection of Economic Information on the Environment of the Statistical Office of the European Communities. COFOG environment protection functions are described in detail in Annex.

80. In an attempt to capture all relevant GoM environmental functions, Table 3 tries to establish a correspondence between the standard environment protection (COFOG) and promotion functions and the attributions of various relevant GoM agencies. It should be noted that environment promotion activities and corresponding mandated GoM agencies are more difficult to pin down (row 7 in Table 3).

Table 3. Environmental management functions of government and corresponding GoM agency

Environment protection (COFOG) and environment promotion	Description of function	GoM agencies mandated with the respective function
1. Waste management (COFOG 05.1)	Collection, treatment and disposal of waste.	- MICOA, Pollution Control Directorate - Municipalities
2. Waste water management (COFOG 05.2)	Sewage system operation and waste water treatment.	- MOPH, National Directorate of Water - Sanitation - Municipalities
3. Pollution abatement (COFOG 05.3)	Activities relating to ambient air and climate protection, soil and groundwater protection, noise and vibration abatement and protection against radiation.	- MICOA, Pollution Control Directorate - Municipalities
4. Protection of biodiversity and landscape (COFOG 05.4)	Activities relating to the protection of fauna and flora species, the protection of habitats (including the management of natural parks and reserves) and the protection of landscapes for their aesthetic values.	- MITUR, National Directorate of Conservation Areas - MINAG, National Directorate of Land and Forest - MICOA, Environmental Management Directorate
5. Research and development (COFOG 05.5)	Administration of applied research and experimental development on subjects related to environment protection; operation of government agencies engaged in applied research and experimental development on subjects related to environment protection; support in the form of grants and loans for applied research and experimental development on subjects related to environment protection undertaken by non-government bodies such as research institutes and universities.	- MICOA, Directorate of Planning and Studies - MINAG, National Directorate of Land and Forest - MITUR, National Directorate of Conservation Areas - Ministry of Science and Technology and Public Universities
6. Environment protection affairs and services n.e.c. (COFOG 05.6)	Administration, management, regulation, supervision, operation and support of activities such as formulation, administration, coordination and monitoring of overall policies, plans, programmes and budgets for the promotion of environmental protection; preparation and enforcement of legislation and standards for the provision of environmental protection services; production and dissemination of general information, technical documentation and statistics on environmental protection.	- MICOA, various - Municipalities - Monitoring departments/divisions of various sector ministries, including MINAG (Regulation and Control Department within DNAC) and the Ministry of Mineral Resources (Environmental Department)
7. Environment promotion activities	Activities which promote sustainable use of natural resources and which prevent or mitigate the negative environmental externalities of non-environmental development projects that potentially deplete natural resources or generate pollution: Examples would include investments in renewable sources of energy, or in sustainable agricultural technologies.	- MICOA, various - MINAG, National Directorate of Land and Forest - Ministry of Energy - Ministry of Mineral Resources - Ministry of Fisheries - Other?

81. How to identify these government functions in the official public expenditure records?

Public expenditure classification system in Mozambique and its caveats

82. The system of budget classification in use in Mozambique structures public expenditure according to four main criteria²⁰: (i) the management structure of government (or management units), through the organic classifier; (ii) the governance level (*âmbito*), which can be centre, province, district or municipality; (iii) the functions of government (the same as COFOG but with no further breakdown than the 10 broad functions); and (iv) the economic nature of resource use (salary payments, good and services, investment expenditure, etc.). Investment expenditure is further broken down by project. In addition to these, the budget regulation²¹ also makes reference to a programme classifier and the sectoral classifier (an extension of the programme classifier) which would aim to establish a direct link between programme/sectoral objectives and resource allocation/use; these classifiers have not yet been developed.
83. So which of these expenditure classifiers capture environment promotion and natural resource management activities? The functional classifier should reveal at least environment protection activities, in line with COFOG system from which it draws. However, this classifier is not being used on a regular basis. Unlike the other classifiers, a listing of expenditure by functions of government is not included in the detailed statistical tables annexed to the budget approved by Parliament. Instead, a graph indicating the proportion of the budget allocated to each function (often without specifying the exact proportions) is usually included in the Budget Statement (*Documento de Fundamentação*) which accompanies the budget proposal submitted to Parliament (see also following section). Furthermore, the functional breakdown of public expenditure is not reported in the State Accounts.
84. The organic classifier is only partially useful. The only environmental management structure revealed entirely by this classifier is MICOA and its subordinate and tutelage institutions. Since the classifier does not provide a breakdown of expenditure below the ministry (or hierarchically equivalent) level it does not allow the identification of expenditure executed by relevant directorates, departments or units located under other sectoral ministries. For example, it is not possible to identify in the State Budget (or the State Accounts), the volume of funding allocated to the National Directorate of Conservation Areas in MITUR, which is the only relevant part of the ministry's budget in what concerns environmental expenditure.
85. The most elucidating piece of information on the use of public resources is provided by the break down of investment expenditure by project managed under each management unit (ministry, provincial directorate, district government, etc.) – see Annex III for an indicative list of environment-related projects in the state budget for 2007.²² Three remarks are worth making here. Firstly, the project breakdown is not a budget classifier as such but rather a list of all the projects registered on-budget. Secondly, the budget presents these projects as corresponding to investment activities when in fact many of them correspond to day-to-day government operation (payment of salaries and topping ups, acquisition of computers and vehicles, etc.); the general procedure in Mozambique is that all activities funded by earmarked external sources

²⁰ GoM (2002) "Regulamento do Sistema de Administração Financeira do Estado (SISTAFE)", Decree n° 17/2002, Section II.

²¹ *ibid.*

²² This list was compiled on the basis of the names of the projects, which is the only information available in the budget. It is therefore likely to exclude other relevant project which have environment protection/management components but which are not immediately identifiable through the project name. This is discussed further in Section 4.2.

(projects or programmes) are recorded under the investment component of the State Budget. Thirdly, and very important, this project breakdown is not taken up in the State Accounts and therefore there is no readily available information on actual spending in each specific project.

86. The budget classification system and current accounting and reporting practices are therefore insufficient to account for environment protection spending, let alone relevant natural resource management functions located outside MICOA's remit (cf. Table 3). It is therefore not possible to produce a comprehensive and rigorous estimate of public environmental expenditure on the basis of the information provided by the State Budget or State Accounts. It is worth emphasising that these are the only budget management tools which are subject to parliamentary scrutiny.

Data sources and how they handle environmental funding and spending information

87. The sources of official data on public resource allocation/spending are: (i) the CFMP for medium-term budget estimates, (ii) the State Budget for annual budgetary allocations, and (iii) the Budget Execution Reports and State Accounts for actual spending. Other complementary sources include line ministries' records of received resources and spending and development partners' records of disbursed aid.
88. The **CFMP** is a medium-term budget planning tool produced by the Ministry of Planning and Development (MPD) which provides indicative budget ceilings for a 3 year period. It is approved by the Economic Council²³ and is the basis for the preparation of the annual budget – Annex II provides a brief description of the planning and budgeting cycle.
89. The process of elaboration of the CFMP is not yet institutionalised as it remains essentially an internal MPD budget planning exercise. Information is not regular, standardised or officially published. CFMP forecasts are generally quite broad and their quality questionable, as reflected by the relatively low scoring given to the indicator on “multi-year perspective in fiscal planning, expenditure policy and budgeting” by the 2004/05 Assessment of Public Finance Management (Lawson et al. 2006).
90. As noted before, the CFMP treats environmental expenditure as expenditure carried out by MICOA and subordinate/tutelage institutions. The MPD's team working on the CFMP is aware of the limitations of such procedure and intends to develop a methodology to generate a more accurate estimate of environmental expenditure and account for environmental management activities carried out by different parts of government.
91. The **State Budget** (*Orçamento do Estado*, OE) is the annual budget management instrument. It is produced jointly by the Ministry of Finance and MPD and submitted to Parliament in September of each year (see Annex II) and immediately made available to the public (cf. www.dnpo.gov.mz).
92. The OE is detailed according to the classification system discussed above. It is worth adding here that the Budget Statement sent to Parliament, alongside the detailed tables on budgetary allocation, explains the government's fiscal policy and provides the rationale for the budgetary allocations. The Budget Statement provides some additional information of relevance, including an analysis of proposed expenditure in PARPA priority areas and an analysis of the structure of public expenditure by functions of government. Environment is not included however in the list of PARPA priority areas.

²³ A group of relevant ministries (represented either by the minister or the vice-minister) chaired by the Minister of Finance which meets regularly to discuss economic policy matters.

93. **Budget Execution Reports** (BERs) provide quarterly information of public spending and are issued within 6 weeks of the end of the quarter. A consolidated annual financial statement, the **State Account** (*Conta Geral do Estado*, CGE), is prepared at the end of the year. Both BERs and CGE are presented in a very aggregated format, according to the organic (administrative) and economic classifications only. More disaggregated accounts are kept at the line ministry and provincial levels and are not easily accessed.
94. The quality of line ministry's own records is very variable. Sectoral ministries receiving aid through basket funds or sectoral budget support arrangements are the ones having more advanced budget monitoring instruments (in parallel to those required by the Ministry of Finance) to comply with donor requirements. The Ministry of Agriculture, for example, receives budgetary support and uses purposely-built software to produce financial reports to donors. These detail resource use by component of the National Agricultural Development Programme (PROAGRI) and therefore establish a link between resource allocation and programme areas of intervention, including forestry and wildlife. In other sectors, however, access to internal information on spending by area of activity is very difficult. MICOA, for example, does not seem to hold consolidated information on received resources and spending. Information made available for this study was very incomplete and fragmented.²⁴ It should also be noted that there is presently a widespread perception that, under the current presidency, getting information from the government is becoming increasingly difficult.
95. Data on Official Development Assistance (ODA) channelled to environmental management activities can be captured through ODAmoz. This is an online database, launched in May 2007, which contains detailed information on ODA to Mozambique. It provides data on ODA commitments and disbursements by donor, sector, location, funding modality, and other criteria.²⁵

3.2. Sources of funding to environmental activities

96. There are three sources of funding to public sector activity in the environment in Mozambique. These are: (i) un-earmarked funding allocated through the budget negotiation process and originating from ordinary government revenue and general budget support provided by development partners, (ii) earmarked revenue generated by environmental management activities, and (iii) earmarked funding provided by development partners.

Government revenue and general budget support

97. The annual budget negotiation process allocates un-earmarked public sector resources. These are made of ordinary government revenue (statutory taxes and levies) and general budget support. These resources are used to pay for the operational costs of the State Budget and to provide counterpart funding to investments financed by earmarked external sources (known also as the 'internal' component of investment). The volume of such resources allocated to environmental activities is discussed below in Section 3.3 below.

²⁴ The study team was indeed advised by MICOA's Administration and Finance Directorate to use the data available in the OE and CGE.

²⁵ See www.odamoz.org.mz.

Revenue generated by activities related to environmental management

98. There are various sources of revenue generated by environmental and natural resource management activities. These are commonly referred to as internally generated revenue and are earmarked to environmental management interventions.²⁶ The main sources of such revenue identified by this study are: fees from concessions granted to the productive exploitation of natural resources (such as forests, mineral resources and fisheries), fees from environmental licences, and fees from the registration of consultants qualified to carry out EIAs.
99. Information on internally generated revenue recorded in the OE or CGE is very scarce. The only information provided relates to revenue earmarked to FUNAB. This corresponds, according to existing legislation, to 60% of revenue resulting from environmental licensing and to the registration fees paid by EIA consultants. According to the CGE, FUNAB earmarked revenue amounted to about US\$ 58,800 in 2006.
100. The bulk of internally generated revenue originates from the granting of concessions and licences for the exploitation of natural resources. Revenue from forestry licences and concessions alone amounted to US\$ 6 million in 2006, according to a recent study produced by a group of development partners (an issue discussed further in Section 4.2).²⁷ Despite the magnitude of this revenue source, there is no information about it either in the OE or in the CGE.

External funding earmarked to environmental activities

101. As noted before, there are a number of development partners providing earmarked funding to environmental activities. The type of supported activities and volumes of funding are analysed in 3.3. What is important to retain here is that the negotiation of such earmarked funding takes place outside the annual budget negotiation process coordinated by the MoF and MPD. The OE simply records what the beneficiary government agency communicates to the MoF as being pledged external funding. This often corresponds to just a proportion of total available funding; the other proportion is not registered on-budget either because the confirmation of funding is received after the approval of the annual budget, or because the beneficiary agency does not communicate the totality of available funding.

3.3. Resource allocation and spending in environmental activities

102. This section analyses public environmental funding and spending according to the various available sources of information. Making comparisons across data sources is not a simple task. Differences in classification systems, coverage and scope make it difficult to pull together information from the various sources and hence to produce an accurate estimate of overall public environmental expenditure.

MICOA, FUNAB and CDSs

103. As noted before, environmental expenditure in Mozambique is commonly accounted for as spending by MICOA and its subordinate and tutelage institutions (i.e. DPCOA, FUNAB and CDSs). Spending by these government agencies reached US\$ 7.8 million

²⁶ Unfortunately, a comprehensive list of such revenue sources is not available and therefore the information provided here is likely to be very partial.

²⁷ Donor Task Force (2007) 'Draft G19 Issues Paper on Natural Resources', paper prepared to support policy dialogue between GoM and Development Partners, September.

in 2006, corresponding to 0.44% of total recorded government spending and 0.11% of GDP (Table 4). The share of these agencies' spending in GoM's total budget declined in 2006 in relation to 2004 when it had reached 0.48%, but increased slightly in relation to 2005 (0.41%).

104. The variability of execution rates over the 3-year period (58% in 2004, 82% in 2005 and 134% in 2006) suggests a constant miscalculation of either available resources or needs, which is likely to be related to both the unpredictability of external funding and the poor quality of the budget planning process. This is reflected in the variability of budgetary allocations (designated as 'voted' in Table 4) over the past four years (Figure 4). They have oscillated between 0.76% in 2004 and 0.28% in 2006, in proportion of total government spending. CFMP projections for the period 2008-2010 (dotted line in Figure 4) suggest that instability in budgetary allocations will continue and that this will be related to volatility of external funding.
105. There are also two broad trends worth highlighting with regards to voted budgetary allocations. The first one is the sharp reduction in allocation between 2004 and 2006 (although not resulting in reductions of actual expenditure), swiftly reverted in 2006 and 2007 – the approved budget for MICOA and its subordinate institution drop to almost half over the period 2004-06 and increased by almost two fold between 2006 and 2007. The increase was less dramatic in the OE approved for 2008.
106. The second trend is the progressive de-concentration of resources to the provincial level – budgetary allocations to provincial level agencies represented 21% of the total budget in 2004; this proportion increases to 45% in the OE for 2008.²⁸ This trend is consistent with the general increase in the proportion of resources allocated to local government levels under the current Presidency.

²⁸ Before 2005, the budget for FUNAB and CDSs was included under the MICOA-central and MICOA-provincial budgets, respectively. Since 2005 they have become budget management units with their own budget lines.

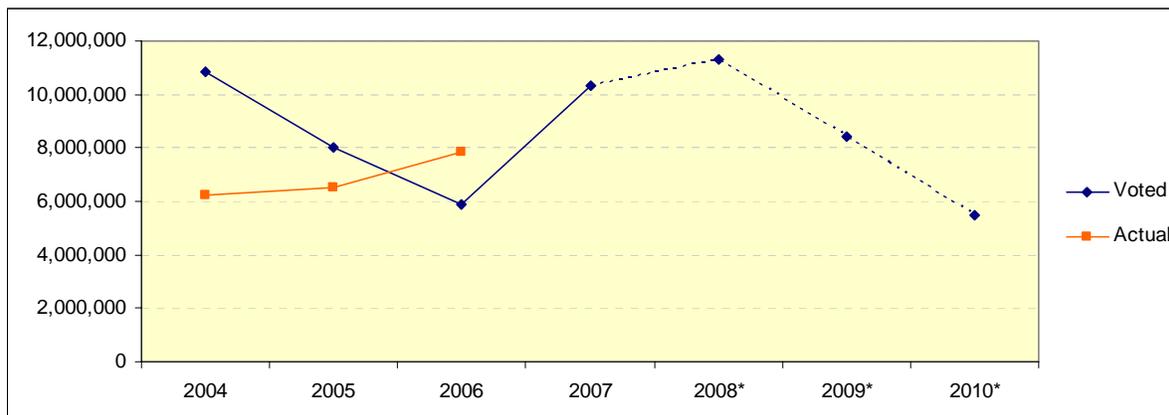
Table 4. Total resource allocations and spending by executing agency, 2004-2008

(\$US, current)	2004		2005		2006		2007	2008
	Voted	Actual	Voted	Actual	Voted	Actual	Voted	Voted
MICOA (central)	8,516,544	4,606,413	4,987,082	4,302,419	2,695,770	5,222,099	6,238,162	5,393,558
MICOA (provincial)	2,319,880	1,652,382	1,852,089	1,403,323	1,863,494	1,572,326	2,730,812	3,856,095
FUNAB (central)	n.a.	n.a.	522,701	506,613	586,260	464,893	653,713	933,470
CDSs (provincial)	n.a.	n.a.	640,909	320,108	741,251	607,715	712,624	1,025,844
Marine and coastal environment research centre *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	367,864
Total	10,836,424	6,258,795	8,002,782	6,532,463	5,886,774	7,867,032	10,335,272	11,576,831
<i>% of total GoM budget / spending</i>	<i>0.76%</i>	<i>0.48%</i>	<i>0.40%</i>	<i>0.41%</i>	<i>0.28%</i>	<i>0.44%</i>	<i>0.38%</i>	<i>0.38%</i>
<i>% of GDP</i>	<i>0.18%</i>	<i>0.11%</i>	<i>0.12%</i>	<i>0.10%</i>	<i>0.08%</i>	<i>0.11%</i>	<i>0.13%</i>	<i>0.13%</i>

Sources: State Budgets for 'voted' and State Accounts for 'actual'.

* This research centre was created in April 2007.

Figure 4. Voted budgetary allocations and spending by MICOA, FUNAB and CDSs, 2004-2006



Sources: State Budget for 'voted' (2004-07) and State Accounts for 'actual' (2004-06). *Figures for period 2008-2010 correspond to CFMP estimates.

107. With regards to the type of expenditure, operational costs represented 61-67% of their overall spending by these agencies in the 2004-06 period. More than 50% of this corresponds to salary payments. Spending on goods and services displayed some variation over the period, having oscillated between 19% and 32% of total spending (Table 5).

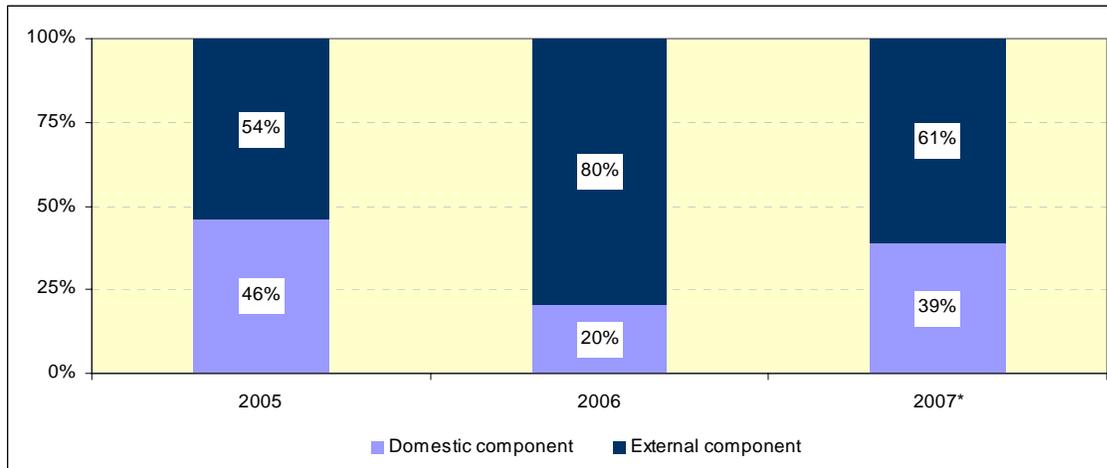
108. Investment expenditure corresponded to 33-37% of total spending over the period. In 2005, 54% of investment was financed by external sources and this figure rose to 80% in 2006. In 2007, however, the proportion of donor-funded investment is expected to decline to 61% (Figure 5). This proportion is likely to drop further in 2008 – the internal component of the investment budget corresponds to 56% of total investment expenditure in the OE approved for 2008. It is worth noting, therefore, that the increase in resource allocations to MICOA and subordinated institutions in 2007 and 2008, as noted earlier (cf. paragraph 105 above), is being mostly borne by internal resources²⁹.

Table 5. Composition of spending by MICOA, FUNAB and CDSs, 2004-06

Type of expenditure	US\$ current			Percentage		
	2004	2005	2006	2004	2005	2006
Recurrent expenditure	3,812,067	4,400,507	4,759,877	61%	67%	61%
Salary payments	1,933,877	2,318,505	2,691,658	31%	35%	34%
Goods and services	1,174,293	2,058,889	1,956,983	19%	32%	25%
Other recurrent expenditure	703,897	23,113	111,236	11%	0%	1%
Investment expenditure	2,446,718	2,131,956	3,107,164	39%	33%	39%
Internal	n.a.	981,225	635,362	n.a.	15%	8%
External	n.a.	1,150,732	2,471,802	n.a.	18%	31%
TOTAL	6,258,785	6,532,463	7,867,041	100%	100%	100%

²⁹ Such resources include, of course, general budget support provided by a number of development partners to GoM.

Figure 5. Sources of funding of investment expenditure, 2005-2006



* Data for 2007 corresponds to the estimate in OE 2007.

Resource allocation to environmental projects in the OE 2007

109. This section analyses in detail the investment component of the voted State Budget for 2007 (OE 2007). It provides an approximate estimate of total budgetary allocations to activities related to environmental protection and management. It does this by selecting all the investment projects listed in OE 2007 with names which suggest an environmental focus (as defined in Table 3).
110. The selection includes: (i) all investment projects under MICOA, DPCOA, FUNAB and CDSs' budgets; (ii) projects concerning forest management and wildlife conservation under MINAG and DPAG's budget; (iii) projects on the management of conservation areas by MITUR and DPTUR; and (iv) sanitation interventions by MOPH and DPOPH.³⁰
111. The 71 selected projects³¹ amount to US\$ 65 million, which corresponds to 5% of the total investment component of the OE 2007 (Table 6). Approximately 92% of these projects' funding is provided by development partners. It is worth highlighting that resource allocations to the environment represent 6.3% of overall on-budget donor resources for public investment but only 1.6% of domestic resources which suggests that the sector is of higher priority for development partners than it is for government.
112. The bulk of the selected projects correspond to interventions in sanitation and nature conservation. Sanitation alone represents 60% of the selected projects (a total of \$US 40 million), followed by conservation with 29% (\$US 19 million). MICOA's investment projects correspond to just 6% of the selection (\$US 5 million) and MINAG's to 2% (\$US 1.4 million), (Table 6 and Figure 6). This analysis indicates that MICOA and subordinated agencies account for a minor proportion of overall environmental funding.

³⁰ This simple produced has obvious limitations. Some projects have names which are too generic – e.g. all municipal level investment projects are called 'municipal investment initiatives'. There are also project with names suggesting an environmental focus which are likely to include also non-environmental activities – e.g. the Gorongosa National Park development project includes both a conservation component and a tourism development component but it is impossible to know by reading the OE how much corresponds to each one. There are also projects which are not focused primarily on environmental objectives but which have environmental components – for example, the World Bank funds a project on energy reform and access which has a renewable energy component.

³¹ The complete listing of these projects is provided in Annex 2.

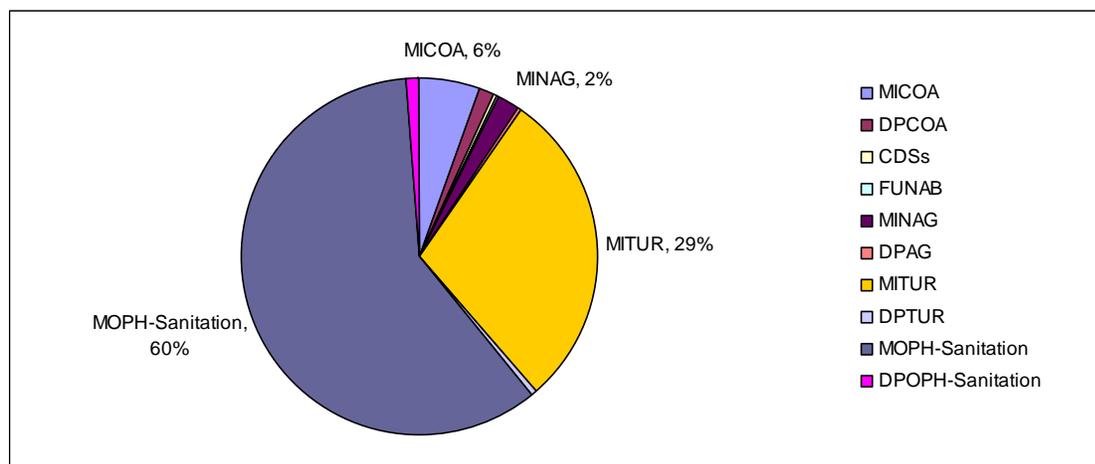
Table 6. Investment budget to environment projects by implementing agency and source of funding, 2007

Agency (US\$)	Internal	External*	Total
MICOA (all projects)	850,105	2,725,014	3,575,118
DPCOA (all projects)	802,247	155,680	957,928
CDSs (all projects)	19,387	125,812	145,199
FUNAB (all projects)	217,138	0	217,138
MINAG (forest management and wildlife projects)	0	1,333,151	1,333,151
DPAG (forest management and wildlife projects)	0	83,335	83,335
MITUR (conservation projects)	596,316	18,401,167	18,997,483
DPTUR (conservation projects)	300,504	0	300,504
MOPH (sanitation projects)	2,035,902	37,026,391	39,062,293
DPOPH (sanitation projects)	760,269	0	760,269
Total	5,581,870 (8.5%)	59,850,549 (91.5%)	65,432,419 (100%)
Total GoM investment budget	346,688,639	950,150,223	1,296,838,862
Percentage of total GoM investment budget	1.6%	6.3%	5.0%

Source: OE 2007. Complete listing of projects in Annex III. *Budget estimates of ODA.

113. Unfortunately, the State Account does not provide information on actual spending by projects and it is therefore not possible to detail actual spending in all relevant environmental activities in a similar manner (outside MICOA). As noted before, the information provided by the State Account is limited to the organic and economic classifier of expenditure. Therefore, spending on sanitation, forest management and nature conservation are hidden under the respective ministries' total spending which cannot be accounted for, on the whole, as environmental expenditure (since it would greatly overestimate the calculation).

Figure 6. Distribution of environmental investment budget allocations by GoM agency, 2007



Source: OE 2007.

ODA disbursements to environmental protection activities according to ODAMoz

114. This section provides yet another estimate of external funding to environment, as recorded by the online database on ODA to Mozambique, ODAMoz.
115. ODAMoz offers a breakdown of donor disbursements by sector, using the OECD/DAC Creditor Reporting System.³² It lists 45 projects (out of a total of 1,194 registered projects) under the 'general environmental protection' category, corresponding to a volume of aid disbursements of approximately US\$ 16 million in 2007 (Table 7). This category does not include, however, sanitation or forest management projects. These are grouped separately and account for US\$ 32 million and \$US 0.4 million, respectively.³³
116. The ODAMoz estimate of total donor funding to the environment in 2007 is US\$ 48 million (inclusive of forestry and sanitation), which corresponds to 0.03% of total ODA disbursements registered by this database (a total of US\$ 1.39 billion in 2007). This estimate differs significantly from the OE 2007 estimate (US\$ 59 million). There are various possible explanations for this difference. Firstly, OE 2007 figures are estimates of available funding whereas ODAMoz data corresponds to effective disbursements. Secondly, OE estimates correspond to the entire year and ODAMoz only provides information on disbursement made until the last update of the database (October 2007, in this case); additional disbursements are likely to occur until the end of 2007 (and ODAMoz is constantly being updated for these). Thirdly, the methodologies used for accounting environmental funding are different and therefore likely to produce different estimates. Fourthly, the ODAMoz database collects information directly from the donor and therefore captures not only on-budget donor-funded projects but also those projects which, for various reasons, are off-budget (i.e. are not registered in the OE).³⁴

Table 7. Official development assistance to environmental protection, forestry and sanitation, 2005-2007

Sector (DAC classification)	2005 \$US disbursed	2006 \$US disbursed	2007 \$US disbursed
General environmental protection (DAC code 41000)	8,691,333	12,674,919	15,937,109
Forestry (DAC code 31200)	288,915	191,447	423,025
Sanitation (DAC code 14000)	6,392,161	11,687,256	31,745,970
Total	15,372,409	24,553,622	48,106,104

Source: ODAMoz: www.odamoz.gov.mz (accessed on 06-12-2007).

³² The OECD/DAC Creditor Reporting System includes seven types of transaction under the category 'general environmental protection': environmental policy and administration management, biosphere protection, biodiversity, site preservation, food control and preservation, environmental education and training and environmental research. For a discussion on the pros and cons of this classification system, see Swanson and Lundethors (2003).

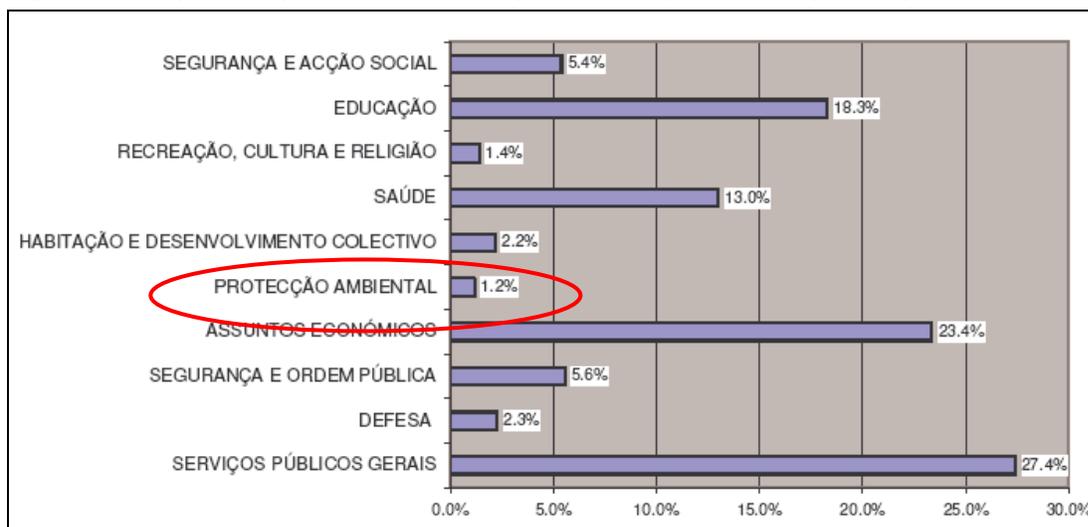
³³ The complete list of selected projects is provided in Annex IV.

³⁴ Recent estimate suggest that external funding currently recorded by the OE varies between 70% and 80%. Sources: personal conversation with Caroline Ennis and authors' calculations.

Estimating overall public environmental expenditure

117. According to the budget justification document supporting the OE 2007, spending on environmental protection activities is estimated to represent 1.2% of overall government spending (Figure 7).

Figure 7. Total public expenditure estimate by function of government (COFOG), 2007



Source: OE 2007, Budget Statement (*Documento de Fundamentação*), p. 25.

118. The methodology used to produce the above estimate was not available to this study. The authors have therefore tried to produce an estimate using the available data from the OE 2007 analysed above. The result of this work is summarised in Table 8.

Table 8. Estimate of overall public funding to environment protection and promotion activities in OE 2007

GoM agency	Functions	Type of expenditure	US\$	Cumulative US\$	Cumulative % of OE	Cumulative % of GDP
MICOA, central and provincial	- Pollution abatement - Protection of biodiversity and landscape - Environment protection affairs and services	Recurrent and investment	8,968,935	8,968,935	0.33%	0.11%
FUNAB	- Pollution abatement	Recurrent and investment	653,713	9,622,649	0.35%	0.12%
CDSs	- Research and development	Recurrent and investment	712,624	10,335,272	0.38%	0.13%
MINAG, forests and wildlife	- Protection of biodiversity and landscape - NR management	Investment only	1,416,754	11,752,026	0.43%	0.15%
MITUR, conservation areas	- Protection of biodiversity and landscape	Investment only	19,301,726	31,053,752	1.13%	0.40%
MOPH, sanitation	- Water waste management	Investment only	39,830,289	70,884,041	2.58%	0.90%

Source: OE 2007.

119. By adding forestry and wildlife, conservation and sanitation to the budgets of MICOA and its subordinate and tutelage institutions, total budgetary allocations to environmental management activities increase to US\$ 71 million, which corresponds to 2.58% of the total State Budget and 0.9% of GDP. This is well below the volume of funding the World Bank recommends developing countries should be spending on the environment: between 1.4% and 2.5% of GDP.
120. A few remarks are worth making about this estimate. Firstly, a number of relevant functions (cf. Table 3) are not captured by the estimate. These include waste management and many other environmental protection and promotion activities carried out at district or municipal levels, for each there is no detailed information. Secondly, the operational costs (recurrent budget component) associated with forest, wildlife, nature conservation and sanitation interventions (or indeed the operation of the existing environmental units) are also not included because of the limitations to the budget information discussed above. Thirdly, since the data used is from the OE, any off-budget funding is not captured by the estimate. And fourthly, the procedure used to select environmental interventions in the investment component of the budget has limitations. In particular, it is likely to have left out relevant projects (not easily detectable through the name given to the project) and included components of projects which do not relate to environmental management.
121. These remarks suggest that the above estimate is likely to correspond to the minimum boundary for overall public resources allocated to environmental activities in Mozambique in 2007. It should be emphasised that this is an estimate of resource availability and not actual spending as such. Given the variability in execution rates³⁵ it is difficult to estimate what actual environmental spending is likely to be at the end of 2007.

³⁵ Between 2004 and 2006 execution rates oscillated between 58% and 134% for MICOA and subordinate/tutelage institutions and between 92% and 80% for the overall state budget.

4. Do environmental priority themes make it into budgets?

122. This chapter provides a brief overview of the engagement of environmental agencies in the budget process and discusses how environmental priorities make it (or not) into the budget. Two priority themes were selected for this purpose: the management of forestry resources and spatial planning. For each of these themes this chapter discusses the policy intentions and how these relate to the process of resource mobilisation and allocation by government and development partners.

4.1. Environment and the planning and budgeting process in brief³⁶

123. The national planning and budgeting exercise is coordinated in Mozambique by the Ministry of Planning and Development (MPD) and the Ministry of Finance (MoF). The CFMP, PES and OE constitute GoM's main operational planning and budgeting instruments. MPD is responsible for the elaboration of PES, the CFMP and the investment budget and the MoF coordinates the preparation of the recurrent budget. Sectoral ministries and local government levels (including MICOA and other relevant environmental management agencies) participate in several stages of the planning and budgeting process.

124. As noted before, the process of elaboration of the CFMP is not yet institutionalised as it remains largely an MPD's internal financial planning exercise. But a number of central government agencies, including MICOA, have been involved in the process in an *ad hoc* way.³⁷ Environmental expenditure is recorded in the CFMP as the expenditure carried out by MICOA and subordinate/tutelage institutions on the basis of estimates negotiated between MICOA's Planning Directorate and MPD's CFMP team. In theory, the estimates should be calculated on the basis of policy priorities established in the PG and PARPA as well as resource forecasts provided by the MoF and donors. The reality is that projections are largely incremental and there is often a disproportionate concentration of resource requirements in year one.

125. The CFMP provides the indicative ceilings for the annual budget. These are approved by the Economic Council and sent to budget management units (line ministries, provincial government and district administration) around May each year. Budget management units have approximately two months to respond and justify requests for additional budgetary allocations. During this period, sectoral ministries hold internal coordination meetings (*Conselho Coordenador*) to review performance and produce their sectoral PES and budget proposal for the following year. MICOA's *Conselho Coordenador* includes FUNAB, DPCOA and CDSs. Development partners and relevant sectoral ministries are invited to the meeting. The latter are rarely represented in any significant manner and the meeting can hardly be seen as an opportunity for inter-sectoral coordination.

126. MICOA, FUNAB, DPCOA and the CDSs are currently budget management units with their own OE budget lines. They therefore negotiate their plans and budgets separately with MoF/MPF, either at central or provincial level, although in principle on the basis of objectives and targets jointly agreed at the *Conselho Coordenador*.

³⁶ Annex II provides a more general overview of the budget cycle.

³⁷ Indicative guidelines have been produced in a number of occasions to guide the participation by sectoral ministries.

127. The scope for coordination of plans and budget outside these agencies is limited since MICOA is not involved in the elaboration and negotiation of other ministries' plans and budgets (such as the Ministry of Agriculture or the Ministry of Tourism). Although the national PES produced by the MPD has to some extent (and in the light of the experience with PARPA) tried to reflect the cross-sectoral character of environmental policy and management, the allocation of budget resources continues to follow essentially a compartmentalised logic whereby the budget for each budget management unit is negotiated in isolation. There is no established mechanism to verify whether environment considerations are taken into account when negotiating budgetary allocation to sector programmes.

4.2. Management of forest resources

Background

128. Mozambique has an extensive natural forest base with production capacity of an estimated 20 million hectares, which correspond to 24% of the national territory. But the forestry sector is vulnerable and depletion of forest resources is reportedly one of the most serious environmental problems in Mozambique. A recent study concludes that the forestry sector in Mozambique has been underperforming both in terms of sustainable resource management and in the development of an economically viable and competitive processing industry (USAID-CTA, 2006).
129. Pressure on forest resources originates mainly from the clearing of land for agriculture (particularly uncontrolled bush fire which has been reported by many of this study's informants as one of the most pressing problems), fuel wood extraction and illegal logging. Official figures for forestry production are believed to grossly underestimate the real rates of extraction.³⁸ Data on extraction is only available for a limited number of species and illegal logging of high value timber for export (mainly to China) is known to be significant, particularly in the Northern provinces.
130. The 1999 Forestry and Wildlife Law established a system of Simple Licences for small scale (500 m³) and *ad hoc* production and Forest Concessions for larger scale and long term production. The latter require detailed management plans for ecological sustainability and impact on local communities whereas the former has very few requirements. The application of the system of licences and concessions for forest exploitation is thought to be inappropriate. Most forest production is done under the undemanding Simple Licences system, with little consideration for sustainable resource use and deficient monitoring. Also, the setting of quotes for cutting levels applying to Simple Licences is based on an outdated 1994 inventory (USAID-CTA, 2006). Furthermore, the annual allowable cut of 500,000 m³ is thought to be too generous, considering that harvesting has been largely unregulated and concentrated in a small number of species.
131. The National Directorate of Lands and Forestry of the Ministry of Agriculture is currently the main GoM agency mandated with the management of forestry resources. But other sector policies also play an important role. Energy policy, for example, is of major relevance to the issue of fuel wood extraction as woodfuel represents about 98% of total wood production and about a third of this is estimated to be illegal.

³⁸ MINAG's estimate for forestry production in 2007 is 173,000 m³, while the sustainable production level is 500,000 m³. Source: MINAG (2006) 'Plano Económico e Social 2007', Maputo.

The policy intention

132. GoM has committed to address the depletion of forestry resources. The Government Programme 2005-2009 proposes (albeit in vague terms) to develop a strategy to reduce uncontrolled bush fire and deforestation. The PES for 2006 proposed to ensure that 45% of the forest concessions have approved forest management plans and operationalise and monitor the government's programme for the control of bush fire (*Programa Nacional de Queimadas*). The PES for 2007 sets some more specific interventions: including the reforestation of 1,095 ha for conservation purposes, and the review and approval of 57 management plans for Forest Concessions (to reach the 50% target of forest concessions with approved plans). It also proposes to support the setting of three community review committees. It further proposes to continue monitoring of management plans for forest concessions and monitoring of bush fires, although it does not elaborate on the specific actions and targets associated with such intention.

Resource allocation and implementation

133. How have these policy intentions been operationalised? The implementation review of PES 2006 (*Balanço do PES*) says little about performance of the planned activities and targets. It provides data on wood production and on the growing volume of licences and concessions granted but says nothing on the review and monitoring of forest management plans.³⁹ The 2006 Budget Execution Report does not provide sufficiently detailed information to identify the amount of revenue generated or its use. However, according to a paper produced recently by the group of donor providing GBS, revenue from licences and concessions has been growing significantly over the years and has reached US\$ 6 million in 2006 (which compares with just US\$ 270,000 in 1998).⁴⁰
134. According to the existing legislation, revenue from licences and concessions should be used to fund reforestation activities and to support community development priorities. Unfortunately, information of the use of this revenue is not readily available. All it is possible to note is that reforestation projects in the OE 2007 amount to US\$ 257,099 and are totally funded by external resources (Table 9).

Table 9. Forest related projects in OE 2007

Project	(US\$)	Internal	External	Total
AGR-2006-0022 Reforço Institucional da Gestão de Recursos Naturais em Manica		0	21,522	21,522
AGR-2006-0032 Reflorestamento na Província de Maputo		0	25,406	25,406
AGR-2007-0038 Reflorestamento em Inhambane		0	102,321	102,321
AGR-2007-0055 Reflorestamento e Produção de Jetrofa em Tete		0	67,742	67,742
AGR-2007-0065 Reflorestamento na Zambézia		0	40,108	40,108
Total				257,099

Source: OE 2007.

135. The other piece of information available is total spending in the Forests and Wildlife component of MINAG's programme (PROAGRI). The data shows a significant decline in spending in this area over the years, both in absolute and relative terms (Table 10). In 2005, total spending in this component was US\$ 392,000 and 1.5% of total MINAG

³⁹ Cf. Government of Mozambique (2007) 'Balanço do Plano Económico e Social 2006', Ministry of Planning and Development, February (p. 21).

⁴⁰ Donor Task Force (2007), op. cit.

spending.⁴¹ The sharp reduction in spending between 1999 and 2000 can be explained by the transfer of the management of conservation areas into the newly created Ministry of Tourism. Spending continued to decline however in the years that followed, despite the spectacular increase in revenue for licences and concessions.

Table 10. Spending in PROAGRI's Forest and Wildlife component, 1999-2005

(UD\$)	1999	2000	2001	2002	2003	2004	2005
Forests and wildlife	1,802,553	707,928	926,400	681,940	716,943	392,660	392,287
Total MINAG	7,489,848	9,496,151	12,380,836	26,675,609	34,471,115	27,136,471	26,590,587
Percentage of total MINAG	24.1%	7.5%	7.5%	2.6%	2.1%	1.4%	1.5%

Source: MINAG records on PROAGRI spending.

136. A number of issues have been raised with regards to government management of forestry resources. The USAID-CTA (2006) study notes that there continue to be serious shortages in staff, skills, equipment, and funds to manage the forestry sector. Development partners have expressed concerns over the successive increases in revenue from forest licences and concessions and very little transparency over the use of this revenue. They have also noted the insufficient capacity by government authorities to enforce the law, monitor forest production activity and to improve data on the state of natural resources. The lack of intersectoral policy coordination, particularly between agriculture and energy, has also been emphasised.
137. In short, available evidence seems to indicate that government efforts, and resource allocation in particular, have been insufficient to transfer the policy intention in to practice. On the contrary, resource mobilisation practices have been harmful to sustainable forestry management.

4.3. Spatial planning

Background

138. Spatial planning (*planeamento e ordenamento territorial*) is one of GoM top priority areas of interventions in environmental management, according to both the five-year Government Programme 2005-09 and PARPA II. Spatial planning is seen as a means to poverty reduction, and to equitable access to- and sustainable management of- natural resources. Proposed activities in this area include strengthening the institutional and legal framework for spatial planning, promoting the elaboration of spatial plans in areas of priority development, and ensuring that the plans and the organisation of the territory comply with existing regulation, with special attention being to ecologically fragile areas and areas of priority development.
139. Significant progress has already been made in the implementation of GoM's programme. The Policy and associated Law on Spatial Planning were approved during the course of 2007, establishing the main directives and instruments for spatial

⁴¹ As noted in the previous chapter, the State Budget or the State Accounts do not provide detailed information on resource allocations/spending below the ministry level and therefore the data in Table 8 draws on the financial statements on the National Programme for Agricultural Development (PROAGRI) provided by MINAG's to PROAGRI donors.

planning.⁴² The Regulation on Spatial Planning was being finalised at the time of this study's field visit. In the meantime, the elaboration of plans has been ongoing for some time at district and municipal levels.

140. MICOA is the government agency overseeing this policy area. The National Directorate for Planning and Organisation of the Territory (DINAPOT) is one of the ministry's largest and most influential Directorates. Its main responsibilities include: the formulation of policies, legislation and guidelines on spatial planning; and supporting local government authorities in the elaboration, implementation and monitoring of the plans.

The policy intention

141. Spatial planning has gained significant impetus with the decentralisation measures introduced under the current Presidency. The government have been increasingly endorsing a decentralised governance approach which emphasises the importance of the district and local planning processes. In 2005 the district administrations became budget management units with their own budget line for recurrent expenditure and in 2006 a district investment fund was established to support investment interventions defined by the district level authorities. In the meantime, various development partners (particularly the World Bank and UNDP) have been funding decentralised planning and financing interventions, including support to a variety of spatial planning activities (capacity building and elaboration of the plans at district and municipal levels).
142. The Economic and Social Plan for 2007 emphasises the importance of spatial planning for sustainable local development and proposes that, until the end of the year, 26 district plans on the use of land (*Planos Distritais de Uso de Terra*) are finalised and approved by the competent authorities.
143. Development partners subscribe to the importance of spatial planning for environmental management. The elaboration of district plans on the use of land was the only environment-related action/indicator included in the GBS Performance Assessment Framework (PAF). This indicator is also included in the monitoring matrix of PARPA II.

Resource allocation and implementation

144. How has this GoM's and development partners' (at least those providing GBS) policy priority been reflected in resource allocation and policy implementation?
145. Only about 4% of the central investment budget of MICOA (a total of \$US 105.855) and 8% of that of its provincial directorates (US\$ 66,654) seem to have been allocated to activities related to spatial planning in the OE 2007 (Table 11). The bulk of the funding is provided through the Decentralised Planning and Financing Programme (PPFD) managed by the Ministry of Planning and Development (a proportion of the figures provided in Table 11, which include also other decentralised planning and finance activities). Most of the spatial planning work produced by DINAPOT over the last couple of years has been funded by PPF. By the time of the field visit, PPF had disbursed a total US\$ 618,118 during 2007 to support a variety spatial planning activities (more that three times above the level of funding allocated by MICOA's budget).⁴³ Funding seems to be provided on an *ad hoc* basis without any formalised planning process.

⁴² Cabinet Resolution n.18/2007 approves the Spatial Planning Policy (*Política de Ordenamento do Território*), *Boletim da República*, n. 22, 30 May 2007. Law n.19/2007 approves the Spatial Planning Law (*Lei de Ordenamento do Território*), *Boletim da República*, n. 29, 18 July 2007.

⁴³ Financial records provided by the manager of PPF in the MPD (pers. comm., October 2007).

146. Has this level of funding been sufficient to implement the government's programme for 2007 and reach the target set for the number of finalised and approved plans?
147. Evidence collected from those working in DINAPOT suggests that the level of resources and technical capacity available are largely insufficient to meet the policy commitments. In 2006, none of the nine programmed spatial plans were concluded because of the lack of resources to carry out the work.
148. Capacity seems to be a major constraint. DINAPOT has a total of three spatial planners with the required competences to elaborate the plans. These are expected to provide guidance and support to the whole national territory (a total of 128 districts). A plan for developing capacity in this area has been produced but it is not being implemented because of lack of funding. There have been some capacity building activities funded by PPF and concentrated in the central provinces, where most PPF activities are located.

Table 11. Investment projects with Spatial Planning components in the OE 2007

Implementing agency and project (\$US)	Internal	External	Total
MICOA - central	105,855	0	105,855
ADM-2004-0019 Elaboration of Spatial Plans	31,020	0	31,020
ADM-2007-0014 Reactivation of Course on Spatial and Environmental Planning	46,530	0	46,530
ADM-2007-0016 Urban Development Programme	28,306	0	28,306
DPCOA	63,823	2,831	66,654
TET-2006-0001 Elaboration of Planos Parciais de Urbanizacao de Vilas	6,979	0	6,979
TET-2006-0002 Monitoring and supervision of urban plans	14,541	0	14,541
TET-2006-0003 Acquisition of topographic instruments	5,816	0	5,816
TET-2006-0006 Environmental Maps	12,408	0	12,408
TET-2007-0058 District planning implementation programme	10,896	0	10,896
MAN-2007-0045 Updating of the urban plan of Vila Sede de Guro	0	2,831	2,831
GAZ-2007-0148 Spatial planning programme	13,183	0	13,183
MPD			
ADM-2001-0046 Decentralised Planning and Financing Programme *	416,092	2,879,643	3,295,735

* The volume of resources shown here is for all project activities. Spatial planning is only one of the components of this project.

149. Three points are worth retaining from this brief analysis. Firstly, there is a considerable disproportion between the emphasis and degree of priority attributed to this thematic area in policy statements and the day-to-day reality of working in this area. The allocation of financial and human resources has not reflected the undeniable prominence of spatial planning in GoM policy documents. Secondly, the disproportionate target included in the GBS PAF and PARPA II monitoring matrix raises questions about how well informed the exercise of setting policy monitoring targets is. And thirdly, the OE negotiation has not been the most important process for mobilising resources to the area of spatial planning. The bulk of funding has been provided by a donor-funded project which did not have spatial planning as its main area of focus. This project is about to terminate and there are concerns over the stability of funding to support spatial planning activities.

5. Summary of main points

Environmental institutional setting

150. On the whole, the existing body of environmental legislation and policies in Mozambique is perceived to be comprehensive and of reasonable quality. It has been reported however that regulation is produced without sufficiently debate and consultation, often containing gaps and mistakes. Furthermore, policy instruments, and particularly those concerning wider government policy (such as PG or PES), tend to be very general and weak in terms of policy prioritisation, including in the environment domain. But there are signs of improvement – PARPA provides an example of the attempt to mainstream environment into sectoral policies.
151. The main challenge concerning the policy framework is not so much the quality of the policy documents and legislation but rather the efficiency of governance institutions and the effectiveness of implementation. The importance attributed to environment and sustainable development in policy statements has not been reflected in resource allocation and implementation at sector level. Environment is still a low priority concern in development interventions on the ground and environmental action remains broadly confined to a few activities of limited scope (within MICOA's remit) such as awareness campaigns, the plantation of trees and EIAs. The latter are an important environmental management tool but they are, to a large extent, being applied as a administrative procedure with limited capacity for contesting investment decisions even where the environmental impact is likely to be significant. There are also cases where EIA legislation is not even being followed – an example of this is the recent concession of 3,000 hectares of land to produce ethanol, reported by the media, without prior elaboration of an EIA.
152. There are several reasons for the limited uptake of environmental considerations by development interventions at sector level. These are related not only to the inadequate political and technical capacity of environmental governance institutions (the supply side of environmental policy) but also the lack of a strong constituency demanding effective environmental action (the demand side).
153. The supply side of environmental public action is constrained first of all by the lack of a genuine high level consensus across sectors on the importance of environmental protection and promotion objectives. CONDES should be forging that consensus but in reality its presence is hardly noticed. The scope for MICOA's intervention is limited by an ill-defined coordination mandate which leaves it with little authority for challenging sector policies which threaten environmental sustainability. Therefore, although policy documents recognise the importance of environmental management this is not reflected by concrete action at sector level.
154. The reduced political leverage of the government agencies mandated with the coordination of environmental action is revealed by the scarcity of technical and financial resources assigned to such competences. MICOA's weak capacity prevents it not only from engaging effectively with strategic debates, such as investment decisions which pose significant environmental threats (e.g. the contested construction of the Mpanda N'cua Dam), but also from conducting basic environmental management functions such as monitoring and supervision.
155. Furthermore, the existence of environmental management responsibilities within sectoral ministries (such as in the Ministries of Tourism and Agriculture) has raised concerns about conflicts of interest between economic development and environmental

sustainability objectives. MINAG, for example, has been, reportedly, more driven by the revenue-generating potential of the forestry licensing system rather than by the objective of keeping concessions and licences within sustainable levels.

156. Some development partners have put particular emphasis on environmental mainstreaming and the creation of environmental units in some sector has been an attempt to pursue that objective. The problem with such initiatives however is that they have been carried out without the involvement of MICOA and without a careful assessment of the implications to the wider environmental institutional setting.
157. Donor interventions in the environment domain are very fragmented, in comparison to other sectors in Mozambique. Conventional projects with parallel financial management structures and international technical assistance components dominate the landscape and spread across a range of sectoral domains making coordination difficult to establish. There have been however some efforts to promote sector wide policy dialogue and coordination. The GBS policy dialogue platform has been an important driver of such efforts. The mechanisms put in place for dialogue with the whole of government constitute, potentially, a powerful window for environmental mainstreaming.

Public environmental expenditure

158. Defining environmental public expenditure is not a simple task. The main grey area concerns natural resource management activities for which environmental and non-environmental objectives are difficult to break apart. In Mozambique, the most commonly used definition is limited to expenditure carried out by MICOA and its subordinate and tutelage institutions.
159. Mozambican budget classification system and current reporting practices are insufficient to account with accuracy for resource mobilisation, allocation and use in environmental protection and promotion activities. Establishing a link between policy statements and budgets is virtually impossible and such lack of transparency of the budget reporting instruments is a challenge to accountability. This is not a problem of the environment sector *per se*, but one which concerns the whole budgeting system. Other sectors have managed to address this problem by devising their own (parallel) expenditure classification systems which associate budgets to concrete activities.
160. Information about environmental revenue collection and use is particularly scarce and fragmented. OE and CGE report what is thought to be a very small proportion of total environmental revenue collections. The estimated US\$ 6 million collected through forestry licences and concessions in 2006 were not reported (or at least not in any visible way) in the corresponding OE or CGE.
161. This study estimates that, with all the noted caveats, overall public resource availability to environmental activities amounted to US\$ 71 million in 2007 and this represents 2.58% of total OE and 0.9% of GDP. Only US\$ 10 million (15%) of this corresponds to funding to MICOA and its subordinated and tutelage agencies.
162. A significant proportion of total funding to the environment is provided by development partners, particularly for investments in nature conservation and sanitation. The available data also suggests that donor funding to MICOA and its subordinate and tutelage agencies has decreased over the past three years and that this has been compensated by increases in internal budgetary allocations to these agencies.
163. There has also been an increasing de-concentration of resources to the provincial levels of coordination of environmental action and this reflect the general tendency of decentralisation of resources to local government levels.

Environmental policy priorities and budgets

164. Current planning and budgeting practices in Mozambique make it very difficult to establish a clear link between policies and budgets. On the one hand, policy documents are poor on prioritisation and specification of concrete activities and targets associated with a particular policy objective. On the other hand, the budget does not provide sufficiently detailed information to indicate how resources are distributed across areas of intervention below the level of the ministry, provincial directorate or district administration (i.e. within the categories specified by the organic classification of expenditure).
165. Notwithstanding these important caveats, the available evidence suggests that, on the whole, environmental policy has not been given due consideration in the resource allocation process. Human and financial resources available are insufficient to carry out government policy priorities specified in policy documents and statements. Furthermore, and perhaps more importantly, mechanisms for inter-sectoral coordination at the planning/budgeting level hardly exist. The allocation of budget resources continues to follow essentially a compartmentalised logic whereby the budget for each budget management unit is negotiated in isolation. It is therefore hardly surprising that sectoral ministries frequently lack the resources to collaborate with MICOA in the review and monitoring of EIAs in their sectoral domain.
166. It is also important to note here that budget formulation in Mozambique is still fundamentally incremental in nature and little driven by the particular priorities and activities programmed for a certain year, a failure that the MTEF process has so far been unable to address. The planning of activities and the planning of budgets are still two separate processes. This incremental approach is partly a consequence of the fact that there are limited discretionary resources and hence little room-for-manoeuvre in the OE to fund anything else than recurrent expenditure (which is incremental by nature) and counterpart funding of externally funded investments. Hence, by and large the real resource negotiation occurs outside the frame of OE: either through (i) external financing agreements with donors (which are often negotiated directly between the donor and the recipient sector), or through (ii) the largely unrecorded internal revenue collection and use. The problems with such resource negotiation processes are that they often lack transparency and follow prioritisation criteria which do not necessarily match with those indicated in government policy statements.
167. GBS is changing however the nature of budgeting process by increasing the volume of discretionary resources available to GoM. It is therefore important that the criteria for distributing the additional volume of discretionary resources become clear. For that to happen, government policy priorities and associated activities need to be more clearly formulated and budget negotiation has to be conducted in a more coordinated fashion, particularly in a cross-sectoral policy area like the environment.

6. Implications for the role of development partners

168. This chapter discusses how development partners could be more effective in supporting environmental management at different levels of development cooperation. Five levels of interaction are considered: (i) internal (across agency departments/teams); (ii) with other donors; (iii) with government as a whole; (iv) with core environmental government functions; and (v) with non-governmental stakeholders.

Internal policy coherence

169. Internal policy coherence should be considered a pre-condition for an effective interface with domestic stakeholders. This may seem an obvious point but it is often overlooked. Development partners' sectoral policies and practices (such as support to agricultural or infrastructural development) should be consistent with policy positions and practices in the environment domain.

170. The tensions between economic development and environmental protection and promotion objectives are likely to be significant in a country, such as Mozambique, with a low socio-economic profile and, consequently, strong pressure on natural resources. Development partners fund more than 70% of public investment in Mozambique and have, therefore, a great responsibility in assisting the management of such tensions.

171. Part of the work is to be done in-house. An environmental assessment of the agency's development cooperation strategy could be a first step into building stronger coherence between environmental policy and policies in other fields of cooperation.

Harmonisation across donors

172. Harmonisation across development partners is one of the widely accepted pre-conditions for effective aid. Harmonisation does not mean that all agencies need to be doing similar things but that there is regular interaction which ensures overall coherence and, to the extent possible, complementarity of work (with division of labour which makes the most of agencies' comparative advantages).

173. In an area like the environment, however, harmonisation is challenged by the cross-cutting nature of the themes in hand and, in particular, by the fact that some of the most difficult environmental policy challenges lie outside the mandate of environmental agencies. For these reasons, harmonisation efforts should not be restricted to those agencies (or agency sections) which carry out environment protection/promotion activities but include also the agencies/sections dealing with economic activities of relevance to environmental management. Examples of these would be agricultural technology, energy policy, investment in infrastructures, taxation (of negative externalities), amongst other.

174. It is therefore important that environment working groups and other fora for debate on environmental policy to be created in Mozambique have a broad perspective on environmental challenges and engage agencies (or agency sections) working directly in areas of strategic importance to sustainable environmental management. Energy, for example, is a critical policy area for a variety of outstanding environmental debates in Mozambique, such as biofuels, fuel wood exploitation or the construction of dams. Donor agencies providing support to the energy sector are therefore an important stakeholder to bring on board.

Managing environmental policy dialogue with the whole of government

175. The cross-cutting nature of environmental governance demands that policy dialogue is held with the whole of government, or at least with all those government agencies of relevance to the environmental issue in question. General Budget Support (GBS) is, potentially, a good vehicle for managing dialogue with the whole of government and thereby best exploring the cross-sectoral dimension of environmental management.
176. GBS offers at least three entry points for policy dialogue with the whole of government: (i) the Performance Assessment Framework (PAF) which is the GBS monitoring tool which contains the priority indicators and targets on government policy, (ii) the sector working groups which provide the space for continuous exchange between the parties, and, perhaps the most important one, (iii) the state budget, that is the instrument through which funds are channelled under this modality.
177. As noted in this report the environment subject is not well represented in the existing PAF and there is scope for improvement. However, it should be noted that available evidence on the use of PAFs suggests that long and complex PAFs tend to undermine the overall focus of the policy dialogue, generate inconsistencies and make the process more transaction cost-intensive than necessary (Lawson et al. 2005). Therefore adding up a number of additional environment-related indicators to the PAF matrix may not be desirable. It would be advisable, however, to have a selection of one or two indicators which reflect with accuracy the dialogue being held at higher political levels and which, as noted, expose the substantive challenges environmental governance currently faces. Poor supervision capacity (of illegal logging, for example) and uncontrolled licensing of natural resource exploitation (land, forests, mineral resources and fisheries) are some of the current hot topics which the work at the technical level should be taking forward.
178. With regards to sector working groups the note worth making here is that although treating environment as a policy area of its own (as done through the creation of the EWG) gives visibility to environmental issues, it increases the risk of separating environmental management from (other) sector policy debates. The risks are that environmental issues are excluded from sector policy debates and that environmental action remains confined to a few activities of limited reach. To avoid these problems the proposed Terms of Reference for the EWG suggests the invitation to EWG meetings of representatives from government agencies considered relevant to the agenda under discussion. The challenge will be, however, to ensure the participation of those who have influence in decision-making at sector level. In addition to this it is also important that those (government and donor) agencies working directly on environmental issues have an active participation in sector policy processes which are strategic to environmental management and sustainable development.
179. Finally, the GBS arrangement has put in place mechanisms for close monitoring of the budgeting process⁴⁴ and these provide an opportunity for discussion with government the extent to which environment policy decisions are being transferred into sectoral budgets. Furthermore, some of the obstacles to effective environmental management identified by this study relate to problems which affect the whole public administration, such as the insufficiency of budget classification systems in use. GBS is a good platform to discuss such type of systemic issues, particularly those pertaining to planning and financial management systems.

⁴⁴ The Budget Working Group, constituted by GoM and PAPs, is the forum for reviewing the execution of the state budget. Such budgets reviews are linked to other dialogue processes, including that on poverty reduction policy and specific sectoral policies.

180. On the whole, the GBS platform offers, potentially, a window for raising and discussing strategic cross-cutting issues with the GoM. One challenge will be to be able to reflect the substantive political debates held at the diplomatic level at the operation levels of cooperation. Another challenge will be to manage the cross-sectoral coordination without compromising excessively environmental policy objectives.

Focusing capacity building efforts on core environmental functions of government

181. Support to capacity building in environmental governance has been provided through a number of projects. MICOA, for example, has been assisted mainly by the Netherlands and Denmark. The World Bank has also been an important source of capacity building in environmental management through its support to the creation of environmental units in various sectoral ministries.
182. Despite the volume of resources invested on capacity building the fact is that institutional capacity remains weak and core environmental functions (such as regulation enforcement, supervision and monitoring) are not being performed effectively. This is partly because of the institutional complexity of the sector. But another reason for failure may be related to the fact that donor-funded capacity building initiatives tend to be geared towards the delivery of project outputs (often pre-defined by the funding agency) rather than focused on the performance of core environmental functions of government.⁴⁵ This has often resulted in duplication of work (for example, by the various environmental units) and coordination failure on the part of MICOA.
183. The recommendation here is for donors to focus their capacity building efforts on improving the performance of core environmental functions of government and strengthening the institutional links across sectors and levels of government where such functions are located. This will require, first of all, more clarity about core environmental functions in Mozambique and their institutional location – i.e. an institutional map of environmental functions of government. CONDES and MICOA are expected to be at the centre of such map. However, given the cross-cutting nature of the environment, core functions are likely to be shared with a number of administrative units/levels of government and hence the links between those various units/levels need to be well understood.
184. Capacity building support should therefore be targeting core environmental functions across government domain rather than being directed towards project specific objectives and activities. It should aim to strengthen those core functions and the interaction between relevant parts of government. Building capacity of MICOA is only a small part of the task of strengthening institutional capacity for environmental governance in Mozambique.

Strengthening demand for sound environmental governance

185. In addition to measures to improve the supply side of environment policy there is also scope for strengthening the demand for better environmental policies.
186. There are several donor-funded projects supporting interventions of CSOs and NGOs in the environment domain. However, these remain, reportedly, largely driven by international initiatives and the interests of the financiers. There is little available funding to promote dialogue on environmental policy outside government. This combined with the lack of public awareness on environmental issues, constrains CSOs/NGOs in their

⁴⁵ These are problems which are not necessarily specific of the environment sector but are likely to be found across the whole of the public sector.

policy advocacy activity, as reflected by the failure to sustain several attempted initiatives in Mozambique (discussed in Section 2.4). There is therefore scope for development partners to pay more attention and provide direct assistance to the demand side of environmental policy.

187. Other key sources of demand for environmental policy are parliamentarians and cross-party parliamentary committees that have the remit for overseeing governmental action. In Mozambique, there is still very limited awareness of environmental issues within Parliament as reflected by the lack of demand for transparent accounts on budgetary allocations and spending on environmental activities.

7. Conclusion

188. This country study analysed various aspects of environmental governance in Mozambique, particularly the link between policies and budgets. A number of constraints were identified. Some of these relate to the functioning of the whole of the public sector while others are specific of the environment domain.
189. The main public sector constraints discussed by this case-study include: (i) the lack of clear policy prioritisation in policy documents, (ii) the lack of transparency of budget planning and accounting instruments, and (iii) the sheer dependence of external funding which implies that important resource negotiations take place outside the framework of the OE formulation.
190. The particular governance difficulties in the environment domain were also discussed. The cross-sectoral character of environmental management poses significant challenges to policy implementation. Although this cross-sectoral dimension is understood and widely accepted at the conceptual level, the existing institutional framework has not been able to deal with it in an effective manner and the result has been limited incorporation of environmental considerations into development interventions at sector level. CONDES' influence in sector policy debates remains largely unnoticed and MICOA lacks the political and technical capacity to perform a coordination role. Environmental units spread across sectoral ministries without any institutionalised link with MICOA or CONDES.
191. These sector coordination difficulties are partly related to the significant compartmentalisation of public sector management. But cross-sectoral coordination and harmonisation is also challenged by unresolved tensions between economic development objectives and environmental sustainability. Such tensions are particularly acute in a country where more than half of the population is poor and the pressure on natural resources exploitation is significant.
192. The consequence of all these constraints has been limited implementation of environmental policies and legislation and poor performance of even basic functions, such as the review and monitoring of EIAs.
193. Development partners are a critical driver of change in a country where more than 70% of public investment is funded by international development assistance. They have therefore an important role to play in improving environmental management performance. This report suggests that development partners should focus on five complementary levels of intervention (cf. Section 6): (i) build internal policy coherence, (ii) reinforce harmonisation across donors, (iii) nurture policy dialogue with the whole of government, (iv) focus capacity building efforts on core environmental functions of government, and (v) strengthen demand for sound environmental governance.
194. There were a number of important issues which this short case study was not able to analyse in detail. These are suggested here as areas for further investigation: (i) the analysis of core environmental functions being performed in Mozambique, including stakeholder perceptions about these, (ii) the magnitude of off-budgetary environmental revenue and its use, (iii) private sector roles and practices on environmental management, and (iv) environmental management challenges at local government level. The latter is particularly important in the face of current decentralisation reforms – for example, the rapid increases in resource availability to fund investments at local level are raising concerns about local capacity for producing, reviewing and monitoring EIAs.

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Annexes

I. List of people interviewed

INSTITUTION	PERSON	POSITION
Government		
Ministry for the Coordination of Environment Action (MICOA)	Erasmó Nhachungue	Director, Direcção de Planificação e Estudos
	Teresa Magalhães Pinto	Staff, Direcção de Planificação e Estudos
	Tom Durang	Advisor, Direcção de Planificação e Estudos (DANIDA Environ)
	Rodrigues Ramalho	Direcção de Planificação e Estudos
	Baltazar Mungoi	National Director, National Directorate of Administration and Finance
	Fernando Tavares	Staff, Direcção Nacional de Gestão Ambiental – Gestão Costeira
	Custódio da Conceição	Staff, Direcção Nacional de Gestão Ambiental – Conservação dos Recursos Naturais
	Miguel Matine	Staff, Direcção Nacional de Gestão Ambiental – Ambiente Urbano
	Flora Mole	Staff, Direcção Nacional de Planeamento e Ordenamento Territorial – Dept de Planeamento Regional
	Luís Miguel	Staff, Direcção Nacional de Planeamento e Ordenamento Territorial – Dept de Planeamento Regional
	Fernando Manuel	Staff, Direcção Nacional de Planeamento e Ordenamento Territorial – Dept de Planeamento Regional
	Josefa Jussara	Staff, Direcção Nacional de Avaliação do Impacto Ambiental
	Baltazar Mungoi	Director, Direcção Nacional de Administração e Finanças
CONDES	André da Silva	Executive Secretary
Ministry of Planning and Development (MPD)	Cristina Matusse	Head of Planning Department
	Cláudio Massingarella	Head of Department, Direcção Nacional de Estudos e Análise de Políticas (DNEAP)
	Sónia Santos	DNP
	Araújo Martinho	Staff, DNP
	Alexander Bohr	ODAMOZ Consultant, Direcção de Investimentos e Cooperação (DIC)
	Caroline Ennis	DNP
	Custódio dos Mocudos	PPFD - MPD
	Xavier Xavana	MPD
Ministry of Finance	Judite Gamito	Staff, DNO
Ministry of Tourism	Bartolomeu Souto	Director, Direcção Nacional de Conservação
	Madyo Couto	M&E Manager, Unidade de Coordenação das Áreas Protegidas
Ministry of Agriculture	Eulália Macome	Head of Department, Direcção de Economia
Ministry of Mineral Resources	Paulo da Conceição	Head of Department, Environment Department
Ministry of Civil Works – DNA Sanitation	Rogério Batina	National Directorate of Water, Sanitation Department
Ministry of Energy	Ailton Rego	Coordinator, Environment Unit
	Søren Petersen	Advisor, Grontmij Carl Bro
Development partners		
DFID	Emídio de Oliveira	Policy & Programme Manager, Infrastructure & Growth
Netherlands Embassy	Célia Jordão	Programme Officer, Sustainable Development

INSTITUTION	PERSON	POSITION
Embassy of Denmark	Farida Saifodine	Assistant Programme Officer
UN-HABITAT	Jaime Comiche	UN-HABITAT Programme Manager
Ireland Aid	Palmira Vicente	Programme Officer
NGOs and other		
Centro Terra Viva	Alda Salomão	Executive Director
Livaningo	António Reina	General Director
SAL Consultoria	Gaye Thompson	Manager
	Sérgio Chitará	

II. Overview of public sector planning and budgeting cycle in Mozambique

The planning cycle starts in September of year X-2 with the preparation of the Medium Term Expenditure Framework (MTEF) for the period X to X+3. The MTEF estimates the resource envelope (which includes domestic resources, grants and credits) and on the basis of the targets set by fiscal policy (main ones being the primary deficit, the ration of taxes to GDP, the ratio of salary payments to GDP, the proportion of investment expenditure in total budget) it produces detailed indicative budget ceilings. The MTEF and associated budget ceilings are approved by the Economic Council are sent to budget management units (line ministries, provincial government and district administration) in May X-1. These have approximately two months to respond and justify request for additional budgetary allocations. Budget negotiations normally take place during July. The finalisation of the budget proposal is done in August (year X-1). The budget proposal is submitted to Parliament in September and discussed and approved by Parliament in December (year X-1). Budget implementation starts in January (of year X).

Budget calendar in brief:

- Sept-May (years X-2 to X-1): MTEF and budget ceilings
- May (year X-1): Budget ceilings for sector
- May-June (year X-1): Sectors prepare their budget proposals
- July (year X-1): Negotiation with ministry of finance and planning
- Aug-Sept (year X-1): Finalisation of the budget proposal
- Sept (year X-1): Submission of budget proposal to Parliament
- Dec (year X-1): Parliamentary discussion and approval
- Jan (year X) Implementation of the budget

III. Environmental investment projects recorded in OE 2007

Environmental investment projects, OE 2007	Thousand Meticais			Percentage of total
	Internal	External	Total	
MICOA	21,924	70,278	92,202	5.5%
ADM-2002-0073 Gestão de Biodiversidade Marinha e Costeira	750		750	
ADM-2003-0013 Gestão do Ambiente Urbano da Área de Grande Maputo		33,498	33,498	
ADM-2004-0019 Elaboração de Planos de Ordenamento Territorial	800		800	
ADM-2005-0004 Apoio e Avaliação do Programa Nacional do Ambiente	1,074		1,074	
ADM-2006-0038 Projecto Piloto de Contenção de Erosão Changara - Tete	970		970	
ADM-2007-0013 Capacitação Institucional do MICOA	1,250		1,250	
ADM-2007-0014 Reactivação do Curso Médio em Planeamento Físico e Ambiente	1,200		1,200	
ADM-2007-0016 Programa de Desenvolvimento Urbano	730		730	
ADM-2007-0018 Projecto de Pesticidas Obsoletos	1,073	36,780	37,853	
ADM-2007-0019 Implantação do Centro de Pesquisa de Pemba	14,077		14,077	
DPOA	20,690	4,015	24,705	1.5%
NIA-2007-0169 Apoio a acção ambiental - Irlanda		3,810	3,810	
NAM-2007-0031 Controlo e Combate a Erosão em Moma	500		500	
ZAM-2007-0050 Apetrechamento da Direcção	1,517		1,517	
ZAM-2007-0051 Combate a Erosão e Gestão de Recursos Naturais	1,277		1,277	
TET-2006-0001 Elaboracao de Planos Parciais Urbanizacao de Vilas	180		180	
TET-2006-0002 Monitoria e Supervisao de Planos Urbanos	375		375	
TET-2006-0003 Aquisicao de Material Topografico	150		150	
TET-2006-0006 Perfis Ambientais	320		320	
TET-2007-0058 Programa de Implementação de Planos Distritais - DPCAA	281		281	
MAN-2007-0043 Capacitação Institucional	100		100	
MAN-2007-0044 Capacitação de 60 líderes Comunitários		133	133	
MAN-2007-0045 Actualização do Plano urbano da Vila Sede de Guro		73	73	
SOF-2007-0001 Protecção Costeira	14,000		14,000	
SOF-2007-0099 Aquisição de Equipamento para Formação	250		250	
GAZ-2005-0012 Construção do Edifício da DPCAA - Gaza	1,400		1,400	
GAZ-2007-0148 Programacao de Ordenamento Territorial	340		340	
CDS	500	3,245	3,745	0.2%
ADM-2002-0074 Centro de Desenvolvimento Sustentável		1,442	1,442	
NAM-2007-0097 Estudo do Ambiente dos Centros Urbanos	500		500	
ADM-2002-1074 Centro de Desenvolvimento Sustentável		1,803	1,803	

Environmental investment projects, OE 2007	Thousand Meticais			Percentage of total
	Internal	External	Total	
FUNAB	5,600	0	5,600	0.3%
ADM-2007-0020 Projecto de Apoio a Iniciativas de Gestão Ambiental	3,800		3,800	
ADM-2007-0021 Projecto de Sensibilização Ambiental	1,800		1,800	
MINAG	0	34,382	34,382	2.0%
AGR-2006-0022 Reforço Institucional da Gestão de Recursos Naturais em Manica		555	555	
AGR-2006-0032 Reflorestamento na Província de Maputo		655	655	
AGR-2006-0050 Programa de Desenvolvimento Agrário - Zonas Verdes		1,613	1,613	
AGR-2007-0028 Censo Nacional de Fauna Bravia		21,840	21,840	
AGR-2007-0038 Reflorestamento em Inhambane		2,639	2,639	
AGR-2007-0055 Reflorestamento e Produção de Jetrofa em Tete		1,747	1,747	
AGR-2007-0065 Reflorestamento na Zambézia		1,034	1,034	
DPAG	0	2149.2	2149.2	0.1%
SOF-2007-0105 Divulgação de Agricultura de Conservação		2,149	2,149	
MITUR	15,379	474,566	489,945	29.0%
CMR-2002-0001 Desenvolvimento das Áreas Conserv. Transfronteira e Turismo	1,000	203,775	204,775	
CMR-2003-0006 Desenvolvimento do Parque Nacional de Limpopo	6,725	230,028	236,753	
CMR-2005-0002 Reserva Especial de Maputo	1,800		1,800	
CMR-2005-0007 Parque Nacional das Quirimbas	2,309	40,763	43,072	
CMR-2006-0003 Reforço da Fiscalização e Comunicação - Áreas de Conservação	1,100		1,100	
CMR-2006-0004 Operacionalização da Agência de Desenvolvimento da Costa dos Elefantes	795		795	
CMR-2007-0002 Reactivação do Centro de Treinamento da Reserva Especial de Maputo	800		800	
CMR-2007-0003 Reactivação do Centro de Treinamento do Parque Nacional de Gorongosa	850		850	
DPTUR	7,750	0	7,750	0.5%
CMR-2004-1001 Desenvolvimento do Parque Nacional de Gorongosa	4,000		4,000	
CMR-2005-0010 Reserva de Bufalos de Marromeu	1,400		1,400	
CMR-2006-0003 Reforço da Fiscalização e Comunicação - Áreas de Conservação	75		75	
CMR-2007-0003 Reactivação do Centro de Treinamento do Parque Nacional de Gorongosa	775		775	
CMR-2003-1007 Conservação do Arquipélago do Bazaruto	500		500	
CMR-2005-0012 Parque nacional do Zinave	500		500	
CMR-2005-0013 Reserva de Pomene	500		500	
MOPH – DNA-Sanitation	52,506	954,911	1,007,417	59.7%
ABA-1993-0001 Apoio à Gestão dos Recurso Hídricos	13,959		13,959	
ABA-1997-0004 Saneamento Urbano	7,275	276,148	283,423	
ABA-2000-0005 Saneamento a Baixo Custo - Redução da Pobreza	4,088		4,088	
ABA-2004-0002 Saneamento a Quatro Cidades	4,810	26,018	30,828	

Environmental investment projects, OE 2007	Thousand Meticals			Percentage of total
	Internal	External	Total	
ABA-2004-0003 Reab.Sistema de Abast. Água a Maputo (Componente Saneamento)	5,224	127,568	132,793	
ABA-2004-0005 Programa Integrado Abast. Agua e Saneamento Nampula-Niassa	17,149	307,066	324,215	
ABA-2007-0010 Supervisão do Projecto Sanitário da Beira		218,111	218,111	
DPOPH - Sanitation	19,607	0	19,607	1.2%
CAB-2004-0018 Saneamento Abaixo Custo	2,500		2,500	
NAM-2006-0214 Saneamento Peri-Urbana E Rural Npl, Ncl e Angoche	3,104		3,104	
NAM-2007-0025 Reabilitação do Sistema de Esgotos - APIE	700		700	
ZAM-2006-0126 Construção de Latrinas	1,600		1,600	
TET-2006-0016 Programa de Latrinas Melhoradas - Tete	1,203		1,203	
MAN-2007-0029 Saneamento Rural	6,200		6,200	
MAN-2007-0033 Saneamento a Baixo Custo	800		800	
SOF-2004-0074 Construção de 2000 Latrinas Melhoradas - Beira e Dondo	1,000		1,000	
INH-2004-0023 Saneamento a Baixo Custo - Inhambane	1,000		1,000	
GAZ-2004-0026 Construção de Latrinas Melhoradas - Saneamento Rural	1,500		1,500	
TOTAL	143,956	1,543,546	1,687,502	100.0%
TOTAL in \$US	5,581,870	59,850,549	65,432,419	

Source: OE 2007. Exchange rate Metical/\$US = 25.79.

IV. Donor disbursements to environment protection, forestry and sanitation recorded by ODAmoz⁴⁶

General environmental protection (45 projects)							
Donor/Agency	Project Designation	Total Amount	Total Disbursed	Undisbursed Funds	2005 Total	2006 Total	2007 Total
DENMARK	Danish Environmental Support - not allocated	0	0	0	0	0	0
DENMARK	Institutional Support to MICOA	5,467,372	1,138,867	4,328,505	0	704,924	433,943
DENMARK	Greater Maputo Area - Matola	2,504,409	523,991	1,980,418	75,838	30,869	0
DENMARK	Greater Maputo Area - Maputo	2,504,409	523,991	1,980,418	75,838	30,869	0
DENMARK	Greater Maputo Area - MICOA	2,504,409	2,158,765	345,644	75,838	38,130	1,627,514
DENMARK	Natural Resource Management - Sofala Province	4,232,804	1,145,518	3,087,286	0	432,019	713,499
DENMARK	Urban Environmental Management in 7 Municipalities	1,941,851	1,941,851	0	158,730	268,616	985,404
DENMARK	Urban Environmental Management in 7 Municipalities - Nampula - Ilha de Mocambique	1,410,935	1,149,706	261,229	158,730	332,216	129,659
DENMARK	Urban Environmental Management in 7 Municipalities - Zambezia - Mocuba	1,481,756	1,481,756	0	158,730	577,804	216,121
DENMARK	Urban Environmental Management in 7 Municipalities - Cabo Delgado - Montepuez	1,410,935	1,311,207	99,727	158,730	468,226	155,150
DENMARK	Urban Environmental Management in 7 Municipalities - Nampula - Nacala	1,410,935	1,026,673	384,262	158,730	240,309	98,534
DENMARK	Urban Environmental Management in 7 Municipalities - Nampula	1,410,935	1,047,296	363,639	158,730	303,166	56,299
DENMARK	Urban Environmental Management in 7 Municipalities - Cabo Delgado - Pemba	1,410,935	1,230,386	180,549	158,730	415,749	126,806
DENMARK	Urban Environmental Management in 7 Municipalities - Zambezia - Quelimane	1,410,935	1,350,702	60,233	158,730	439,764	223,107
DENMARK	Coastal Development - Centro de Desenvolvimento Sustentavel Zonas Costeiras	1,763,668	1,576,250	187,419	135,802	115,112	531,684
DENMARK	Coastal Development - Gaza	1,763,668	1,335,887	427,781	135,802	106,610	299,824
DENMARK	Coastal Development - Inhambane	1,763,668	1,032,592	731,077	135,802	103,139	0
EC	MOTT Macdonald - Service Contract- Post-Flood Reconstruction Ii, Post-Flood Reconstruction Programme In Gaza Province	875,057	30,561	844,496	0	28,907	430,226

⁴⁶ Data presented in this annex is in US\$.

Donor/Agency	Project Designation	Total Amount	Total Disbursed	Undisbursed Funds	2005 Total	2006 Total	2007 Total
EC	Final Evaluation and end of Project Audit of the Post Flood Reconstruction Programme	89,086	70,713	18,373	53,451	17,261	0
EC	Coba - TA Flood Recovery Program; Ao 12 To Mac 14/00/Ec Extension Period Implementation, Augm. Plafond Projet 8 Acp Moz 24, Post-Flood Reconstruction Programme In Gaza Province	108,871	77,096	31,776	0	0	77,096
EC	IBIS-Regional Project 5 African Countries Environment Capacity Development Programme	1,261,106	1,035,464	225,641	0	486,783	0
FAO	Prevention and Disposal of Obsolete Pesticides in Mozambique - Phase II	2,633,666	1,673,946	959,720	520,862	791,712	811,372
FINLAND	Centre for Sustainable Development of Chimoio	6,371,429	6,342,364	29,064	627,861	706,604	448,776
FRANCE	Parque Nacional das Quirimbas	0	525,723	-525,723	208,066	161,189	227,897
FRANCE	Definição e implementação de uma politica de protecção e de gestão da fauna bravia nas zonas de caça em Moçambique	0	0	0	0	0	0
FRANCE	Desenvolvimento do Parque Nacional das Quirimbas	6,000,000	2,264,859	3,735,141	1,258,811	579,776	783,414
FRANCE	Desenvolvimento do Parque Nacional do Limpopo	15,714,286	0	15,714,286	0	0	1,142,857
FRANCE	Apoio ao desenvolvimento sustentavel	210,786	105,393	105,393	0	0	210,786
GERMANY	Transfrontier Conservation Areas -Limpopo National Park (Phase II)	8,285,714	7,513,867	771,847	1,428,571	2,988,184	3,954,254
JAPAN	Coordination and Management of Services for the Prevention and Disposal of Obsolete Pesticides in Mozambique (Phase III)	973,771	973,771	0	0	0	973,771
NETHERLANDS	MAP MICOA 2	1,205,714	1,191,429	14,286	514,286	662,857	14,286
NETHERLANDS	MAP Environmental Awareness Fund 2/IUCN	2,834,286	2,834,286	0	661,429	237,143	28,571
PORTUGAL	Rehabilitation of the fortress in the Island of Mozambique	729,861	729,861	0	4,217	11,273	0
PORTUGAL	Technical support from IPPAR for the recovery and rehabilitation of the Architectural Patrimony in the Island of Mozambique; in the Archive of Maputo and in settlement of documents jointly with IPLB	17,563	17,563	0	11,904	0	0
PORTUGAL	Cluster - Patrimony rehabilitation	22,237	22,237	0	0	0	22,237
PORTUGAL	Flora Zambeziana (Moçambique)	65,541	65,541	0	0	65,541	0
PORTUGAL	PRO-AUDIT project	3,143	3,143	0	0	3,143	0
PORTUGAL	Reunião para debater abordagem conjunta de intervenção para o desenvolvimento da Ilha de Moçambique	3,143	3,143	0	0	3,143	0

Donor/Agency	Project Designation	Total Amount	Total Disbursed	Undisbursed Funds	2005 Total	2006 Total	2007 Total
PORTUGAL	Support the participation of representatives of the national delegation Conference of the Parties and Subsidiary Bodies meetings of the United Nations Framework Convention on Climate Change (UNFCCC)	22,857	22,857	0	0	15,714	7,143
PORTUGAL	Recovering of the National Park of Gorongosa	214,269	214,269	0	0	0	214,269
UNDP	Small Grants Programme (SGP)	898,837	565,746	333,091	226,550	266,586	72,610
UNHABITAT	UNEP/GEF LOWER LIMPOPO PROJECT	995,000	614,593	380,407	390,565	161,581	0
UNIDO	Reduction of Environmental Impact from Coastal Tourism	626,400	0	626,400	0	0	0
WORLDBANK	GEF-Coastal and Marine Biodiversity	4,450,000	4,450,000	0	880,000	420,000	700,000
WORLDBANK	GEF - Transfrontier Conservation Areas and Tourism Development Project	10,000,000	680,000	9,320,000	0	460,000	220,000
TOTAL		99,006,247	52,003,863	47,002,385	8,691,333	12,674,919	15,937,109

Forestry sector (4 Projects)

Donor/Agency	Project Designation	Total Amount	Total Disbursed	Undisbursed Funds	2005 Total	2006 Total	2007 Total
EC	Farmers' Clubs for Forests - Promoting Sustainable Natural Resource Management in and around Quirimbas Park	427,109	222,487	204,621	0	0	222,487
FAO	FAO Norway Programme, Forestry Component	99,000	37,500	61,500	0	25,000	74,000
FAO	Support to Community Forestry and Wildlife Management (phase II)	912,476	879,021	33,455	264,058	166,447	126,538
PORTUGAL	Categorization of secondary forestry species in Mozambique	79,599	79,599	0	24,857	0	0
TOTAL		1,518,184	1,218,607	299,576	288,915	191,447	423,025

Water and sanitation (49 Projects)

Donor/Agency	Project Designation	Total Amount	Total Disbursed	Undisbursed Funds	2005 Total	2006 Total	2007 Total
ADB	Integrated Water Supply & Sanitation Project	25,029,851	9,295,360	15,734,491	3,582,090	2,387,897	3,325,373
ADB	Urban Water Supply, San. & Inst. Support	31,902,985	10,044,776	21,858,209	0	5,601,493	4,443,284
ADB	National Rural Water And Sanitation Program Awf Funding	631,343	0	631,343	0	0	0
ADB	RWSSI	44,776,119	0	44,776,119	0	0	0
AUSTRIA	PAARSS II - Programme for Rural Water Supply and Sanitation in Sofala Province	2,026,681	2,026,681	0	750,257	128,357	73,333

Donor/Agency	Project Designation	Total Amount	Total Disbursed	Undisbursed Funds	2005 Total	2006 Total	2007 Total
AUSTRIA	Final phase PAARSS II, Programme for Rural Water Supply and Sanitation in Sofala Province	535,714	535,714	0	0	482,143	53,571
CANADA	Rural Water Development Program - Inhambane	8,325,135	7,679,728	645,407	1,837,615	1,658,233	1,493,681
EC	SEED TECHNICAL ASSISTANCE TO ZAMWAT PROJECT; MAC 03/02/EC, WATER RESOURCES MGMT/RURAL WTR SUPPLIES ZAMBESI RIVER BASIN	1,568,459	851,096	717,363	0	275,121	718,831
EC	LOUIS BERGER - Supervision Beira Sanitation Works	2,667,757	0	2,667,757	0	0	533,526
EC	CMC - Beira Sanitation Works - Lot 1,3,4	41,047,800	0	41,047,800	0	0	8,209,429
EC	CPG/BRL - TA Institutional Component to Beira Sanitation - MAC 03/07/EC	1,276,613	0	1,276,613	0	0	255,323
EC	Beira Sanitation - Start-up Work Program	142,857	0	142,857	0	0	0
EC	Beira Sanitation - PE N°1	714,286	0	714,286	0	0	0
EC	CNC AFRICA AUSTRAL /CONDURIL - Beira Sanitation - Works - Lot 2	19,599,220	0	19,599,220	0	0	3,919,844
EC	Water Supply and Sanitation Project (WSSP)	2,285,714	355,486	1,930,229	0	355,486	0
FRANCE	Melhoramento de abastecimento da agua potavel INTERAIDE provincia de NAMPULA	0	0	0	0	0	0
GERMANY	Waste management Maputo (AGRESU)	4,142,857	675,799	3,467,059	0	0	1,171,429
JAPAN	Sustainable Water Supply, Sanitation and Hygiene in Zambezia province	2,538,433	392,940	2,145,492	0	3,133	683,336
NETHERLANDS	HAUPA	11,832,500	470,000	11,362,500	0	470,000	1,357,143
PORTUGAL	Patrimony recovery and basic sanitation in Mozambique Island	50,696	50,696	0	0	0	6,429
PORTUGAL	Support to DNA - National Directorate of Water in Mozambique (Agreements on International Rivers)	87,324	87,324	0	0	31,940	0
PORTUGAL	Protocol on River Resources	351,790	351,790	0	222,199	64,286	0
PORTUGAL	Cluster - Infrastructures of water supply, sanitation and solid waste sectors in Lumbo	229,167	229,167	0	0	229,167	0
SWEDEN	Pungwe Basin Transboundary Integrated Water Resources Management and Development (PP2)	15,285,714	0	15,285,714	0	0	285,714
UK	Mozambique Water and Sanitation Sector Budget Support	13,725,490	0	13,725,490	0	0	490,196
UNICEF	Water, Sanitation and Hygiene Programme	22,902,000	2,981,528	19,920,472	0	0	4,725,528
TOTAL		713,063,337	178,395,036	534,668,304	33,021,046	42,902,338	65,996,164

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