



Country Strategy Mozambique 2023 – 2027

MOZ2200101

2th of June 2022

Table of Contents

1. Introduction	3
1.1 Framework of the Country Strategy	3
1.2 Coherence, partnerships and synergies	4
1.3 Key concepts for the strategy	7
2. Strategy	9
2.1 Context analysis	9
2.2 Key actors	17
2.3 Theory of Change	24
2.4 Key strategic principles	27
2.5 Ambitions	30
2.7 Strategic alliances	40
2.8 Budget envelope	43
2.9 Operational conditions	43
3. Selected aid and implementation modalities	45
4. Respective obligations and mutual engagements	45
5. Strategy change mechanisms	46
Acronyms.....	47
Enabel Glossary.....	50

Table of Figures

Figure 1: Pillars and axes from the Instruction Letter.....	4
Figure 2: Articulation between the current and future portfolios.....	5
Figure 3: Key elements of Enabel’s ToC on Climate Change.....	24
Figure 4: The 5 areas of change of the IL.....	26
Figure 5: Socio-Ecological model for gender transformation.....	28
Figure 6: Global Overview of the structure of the strategy ambitions.....	30
Figure 7: Key intermediate changes of the 6 axes that contribute to the SO and GO.....	38
Figure 8: Geographic coverage of on-going and future Belgium’s interventions in Mozambique per sector.....	40

1. Introduction

1.1 Framework of the Country Strategy

The **Letter of Instruction transmitted on 1st of March 2022** to Enabel by the Minister of Cooperation defines the framework for a new cooperation portfolio (2023-2027) in Mozambique. The general objective of the country portfolio has been defined as follows: **“Support and institutionally strengthen Mozambique so that the transition to a climate-resilient and low-carbon economy can be achieved in an inclusive way with consideration of vulnerable communities in both rural and urban areas”**.

Two pillars are identified. A **first pillar** aims at **improving and climate-proofing public services at district and municipal level** with specific attention to the following axes:

1. (Innovation) strengthening **waste management and circular economy** at municipal level
2. Improving access to sustainable and climate **resilient water supplies** in rural/urban areas
3. (Innovation) Institutional support for climate resilient **territorial planning** and land use and for better mapping of information on **“losses and damages”** from extreme weather events

A **second pillar** is dedicated to the achievement of a **low-carbon energy transition** in Mozambique taking into account local needs, national priorities and global trends in the energy and environmental sectors. It should also be **equitable and inclusive**, with two axes:

1. Improving and expanding **access to sustainable and affordable energy** in off-grid areas and rural districts
2. (Innovation) Promoting and facilitating a sector-wide **policy dialogue** on the transition to a low-carbon energy system

The strategy and portfolio will contribute to address the following Sustainable Development Goals: **SDG 5** (gender equality), **SDG 6** (clean water and sanitation), **SDG 7** (affordable and clean energy), **SDG 12** (responsible consumption and production) and **SDG 13** (climate action).



The Instruction Letter also identifies a set of principles, cross-cutting themes and strategic considerations as follows:

- **Human rights-based approach** (HRBA) must be used as an analytical framework in the prospect of promoting inclusive, efficient human development.
- **Young people** should be proactively involved in all interventions, either through specific awareness-raising activities or through more hands-on involvement such as vocational training or specific internship opportunities.
- Sufficient resources (human and financial) should be provided to ensure each intervention from the country portfolio contributes concretely to **gender equality** as per minimum standard of the OECD-DAC gender marker.
- The new programme will build on lessons learned and make continued efforts to more strongly institutionalize the **data collection and analysis capabilities** of partner government institutions, including through the use of digital tools and methodologies.
- The use of innovative **“information communication technology (ICT)”** tools is a key opportunity to ensure inclusiveness and sustainability. All ICT integration options will be weighed with the prospect of achieving sustainable modernization and cost-effective innovation.
- The interventions shall be **fully aligned with the priorities of the Mozambican Government** (including the National Development Strategy –ENDE 2015-35) and **carefully coordinated with other development partners**.
- To **mobilize additional funds** and parallel financing from other sources, the Enabel position - as an accredited entity to the Green Climate Fund (GCF) - can be leveraged, but other climate finance sources,

including EU Funds, dedicated climate funds (NAMA Facility/the Adaptation Fund) and the international carbon markets can also be tapped into. In the context of the new cooperation programme, it is also important to guide the collaborating fund institutions (e.g., FUNAE/FNDS) **to build their capacities for mobilizing and efficiently managing additional financing**. It is also important to **seek complementarities with ongoing Belgian initiatives** (UNCDF LoCal, RERD-2, SEF, D5.2 financing, NDC partnership/ FPS Health & Environment, etc.) and to continue working with the Mozambican and Belgian Governments to explore a possible 'debt-for-climate swap'.

- The initiatives related to the **Nexus "water-energy-food security"** should be developed further especially in the field of agriculture/rural development, but also by stimulating entrepreneurship of young people/youth. Linking the Nexus story "water-energy-food-ecosystems" to health, human habitat sector, agro-processing, productive use, energy efficiency, gender, and youth entrepreneurship creates enormous sustainable, inclusive and innovative development opportunities.

The envelope will be 25 M€. More than 20% will go to innovative and new interventions. 5% will be reserved for urgent crises in line with the objectives of this portfolio. The **geographical intervention area** shall focus on the **southern region: Gaza and Greater/Rural Maputo** as well as a reinforced presence in **Nampula province** in the **northern region** of Mozambique.

The portfolio requires a risk informed approach. Climate change and the various recent crises in Mozambique must be taken into account: armed conflict in the North, as well as serious and frequently recurring natural disasters, and the Covid pandemic. But contextual risks are more globally linked to the different fragility dimensions, i.e., the economic, environmental, political, security, societal and human dimensions.

1.2 Coherence, partnerships and synergies

Internal coherence

The two pillars proposed in the Instruction Letter (IL) (1) **improving and climate-proofing public services** at district and municipal level and (2) contributing to an **equitable and inclusive low-carbon energy transition** are meant to be complementary and reinforce each other in the pursuit of the overarching objectives of the portfolio.

Initial proposition

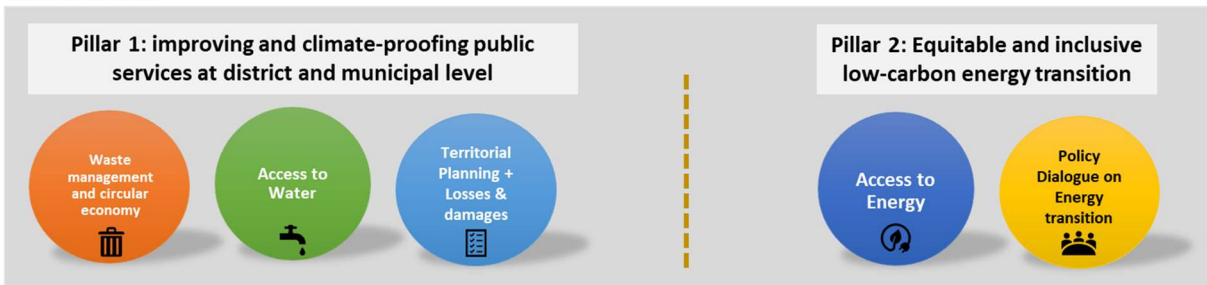


Figure 1: Pillars and axes from the Instruction Letter

However, after having conducted a thorough assessment of the content of the five constituents' axes, it has rapidly appeared that the artificial split into two separate pillars could hinder the intersectoral and multifactor nature of a successful transition towards a low-carbon and climate-resilient economy. The shared challenges between the axes and their key actors of change are countless. Furthermore, circular economy, planning or policy dialogue are also, per definition, key transformation processes that go beyond the artificial boundaries of the proposed axes and transcend the local, national and even global levels.

The synergies and transversal contributions between all these different components will be further explored in the following pages and in the portfolio. In the meantime, it is suggested to consider the proposed key axes as **potential areas of change**, contributing to the general objective of the strategy. Their logical articulation and internal coherence will be revised according to the main findings of the Theory of Change exercise.

In the meantime, coherence will also be searched for through an **active continuity with the ongoing interventions**. Belgium has developed indeed a strong portfolio over time, particularly in the overarching climate and environmental domains, for example with the "Renewable Energy for Rural Development" (RERD2) and

addendum, 2018-2024, the "Capacity Development of MIREME and ARENE in Mozambique, 2018-2023(CB MIREME/ARENE), etc.

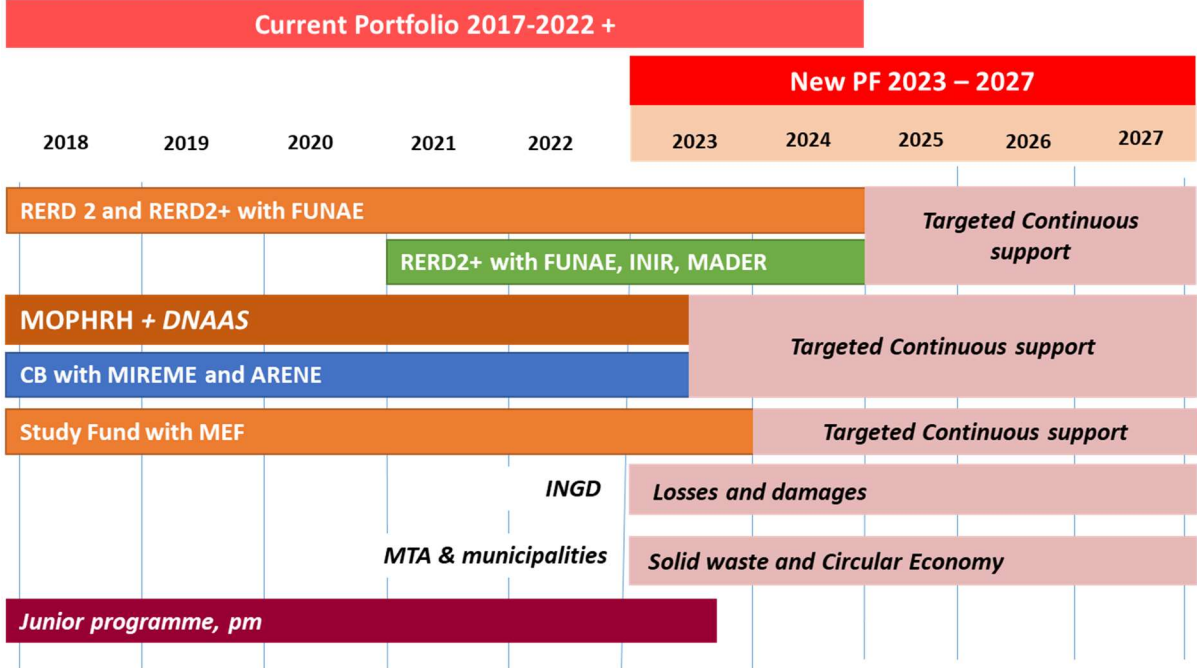


Figure 2: Articulation between the current and future portfolios

The new portfolio 2023-2027 will be built as a means:

- To **consolidate on the recent programme achievements** and infrastructures while **focusing on recent evolutions in the context**;
- To ensure **targeted continuous support to existing partners** and make the next steps together;
- To **support emerging** «hot topics» like waste management and circular economy as well as losses and damages and **engage with additional relevant partners**;
- To **support a more integrated approach** on public services and energy transition between the partners;
- To **enhance communities, women, youth and vulnerable groups’ involvement** (right holders) and public actors’ accountability (duty bearers);
- To keep on building **institutional and human capital**.

Lastly, even if not mentioned in the IL, coherence will also be considered at Enabel’s corporate level, with the Enabel ambition¹ to become a pioneer and role model in reducing its carbon and environmental footprint at organizational and operational level. Carbon emissions reduction objectives will be set, in line with corporate efforts and methodologies subscribed to in the context of the Belgian Alliance for Climate Action (BACA) initiative signed by Enabel in 2021². This would not only strengthen Enabel’s position as credible actor in the fight against climate change but also help stimulate the debate and uptake of low-carbon technologies and processes in Mozambique, with a positive spillover effect on the portfolio itself.

External coherence, partnerships and synergies

¹ This ambition is also endorsed by the EU that would like also to green its delegation in Maputo.
² The Belgian Alliance for Climate Action (BACA) is a world movement, which aims at encouraging and accompanying companies to reduce their CO2 emissions according to the principles of the Science Based Target Initiative (SBTI). To this aim, participants companies realize carbon footprints to establish their level and sources of emissions and produce an action plan where they define detailed emissions reduction measures. Enabel established the carbon footprint for the year 2019 which will serve as a baseline for Enabel’s emissions reduction objectives. Enabel’s commitment is to reduce, at corporate level, its emissions by 45 % before 2030.

The Country Portfolio will be developed in complementarity and coherence with other international initiatives, in particular the **Team Europe approach**. Considering the limited available budget of EUR 25 million, the possibly upcoming partnerships with other Financial and Technical Partners (FTP) including European Union (EU) will be built upon to reinforce the portfolio in terms of complementarity, synergies, experience-sharing, results scale-up and increased impact.

For the implementation of the programme, **new partnerships will be further explored**, including in a **Team-Belgium** (the Belgian regions and other BE actors and initiatives) and in a Team-Europe spirit. The new cooperation programme of Flanders (2021-2025) but especially the NDICI programme cycle (2021-2027) for Mozambique offer partnership opportunities for this, particularly the NDICI pillars "Growing Green" and "Growing Youth" and the two EU Team Europe Initiatives on the "EU Green Deal" (see chapter 2.7) and "E-Youth" (Education- Employment-Empowerment). Coordination within the framework of the "**Coalition of the Willing on Climate Change and Resilience (CotW-CCR)**", a group of development partners that are committed to high-level engagement with the Government of Mozambique (GoM) on topics related to climate change and resilience, will also be important. Since April 2022, Belgium, together with the UK, acts as the co-chair of the CotW-CCR. As such, Belgium is currently well-positioned to act as an accepted interlocutor for Mozambican stakeholders and development partners and promote a strengthened and more frequent dialogue and coordination at the highest levels of government on topics related to climate change. In this context, recent meetings with the Minister of Land and Environment (MTA) and the Permanent Secretary of Land and Environment have pointed out the increased momentum towards establishing high-level dialogues around climate change both through the creation of an Inter-ministerial coordination platform to complement the already existing, technical level Inter-institutional Group on Climate Change (GIIMC), and the creation of a quarterly, high-level platform for dialogue between GoM and the CotW-CCR. Enabel will also use its leverage to strengthen the gender and environment dialogue.

The approach proposed in the strategy is also coherent with the different initiatives undertaken with **the Green Climate Fund (GCF)**:

- **Water:** the project proposal on "Strengthen climate resilience in Mozambique: Sustainable access to solar drinking water in the rural provinces of Gaza, Inhambane and Maputo". This proposal that needs to be revised as to extend its scope and to include other actors for its implementation, will be developed in medium term to further build on the scope of the new country strategy to ensure full alignment while contributing to maximize its impact.
- **Capacity Building:** The National Designated Authority (NDA) of the GCF in Mozambique, the Ministry of Economy and Finance (MEF) has requested Enabel to elaborate together with the Mozambican entities a "**GCF Readiness Proposal**" to support the country. The project "Strengthening institutional capacities and coordination mechanisms for accelerating and scaling up the mobilization of climate finance in Mozambique" has been submitted in 2021 with Enabel as the implementing agency. The GCF verification stage was finalised early 2022, and validation is expected to be completed later this year. The project fits well with the proposed strategy and will complement the overall intervention logic.
- **Waste Management:** The Green Global Growth Institute (GGGI) concept note "Supporting the ValoRe Initiative for Sustainable Waste Management in Mozambique" aims to provide environmental benefits and reduce greenhouse gas (GHG) emissions from improper and inadequate management and treatment of solid waste and organic waste in municipalities in Mozambique. This would contribute to implement the national municipal solid waste disposal and treatment initiative, called ValoRe. Mozambique has validated this note and is looking for an accredited entity with a presence in the country to carry out the project proposal.

1.3 Key concepts for the strategy

Energy Transition

The concept of energy transition has evolved over time. Energy transition is a significant structural change in an energy system. Today the concept is driven by the need to meet the challenge of human inspired climate change and essentially the need to decarbonize the global energy system in a response to climate crisis. In a simple term, the new interpretation of energy transition is about the **transformation of the global energy system away from carbon emitting sources of energy to carbon free sources of energy in order to bring down the level of carbon in the atmosphere**. So, this transition is not solely about economics in the short term, but it is about the climate crisis that we need to resolve globally and locally by decarbonizing the way we produce and consume energy. In the context of the Mozambique strategy, it is about setting up the climate responsive energy pathways that are ready to address the Mozambican climate and energy challenges now and into the future. Hence, the strategy is about how the Mozambican government entities and local authorities (as duty bearers), businesses, and communities, especially women (as right holders) engage, collaborate and take consolidated and integrated actions to curb the climate crisis by adopting responsive and proactive clean energy pathways. More concretely it is also about questioning how Mozambique will deal with, on the one hand, the exploitation of its abundant fossil fuel reserves and, on the other hand, the new opportunities created by the global transition to a greener and low-carbon energy system and how these can contribute to the country's development ambitions, while being inclusive and leaving no-one behind. The latter introduces the concept of a just and inclusive energy transition towards an environmentally sustainable economy, contributing to the goals of decent work for all, social inclusion and eradication of poverty.

Green and circular Economy

A **green economy** is viewed as an economy aimed at reducing environmental risks and ecological scarcities. In a green economy, growth in employment and income are driven by public and private investment into such economic activities, infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services.

Circular Economy (CE) is a component of green economy. It has emerged as a response to the need to decouple economic growth and raw material use, starting from the fact that the growth in the exploitation of raw and natural resources that the world has experienced since the 20th century cannot be sustained any longer. Too often, however, CE continues to be understood primarily as a waste management and recycling strategy, but the economic opportunities are far broader and more diverse. In reality, CE seeks to promote a broad range of activities and functions to **improve resources efficiency over the whole value chains**. These are geared towards:

- Creating loops – when a product reaches the end of its designed operational life, it is reused, repaired or recycled rather than thrown away;
- Slowing flows – shifting to new ways of designing and making products ensures that they remain in use for as long as possible, thereby decreasing demand for new products;
- Narrowing flows – this involves shifting to more efficient ways of using products, e.g., sharing products or adopting product-as-a-service models.

The implementation of this concept requires an **in-depth transformation of the interlinkages between economic activities and material uses within a specific sector** and between different sectors. In many cases, the reduction in materials use for a combined energy and material transition shows synergies. This requires a level of centralized or distributed coordination across multiple ministries that is often difficult to achieve. Environment ministries are often among the weakest departments in government, with limited influence over the industrial and innovation strategies needed to succeed in a CE. It must also be supported by coherent product policies (ban on single use items, extended producer responsibility, standards). Access to data is of prime importance to inform policymaking and investment opportunities.

Climate proofing of public services

Climate proofing refers to a **process of mainstreaming climate change into a certain activity, programme or infrastructure**.³ In the context of the present country strategy, it provides a coherent frame to integrate climate change concerns in the core of the delivery of public services in Mozambique. Climate proofing happens through a process of crosschecking that all elements of the delivery of the service, whether in the water, waste, energy or other sector, address climate change issues. Climate proofing thus represents an approach to reduce the causes and potential impact (mitigation and adaptation) of climate change through the appropriate design and delivery of the service, including the anticipation and allocation of expenditures for planned climate risk management. While the upfront costs of such an approach are generally higher, the overall socio-economic benefits are larger by avoiding inappropriate investments as well as by reducing the losses and damages from climate-related events.⁴

Nexus water-energy-food security- ecosystems (WEFE)

The term "nexus" refers to **sectors that are inextricably linked**, so that **interventions in one area commonly have impacts on the others**. This creates a need for greater **cross-sectoral collaboration** as solutions are the result of cross-sectoral trade-offs that can be quite complex. With demand for energy, food and water seemingly growing, there is a real threat on the **well-being of ecosystems on which natural resources and human activities depend**. This is exacerbated by the projected more frequent yet unpredictable occurrence of extreme weather events such as droughts, cyclones and floods due to climate change. Sustainable development therefore requires policy decisions and actions that address not only human but also ecosystem needs. To improve the consideration of ecosystems as an integral part of a cross-sectoral approach, the concept of the WEFE (Water-Energy-Food Security-Ecosystem) Nexus has been developed to establish a **framework for consultation, coordination, integration and, if need be, arbitration** that values and manages natural resources more responsibly. In the Mozambican context, the Nexus WEFE is a powerful tool for an adequate, just and sustainable share and usage of natural resources while respecting rights, needs and duties by all parties concerned.

Territorial planning

Territorial planning can be defined as a localised **decision-making process** aimed at realizing economic, social, cultural and environmental goals through the development of spatial strategies and plans and the application of a set of policy principles, tools, institutional and participatory mechanisms and regulatory procedures at the scale of a defined territory. Territorial planning is thus more than a technical tool, it is an approach to support **integrative and participatory** decision-making processes involving all the stakeholders of a defined territory that reflects a sensitivity to differentiated and tailor-made solutions in function of a locality's unique geography, history, institutions, structures and actors, addresses competing interests, expresses a shared vision and an overall common negotiated development strategy, and is linked to national, regional and local policies.

In the context of this country strategy, territorial planning is a promising powerful approach to **adapt to climate change and avert potentially significant losses and damages** from extreme weather events through the conception and implementation of **climate-resilient** territorial plans in Mozambique.

Losses and damages

'Losses and damages' (in plural), as defined by the Intergovernmental Panel on Climate Change (IPCC), refer to the **observed impact and projected risks of climate change that have not been, or cannot be, avoided through mitigation and adaptation efforts**. While losses and damages are often considered in relation to sudden-onset disasters and their economic costs, the terms also include the impact of slow-onset processes and non-economic losses and damages. In the Mozambican context, the losses and damages of extreme weather events, including cyclones, droughts, and floods, is already having a significant impact on the economy, being estimated at \$3 billion, according to the World Bank in 2019⁵.

³ Climate policy info hub. Glossary "Climate proofing". URL: <https://climatepolicyinfohub.eu/glossary/climate-proofing>

⁴ Hjerp, P., Volkery, A., Lückge, H., Medhurst, J., Hart, K., Medarova-Bergstrom, K., Tröltzsch, J., McGuinn, J., Skinner, I., Desbarats, J., Slater, C., Bartel, A., Freluh-Larsen, A., and ten Brink, P., (2012), Methodologies for Climate Proofing Investments and Measures under Cohesion and Regional Policy & the Common Agricultural Policy, A report for DG Climate, August 2012.

⁵ Mozambique Country Programme Evaluation, approach paper, the World Bank, June 202, p. 6.

The IPCC defines ‘Loss and Damage’ (in singular) to refer to the wider **political debate** under the United Nations Framework Convention on Climate Change (UNFCCC) to **‘address loss and damage associated with impacts of climate change, including extreme events and slow onset events, in developing countries that are particularly vulnerable to the adverse effects of climate change.’**⁶

Climate Finance

In order for Mozambique to achieve its transition to a climate-resilient and low-carbon economy and implement its climate plans and strategies across different key sectors such as energy, water, waste management and disaster risk management, there will be a need to rapidly scale up the mobilization of new and additional sources of climate finance.

The United Nations Framework Convention on Climate Change (UNFCCC) Standing Committee on Finance (SCF) defines climate finance to include all finance that specifically targets low-carbon or climate-resilient development. As such, climate finance could include domestic budget allocations, public grants and loans from bilateral and multilateral agencies and/or private sector investments. For the purpose of this programme, a more narrow definition will be used with a particular focus on climate finance from **specialized climate funds (e.g. GCF, Adaptation Fund, Global Environment Fund, NAMA Facility, etc.)** and international **carbon market mechanisms** with a view to align and leverage such funds to attract further funding from other sources (e.g. domestic budget, funds from bilateral and multilateral agencies and private sector).

2. Strategy

2.1 Context analysis

a) General context

Mozambique’s main political parties are the Front for the Liberation of Mozambique (Frelimo) and the Mozambican National Resistance (Renamo). Since the end of the civil war in 1992, the country has registered flare-ups of armed confrontations and violence, further traumatizing a population already scarred by the civil war. After years of negotiation, a new peace agreement was reached in August 2019, which called for the immediate disarmament and reintegration of the opposing party’s military personnel. Meanwhile, the government is grappling with another insurgency in parts of the gas-rich province of Cabo-Delgado, which has stalled the development of energy mega-projects, and intensified migration to other regions, including Nampula. Initially circumscribed to one locality, the indiscriminate killing of civilians perpetrated by the insurgents has now spread to other districts and towns in the province itself and to the neighboring province of Niassa. Nampula province is also affected due to influx of IDP (Internally Displaced People). The risk that violence can spread to other areas of the country should not be underestimated.

The **institutional set up of Mozambique is characterized by the retainment of decision making at central government level**. Decentralisation has been slowly introduced over the last two decades with the de-concentration of responsibilities from central level to provincial and district levels as well as the creation of municipalities. The decentralization efforts continue to evolve, with the recent approval of the election of provincial governors in 2019. Decentralization has also introduced the appointment of a Secretary of State alongside each elected governor, who is named by the central government. While this promotes a reinforcement of provincial authorities, it has resulted in overlapping of responsibilities and coordination challenges.

About two-thirds of its estimated 31 million people live and work in rural areas, and agriculture remains the main occupation (especially for women). The country is endowed with ample arable land, water (not evenly available), energy, as well as mineral resources and newly discovered natural gas offshore; three, deep seaports; and a relatively large potential pool of labour. Mozambique’s strong ties to the region’s economic engine, South Africa, underscore the importance of its economic, political, and social development to the stability and growth of Southern Africa as a whole⁷.

⁶ IPCC Working Group II Sixth Assessment Report, Annex II: Glossary “Loss and Damage, and losses and damages” (2022).

⁷ World Bank, updated 17th April 2022 (<https://www.worldbank.org/en/country/mozambique/overview#1>)

Although Mozambique is **ranked as the 9th least developed country** (2021) with a Human Development Index of 0.456, it has realised sustained economic growth over two decades, averaging between 7 to 8% per annum. This makes the country one of the highest non-petroleum growth performers in sub-Saharan Africa (SSA). Although growing from a low base, Mozambique has continuously outperformed global and SSA growth. It should thereby be noted that the economic growth has been largely driven by mega projects in a limited number of sectors (extractives, power generation and aluminium). As a result, Mozambique's economy has become less diverse over the past 20 years with increased reliance on a few key sectors and export products. With the discovery of the natural gas reserves in the North, it is expected that Mozambique's economy will continue experiencing significant growth in the coming years across the extractives value chain, assuming that it can stabilize the increasing armed conflict in the North.

There is **increasing pressure to contribute to the achievement of the United Nation's Sustainable Development Goals 2030**, as there are less than 8 years to the pledge deadline. Important gains have been achieved, such as reduced maternal and child mortality rates, increased access to basic education services for girls and boys, water and electricity. The combination of these results is reflected in the improvement of life expectancy from 49.4 years in 2007 to 53.7 in 2019. However, alongside these developments, some important challenges remain; the biggest having to do with eradicating poverty and hunger and the recurrence of natural disasters. The inequalities have a strong gender and territorial component: women are worse off than men in all indicators related to poverty, employment and education, as well as in the access to and control over resources. Poverty is concentrated in the centre and north of the country.

Mozambique has a rich culture, where religion, customary law, and spirituality are closely interlinked and deeply influencing the way people think.⁸ The roles between women and men are defined by **social norms**, where majority of women take care of the household and men are the providers and authority. This set-up limits women's independence and decision-making power⁹. Despite a strong legal framework protecting and promoting women's rights, implementation lacks behind. Women face high levels of Intimate Partner Violence, with very strong economic and geographic disparities (up to 70% in areas of Maputo) and are more likely to have HIV (especially in Gaza). Recent migration patterns, mainly of men going to urban areas for economic opportunities, have added to women's workload as they became responsible to provide for their families, but also created opportunities in terms of decision making.

Two large waves of Covid infections in the first and third quarters of 2021 prompted strict confinement measures, lowered incomes, and resulted in the loss of schooling for an already vulnerable population. The COVID-19 (coronavirus) pandemic has continued to rock Mozambique's economic frail recovery in 2021 after two major shocks: the ongoing hidden debt crisis and the devastating effects of cyclones Idai and Kenneth in 2019. Mozambique is indeed the latest country to fall victim to the so-called 'resource curse' – when a country's economy is derailed not by resource exports, but the mere prospect of them. Not only do these evolutions impact on the degree of cooperation between GoM and the donors, it also has direct knock-on effects on the economic resilience of the country and its populace. Government's scrapping of subsidies on fuel and wheat for instance increases living costs for the poorest people still further, especially in the food and energy sector. It has also affected the public sector where a freeze on recruitment, wages and travel still prevails. **The country's main economic priorities remain maintaining the macroeconomic stability** considering exposure to security risks for the megaprojects in the North, and commodity price fluctuations, as well as re-establishing confidence through improved economic governance and increased transparency. Moreover, structural reforms are needed in support of the currently struggling private sector. Another major challenge is diversifying the economy by moving away from the current focus on capital-intensive projects and low-productivity subsistence agriculture, while strengthening the key drivers of inclusion, such as improved quality education and health service delivery, which could in turn improve social indicators.

After six years of frozen aid support (no loan or global budget support) following the hidden debt discovery, **the IMF approved a three-year government agreement to reactivate a credit facility** of up to 465\$ million dollars in

⁸ <https://promundoglobal.org/transforming-gender-relations-within-an-existing-project-the-mozambique-experience/>

⁹ 40% of women have to ask permission to work outside their home.

May 2022. This aims to **support the economic recovery** and policies to reduce public debt and financing vulnerabilities, creating space for priority investments in human capital, **climate adaptation and infrastructure, which form part of the Mozambican government's ambitious reform agenda**. Key policies include the establishment of a sovereign wealth fund to manage revenue from the Liquefied Natural Gas (LNG) projects that will begin to come onstream later this year, mobilising additional tax revenue, and strengthening public financial management and governance. The reactivation of the facility may signal to other development partners, who suspended direct budget support as well, that structural reforms are in place to strengthen economic governance and increase transparency.

According to the 2021 Global Climate Index, **Mozambique is among the world's top 10 nations to be the worst affected by climate change** through disruptions to productivity in key economic sectors including agriculture, roads, dams, and other infrastructure. These impacts from extreme weather events such as cyclones and flooding have exerted extra economic pressures on local economies as already strained governments and development partners have to quickly provision for emergency funding requirements to rebuild destroyed infrastructure and respond to the immediate needs of affected citizens. Mozambique has emerged as the most vulnerable to climate change in Africa, according to the World Bank. The country is experiencing more extreme and recurrent weather events (especially floods, droughts, and cyclones), which have dire consequences for the population, with very gender specific challenges, which is already struggling to combat conflict threats, covid-19 pandemic and socio-economic development. The IPCC report highlights that the threat of climate change is increasing at an unprecedented rate, that puts the world on course to reach 1.5°C of warming by the mid-2030s and that transformational change is required to limit this by the end of the century¹⁰.

Women are particularly affected by climate change, as collecting water and biomass becomes more time consuming. Their lack of information (1 in 2 adult women cannot read) and access to resources, limits their uptake of adaptive measures in agriculture. However, women can also play leading roles in recovery, especially in transit and recovery centres.¹¹ It is therefore crucial to promote an integrated approach in development programmes, underpinning the principle of 'leaving no one behind' and empowering those most vulnerable to play an active role in their recovery.

b) Policy dialogue on climate and energy transition

Climate issues are a raising concern for the Mozambican government and have led to a number of plans, policies and strategies on topics such as renewable energy, mitigation and adaptation, disaster risk management, and protection of natural resources. However, **the necessary public governance and coordination structures around climate change face difficulties in finding their feet**. This leads to a lack of coordination and cooperation between government actors at different levels, and confines action on climate change to individual measures in specific sectors. As a result, **the overall climate and energy transition policy frameworks lack an integrated, "whole-of-economy" and "whole-of-government" approach**. Mozambican climate policy at international, national and local level omits for instance key sectors, notably Mozambique's nascent fossil fuel sector. Gender especially remains an afterthought, even though Mozambique was one of the first countries to have a specific gender action plan on climate change.

These issues are particularly salient in the context of the country's **energy transition**. Most of Mozambique's power is currently generated from hydroelectric projects; however, coal, gas, and renewable energy sources will have a significant impact in the future, with natural gas expected to provide 44% of total energy generation in the next decade. Mozambique does not have an encompassing strategic approach to ensure that **the development – and especially the transition - of the energy sector will be able to bring wider benefits to Mozambican communities**. Current strategies and practices steer towards the maximum extraction of fossil resources with limited anchorage in local economies and minimal links to other economic sectors.

¹⁰ IPCC Sixth Assessment Report (AR6) Climate Change 2021: The Physical Science Basis (<https://www.ipcc.ch/report/ar6/wg1/>).

¹¹ CARE, Rapid Gender Analysis, Cyclone Adai Response Sofala Province, April 2019, p.10.

At local level, **community knowledge and engagement on a sustainable and just energy transition, including the local need and impact of energy projects and the adoption of modern energy technologies**, has been limited. More effective approaches are necessary to engage with local stakeholders, including women, youth and other vulnerable groups, to increase awareness and empowerment, and to establish benchmarks for social performance of energy projects.

At the national level, **there is limited intersectoral and inter-institutional coordination on key energy issues**, including a more integrated planning, monitoring and evaluation (M&E) of the sector at large; the effective promotion of renewable energy; the (impact of the) global phase-down of coal and fossil fuel power; the promotion of natural gas as a transition fuel; and the promotion of the export of green energy. The existing intersectoral platforms in government are unable to sufficiently address the interlinkages between individual energy vectors, the country's energy and extractive industries, and its developments goals. There is furthermore the need to adopt a long-term perspective when setting national policy.

While Mozambique participates in international negotiations and initiatives for regional cooperation, **the country is slow to implement the resulting strategies and agreements**, due to a lack of specialist capacity to effectively negotiate national priorities at the international level, and source funding for their implementation. As nations around the world are implementing increasingly ambitious mitigation policies, with a potentially large impact on the country's export-oriented economy, it will become more important for Mozambique to step up its presence in the international arena on energy transition.

Finally, there is a **lack of accurate data** on the energy sector in general and energy transition in particular to guide informed decision-making, especially to assess the inclusivity and gender responsiveness of policies.

c) Access to Climate finance

To date, **climate change has been largely treated as a separate sector** (hosted under the remit of the Ministry of Land and Environment – MTA) and is rarely fully considered and mainstreamed in planning and financing decisions, both by government, donors and private sector. As a result, climate projects are typically being implemented in the margin of the “real” economy without fundamentally transforming the way the economy is organized. For Mozambique to achieve a transition to a climate-resilient and low-carbon economy, it will be essential to more strongly embed and mainstream climate change considerations in all planning and financing decisions across the different sectors (e.g., energy, water, agriculture, waste management, etc.).

Additionally, the **institutional architecture for climate finance in Mozambique has historically been fragmented** with climate finance focal points and mandates scattered across different ministries and government departments with sometimes insufficient coordination and interaction taking place among the different entities¹². This in turn **causes a lack of coordination of climate change actions** across the different sectors. The absence of a dedicated mechanism and platform for the coordination, planning and alignment of climate finance mobilization in the country is one of the most significant challenges and gaps that currently exist in the planning framework. As a result, **opportunities for accessing climate finance are not optimized** and potential complementarities of different funding sources (including domestic) are rarely explored.

Mozambique's **public institutions are currently under-resourced to navigate the complex climate finance landscape**. While the amount of available climate finance is increasing, current mechanisms for accessing climate finance are often slow, complex, resource intensive, uncertain, presenting significant barriers to access and constraints on delivery. The limitation of resources not only impact access modalities at national level, but also contributes to the **limited direct involvement of national entities**. In the absence of accredited national entities,

¹² e.g., GCF NDA is hosted at the Directorate of Monitoring and Evaluation of the MEF, the focal point for the Adaptation Fund is hosted at the Ministry of Land and Environment, the focal point for Global Environment Fund (GEF) is at the Directorate of Climate Change under the Ministry of Land and Environment, the National Designated Entity (NDE) of the Climate Technology Centre and Network (CTCN) is hosted under the Ministry of Science and Technology, etc.

the bulk of climate finance is being mobilized and channelled via multilateral and bilateral organizations. Nonetheless, some national entities have begun pursuing accreditation processes to access climate funds¹³.

Currently, a number of critical measurements, reporting and verification (MRV) systems, which are essential for mobilizing certain sources of climate finance are underperforming. A notable example is the national greenhouse gas inventories, which will be required on an annual basis if the country intends to access the carbon market mechanisms that were established under Article 6 of the Paris Agreement. To date, Mozambique has prepared and submitted two greenhouse gas inventories since 1996 (i.e., one every 12.5 years). Strengthening data collection, monitoring and analysis at all levels is crucial to ensure that the adequate systems and capacities to facilitate the access to climate finance.

d) Access to Energy

In spite of Mozambique's huge renewable energy potential,¹⁴ renewables have only recently begun to be explored on a large scale. Meanwhile, 95% of households still use traditional biomass daily and access to affordable and clean energy remains a concern for Mozambique. Although the electrification rate has risen to about 40.3% (MIREME 2021), there are significant gaps particularly in the rural areas where an estimated **95% of the rural population lacks basic access to electricity.**

Mozambique has set significant targets as manifested through its National Electrification Strategy (ENE) for the development of its electricity sector: to achieve universal access to electricity by 2030; at least 64% of electrification by 2024 and the remainder to be electrified by 2030. The Government has prioritized the extension of the national grid over off-grid solutions, even though it acknowledges the role of the latter for reaching out to more remote areas¹⁵. However, looking at the historic trend of electrification that saw a mere 20% of increment in the last decade, it is highly unlikely that the target of universal access will be met by 2030 without a substantial realignment of the energy sector strategy. As a developing country, **Mozambique is at the crossroads and faces some important choices about its energy development pathways.**

Additionally, climate change is increasing the frequency of major adverse events in the country, further constraining access to public services, especially for the already impoverished rural population. **People living in the remote areas and poor households are mostly deprived of energy services,** primarily due to the high cost of (climate proofed) grid infrastructure and of renewable energy technologies, low disposable income of households, and the need to strengthen the capacity of the institutions involved in the development of renewable energy services.

Women, who normally bear the burden of taking care of domestic and community energy provisions, are disproportionately affected by **energy poverty,** as they face the hardship and security risk of collecting biomass, often over long distances and are exposed to the toxic fumes when burning. This prevents them from expanding their other social and economic opportunities and affects their health. **Challenges to mainstreaming gender persist in the energy sector,** since there has been a tendency to develop infrastructure without sufficient attention to community applications, users' needs and potential productive uses. The link between gender equality and ease of energy access appears demanding a responsive intervention in the promotion of modern and clean domestic and productive energy services.

GoM and various Development Partners like EU, World Bank, UK Aid, SIDA, KfW, GiZ, PowerAfrica and BE through Enabel have provided financial and technical support to its national electrification strategy and to improve the access to clean renewable energy. **The barriers limiting the demand for renewable energy uptake** are mostly **economic,** as well as a **lack of an enabling regulatory and policy environment.** Lack of preferential incentives for

¹³ The National Fund for Sustainable Development (FNDS) started its accreditation process for the GCF in 2017 but the process is still ongoing. FNDS is also in the process of getting accredited by the Adaptation Fund, a process that is also yet to be concluded. More recently, the National Energy Fund (FUNAE) has received an orientation from the Council of Ministers to also initiate the GCF accreditation process.

¹⁴ Mozambique renewable energy potential is estimated at 23,026 GW, including 599 MW of solar power, 5,645 MW of hydro and 1,146 MW of wind.

¹⁵ The "Integrated Master Plan 2018-2043 – Mozambique Power System Development" envisages reaching the universal energy access by 2030, through the connection of 7 million families, of which 2 million through off- grid systems.

private sector participation, absence of business models for the commercialization of mini-grids, **absence of reliable data** for assessing demand and financial viability, the need for a more integrated **planning**, more **M&E** capacity and **lack of collaboration** between the energy institutions and entities responsible for renewable energy uptake in the country, further exacerbate the pre-existing affordability challenges and remoteness of beneficiaries.

While solar PV modules will continue to play a major role in achieving Mozambique's energy access target, the corresponding increase in the volume of solar waste (end-of-life of PV modules and batteries) **calls for innovations and circularity solutions in solar waste management** and in recovering materials through efficient battery recycling measures¹⁶.

e) Access to Water

In rural Mozambique the incidence of poverty and access to basic services are generally low, with **water supply services covering only 52% of the targeted population**. Sustainable and safe access to water (both for consumption and production) is underdeveloped for a large part of the population, while **climate change and hazards increase the risks to water resources, infrastructure, and people's living conditions**. In addition, the country faces serious **challenges in terms of water availability**, due to the seasonality of their surface water sources and the inability to regulate such volumes throughout the years.

Strengthening the sustainable management of natural resources and the environment is one of the three strategies of the Five-Year Government Plan (PQG) 2020-2024. These include (i) disaster risk prevention and mitigation through the implementation of local adaptation plan priorities, (ii) capacity building for disaster risk management and (iii) prevention and promotion of climate risk insurance and improved management of water resources.

Mozambique's National Climate Change Adaptation and Mitigation Strategy 2013-2025 (NCCAMS) has identified **water resources as particularly vulnerable and a priority**. It emphasizes the importance of building capacity to manage shared water resources and improving knowledge of the quality and quantity of groundwater resources.

While access to water is well integrated into the PQG and the NCCAMS, a **lack of cross-sectoral coordination** is observed which limits interventions and increases the risk of overlapping roles and activities between actors. The importance of coordination to address the water sector is not reflected in government policies and the integrated water resources management approach is not promoted as a tool to address climate change, in order to promote a cross-sectoral dimension to water supply, use and protection. Regarding the risks and consequences of disasters due to climate change, the links between Ministry of Public Works, Housing and Water Resources (MOPHRH) and the National Institute for Disaster Risk Reduction and Management (INGD) are weak and do not promise an optimised response to disasters. **Thus, intervention synergies are not fully identified between all stakeholders, particularly in the context of the WEF nexus.**

Most women and girls are seen as responsible for access to water at the household level but **few women** are among the **decision-makers and implementers** when it comes to consideration about water management and infrastructure development (at community, local and central levels). Climate change will further exacerbate the pressure on women as water scarcity will increase and it is likely that, in the future, women will again be forced to spend much of their time managing access to household water. Climate change is likely to lead to a sharp **decline in women's right and autonomy**, with time constraints leading to girls' withdrawal from school and less access to entrepreneurship and personal development.

At central and provincial level, there is a lack of training and capacity building activities to strengthen planning, monitoring and dissemination of data. Data collection and analysis is not accurate and there is limited

¹⁶ According to the Ellen MacArthur Foundation, just in 2019, Africa generated 2.9Mt of e-waste which translates to 2.5kg/capita. Although Africa's per capita e-waste generation in Africa is the second lowest globally, over 60% is derived from imports. Currently, the management of e-waste in African countries is often limited to basic processing means in backyards such as manual stripping to remove electronic boards for resale and burning to liberate and recover selected materials. Many bulk components are disposed in open-air dumpsites. These processing methods have devastating impacts on people's health and the environment. If professionally remanufactured for reuse, refurbished, or repaired many products can have a second life. If not, in the best extend, the valuable components within them can be separated and recycled.

dissemination of information to guide informed decision-making, sound planning and monitoring of results (Water Sector National Information System - SINAS). Specific data sets such as location/status (quality and quantity) of safe water sources or systems, water stressed areas, hydrogeological data, indicating risk-prone areas, either do not exist or are out of date. Without this data, disaggregated at least at district level, prioritization and strategic planning remain a challenge. The lack of training and capacity building activities also hinders the promotion of sustainable use of water resources (both for domestic and productive use) due to the lack of appropriate technical updating and appropriation of new concepts and innovations required to respond to climate change.

Lack of adequate policies, regulations, norms, and standards for the sector is a key issue that leads to the following consequences: (i) the need to establish a dedicated framework for rural water services (including a sustainable tariff policy that can viably contribute to operation and maintenance (O&M) and sustainable financing model to encourage wider appropriation of Solar Powered Irrigation Systems - SPIs), (ii) overall technical guidance for infrastructures is outdated and needs to be fully adapted to local realities with the introduction of climate proofed public services, (iii) the need for better integration of private operators to support a sustainable O&M of systems, as well as clustering of systems, thereby allowing a balance between economically viable and less viable systems. In the long run, **a better approach to the communities should be put in place (HRBA)**. Municipalities/districts should be accompanied to establish a framework for dialogue on the water infrastructure/services to be delivered, ensuring the most vulnerable (especially women and youth) are playing leading roles. The eventual result would be joint analysis, understanding of benefits and consequences with the communities before proceeding with the implementation of services.

f) Waste management & circular economy

The domestic waste management system in Mozambique **is not up to the challenges** it faces from urban expansion, population growth and the impact of climate change. This is illustrated by some basic facts:

- The collection rate in cities ranges from 20% to 60%;
- 98% of the collected waste is dumped in uncontrolled dumpsites. This results in substantial greenhouse gas emissions of 1.5 million tons CO₂ per year;
- Only 2% of waste is recycled/reused in some shape or form by waste pickers communities and small recycling companies;
- Existing systems for collecting waste fees and taxes are often inadequate and inefficient in terms of coverage and amounts charged. As a result, most municipalities face severe financial constraints in the waste sector and a significant part of the municipal core budget is often used up for the delivery of minimum waste management services.

In response to this situation, the Ministry of Land and Environment launched in 2019 the Programme for Sustainable Waste Management, currently called ValoRE. The goal is to create a **conducive regulatory and financial environment for the promotion of investments in the sustainable waste treatment infrastructure and the development of waste value chains for recyclable and recoverable waste materials**. The programme is coupled with a taxation mechanism on packaging material based on the principles of Extended Producer Responsibility (EPR), which, in conjunction with increased waste collection fees, will ensure sustainable funding for the domestic waste management system in the medium and long-term.

In order to support the implementation of the ValoRE programme, the Mozambican authorities have submitted a € 18.5 Million proposal to the **NAMA Facility**, a multi donor fund on climate change. This proposal is currently under consideration by the NAMA Facility Board and will be co-financed by the GoM with an amount of EUR 9 million. The combination of NAMA and state funds (including the EPR tax) will establish dedicated financial support mechanisms to promote sustainable investments in Integrated Waste Treatment and Disposal Facilities and value chain activities in selected municipalities. In addition, support will be provided for waste infrastructure project preparation activities, institutional capacity building and awareness raising.

Access to the NAMA Facility project will not only be beneficial for investments related to domestic waste management but it is also expected that the project will **empower the Mozambican authorities to engage**

successfully with other international climate funds, the private sector and will unlock the development of other projects in the waste sector (e.g., crowding-in of recycling industries).

Under these circumstances, Enabel is being given a chance to leverage the operational know-how it has gained from previous projects dealing with domestic waste management in an urban context in other partner countries and to reinforce its position with the Mozambican authorities as a key partner to develop waste management proposals to be funded by the international aid.

g) Territorial planning, land use & Losses and damages

Territorial planning and management are considered as a central element in Mozambican main strategies (ENDE¹⁷, PQG...), supported by a solid policy framework (cf. Law on Spatial planning¹⁸). Several planning instruments are established at national, provincial, district and urban level with related institutional mandates¹⁹. In terms of **losses and damages**, Mozambique is suffering massive economic losses caused by climate change (amounting billions of USD²⁰) and **disaster response strategies and mechanisms** have been issued by the government²¹. However, there is a general **lack of following up on legislation and enforcement** of those planning and strategic processes and strengthening their design, consistency and implementation²² as well as mainstreaming climate change within them is key.

At the national level, there is **insufficient intersectoral coordination leading** to limited capacity to mainstream climate change at national, provincial **planning and budgeting systems**. There is furthermore a **lack of appropriate standards** for land use planning and infrastructure construction based on assessments of exposure, hazards and special vulnerability to disasters. Systematic approaches to using the data from losses & damages to inform the planning process need to be strengthened.

At the local level (district and municipal actors), **more effective approaches** are necessary to integrate the influence of climate change and considerations regarding losses and damages into the **design of plans and related public and private infrastructures** (e.g., in water, energy, waste sectors). Furthermore, current plans - such as territorial plans, district economic plans and local adaptation plans - lack integration and implementation (access to financing, local technical capacity and reliable data are limiting factors). In addition to government capacity, **communities** need to be empowered in climate proofing, especially regarding land use planning and infrastructure adaptation and taking into account the specific needs of women, youth and other vulnerable groups.

Regarding data collection, management and analysis, there is a need to build further on existing systems in order to (i) have **robust system** for collecting and compiling disaster related data, (ii) reinforce capacity and develop methodologies to treat and translate the data (risk mapping) into information to guide fact-based discussions on financing needs for losses and damages and (iii) ensure collection and interpretation of gender-sensitive data and information.

Finally, Mozambique should **reinforce its presence and active participation** in negotiations and forum at regional and international level to discuss the rules for accessing international financing mechanisms to address losses and damages and post-disaster reconstruction.

h) Conclusions and key transversal issues

From the above it can be concluded that Mozambique being already heavily hit by the negative impacts of climate change, has elaborated various climate strategies but is facing various challenges, including key transversal issues to implement them. The main takeaways could be summarised as follow:

¹⁷ Territorial Planning and Management is identified as one of the success factors for the implementation of ENDE.

¹⁸ Decreto nr. 23/2008 de 1 de Julho.

¹⁹ Land use planning at provincial and district level is mandated by DNTDT (Direccão Nacional de Terras e Desenvolvimento Territorial) of the Ministry of Land and Environment (MTA).

²⁰ It has been calculated that between 1996 and 2015, Mozambique suffered economic losses of 790 million.

²¹ Such as Master plan for natural disaster risk reduction [Plano Director para a Redução do Risco de Desastres 2017-2030](#)

²² Including strengthening understanding of territorial planning as an inclusive, participatory approach for the identification of local priorities and valorization of local resources, and their interlinkage with provincial and national development strategies (c.f. definition of territorial planning in § 1.3).

- **GoM institutional structure is fragmented and complex.** There is an urgent need to formalize a governance structure favouring an integrated approach to tackle climate change, at both national and local levels, facilitating intersectoral and inter-institutional coordination mechanisms;
- Due to the lack of a real climate mainstreaming, **climate actions are still not embedded within the real economy;**
- The country is slow to implement its climate strategies and action plans, while lacking financial and human resources. A better **access to climate finance** has been pointed out by all Mozambican actors as crucial in order to support the country to face the tremendous investments required for adaptation, mitigation and the recurrent losses and damages;
- Regarding climate-proofing the access to efficient and sustainable public services, especially in water, energy and waste sectors that are at the core of the present strategy, the needs remain very important, especially for the most vulnerable. These **three sectors** present some **similarities**: high exposure to negative impacts of climate change, lack of investments, especially in green and climate-proof solutions, lack of access to information, need for capacity development, necessity to facilitate the access to private sector investment through an appropriate enabling environment, etc;
- **Territorial planning and management** being a central element of the Mozambican main strategies, different plans are established at various levels. At the local level, more effective approaches are necessary to integrate the influence of climate change and considerations regarding losses and damages into the design of plans and related public and private infrastructures; while being more participatory and inclusive;
- **Women and youth** represent ¼ of the total population of Mozambique, and with the right supportive environment, form a potential catalytic force that can put climate change on the forefront of the political agenda.

As it is shown in the TOC (2.4), this will lead to propose a strategy based on a matrix approach where different stakeholders will be supported around a set of transversal topics (areas of changes) of joint interest to emphasize and boost interlinkages between the different sectors.

2.2 Key actors

The following section presents a **brief overview of the main groups of stakeholders**. Some of them have been met and consulted during the process of elaborating the strategy. Further workshops and discussions will allow for an improved ownership and contribution to the efforts of the strategy.

National Ministries and local Authorities

As part of its mandate, Enabel has established strong partnerships with the government institutions both at central level and local level. Enabel will use its experience and long-lasting presence to engage in constructive dialogue with authorities and reinforce institutional and organizational capacities, at all levels, to contribute to the transition of an inclusive climate resilient society.

The portfolio will build upon the existing relationships with partners involved in the ongoing interventions and develop the relationships with new partners. The portfolio will work in close collaboration with the different technical ministries (as listed below) but will be most probably anchored in the Ministry of Economy and Finance (MEF), as it holds a central position for sectoral coordination, including policy dialogue. This will be confirmed at the portfolio stage.

Acronym	Main Role & responsibilities	Potential area(s) of interest
MEF	The Ministry of Economy and Finance is the central body of the State apparatus which, in accordance with the principles, objectives and tasks defined by the Government, guides the formulation of economic and social development policies, coordinates the planning and budgeting process and oversees the management of public finances. The National Designated Authority (NDA) of the	Climate Finance Policy Dialogue

	Green Climate Fund (GCF) for the country is represented by the National Directorate of Monitoring and Evaluation of this Ministry. It plays a central role in coordinating climate funds. MEF is currently coordinating the formulation of a National Climate Finance Strategy.	
MIREME	The Ministry of Mineral Resources and Energy is responsible for national energy planning, policy formulation and overseeing the operation and development of the energy sector. It is the main counterpart for CBMIREME/ARENE intervention.	Climate Finance Energy Policy Dialogue
ARENE	The Energy Regulatory Authority is the independent regulatory body that regulates and supervises the electricity, natural gas and liquid fuels sub-sectors. It is the Counterpart for CBMIREME/ARENE intervention	Energy Policy Dialogue
FUNAE	The Fund for Energy is a public body subordinated to MIREME with the aim of promoting the development and use of different forms of low-cost energy and the sustainable management of energy resources. FUNAE has been indicated by GoM as the other national entity to become accredited to the GCF. It is the counterpart for the RERD2 intervention	Climate Finance Energy Policy Dialogue
MTA	The Ministry of Land and Environment is responsible for coordinating all matters concerning the sustainable use of natural resources and environment protection. Within MTA, the Directorate for Climate Change (DMC) is specifically responsible for coordinating climate action in the country and acts as the focal point for the UNFCCC. Both the focal points for the Adaptation Fund and the Global Environment Facility (including the Least Developed Country Fund) are hosted at MTA. <ul style="list-style-type: none"> – The National Directorate of Land and Territorial Development (DNTDT) within MTA has the mandate for land use planning at province and district level – The National Directorate of Environment (DINAB) within MTA has in his mandate the waste sector. Amongst others, within the waste sector DINAB is responsible for promoting integrated sustainable waste management initiatives, while at the same time coordinating the implementation of strategies, plans, programmes and other sectorial instruments aligned with national policies as well as international conventions. 	Waste Climate Finance, Territorial Planning
MOPHRH	The Ministry of Public Works, Housing and Water Resources is the main public institution involved in water resources management and is responsible for water policy and management <ul style="list-style-type: none"> – The National Directorate of Water Supply and Sanitation (DNAAS), under the MOPHRH, carries out inventories of water resources and needs and issues licenses for water uses. 	Water Territorial Planning Losses and Damages
MADER	The Ministry of Agriculture and Rural Development has the attributions of supporting agricultural production, livestock, agricultural extension, agrobusiness, agricultural hydraulics and information and statistics.	Policy dialogue
FNDS	The National Fund for Sustainable Development was created in 2016. It promotes and funds programmes and projects that support sustainable development, with particular emphasis on environment, climate change and rural areas. It has been designated as one of the Direct Access Entities to be accredited to the GCF and the Adaptation Fund. FNDS has a cross-cutting approach and it is active in areas such as rural finance, rural water, rural roads, rural technology and conservation. FNDS responds to MEF and MADER.	Policy dialogue Climate Finance Cross-cutting
INGD	The National Institute for Disaster Risk Reduction and Management has the mandate to coordinate actions to prevent, mitigate and coordinate the response to national disasters in the country. INGD reports directly to the Council of Ministers. In 2017, a dedicated Disaster Management Fund was established, with the objective to coordinate, mobilize and manage funds for disaster risk management and reconstruction in a transparent and efficient way. The fund is being managed by INGD.	Territorial Planning Losses and Damages Climate Finance
INIR	The National Institute for Irrigation is responsible for ensuring the efficient and sustainable planning, development and management of land and water resources for production in the irrigation sector. It is one of the RERD2(+) partner. MADER supervises the institute.	Water Energy Territorial Planning
Districts	The district is the main territorial unit for the organization and functioning of the local administration of the State and the basis for planning the economic, social and cultural development of the Republic of Mozambique. Mozambique	Territorial planning Public services

	currently has 154 districts and receive their mandate and appointment from the central government.	
Municipalities	The first autonomous municipalities were established as part of the decentralization reforms which were Initiated in 1997 and which empowered municipalities with greater fiscal autonomy and the right to elect their local representatives for the municipal assembly and executive office (mayor). It also devolved key administrative functions such as public finance management, territorial planning and land management as well as key infrastructure and services delivery responsibilities. Currently, Mozambique has 53 municipalities, coinciding with the main urban areas.	Territorial planning public services
GIIMC	The Inter-Institutional Group on Climate Change was created as a platform for technical coordination between different ministries and relevant institutions on topics related to climate change. The GIIMC operates under the coordination from MTA and consists of members of different ministries and relevant institutions. Over the last decade, the GIIMC has not always been fully operational but the body is gaining renewed traction.	Climate Finance

Mozambican Private sector

Several elements of Mozambique’s state and economic structure are remnants of its history. It took two decades to transition from a one-party state to a multi-party system in 1992, after the end of the civil war. The post-independence constitution established a planned economy in which most forms of production and retail enterprise were nationalized.

Since the beginning of the 1990’s, Mozambique has enacted a privatization campaign but the large overlap between government and business remains until today. While more than 1200 state-owned companies were privatised by 1999, public enterprises continue to be among the largest companies in the country. The government is involved in key economic sectors including power generation, transmission and distribution, transport infrastructure, fossil fuels and transport.

In recent years, Foreign Direct Investment in extractive industries and services and the gradual development of industrial agriculture has led the country’s private sector to grow. However, the bulk of this development is related to mega-projects whereby medium and small companies continue to suffer from a lack of an enabling regulatory framework, bureaucratic impediments and high (in)formal transaction costs. As a result, the Mozambican private sector is dominated by a relatively small number of large companies, either state-led or foreign, who employ a majority of the formal workforce and contribute the main share of the country’s business volume. The business world remains a male dominated sector, with only very few women at the head of enterprises.

Similar to several other low-income countries, informality still remains prevalent in Mozambique with approximately 80% of the Mozambican labour force working in the informal sector, mostly in agriculture and informal self-employment (World Bank 2018).

Civil Society Actors (including NGOs)

Civil society organizations (CSOs) play a vital role in enabling people to claim their rights (as right holders), in promoting rights-based approaches, in shaping development policies and partnerships, and in overseeing their implementation. They also provide services in areas that are complementary to those provided by national authorities. In the context of Mozambique, CSOs are limited or are very sector/ region specific. Therefore, the most relevant CSOs considering the domains of the strategy are listed below.

At this stage, Enabel has met with the Centre for Democracy and Development (CDD), who is currently launching several public debates on a just energy transition and governance of extractive resources in Mozambique with development partners, government authorities and private sector, and is therefore very relevant at this stage of the strategy. In addition, the highlights of the IL were presented at the last non-governmental actor’s (NGA) forum to identify possible synergies. A meeting was held with some local NGO’s which are intervening in the North region to support the communities under the ‘Humanitarian – Development – Peace’ nexus. A hybrid workshop (presential and online) took place around climate change with around 60 participants /students to better understand what they consider as the main climate-related challenges and dilemmas for Mozambique. Further

consultation will take place during the portfolio stage to identify the most relevant CSO actors and develop synergies where possible.

Acronym	Main Role & responsibilities	Potential area(s) of interest
CDD	The Centre for Democracy and Development is a civil society platform with a strategic focus on catalysing democratic development, human rights and inclusive governance based on youth.	Cross-cutting
CIP	The Center for Public Integrity is a non-profit, non-partisan, independent entity, with the aim of contributing to the promotion of Transparency, Anti-corruption and Integrity in Mozambique.	Cross-cutting
ALER	The Lusophone Renewable Energy Association is a non-Governmental Organization for Development whose mission is the promotion of renewable energies in Portuguese speaking countries. It creates a platform for cooperation between the private sector, national and international authorities and other relevant constituting the common voice of renewable energies in Lusophone countries. RERD2 staff have, on several occasions, been invited to speak as a panel member on webinars organized by the organization.	Policy dialogue Energy
AMER	The Mozambican Renewable Energy Association a non-profit association whose mission is to promote renewable energy in Mozambique.	Policy dialogue Energy
OMR	The Observatory for Rural Areas is a non-profit institution. They aim to contribute to agrarian and rural development in an integrated and interdisciplinary perspective, through research, studies and debates about policies and other agrarian and rural development issues	Cross-cutting
Kulima	Mozambican NGO established in 1984 with the aim of contributing to integrated socio-economic development. They have a specific focus on rural areas (root community) throughout the Mozambican territory.	Cross-cutting
Forum Mulher	Coordination platform for women's organizations in Mozambique	Cross-cutting
WE	Mozambican Women of Energy is a local organization bringing together women professionals working in the energy sector.	Policy dialogue Energy Cross cutting
SNV	SNV is a Dutch non-profit international development organization. SNV works with the National Water and Sanitation Directorate and its provincial and district counterparts on issues related to improving access to basic services such as drinking water and sanitation and agricultural productivity to increase rural household incomes.	Water, Energy
WaterAid	WaterAid is an actor of Water development sector, working with local partners in Mozambique with clean water, sanitation and hygiene. Their area of intervention are rural areas in Nampula and Niassa Provinces.	Water
ActionAid ²³	ActionAid is implementing a project that will address underlying socio-economic drivers of poverty and fragility in Cabo Delgado, Niassa and Nampula. It aims to promote the development of education and skills through vocational training adapted to the demands of the local labour markets, targeting young people, students and workers.	Cross-cutting HDP nexus
LVIA ²³	Lay Volunteers International Association is a non-profit organization dealing with international solidarity and cooperation committed to fostering ways of local and global change to overcome extreme poverty and reinforce equitable and sustainable development. They are implementing an intervention with the aim of improving the living conditions of the youth population of Cabo Delgado and Nampula provinces, through supporting their participation to integrated territorial development.	Cross-cutting HDP nexus Waste
AVSI ²³	The Association of Volunteers in International Service is a non-profit organization which carries out development cooperation and humanitarian aid projects throughout the world. They designed and are implementing an intervention focused on supporting the transitional development and improving the resilience of	Cross-cutting HDP nexus

²³ Organization with projects funded by Belgium.

	the local population in Cabo Delgado Province, by providing economic opportunities for young people.	
ANAMM	The National Association of Mozambican Municipalities is a non-governmental, not-for-profit organization with the mandate to promote cooperation and solidarity among local authorities and defend the interests and rights of its members before the Government, development partners and other actors in the municipal domain	Policy dialogue Waste

National research institutes and universities

Local and regional research institutes and universities can be identified to contribute to learning, knowledge management and networking activities. Enabel has also engaged with youth on raising awareness on the causes and impacts of climate change, in collaboration with local universities. Some local partners have already been identified, but further investigation will take place during the portfolio stage, especially to promote collaboration with Belgian or European research centres.

Acronym	Main Role & responsibilities	Potential area(s) of interest
UEM	The Eduardo Mondlane University is the oldest and largest public university in Mozambique that covers several expertise across themes relevant for renewable energy, energy data sets, gender, land use, GIS, etc. CB MIREME/ ARENE has collaborated with UEM professors on Renewable Energy.	Cross cutting
IESE	The Institute of Social and Economic Studies is an independent Mozambican non-profit organization that carries out and promotes interdisciplinary scientific research on social and economic development issues in Mozambique and Southern Africa.	Cross cutting

Technical and Financial Partners

To the extent possible, the portfolio will harmonise and coordinate with initiatives from other development partners in the relevant change areas of the present strategy. This includes programmes supported by other donors, development agencies, EU, UN agencies, regional and multi-lateral development banks as well as international climate funds. The specific partners will be further approached during the portfolio phase.

Acronym	Main Role & responsibilities	Potential area(s) of interest
EU	The European Union Delegation is developing a TEI-green deal built around 3 pillars, among which 2 are related to the present strategy: <ul style="list-style-type: none"> • P2: Green & resilient infrastructures & related systems • P3: Support to an enabling environment for green growth 	Climate proofed public services
GCF	The Green Climate Fund is a global fund for responding to climate change by investing in low-emission, climate-resilient development. One of their principles is a country-driven approach. Close collaboration is therefore required with institutional partners to submit proposals.	Climate Finance
NAMA Facility	The Facility makes the necessary funding available to developing countries and emerging economies that show an ambition to play a leading role in the field of climate protection, to begin implementing their NAMAs (Nationally Appropriate Mitigation Actions).	Climate Finance Policy dialogue
Adaptation Fund	International fund that finances concrete adaptation projects and programmes aimed at helping developing countries to adapt to the harmful effects of climate change.	Climate Finance Policy dialogue
AFD	<ul style="list-style-type: none"> – The French Development Agency in Mozambique is involved in the energy sector with the PROLER programme (Renewable Energy Auctions Programme): Developing power production from renewable energies. with power generation projects for an amount of 38 M €. Three solar projects are planned in the north with a total installed capacity of around 120 MW. A fourth site has been chosen for rolling out a wind power project. – AFD is implementing a regional Programme “Cities & Climate in Africa Initiative” – CICLIA that support African Municipalities to finance studies for the preparation and design of climate proof investments. 	Climate Finance, Energy
KfW/GIZ	– In Mozambique, the German Development cooperation is involved in the energy sector with GETFIT (KfW) and Get.Invest.	Climate Finance, Energy

	– GIZ initiated the regional programme “Covenant of Mayors in Sub-Saharan Africa Boosting low emission and climate resilient infrastructure for growing cities” – COM SSA that facilitates inter-municipality cooperation.	
UNCDF	The United Nations Capital Development Fund established a mechanism called LoCAL (Local Climate Adaptive Living Facility), which provides decentralized climate funding (grants) directly to districts. This mechanism is also called MERCIM in some provinces, namely in the North.	Climate Finance
SIDA	Beyond the Grid Fund for Africa – BGFA (phase 2) aims to incentivize energy service providers to scale up innovative sustainable businesses and thereby accelerate access to affordable and clean off-grid energy for customers in peri-urban and rural areas of Mozambique at specified sites.: A total of EUR 6.7 million results-based financing is expected to be provided to a number of private off-grid energy service providers.	Energy
FCDO/ UKAID	BRILHO: five-year programme, 2019 - 2024, that will catalyse Mozambique’s off-grid energy market in order to provide clean and affordable energy solutions to the country’s off-grid population (ICS, SHS, GMG) T-WASH II: six-year programme, 2020 - 2026, that will deliver sustainable, water, sanitation and hygiene (WASH) and nutrition services to the poor in Mozambique and address the specific needs of women and adolescent girls.	Energy Water
World Bank	The WB is funding two relevant programmes: – ProEnergia (National Energy Programme for All) - with three components (1) the first component being peri-urban and rural electrification, (2) the second component is the off-grid electrification (mini-grids and off-grid result-based financing, (3) the third component is the technical assistance and implementation support – Rural and Small Towns Water Security Project (2021-2027) The objective of the project is to increase access to improved water supply and sanitation services in selected small towns and rural areas of Mozambique. In 22 Rural growth poles, the project will target construction and upgrading water source, treatment, transmission, distribution, and households’ connections with hybrid energy source and assignment of O&M to local Private Operators.	Energy Water, Territorial planning
UNICEF	UNICEF is currently preparing its 2022-2026 country programme for Mozambique, with the outcome of improved, equitable and sustainable water, sanitation and hygiene services in a safe and sustainable climate and environment in rural and urban areas.	Water
USAID	USAID new programme “Transform WASH” is a five-year (2022-2027) programme that supports the GoM’s efforts to strengthen water sector governance, increase water access, and accelerate households’ adoption of key hygiene behaviours.	Water
Italian cooperation	ILUMINA: access to energy for local development and women empowerment	Energy
The Netherlands	The Netherlands provides institutional support to two Mozambican water institutions, FIPAG and AIAS ²⁴ , on to increase access to safe drinking water (WASH) and integrated water resources management (IWRM). From 2023 onwards, the Netherlands will launch a new programme focusing on food and nutrition, health and the water sector (WASH and IWRM) for a period of 4 years. Activities will take place in the Zambezia Valley, Cabo Delgado province and Sofala province (mainly Beira).	Water
UN Women	UN Women works on women leadership at the national, regional and local levels. It also supports the National Institute of Disaster Management to deal with gender issues in humanitarian action. Belgium supports the programme on AGCCI in Mozambique (African Girls Can Code Initiative).	Territorial Planning Losses and Damages
CotW - CCR	The Climate Change and Resilience (CC&R) Coalition of the Willing (CotW) was established in December 2020 as a group of development partners committed to high-level engagement with GoM on issues related to climate change and resilience. The objectives of the CotW-CCR are to: – To partner with GoM to raise its ambition on climate change and resilience (CC&R), applying a strategic, whole-of-government and whole-of-economy approach. – To support GoM to mobilize the necessary partners and finances for the implementation of its plans in a way that builds a prosperous, inclusive and sustainable economy.	Policy dialogue Climate Finance

²⁴ Fund for Investment and Assets of Water Supply (FIPAG) is responsible for water supply in the bigger cities, while Water Supply and Sanitation Administration (AIAS) is responsible for water supply in the smaller cities/towns and for overall sanitation.

Belgian actors

Enabel aims to collaborate and to ensure complementarity with Belgian actors that have specific expertise in the change areas of the strategy. Enabel in Mozambique already has an established collaboration with some of the Belgian actors (VITO, FPS Health & Environment, universities...) and will also further explore and consult with new potential actors during the portfolio phase.

Acronym	Main Role & responsibilities	Potential area(s) of interest
VITO	Flemish research center specialized in digital data analysis to support decision-making process related to territorial planning and climate change. Vito has an active collaboration with CB MIREME and ARENE for energy and climate modelling.	Territorial planning energy
OVO	Association of entrepreneurs that provides technical expertise to African entrepreneurs including in green and circular economy, OVO is presently not active in Mozambique	Green and circular economy
FPS Health & Environment	Support to NDC Partnership and development of a network of national experts	Cross-cutting
Bio	The Belgian Investment Company for Developing countries gives support to the international private investment potentially in the energy transition and green economy sectors	Energy
FPS Finance / Finexpo	The Ministry of Finance should be involved in the debt-for-climate swap Finexpo supports the Belgian private investment especially in the water and energy sector	Climate finance, Energy, water
Bruxelles Propreté, Tibi and Intradel	Intercommunal entities involved in waste management and circular economy with whom Enabel has a public-public agreement	Public services Green and circular economy
Union des Villes et des Communes	Association of Belgian municipalities which provides training assistance to its members and represents them in regional / national policy forums. It has signed an ACC with Enabel	Capacity reinforcement at local level
University actors	Belgian Universities are potential actors for research and capacity building activities. They are organised under the umbrellas of the VLIR (Flemish Interuniversity Council), for the Flemish universities, and ARES (Academy of Research and higher Education) for the French speaking ones.	Cross- cutting

2.3 Theory of Change

Climate change is a complex multidimensional challenge.

In order to support the **transition** in Mozambique **towards a low-carbon society that is resilient to climate change** and that respects, preserves and sustainably manages ecosystems and the environment, various levers for change are available. All are closely linked and interconnected. Indeed, working directly on **climate change** has an impact on **societies** and on the **environment** (**green arrows**). For example, reducing the increase in temperatures will de facto reduce the intensity of hurricanes, which contributes to the degradation of both ecosystems and the food security of populations.

Supporting the transition towards low-carbon societies that are resilient to climate change and that respect, preserve and sustainably manage ecosystems and the environment

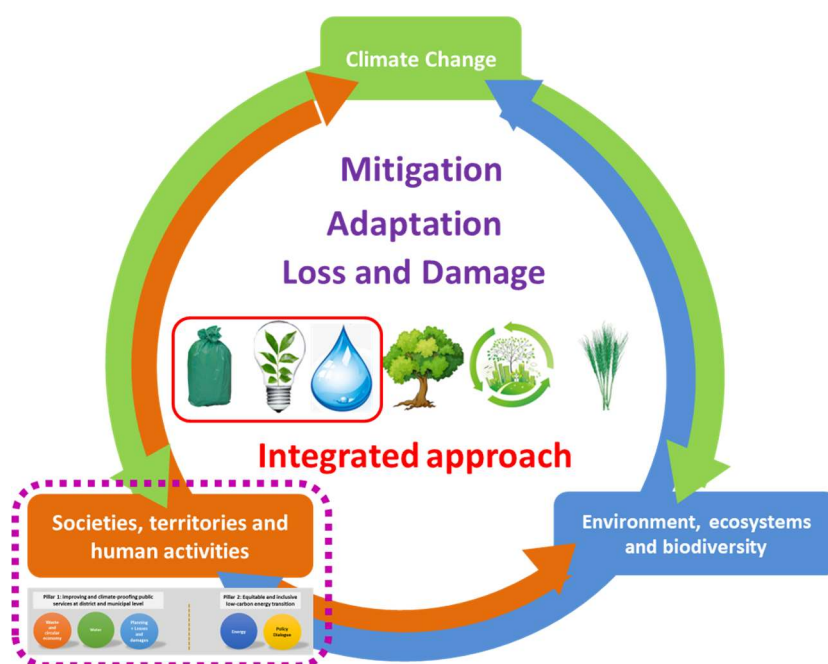


Figure 3: Key elements of Enabel's ToC on Climate Change

Targeting the **environment, the ecosystems and biodiversity** affects climate change and societies (**blue arrows**). Land conversion and accompanying deforestation have a direct negative impact on carbon storage capacity (via photosynthesis) and the overall level of greenhouse gas emissions. On the other hand, the regeneration of ecosystems increases the available resources and the productivity of food systems while playing a major role in defining the cultural identity of populations or in strengthening their resilience.

Finally, **societies, territories and human activities** have an impact on climate change and the environment (**orange arrows**). The use of fossil fuels, urbanization and the development of transport, deforestation, demography, are all examples of the direct impact of human activities on climate change and the environment.

Two interlinked concepts are at the core of any climate change strategy: **Mitigation** that is to avoid and reduce emissions of heat-trapping greenhouse gases into the atmosphere; and **Adaptation** that implies actions that reduce the negative impact of climate change. Unfortunately, both mitigation and adaptation efforts are not sufficient anymore, being too slow and too limited to avoid the most negative effects of climate change that are already occurring, especially on the most vulnerable people, their assets and their environment. A third concept has therefore been introduced²⁵: **Loss and Damage** that refers to the impacts of climate change that have not been, or cannot be, avoided through mitigation and adaptation efforts. Considering how Mozambique is regularly affected by climate change related natural disasters, it is crucial to also include this dimension in the present strategy.

The new strategy in Mozambique 2023-2027, will **focus on a low carbon energy transition** and the **delivery of climate proofed public services to the most vulnerable populations** in Mozambique, while dealing with the unavoidable losses and damages through a set of human-related activities, linked with specific territories with the involvement of the different components of the society, as represented on Figure 3. The long-term ambition of this strategy is to “**support and institutionally strengthen Mozambique so that the transition to a climate-resilient and low-carbon economy can be achieved in an inclusive way with consideration of vulnerable communities in both rural and urban areas**” (**General Objective**).

²⁵ The concept of loss and damage has been introduced technically since 1991 by the small island states but it only started getting real attention after its inclusion in the Paris Agreement under Article 8.

In SDG terms, it comes down to contributing to **SDG 13 “Take urgent action to combat climate change and its impacts”** and particularly to target 13.1, which strives to “*Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries*”; 13.2 “*Integrate climate change measures into national policies, strategies and planning*”; 13.3 “*Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning*” and 13.5 “*Promote mechanisms for raising capacity for effective climate change-related planning and management (...) including focusing on women, youth and local and marginalized communities*”. It also contributes directly to **SDG 5 “Achieve gender equality and empower all women and girls”**, **SDG 6 “Ensure availability and sustainable management of water and sanitation for all”**, **SDG 7 “Ensure access to affordable, reliable, sustainable and modern energy for all”** and **SDG 12 “Decent work and economic growth”**. These long-term changes are shown at the top of Figure 7.

Based on these overarching objectives at impact level, the first step of elaborating the Theory of Change has consisted of defining a reasonable level of ambition for the strategy (the “top of the mountain”) contributing to the general objective, reachable by a set of development interventions and taking into account the former pillars and proposed areas of change from the Instruction Letter. Here is how the proposed ultimate change of this strategy stands for: “**Mozambican authorities and communities** including women, youth and other vulnerable groups are **strengthened** to more actively and collectively **engage in a transition towards a more inclusive and climate resilient society** in selected urban and rural areas, specifically focusing on improved **climate proofed public services** (water, energy and solid waste management) and **enabling policies and initiatives for energy transition** that contribute to a sustainable management of environment and natural resources” (**Specific Objective**).

This specific objective insists on the fact that both public institutions (as duty bearers) and communities and populations (as right holders) need to engage together in the transition. It is not one actor’s single responsibility. To be successful, all concerned actors (by definition, all components of the Mozambican society) need to take up the challenge. Including the most vulnerable people in this complex endeavour is another key consideration of this strategy and portfolio. It also refers to a “more inclusive and climate resilient society”, a concept which is broader than the “low-carbon economy” mentioned at impact level and not only better focuses on people’s living conditions but also facilitates the link with the various proposed change areas.

To contribute to this ultimate change, **key actors**, (potential) **agents of change** have been mapped and are presented in a summarized way under Section 2.2. The relations of power and influence and their potential role will be further analysed during the elaboration of the portfolio, but can already be summarized here below:

**Public Institutions
at central level**

For the **public institutions at central level**, changes will mostly refer to developing and **reinforcing their capacities and responsibilities** (and the ones of their constituencies) in order **to more strongly integrate climate change considerations in key policy- and decision-making processes** (policy making, inclusive planning, delivery of quality basic public services, implementation of plans and programmes, regulation, improvement of their fundraising / financing capacities, coordination of actors, enabling environment) **and to co-construct solutions towards a just energy transition with the communities**.

**Local authorities at
district and
municipal level**

For the **authorities at district and municipal level**, changes will mainly consist of **reinforcing their capacities and strengthen their resources to better deliver on their mandate**. They should co-construct **systems, tools, plans and dialogue with their population** in order to improve their climate resilience and move towards a just energy transition. The **responsiveness** of municipalities and districts and their public services should be improved in case of climate shock and to prevent damages. **Accurate and gender-sensitive information and data** need to be available for decision making and feedback loops with the central level need to be reinforced.

**Communities and
population**

People and communities, including women, youth and other vulnerable groups need to gain a **better understanding** and **reinforced capacities** to cope with climate related challenges and the way they affect their lives. Along with the public authorities, they co-construct **strategies, tools and plans** to counter climate shocks and **improve their socio-economic resilience**.

Moreover, to contribute to this ultimate change, a series of **five areas of change** were identified in the IL.



Figure 4: The 5 areas of change of the IL

As already mentioned in section 1.2, they consist of a mix of **sectors** in which Enabel is already active in Mozambique (access to water, access to energy with the support of long-term institutional partners like MIREME, FUNAE or MOPHRH, to name a few), but also of a series of **intersectoral and transversal functions** (like territorial planning and policy dialogue) and last but not least, some **new “hot topics”** that constitute opportunities to engage with new actors like waste management, circular economy or dealing with losses and damages. All of them can contribute to the above-mentioned ultimate change.

IMPORTANT NOTE: During the ToC workshops held with institutional partners, an **additional area of change** has rapidly emerged as a shared concern and taken a central position in the discussions: the **access to climate finance** appears indeed as an absolute must to support all the other expected changes. It is indeed crucial for all actors in Mozambique to reinforce their capacities for accessing mobilizing climate finance. It is therefore agreed with the Mozambican partners and the Diplomatic Office in Maputo to make it a specific point of attention of the new strategy because of its cross-cutting dimension.



Summarized story of change

In order to support Mozambican authorities and communities, including women, youth and other vulnerable groups, to more actively engage together in a transition towards a more inclusive and climate resilient society in selected urban and rural areas, the strategy will **focus on the improved delivery of climate proofed public services (water, energy and solid waste management)** and on **enabling policies and initiatives for energy transition** that contribute to a sustainable management of environment and natural resources. Six interlinked areas of change will be considered. Their nature and the transversality of concerns shared by the different partners plead for a **multi-stakeholder integrated approach based on local needs, national priorities and global trends**. In order to fulfil their request, the strategy will not be built around two separate pillars, nor be sector based, but rather be based on a **matrix approach**. By this means, different stakeholders will be supported around a set of transversal topics (areas of change) of joint interest in order **to boost intersectoral approach, remove the barriers and silos and favour coordination, exchange of information, co-creation...** The strategy will be built around three key public services: water, energy and solid waste while promoting integrated territorial planning, and green and circular economy in which energy transition plays a key role. By this means the strategy will support all the Mozambican actors to develop an integrated approach tackling both **adaptation and mitigation but also losses and damages**. To do so, policy dialogue will be promoted around those issues, while access to climate finance will be facilitated as well as innovative approaches and solutions, including digital. **Gender and youth responsive approaches will be integrated** into the different levels, with specific targeted results, ensuring women and youth are key actors, decisions-makers and beneficiaries of a climate resilient society.

By reinforcing the capacities of institutional partners and communities at central and local level around these issues, the strategy will contribute to a **better intersectoral approach and involvement of the communities** in order to take the path of a low carbon society and nurture an inclusive policy dialogue on energy transition.

A first list of **assumptions** that underlie the reasoning behind the theory of change is established and will be completed during the development of the portfolio as follow:

- **Development partners’ support helps climate change to remain on the agenda of political decision-makers** and is accompanied by investments and effective legislative and regulatory measures as well as appropriate control systems

- Available data and information nurture a **collective awareness of the climate and environmental urgency** that is reflected in the political priorities expressed by citizens during consultations
- Climate change is also a **source of opportunities and sustainable human development** (circular economy, green economy, etc.)
- Awareness, information and an enabling environment leads to a change towards sustainable practices and a **degrowth approach**
- The world economy is changing its paradigm to put surplus resources to the benefit of the preservation of common goods

2.4 Key strategic principles

Double anchorage

The actions will be implemented at both the institutional level (public institutions) and at the level of the beneficiaries ('operational' level), which is known as the **"double anchorage" principle**. This principle is aimed at ensuring a continuous feeding of a constructive dialogue between different stakeholders at both the normative, regulating level and the operational level (Lehmann et al. 2015).

Anchoring interventions at both the central policy level and at the operational level not only creates complementarity but is also key for assuring and maintaining the continuous cycle of trickle-down and capitalisation in view of strengthening the endogenous policy dialogue.

The double anchorage principle is an inclusive strategy, involving a maximum of stakeholders and uniting different agendas in a single and shared dialogue between stakeholders at policy and operational level. It provides a framework for nationally owned sector policies to be tested through more focused interventions at the operational level.

Alignment with the national priorities

The present strategy is aligned with the main national priorities of the GoM, specifically with regards to the National Development Strategy (ENDE) 2015-2035, the Five-Year Government Plan (PQG) 2020-2024 and the updated Nationally Determined Contribution to the Paris Agreement (2020-2025).

The crux of the ENDE underpins the importance of Mozambique adopting an **integrated approach for the structural transformation of the economy** to promote national development. This includes **industrialisation**, a **competitive and diversified socio-economic development** and **inclusive and sustainable growth** to ensure that Mozambique's **natural assets** continue to offer the resources and environmental services on which the country depends. **Climate change is a central element of the ENDE.**

The GoM Five Year Development Plan (PQG) has three priorities: (1) Developing human capital and social justice, (2) **Boosting economic growth, productivity and creation of employment** and (3) **Strengthening sustainable management of natural resources and the environment**. The sectorial themes of the country strategy fall mainly under the second and third priority. The cross-cutting themes, such as youth, gender, coordination and political buy-in, fall under all three priorities.

The strategy is also **aligned with sectoral strategies** in the relevant targeted themes (energy, water, waste, climate change, gender, youth) and the updated Nationally Determined Contributions (NDC).

Harmonization

The strategy has reviewed other frameworks, plans and strategies of key development partners in order to ensure that there is no overlap or duplication of efforts, while promoting a coherent and complementary approach to the ongoing and planned efforts to sustainable development in the country. The strategy therefore harmonizes with key development partners' strategies, plans and frameworks. Further consultations will take place with some of the key actors identified (see section 2.2) during the portfolio stage.

Human Rights Based Approach to Development (HRBAD)

An inclusive approach based on human rights will be at the heart of the strategy to help reduce inequalities and the vulnerability of certain particularly vulnerable groups (right holders), including climate displaced people and refugees, if relevant. The approach will be based on the “MEET” key principles of the Belgium’s vision on HRBAD: (1) meaningful participation of stakeholders in the portfolio design, planning and monitoring-evaluation processes; (2) equality, non-discrimination and inclusion of marginalized groups within the activities provided for by the portfolio via specific levers; (3) empowerment and capacity building of the right-holders to claim their rights and the duty-bearers to fulfil their obligation and; (4) transparency and accountability with information on activities being easily and proactively available to both rights holders and duty bearers. All axes will allow respect and contribution to the obligations, commitments and strategies taken by partner countries in terms of human rights, inclusiveness and gender equality. A detailed analysis of the main vulnerable groups and the main contextual challenges and obstacles in terms of inequality and discrimination will allow these dimensions to be incorporated when developing the portfolio.

Gender Transformative Approach

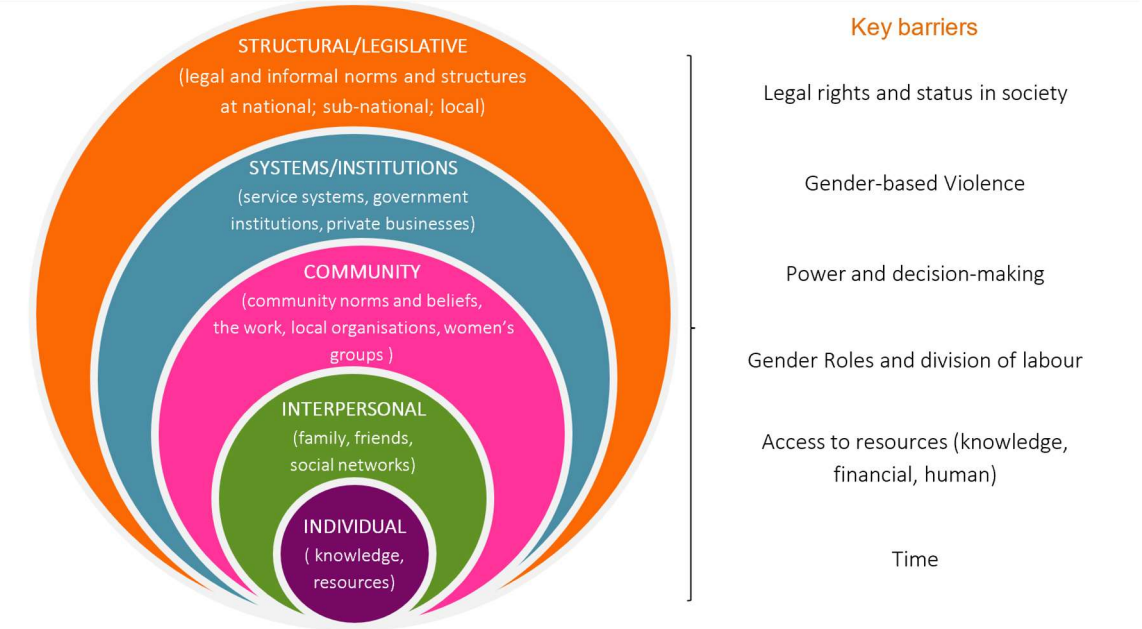


Figure 5: Socio-Ecological model for gender transformation

Traditional approaches to integrate gender in development programming often fail to address structural and deep-rooted inequalities. Gender transformative approaches are at the heart of recent developments in the area of gender equality²⁶. The interventions shall attempt to go beyond reaching and benefiting women and girls and move to challenging negative social norms, values and power structures that lie at the heart of gender injustice. Based on a gender analysis assessing the key barriers women face, using the socio-ecological model as a framework of change (figure above), the portfolio will be aiming to have a substantive impact on advancing gender equality through a specific result area in each intervention, as per minimum requirement from the OECD-DAC Gender Marker, with sex-disaggregated data and specific gender indicators.

Integrating gender into environment concerns is a relative new scope of work, and very few organizations are looking at concrete ways to approach it. Even though the linkages between feminization of poverty and climate change are well understood, the SDG framework falls short in embedding gender equality in the nine environment-related SDGs, and the same is valid for the EU Green Deal. To the largest extent possible, Enabel will aim to create

²⁶ E.g., Agenda 2030, EU Gender Action Plan III, political orientation note of the Belgian Minister for Development Cooperation

a gender-responsive environment in all institutions, including partner organizations, to address the entrenched inequalities. Specific attention will be with the Government and partners on how to improve gender responsive data collection and analysis. They will work at community level to tackle deep-rooted social norms and perceptions that create or reinforce discrimination based on gender, engaging men and boys to thrive as agents of change for transformative masculinities. They will directly engage with women at local and national level, facilitating their effective leadership and participation in key decision-making fora. They will be activating and reinforcing partnerships with women's and girls' associations, networks and enterprises.

Innovation and new technologies (D4D)

For the government of Mozambique, the digital economy (also called the Information Society) is a key priority. ICT was consistently integrated into national development plans, with concrete benchmarks and targets to be achieved to maximize ICT's contribution to development goals. This vision was reinforced in 2017 with the National Strategy for Broadband and in 2018 with the updated Information Society Policy of Mozambique, that reiterate the importance of ICT for broader socio-economic benefits.

A holistic and inclusive approach to the digital development of Mozambican key public sectors (including water, waste, energy) will be necessary to maximize the portfolio's long-term impact as well as to increase the country's digital potential. Rather than implementing multiple, fragmented interventions, a coordinated and high-level cross-boundary approach that fosters complementarities will be actively sought with a specific attention to innovation.

Innovation will be both essential, to finding solutions to the current global challenges and their disruptive influences and demands on natural and human resources; and instrumental to invent better futures for in particular the youth, women and vulnerable communities targeted in the portfolio. Co-creation with local and national stakeholders will be an integral part of the portfolio development and implementation following an iterative and learning approach. The co-creation principle will not only strengthen citizen engagement but also capitalize and further develop ongoing social innovations in the targeted areas of the portfolio, strengthen green and circular grassroot dynamics and decentralize innovation ecosystems (often in primary cities) to secondary and tertiary cities and/ or further rural areas. The innovative components of the portfolio will not only focus on the research and development of new climate-related technologies; but also on the development of a more innovative approach in the fields of innovative financing in particular in the area of climate financing and circular economy (e.g. e-waste); cross-sectoral partnerships (e.g. better involvement of the private sector in the management of public services); participatory and inclusive planning; knowledge exchange practices at a systemic level ('scalable learning'); and the process of scaling up including innovation policies to create and shape markets for climate innovations, public investment in R&D, lowering barriers for public/ private innovations, etc.

New technologies will also be leveraged to close the **gender digital divide**, accelerate the energy transition and improve the quality of public services. The potential use of digital technologies for data collection and analysis in support of climate resilient systems, waste management value chains (from collection to recycling points) and energy grid mapping will be investigated. The success of such information systems will depend largely on offline components and alternative sources of energy (e.g., solar). Data privacy and protection will also be key consideration to ensure that the rights of citizens are upheld and no harm is done, whilst also allowing for efforts to address corruption if considered proportionate. In particular, Enabel will promote innovative and context-based technologies i.e., built on the local context (i.e., local materials and technologies; with local innovation centres) and developed in an innovative way as to answer the current challenges of the portfolio including climate change, low carbon technologies and natural resources preservation.

Last but not least, a specific focus will be made on **green and digital skills**. Ensuring that every person has the appropriate skills for an ever growing digital and globalized world, is essential to promote inclusive labour markets and to engender innovation, productivity and growth in the **portfolio priority sectors such as green and circular economy, energy (low carbon) sector, climate finance and policy development**. A focus will be made on the digital skills for civil servants when dealing with new areas of policy development (e.g. climate finance, ICT regulations, e-

waste) and ICT sectoral innovations; digital skills for citizens in order to fully make use of public digital innovations and the soft digital skills for in particular women and vulnerable communities such as leadership, empowerment, creativity and teamwork skills which will as a result aim to reduce the gender (digital) divide and provide them with new socio-economic opportunities within the green and circular sectors.

2.5 Ambitions

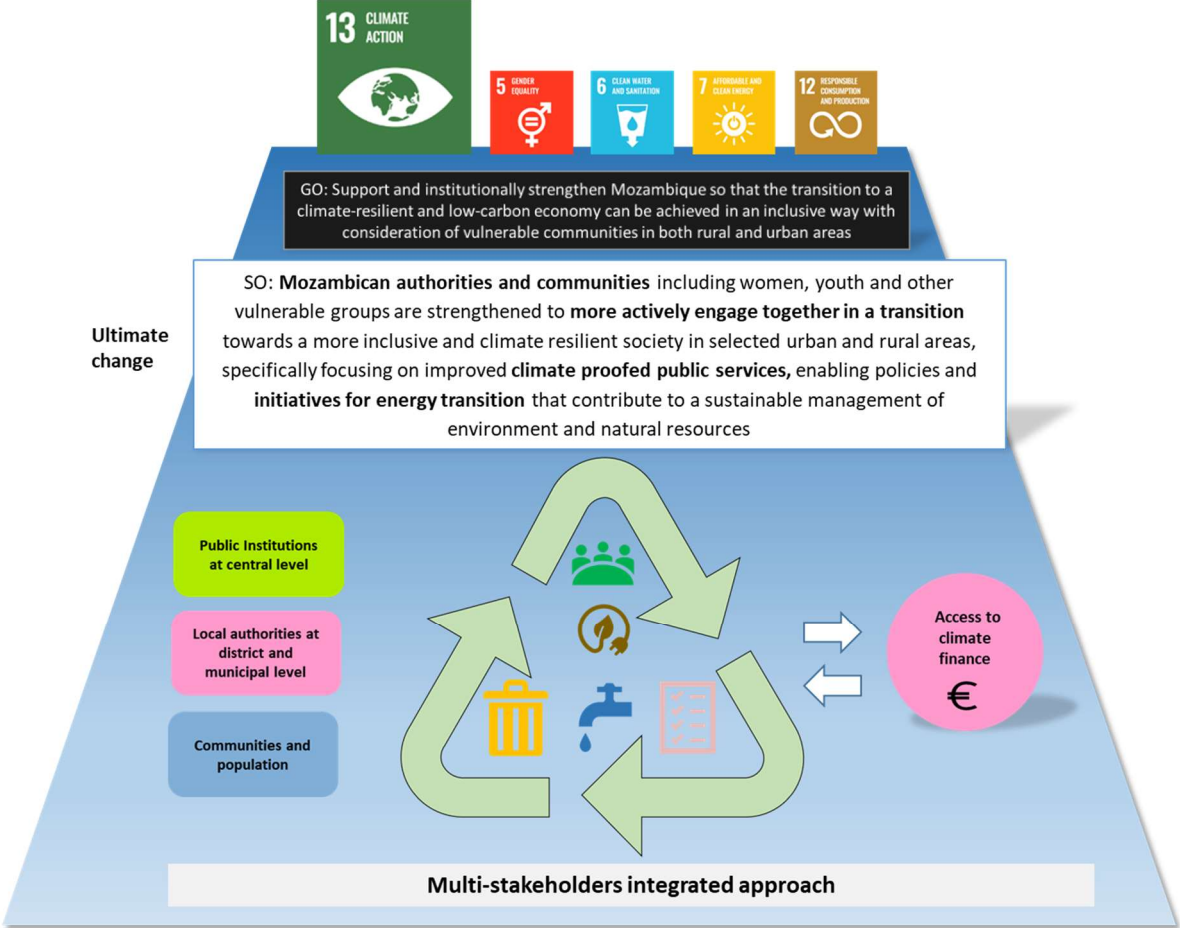


Figure 6: Global Overview of the structure of the strategy ambitions

In order to contribute to the General Objective of the portfolio, the specific objective has been formulated as follows: **“Mozambican authorities and communities, including women, youth and other vulnerable groups, are strengthened to more actively engage together in a transition towards a more inclusive and climate resilient society in selected urban and rural areas, specifically focusing on improved climate proofed public services, enabling policies and initiatives for energy transition that contribute to a sustainable management of environment and natural resources”**. The emphasis is therefore clearly given on the multi-stakeholder’s coordination and the multisectoral approach.

A detailed exercise of identifying the different pathways of change for these **6 domains** has been conducted and one **key intermediate change (KIC)** describing a reasonable level of ambition for each of them has been formulated. They are presented here below.

Each KIC is further broken down into a series of relevant **potential change areas** that could be supported by the interventions to be designed in the portfolio and contributing to its specific objective. The final articulation between them and their consolidation in a logical framework will also be part of the portfolio exercise after having completed further discussions with partners.

a) Ambitions in terms of Policy dialogue

In the coming years, Mozambique will need to go through a broad but just energy transition in order to ensure that the ongoing sector developments will contribute to **wider benefits** for Mozambique’s society. The country is

currently setting policy and identifying investments that will have a lasting impact on the operation of its energy sector. At the same time, as nations around the world are implementing increasingly ambitious mitigation policies, the country needs to prepare its economy and society for the necessary **global transition towards net zero**. Belgium will assist the GoM in addressing these challenges and will help to ensure that the country's energy transition is **just and sustainable**. To that effect, it will assist in improving the operation of existing coordination platforms that deal with issues related to energy transition to promote more effective **inter-governmental and intersectoral coordination**. It will furthermore aid in **strengthening governmental data management** and analysis capacity to **deepen the necessary evidence-base**, and strengthen the **feedback loop** between the **local, national and international level** on the needs, opportunities, benefits and risks of energy transition. This includes incorporating the experiences from **local communities and the people most vulnerable to energy transition** in the ongoing political dialogues on energy transition and taking the learnings from pilot projects and the implementation of innovative business models to a **higher political level**. Finally, Belgium will support the cooperation with and between development partners and help the government to identify **international opportunities** for additional resource and climate finance mobilisation.

Key intermediate Change (a):

The GoM, local authorities, communities and civil society are strengthened to improve the formulation, adoption and implementation of enabling and evidence-based policies and initiatives for a sustainable and just low-carbon energy transition through enhanced inclusion, resourcing, coordination and integration between sectors, levels of governance, and stakeholders.

Potential change areas:

- The GoM, local authorities, communities and civil society are strengthened to improve the **feed-back loop** between the local, national and international level in terms of **policy evolutions, commitments and pilot initiatives** on climate change and a sustainable and just energy transition. This requires the **active involvement of communities, including women and vulnerable groups**. As a result, the needs, opportunities, benefits and risks of energy transition, in terms of economic diversification and impact on livelihoods, are better known, shared and addressed. This leads to an improved dissemination of information, awareness and evidence-based decision-making on energy transition and climate change.
- The GoM is institutionally strengthened to **collect, manage, process and analyse the necessary data and commission relevant studies** to guide policy discussions on an inclusive climate policy and sustainable and just energy transition. This allows more integrated and gender-responsive planning, leads to the identification of key areas for intervention, strengthens evidence-based decision-making and allows to mitigate the impact on the national as well as local economies and societies in affected regions.
- The GoM facilitates **targeted working groups and dialogues** between Mozambican partners, business community, civil society and other development partners on topics related to energy transition and climate change and This leads to a coalition of actors that are aligned around a **common sustainable and just energy transition strategy and roadmap** and concrete **action plans (for selected regions)**.
- The **coordination** between institutional actors of the GoM, including MEF, MTA, MIREME, MADER and ARENE, on topics related to climate change and a sustainable just energy transition is improved by strengthening existing coordination platforms. The GoM has enhanced **integrated and gender-responsive planning and implementation processes** and anticipates the potential impacts of global developments in the energy and climate sphere, including foreign policy, international relations, economic evolutions, price fluctuations and technological developments, and develops **effective regulation and appropriate regulatory instruments** to optimise or mitigate them.
- Mozambique participates actively in **international negotiations on energy and climate and regional initiatives for coordination in the energy sector**, and is able to successfully advocate its national priorities, including a gradual phase-down of the international use of coal²⁷, an intermediate transition to natural

²⁷ There is currently no domestic use of coal in Mozambique, which means that the Mozambican economy is very susceptible to demand and price fluctuations in world markets. This sensitivity is further enhanced by the fact that the country serves as a transit country for coal exports from neighbouring countries, especially South Africa. A reduced global demand for coal could

gas, and a more renewable-oriented energy mix. The GoM is strengthened to improve the implementation of the resulting agreements.

- Mozambique engages with international development partners on the **mobilization of additional resources, especially climate finance**, for the implementation of its energy transition strategy, roadmap and action plan.

b) Ambitions in terms of Access to Climate finance

Mozambique has formulated **various strategies and plans** to respond to the negative impacts of climate change. In November 2021, the country launched its updated Nationally Determined Contribution (NDC), which lays out a list of measures and actions to address the climate challenges in the country. Sizable **funding gaps** however remain to fully implement the country's climate strategies and plans and the ability to mobilize and leverage different forms of finance, both public and private from domestic and international sources, will be key to delivering Mozambique's NDC and climate plans.

Climate Finance will be an important enabling aspect of Mozambique's efforts to address climate change. In particular, **international sources of climate finance can help filling the funding gap** and can act as a catalyst to increase the amount of financial flows that are Paris-aligned.

In order for Mozambique to take advantage of climate finance opportunities, the **right institutional and financial mechanisms must be put in place** so that resources are directed efficiently toward national climate and development priorities²⁸. GoM, therefore, needs to be supported to fulfil these ambitions.

Key Intermediate Change (b):

The GoM is able to mobilize and effectively manage and track adequate and predictable climate finance to support the implementation of the country's climate plans and strategies and contribute towards the transition to a climate-resilient a low-carbon economy.

Potential change areas:

- **Key line ministries and institutions in targeted sectors (energy, water, waste, disaster risk management) are strengthened and capacitated to better mainstream** climate change considerations in planning process and to fully perform their climate-related roles and responsibilities, including their participation in relevant coordination platforms.
- **Platforms and mechanism to coordinate and align** the mobilization of climate finance and implementation of climate actions across different sectors are fully operational. The objective is to build further on institutional arrangements that have been defined in different strategy documents and ensure their proper operationalization.
- **Transformative programmes in target sectors have been designed and formulated in close collaboration with national partners and relevant stakeholders** and necessary financial resources for future implementation will be identified, aligned and coordinated using climate finance as leverage.
- **National entities are accredited to access climate finance and are being capacitated to design and manage transformative climate finance programmes.**
- **MRV systems for reporting on climate-related topics are operational** with particular focus on MRV and reporting requirements that are directly and indirectly relevant for the mobilization of climate finance.
- **GoM actively participates in relevant climate finance-related discussions and negotiations in the context of the UNFCCC.**

c) Ambitions in terms of Access to Energy

Mozambique's renewable energy sector is in dire **need to promote and scale-up various renewable energy projects** to commercialization, and to **leverage existing public assets to mobilize private investment** to ensure a

have a significant impact on the country's government revenues and economic indicators and one of the country's priorities is therefore to have gradual phase-down of the use of coal.

²⁸ See Para 6 of Decision 3/CP.19, which was reiterated in para 10 of Decision 4 of CP.26 and which requested countries to "enhance their enabling environments and policy frameworks to facilitate the mobilization and effective deployment of climate finance".

sustained path to universal energy access. While the national electrification strategy emphasizes improving energy access in the more **remote and poorest regions** of the country, more emphasis needs to be placed on **attracting private sector investment** for the sustainability of renewable energy technologies, **mainstreaming gender and social inclusion** in all aspects of energy supply chains and **increasing cooperation among key energy institutions** to pave a development path for a sustainable and just energy transition in the country. The new programme will benefit and further strengthen the strong relationship of Enabel with the Mozambican government actors in the energy sector, and supports initiatives that promote, replicate or scale up **pilot projects and innovative business models** for an improved commercialization of renewable energy technologies and inclusive and accessible clean energy solutions.

Key intermediate Change (c):

The access to sustainable and clean public energy services, especially in off-grid areas, is improved by learning from existing infrastructures and interventions, testing innovations and innovative business models, promoting the involvement of the private sector, and by facilitating additional investments in renewable energy provision.

Potential change areas:

- **Inter and intra-sectoral coordination** of government agencies and private sector, municipalities and community organizations are **enhanced to improve and expand energy access** through renewables.
- The **knowledge, awareness** on best available and efficient clean energy technologies **for a sustainable and just energy transition is reinforced, widened and deepened** among public sector agencies, regulatory bodies (MIREME, FUNAE, ARENE, EDM MADER and INIR) and other stakeholders.
- **Central and local government agencies, municipalities and communities are capacitated** in the selection, design and delivery of (climate proof) clean energy projects with a focus on productive use through the water-energy-food-ecosystem nexus.
- **The regulatory and policy environment of the energy sector is improved to facilitate new market entrants and investments to scale up** the adoption of clean energy technologies and to spur a **greater contribution** of (decentralized) renewable energy to the national energy mix.
- **The capacity of the GoM** to collect, manage, analyse and model geospatial data is facilitated **to improve planning and M&E of the (renewable) energy sector**, including elaboration and implementation of NDCs.
- **Pilot projects and innovative business models** aimed to improve the commercialization of (decentralized) renewable energy technologies are promoted and encourage the delivery of clean energy solutions²⁹
- **GoM, local authorities, private sector and civil society** have improved **access to additional (especially climate) funding to boost investment and innovations** in decentralized rural electrification and clean energy initiatives (e.g., GCF accreditation, NAMA facility).
- A significant improvement in **gender mainstreaming** in clean energy sectoral planning and project implementation is achieved through greater awareness, more pronounced political and fiscal prioritization, and the adoption of proactive and **gender inclusive methodologies** during project implementation.
- Enabling policies and institutional framework conditions to **foster innovative, ecological and sustainable energy storage and battery and PV modules recycling systems** are supported and contribute to effective solar waste management.

d) Ambitions in terms of access to water

Despite relatively significant progress in recent years, there is still a **coverage disparity on safe water access between urban and rural areas**. Closing the gap will require not only investment in infrastructure, but also **considerable efforts in capacity building** and effective collaboration from a **cross-sectoral perspective** at the level of the GoM, represented by the **central, provincial and district levels**, but also with the **private sector and rural communities**. The issue of **climate change impacts on water** has been addressed by the GoM through the development and adoption of several policy documents (such as the NCCAMS). Strengthening of data collection, analysis and information transfer and capacity building at all levels of the government system will improve the

²⁹ Such as SHS, mini-grids, improved cooking stoves (ICS), bio briquettes.

development of **climate-proofed water infrastructure** (for drinking and productive use). Empowering a **resilient society** in the context of climate change will only be possible through **stronger community involvement** in managing access to safe water, with **appropriate support from districts, provinces and the private sector**. Enabel will continue the collaboration at **provincial and district levels** to build capacity to **improve service delivery and decision making** with the support of communities and the private sector. A **cross-sectoral approach** will be **developed to support climate change resilience** in rural areas of intervention.

Key intermediate Change (d):

The sustainability of climate-resilient drinking water supply and solar-powered irrigation systems in rural areas is improved through an appropriate engagement and support from districts, provinces, private sector and local communities

Potential change areas:

- **Government coordination groups are strengthened through existing coordination platforms** on issues related to rural water (drinking and productive water) and integrated water resources management. Responsibilities of centralized and decentralized institutions related to the water sector are clear and enforced, between provincial (DPOP and SDPI³⁰) and national (DNAAS, FIPAG, AIAS, AURA³¹, MADER, INIR) institutions. Synergies are strengthened to reduce overlaps at national and local level.
- **Internal planning processes for the rural water supply services** are enhanced and anticipate the potential impacts of climate changes: **Effective regulation** and appropriate regulatory instruments are revised to effectively give access to appropriate and relevant guidance for water supply interventions and solar-powered irrigation; with emphasis on adapted and innovative technologies, including water safety and climate change; to central and decentralized level.
- **Water information management systems and information use capacities** at national and decentralised levels are strengthened: **data collection** is improved through training and adapted assets, profiling of target areas is improved by incorporating data on population, willingness to pay, hydrogeology, risks, sustainable financing model ..., and local development plans are revised, including equity enhancing aspects and considering climate change risks. A dialogue between INGD, DNAAS and INIR is established to harmonise the information management system.
- **Existing national resources in the water sector are utilised to strengthen capacity building** at central and decentralised levels with the development of a provision of technical training, such as water supply resilience, climate resilient infrastructure, sustainable financing model, data completion and collection, integrated data management system, energy efficiency, etc. An approach of training of trainers is promoted to enable the transfer of knowledge to a wider base and to maintain many trainers at the decentralised level. Emphasis will be placed on improving the capacity for **sustainable and efficient management, operation and maintenance** of water infrastructures and resources to meet national standards, including the capacity management of the institutions, private sector, and communities.
- Improved modalities for the **management of water infrastructures and resources by private operators** - including clustering, professionalisation of local actors, collaboration and involvement of well-established private actors - will be strengthened to lead to increased sustainability.
- The capacity and **skills of DNAAS/INIR/Provinces/Districts staff in emergency coordination and management** is strengthened. Disaster risk reduction measures are in place in climate-prone areas, including the integration of climate change shocks and risks into local development plans and strategies and into the design and implementation of infrastructure. Capacity to ensure gender is mainstreaming into the whole institution is strengthened.
- Communities and local authorities, especially **women and youth, are better prepared** to cope with shocks and respond to emergencies using the most appropriate and effective modality, including sectoral contingency plans and mechanisms, government supply and emergency storage capacities.

³⁰ Provincial Directorate of Public Works (DPOP) and District Services of Planning and Infrastructure (SDPI).

³¹ Regulatory Authority of Water (AURA).

- The **financial sustainability of water infrastructure and service is improved** by mobilizing various sources of finance: (i) increasing rural water payments in drinking water through accurate analysis of willingness to pay, (ii) increasing the participation of small-scale operators through appropriate aggregation and balancing the risks of revenue shortfalls through collaboration with large-scale operators, and (iii) increasing fiscal space and initiating funds from climate finance mobilization.
- **Women, youth and vulnerable groups** are organised and empowered and appropriate consultation and planning processes are put in place to allow for the **active involvement of communities** in the debate on climate-proofed water infrastructures, water tariff and involvement of private sector. As a result, the potential impact on water resources, on household expenses, and subsequently on sustainability of the water systems, are known.
- Communities, local authorities, and civil society are engaged to implement sensibilization campaigns on topics such as behavioural changes and knowledge of natural resources with the **use of citizen-sciences approaches**.
- **Promoting technological innovations and nature-based solutions** to the service of drinking and productive water by complementing or investing in the infrastructures necessary for data collection and water supply or irrigation systems. This infrastructure will be used to enhance "learning by doing" and will be considered in WEFE Nexus.
- The institutional support to INIR is about to position Enabel as a **major player in the solar irrigation sector** and the portfolio will build on the acquired knowledge and institutional capacity currently developed.

e) Ambitions in terms of Waste management & circular economy

Enabel's involvement will be aimed at creating a new dynamic for **collecting, sorting and treating domestic waste** in one or more selected municipalities. This dynamic will have to reflect the potential of **waste as a valuable resource**. The ambition of the Mozambican Government is **conditioned by the NAMA Facility proposal** submitted by the Government being approved. It is expected that the NAMA facility will support the investment in waste treatment infrastructure which be **operated by the private sector** via a **concession contract**. In combination with the waste treatment infrastructure (sanitary landfill, composting center, sorting facility) to be potentially funded by the NAMA facility and operated by the private sector, this new dynamic will lead to the development of economic activities linked to waste recovery and to the improvement of working conditions of the vulnerable population (e.g., waste pickers) currently involved in the existing waste management system.

Key intermediate Change (e):

The GoM and the related actors involved in municipal waste management system at local level are supported and implement the national programme for sustainable waste management and promote a circular economy in selected municipalities and at national level.

Potential areas of change

- National authorities are supported while supervising local activities via a **waste management information system**. This system will also enable them to aggregate data and get a national overview of the different waste streams across the country. It will help GoM to identify the need for additional regulations that promote waste recovery while balancing the different flows of waste by investing in collection and treatment capacities.
- Local authorities are supported in **organizing the domestic waste collection and sorting system** to protect public health and to restore the amenity of the city. This should take place in close coordination with the other concerned actors, especially the associations that complement the municipal collection system in the areas that are not accessible to trucks and waste treatment operators that are downstream in the chain. In addition to that, the local authorities will have to make sure that the entire system is equitable to all the concerned parties and is economically viable on the long term.
- **Capacities of national and local public entities to develop and implement PPPs' concession agreements** for operating the waste treatment and disposal infrastructure are strengthened. Both public and private actors will need training/advise to cope with their responsibilities under the regulatory framework and protect their interests.

- **Knowledge and awareness of inhabitants** is enhanced. As a consequence, they adhere to the instructions for the waste collection (deposit points, schedule) and sorting (segregation at source), including the payment of the service which will only be accepted if it is of quality.
- **Civil society organizations** are supported to act as an interface between the inhabitants and local authorities to make sure that the **waste collection and sorting instructions are practical and acceptable for all** while ensuring that the service remains affordable for a majority of citizens. The civil society can also take an active part in developing waste recovery chains that are not profitable enough for the private sector or which are aimed to ensure fair revenues to vulnerable categories of persons. Women's and youth organizations can be specifically supported to create stronger awareness in communities and advocate for cleaner and healthier environments.
- **Waste pickers communities** should **join forces** and constitute official associations that must be recognized by other actors and have an official role in the system. Their role could be extended to waste recovery with the support of civil society provided that recovery can take place locally with limited means (i.e., compost, plastic).
- **Relevant private sector actors are incentivized** to comply with the new regulation on packaging waste.

f) Ambitions for Territorial planning, land use & losses and damages

In the coming years, Mozambique will need to improve its capacity to adapt to climate change and avert losses and damages from extreme weather to realize its economic social and environmental goals. While country strategies highlight the fundamental role of territorial planning and management, more emphasis needs to be placed on **mainstreaming climate change** within them. To that effect, Belgium will start to provide institutional and technical support to national (MTA, INGD, ...) and local authorities (districts and municipalities) in the conception and implementation of climate resilient territorial plans and the improvement of disaster risk reduction systems. It will furthermore empower local communities - including women, youth and other vulnerable groups – in climate proofing, especially regarding land use planning and infrastructure adaptation. Finally, Belgium will reinforce institutional actors' capacities to access additional financial resource to address losses and damages.

Key intermediate Change:

The GoM, local authorities, communities and civil society are strengthened to design, resource, and implement evidence-based climate resilient and low carbon oriented territorial plans through enhanced local inclusion, participation, intersectoral coordination and integration between levels of governance.

Potential change areas:

- At the national level, **coordination and capacities of central government** are improved to develop appropriate standards and regulations for land use planning and infrastructure adaptation based on assessments of exposure and vulnerability to disasters. Regional and international connections for accessing international financing mechanisms to address losses and damages are developed and strengthened (e.g., Disaster insurance, new international financing mechanisms for losses and damages...).
- At the local level, **capacity of district and municipal government are strengthened**³² to (i) mainstream climate change in inclusive and gender-responsive territorial planning processes and local infrastructures (e.g. water, energy, waste sectors), which reflect a stronger emphasis on participation, multisectoral coherence, and valorization of local resources (ii) access new/innovative (climate) financing mechanisms to effectively implement territorial plans and (iii) address losses and damages (e.g. being able to assess the climate risk through collection of data). **Community and youth, women and vulnerable groups** in particular are empowered to participate in territorial planning and implementation processes, to reduce risk of disaster and build up climate resilience.

³² Through creating conditions for contracting existing, trained staff and through training additional staff especially.

- At local and national level, the uptake of a robust system for **collecting, compiling, managing and analyzing climate and disaster risk data is ensured** to guide territorial planning processes and financing needs for losses and damages. Gender mainstreaming into the whole planning, implementation and monitoring process is strengthened.

Conclusions on ambitions

An important number of similitudes can be observed throughout the different change areas described below (figure 7). They could be summarised as follow:

- The **institutional and organizational capacities of public partners** for energy transition and low carbon economy at central and local level **need to be strengthened**. The intensity of requested support **will vary depending on partner' specificities**.
- The information, education and communication efforts towards the supported communities, including the most vulnerable people, need to be reinforced. **Knowledge and awareness of communities** are key elements for improving their **ownership and involvement in this energy transition**. They need to see the direct benefits on their living conditions, be **included, participate and engage sustainably as agents of change**, along with the authorities.
- **Intersectoral and joint initiatives** for climate proofed public services **are necessary to feed evidence-based discussions (and policy dialogue)** and for demonstration purposes
- **Policy dialogue** on energy transition needs to be **supported at all levels**
- **Women and youth have to be considered and empowered as agents of change**
- **Innovative and nature-based solutions** need to be promoted at local level

These proposed change areas could be articulated around two interventions; one main intersectoral intervention supporting a multi-stakeholder coordination approach and a second intervention having a wider perspective, aiming at facilitating access to climate finance. This proposal will be further explored during the portfolio stage. The ambitions guiding the design of the strategy are based on an available budget envelope larger than the actual 25 million €. In this perspective, Enabel aims to articulate and coordinate with other partners – Belgian, bilateral and multilateral – to access additional and complementary funds aiming at increasing the impacts of the Belgium's strategy.

Indicators

Four indicators are identified at this stage at the impact level. They are either related to the SDG or the national system. Some of them have also been selected for the TEI Green Deal that will put in place a dedicated team in charge of collecting and monitoring the progress of the indicators. Due the growing importance of collecting disaggregated data on gender, inclusion, etc, Enabel will try having access to data that could be disaggregated, such as on sex, age, wealth quintile during the portfolio stage.

Proposed Impact Indicators	Comments
SDG 13.1.1: Number of deaths, missing persons and directly affected persons attributed to climate change disasters per 100,000 population	<ul style="list-style-type: none"> • PQG Indicator • Disaggregated data not available
SDG 13.2.2: Total Mozambique's greenhouse gas emissions per year	Mozambique has prepared and submitted two greenhouse gas inventories since 1996
SDG 7.2.1: Share of renewable energy in total energy consumption	TEI Green Deal
Number of people that benefit from green and climate smart infrastructures	TEI Green Deal SO 2

General Objective: Support and institutionally strengthen Mozambique so that the transition to a climate-resilient and low-carbon economy can be achieved in an inclusive way with consideration of vulnerable communities in both rural and urban areas

SO: **Mozambican authorities and communities** including women, youth and other vulnerable groups are strengthened to **more actively engage together in a transition** towards a more inclusive and climate resilient society in selected urban and rural areas, specifically focusing on improved **climate proofed public services**, enabling policies and **initiatives for energy transition** that contribute to a sustainable management of environment and natural resources

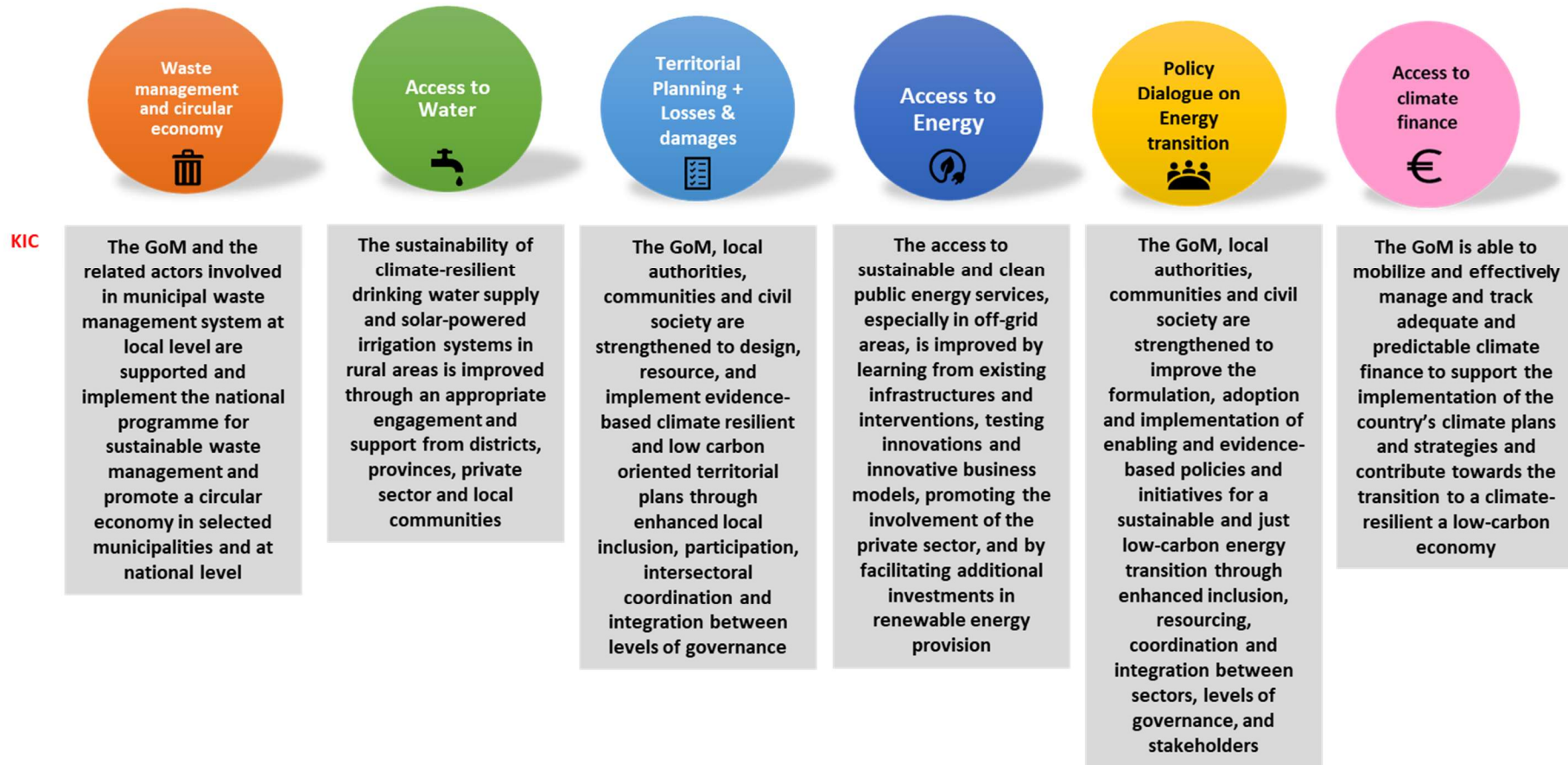


Figure 7: Key intermediate changes of the 6 axes that contribute to the SO and GO

2.6 Priority target groups and areas of intervention

The portfolio will **directly support** selected communities in the targeted geographical areas with a focus on:

- **Rural communities** and the organizations that represent them;
- **Urban communities**, including producers, consumers, waste pickers, etc ... and the organizations that represent them;
- **Women and girls**, young people³³ and the most **vulnerable people**, including displaced persons and refugees and the organizations that represent them;
- **National and local authorities** (including districts, municipalities) in charge of overseeing and managing public services in the sectors of energy, water, waste and disaster risk reduction and management (see section 2.2 for a list of key actors and 2.7 for key national stakeholders).

The portfolio will also **indirectly support**:

- Private operators intervening in the sectors relevant to the strategy;
- Civil society actors, which may indirectly benefit through engaging organizations through a call for proposals and selected capacity building activities;
- Community based actors, which may indirectly benefit through engaging organizations through a call for proposals and selected capacity building activities.

The geographic distribution of the new portfolio will focus on certain regions of Mozambique, including the **Southern region**, in areas such as **Greater/Rural Maputo and Gaza** as well as the **Northern region**, in provinces such as **Nampula**. The different change areas will influence the region and province of intervention, but as the ones related to **policy dialogue on energy transition and climate finance mobilization** will involve intersectoral actors at all levels (central, provincial, district/municipal, etc), they are **by nature country wide**.

For the ‘waste management and circular economy’ change area, the expected geographic focus is the Northern region, such as Nampula province, in alignment with the national priorities. This may be limited to Nampula or extended to other provinces/ regions, where relevant.

For the ‘access to water’ change area, the expected geographic focus is the Southern Region, such as Greater/Rural Maputo and Gaza Province, considering Belgium’s comparative advantage and strong institutional relations already established during previous interventions as well as alignment with national priorities. This may be limited to Greater/Rural Maputo and Gaza Province or extended to other provinces/ regions, where relevant.

The geographic focus of the new portfolio, in principle, should **complement the ongoing interventions** mainly focused in the Southern and Central regions of Mozambique (see Figure 8). While support such as capacity building and climate finance may be more concentrated in some geographic areas due to anchorages and complementarity with other initiatives, it is applicable country wide. The selection of the regions and provinces will be further fine-tuned during the portfolio stage.

³³ The United Nations defines youth as 15 to 24 years, the Commonwealth 15 to 29 years, the Community of Portuguese Speaking Countries 15 to 29 years and the African Union 15 to 35 years. In the case of Mozambique, the Youth Policy defines youth as any individual aged between 15 and 35 years. The present strategy will align with the Mozambican definition.

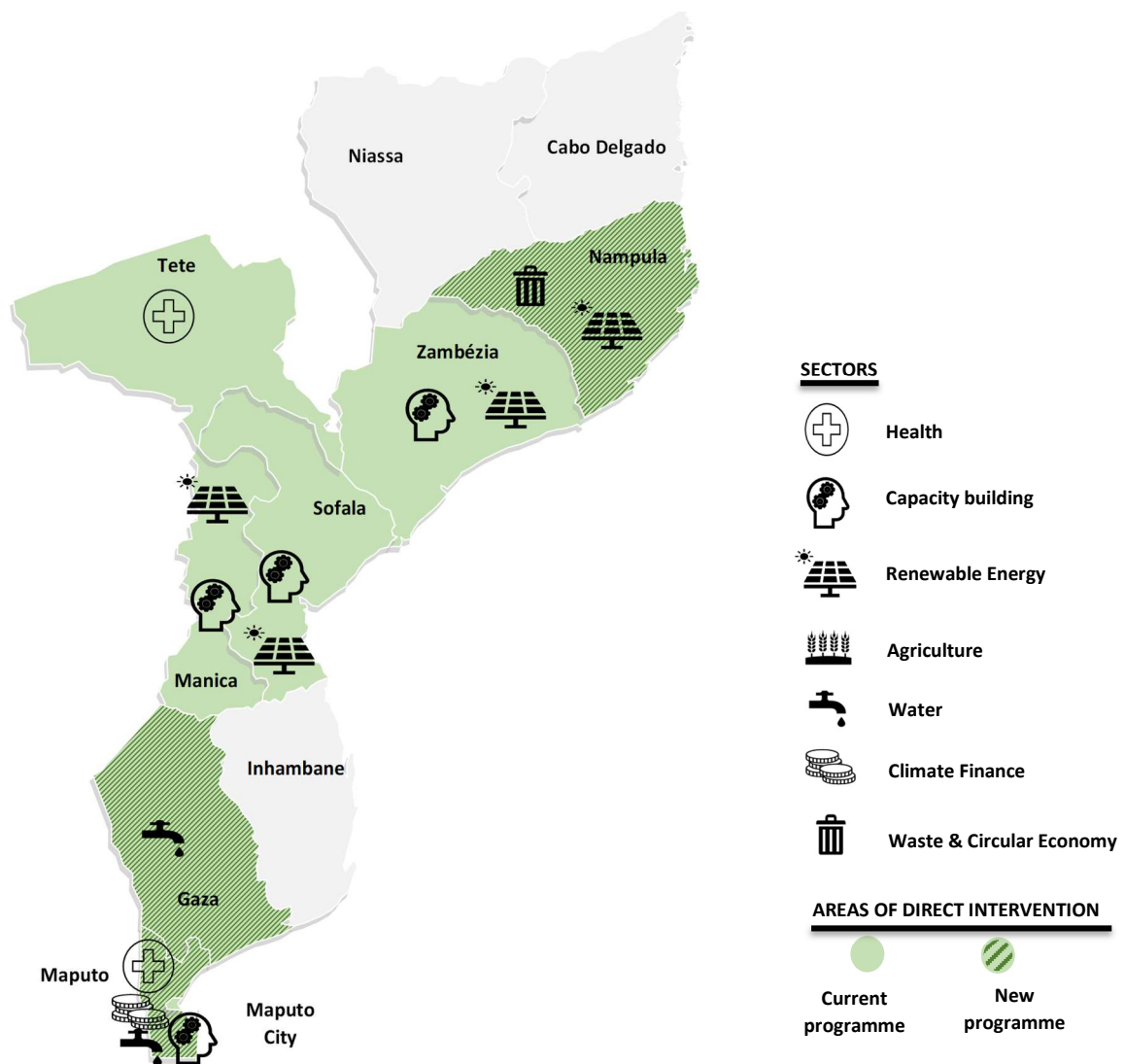


Figure 8: Geographic coverage of on-going and future Belgium's interventions in Mozambique per sector

2.7 Strategic alliances

The following are **potential alliances** to be reviewed and, if necessary, complemented during the portfolio development stage.

Team Belgium

- The **FPS Health, Food Chain Safety and Environment** is actively supporting African countries to contribute to the UNFCCC debate as well as the update and the implementation of their respective NDC through the NDC Partnership. To achieve this, coordination with Enabel is also ensured to provide complementary local expertise to the national authorities.
- **FPS Finance:** "Debt-for-climate" swaps, is an instrument whereby debtor countries (such as Mozambique with Belgium) could be relieved from their contractual debt obligations in return for local climate-related spending commitments. This may be helpful in tackling debt levels and climate concerns simultaneously. Debt relief could also be seen as an innovative tool in climate finance for the 2 countries. Because debt relief is the responsibility of the Ministry of Finance, it is mandatory to involve them as soon as possible in this type of reflection with the Belgian Ministry of Development Cooperation.

- **Government of Flanders Development Cooperation** is active in only three countries in Africa, with Mozambique being one of them.³⁴ The collaboration dates back to 2002 and places Mozambique in a unique position to receive targeted support, with a broad support in the health sector. Additionally, the Government of Flanders also disposes of climatic regional funds, which Mozambique can benefit from. Over the last decade, through delegated cooperation, Enabel has implemented several interventions in Mozambique for the Government of Flanders Development Cooperation. The collaboration may be further strengthened in light of Flanders' new Country Strategy Paper 2021-2025, especially as the strategy places emphasis on creating linkages between health and climate change.
- Enabel will explore access to potential complementary contribution from **regional climate funds** including Flanders, Brussels Capital and Wallonia Region from their climate budget (burden sharing).
- Although both **BIO** and **FINEXPO** are demand based and not proactively contributing to the elaboration of bankable projects, Enabel will facilitate exchange of information resulting from the implementation of the portfolio with potential eligible investors that could benefit from BIO and FINEXPO support.
- **University collaborations and/or twinning** can be explored between Belgian and Mozambican public universities. There is an interest in promoting and strengthening research for low carbon transition in light of the discovery of large gas reserves, with specific involvement of youth. This would involve universities engaging in action research with the inclusion of graduate students. It would therefore be interesting to explore ongoing exchanges between academic institutions and investigate potential collaborations between Belgian and Mozambican universities.
- **VITO:** Enabel, through the CB MIREME/ARENE intervention already cooperates with VITO to support the national provincial authorities on energy and climate modeling tools as well as on the design and implementation of pilot energy access surveys based on the World Bank's Multi-Tier Framework (MTF), which divides energy access in different tiers. Further collaboration can be explored within the renewable energy domain.
- **Wehubit:** DGD supports digital projects in partner countries including Mozambique on multiple themes including empowerment of women and youth, education, smart agriculture, urban development,... In Mozambique, there is currently one ongoing project on "Innovative, clean, resilient and participatory cities", with a focus on supporting the urban solid waste management sector in Nampula and Beira city.

Team Europe

Regarding **climate finance**, Enabel will explore different channels of collaboration to allow Mozambique actors to benefit from different existing financial instruments as follow:

- Enabel will continue to liaise actively with the European Union Delegation and other European actors to further elaborate the TEI on the green deal and to actively contribute to its implementation as to increase the impacts of the present portfolio, especially when considering pillar 2 and 3 (see below);
- Some European actors have developed some specific facilities specifically targeting Municipalities, such as GIZ with the Covenant of Mayors initiative, COM SSA³⁵ or AFD with CICLIA³⁶ (with EU funding) that could in medium term take the shape of a Regional TEI;
- Enabel's first approach to the GCF through the submission of a Simplified Approval Process (SAP) (amount limited to 10M€) for an adaptation project in the water sector was not successful. The conclusion of this experience is that meeting all the requirements of the GCF is not valued in SAP and partnerships with other international actors are to be favoured to submit a proposal.

³⁴ At present Flanders' aid is geographically concentrated on Southern Africa, more specifically, on its three partner countries: South Africa, Mozambique, and Malawi. However, in the years following 2020, the relationship with South Africa will be reoriented and diversified away from a relationship that is primarily based on development cooperation. At the same time, another partner country in North or East Africa will be selected to address the root causes of migration.

³⁵ Covenant of Mayors in Sub-Saharan Africa Boosting low emission and climate resilient infrastructure for growing cities.

³⁶ Cities & Climate in Africa Initiative.

More specifically with regards to the **Team Europe Initiative (TEI)**, the **Green Deal** Task Force (EU, Italy, France and BE) has developed a shared vision for the TEI to **support green transformative change** in Mozambique.

The added-value of Team Europe with the TEI were clearly identified: more financing for the green transition to complement the nationally-focused efforts; a tradition of support in green-related sectors: energy, biodiversity, agriculture, water etc. with good relationship with Mozambican partners; a political and a development partner well-placed to understand and provide advice; working better together as an answer on portfolios fragmentation, coordination, ...; and increased joint policy and political analysis leading to opportunity to coordinate on common positions on the green transition and to improve insights and understanding of local realities and adapted approaches.

Different challenges and takeaways for a successful support were identified: (1) Income from coal and gas and green transition support to get a just energy transition; (2) Green economy and implementation to create and promote a vision for an integrated and coherent green transition; (3) Inequality; (4) Broad systemic issues; (5) the importance of the support to national institutions.

Belgium will continue as an active contributor to the TEI Green Deal Task Force, to support Mozambique's transformative change for a greener transition, especially Pillar 2 - that paves the ground for more green and resilient growth by supporting resiliency on various fronts (seawalls, water provision, resilient buildings, local adaptation plans) and renewable energy – and Pillar 3. Within this pillar, the TEI seeks a change of mindset and empowerment at the level of government, private sector and civil society through a) a better understanding of the realities on the ground, b) a concerted action of Team Europe to empower essential parts of society, c) increased climate finance, and d) efficient support through targeted high-level technical assistance and policy dialogue. Belgium will also ensure that a gender dimension is further integrated into the green deal, with particular attention to women's participation.

National Partners/ key stakeholders

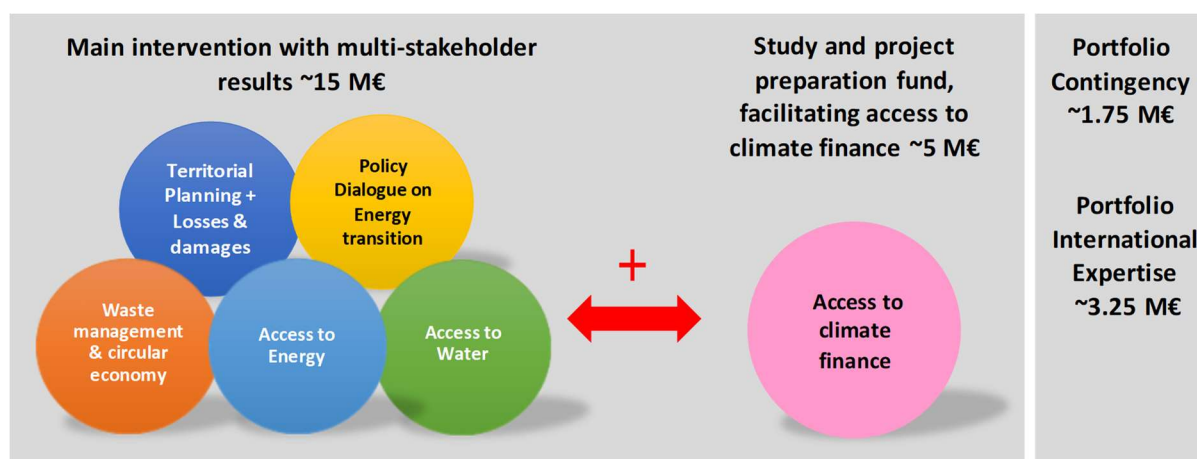
While initially two distinct pillars were identified in the Instruction Letter, during the Theory of Change exercise, it has appeared that the strategy will be based on a matrix approach where different stakeholders will be supported around a set of transversal topics (areas of change) of joint interest to emphasize and boost interlinkages between the different sectors. In this context, the strategy as a whole is aligned with the key national government directives (ENDE, PQG, NDC) as well as sectoral strategies and plans, which foresees engaging with the following national partners:

- **Ministry of Economy and Finance:** already an institutional partner where the Study and Expertise is anchored and benefits from technical assistance on climate finance to support the implementation of NDCs. Considering its central role in managing climate funds and direct links with other technical ministries, it will be a strategic partner going forward as they will most probably be the primary anchorage for the portfolio.
- **Ministry of Land and Environment:** a new institutional partner for Enabel, who will play a crucial role in the waste management and circular economy sectors as well as territorial planning.
- **Ministry of Mineral Resources and Energy:** already an institutional partner responsible for the national energy planning, policy formulation and overseeing the operation and development of the energy sector. They will be heavily involved in the policy dialogue towards a low carbon economy transition.
- **National Energy Regulator:** already an institutional partner benefitting from capacity building support and will have to be involved in the policy dialogue towards a low carbon economy transition.
- **Ministry of Agriculture and Rural Development:** already an institutional partner overseeing the solar irrigation component of the Renewable Energy for Rural Development component. The Minister is responsible for the National Fund for Sustainable Development (FNDS), a strategic partner for Enabel as it is currently one of the only funds in the process of obtaining national accreditation from the GCF. Further capacity building of the Fund can elevate technical and managerial competencies to attract and manage climate funds for the country.

- **National Energy Fund:** already an institutional partner responsible for promoting the development and use of different forms of low-cost energy and the sustainable management of energy resources. They will be involved in the policy dialogue to a low carbon economy transition as well initiatives in the renewable energy sector.
- **National Institute for Disaster Risk Reduction and Management:** a new institutional partner responsible for coordinating the actions to prevent, mitigate and coordinate the response to national disasters in the country. They will play a significant role in supporting building the adaptive capacity of the different sectors to respond to climate shocks.

2.8 Budget envelope

A budget of 25 million € with specific intention to leverage additional funds is planned for Mozambique. Considering the intersectoral and multi-factor essence of the strategy which makes the pillar approach redundant, a preliminary and tentative allocation of the budget envelope consists of approximately 15 million € reserved for one main intervention with different multi-stakeholder results touching upon the different change areas and approximately 5 million € for a study and project preparation fund, facilitating access to climate finance. The exact amounts and structure will still be investigated and defined during the development of the portfolio. At this stage, general means are included in the global amounts. This budget will be elaborated and detailed at the portfolio stage.



2.9 Operational conditions

The **major risks** identified at this stage of the process are the **contextual risks** presented here below. These risks are mainly linked to the state of fragility of Mozambique. The analysis is based on the latest “State of fragility 2020” report and pinpoints the main severe risks that could have an impact on the future portfolio.

The **programmatic and institutional risks**, based on Enabel experience in project management in Mozambique and in other similar projects in different countries, as well as the matrix will be further developed and detailed during the portfolio phase, based on the current FRAME exercise, with a focus on the proposed intervention geographic area(s) and on the potential risk management measures to be taken. This analysis will also document how Enabel intends working on specific fragility dimensions, especially on the environmental fragility which is at the heart of the project.

Contextual risks³⁷

³⁷ <http://www3.compareyourcountry.org/states-of-fragility/countries/MOZ>

Risk	Probability	Impact	Potential risk management measures
Economic dimension			
Socioeconomic vulnerabilities + natural disasters affecting economic asset	High	High	<ul style="list-style-type: none"> Contribute to population resilience
Dependence and opportunities to exploit natural resources, especially gas and coal for export	Medium	Medium	<ul style="list-style-type: none"> Gas identified as cleaner energy but coal considered as very polluting to be acknowledged as beyond the control of the present strategy
Political dimension			
Tensions linked to the electoral process: Provincial elections are planned in 2023 and presidential planned in 2024	Low	Low	<ul style="list-style-type: none"> Update of the Enabel security guidelines concerning that kind of risks Adaptation of the operational planning during electoral period
Environmental dimension			
Recurrent disaster risk, especially cyclones and droughts	High	High	<ul style="list-style-type: none"> Working on population resilience, support to early warning system, capacity building... Update of the Enabel security guidelines concerning that kind of risks
Covid pandemic resurgence	Medium	Medium	<ul style="list-style-type: none"> Adapt flexibility on planning follow-up rules
Security dimension			
Armed conflict in the North of the country (including population displacement)	Medium	Medium	<ul style="list-style-type: none"> Follow Belgium diplomatic office's guidance (and benchmarking with other agencies) Give due consideration to all dimensions of the humanitarian-development-peace (HDP) Nexus Update of the Enabel security guidelines
Control over territory: Attacks on the road occurred in provinces of Sofala and Manica	Medium	Medium	<ul style="list-style-type: none"> Travel restriction during night Monitoring of the situation and adaptation of security guidelines
Societal dimension			
Displacement of population especially in North region (following conflict and natural disaster)	Medium	Medium	<ul style="list-style-type: none"> Integrate population as beneficiaries of the portfolio Additional pressure on natural resource to be mitigated (mediation, specific support, monitoring...) Community dialogue and promote social cohesion
Human dimension			
Low public sector capacity in terms of unfilled vacancies due to recruitment stop and low wage incentives to attract and retain professional staff	High	Medium	<ul style="list-style-type: none"> To be acknowledged; as it might affect the good implementation of the programme foresee an adequate reinforcement Sponsor and train national youth to be integrated into the public administration staff (fill resource gap)
Gender dynamics are not properly assessed, leading to inadequate reach to women	Medium	Medium	<ul style="list-style-type: none"> Gender analysis will inform portfolio development Resources will be earmarked for gender mainstreaming
AIDS prevalence ³⁸	Medium	Medium	<ul style="list-style-type: none"> Information of the staff Mainstreaming of AIDS prevention on the work floor

Hypotheses

- The minimal security conditions are available to implement the proposed activities and the recovery from the various natural disasters;

³⁸ Prevalence is of 14.4% for women and 8.6% for men.

- The local authorities of the selected regions are aware of climate issues and are favourable to downscale national related policies;
- The population can become aware of environmental / climate issues and greener solutions, when these are offered at affordable costs (even if subsidized), as well as appropriate behaviour;
- Public and private actors, as well as civil society, are becoming positive actors and are willing to join forces to propose more appropriate ecological solutions;
- Mozambican authorities ensure an adequate legislative, regulatory and normative framework;
- Financial resources are made available to undertake a significant move towards green public services and energy transition;
- The reimbursement of VAT and taxes issue is solved.

3. Selected aid and implementation modalities

Considering the guidelines set by the Letter of Instruction, the envisaged aid modality is the **project approach**.

The portfolio will be **implemented under the responsibility of Enabel in partnership with local and national authorities**. Other actors in **civil society**, the **private sector** and **regional actors** (if relevant) will be closely involved in the implementation.

In addition to direct implementation by intervention teams and the provision of expertise in various forms, Enabel can, depending on the applicable legislative and regulatory framework:

- subcontract operations (services, works and supplies) to economic operators via **public procurement** procedures;
- rely on **grants** at the level of the portfolio components for which public or private organizations may have specific mandates or expertise;
- use the actions and / or expertise of public entities, under Belgian or European public law through **cooperation agreements** (“non-institutionalized horizontal cooperation”) in the areas of the portfolio for which these entities present a significant comparative advantage.

It is worth to be mentioned here that other actors financed by the Belgian cooperation (namely UNCDF, FAO, UN Women, Red cross Flanders, Ex-Change, Apopo, FOS, LIVIA, Action Aid, AVSI) are active in Mozambique. Operational partnerships are expected to enhance synergies and complementarities, the contractual modalities for such partnerships will be further explored within the limits of Enabel’s legal framework.

Taking into account the multi-actor context, as well as the geographical targeting and the anchoring of the components of the thematic portfolio, a balanced **coordination mechanism** will be put in place to manage partnerships and to ensure mobilization of various expertise in support of all stakeholders.

The governance structure will include **steering committees** for each national component of the portfolio, composed of various institutional partners (ministries, agencies, representatives of the private sector, unions and other civil society actors) who ensure the strategic coherence, assess progress and take, if necessary, all the measures necessary for its reorientation in accordance with the regulatory legal framework (Specific Agreement).

A **monitoring and learning system** will be defined by Enabel during the development and implementation of the portfolio and supplemented by regular external reviews and audits; this can be at the level of the country components and sometimes at the level of the portfolio as a whole. The ambition is to be able to aggregate and monitor portfolio-wide indicators for learning, accountability and strategic steering purposes.

4. Respective obligations and mutual engagements

The mutual obligations and responsibilities of the Mozambican and Belgian parties ensue from the General Agreement between the two countries and the provisions defined in the Specific Agreement that will govern the Programme. Linked to these specific modalities which will be determined in the portfolio elaboration process for Mozambique, it is important that Mozambique:

- Designates a ministry/public entity as the entity that is responsible for following up the Country portfolio;
- Accepts the presence of representatives of the various partners proposed by the Belgian party;
- Recognises the importance of governance and the fight against corruption;
- Confirms on the occasion of the elaboration of the Country portfolio its engagements regarding its workforce, its financial and material means as well as the various engagements under Mozambican responsibility that will be specified in the portfolio document and/or the Specific Agreement;
- Commits to providing requested information from its national system regarding the retained indicators in due time;
- With regard to taxes and duties to be paid, it would be advisable to amend the General Agreement so that reimbursement is no longer required.

5. Strategy change mechanisms

Pursuant to Article 8, §4 of the Management Contract, every year, the Diplomatic Post in Maputo and the Representation of Enabel jointly assess the Country Strategy, whilst taking into account the priorities of Mozambique. Where assessment leads to a change of (i) the results framework with general objective, specific objective(s) and, where applicable, impact-level indicators, (ii) priority target groups, (iii) aid and implementation modalities retained, or (iv) operational conditions to be respected, the Strategy is changed following the procedure described in the Management Contract for elaborating a (new) Country Strategy.

Where the general priorities and general objectives to be achieved or the acceptable level of risk are changed, the Letter of Instruction must be changed following the procedure described in the Management Contract for elaborating a (new) Letter of Instruction.

The assessment of the strategy of that Mozambique-Belgium programme 2023-2027 will be based on:

- The annual report on country portfolio implementation elaborated by the Representation of Enabel. This report is destined for the Diplomatic Post and for Enabel's Board of Directors. It at least comprises an overview of (i) the relevance of the initial strategy, (ii) the progress made in achieving the objectives and results of the interventions, (iii) the changes to the country portfolio, (iv) budgetary execution, and (v) the main issues, risks and opportunities. The annual report may make proposals for revising the Country Strategy. These proposals will be discussed in the strategic consultation instance installed under the Specific Agreement (Joint Consultation Committee).
- The Mid-term Reviews of the various pillars, components or interventions of the programme.
- The most recent documents of reference with the partner country's priorities

Acronyms

AFD	French Development Agency (Agence Française de Développement)
AIAS	Water Supply and Sanitation Administration (Administração de Infraestruturas de Abastecimento de Água e Saneamento)
ALER	Lusophone Renewable Energy Association (Associação Lusófona de Energias Renováveis)
AMER	Mozambican Renewable Energy Association (Associação Moçambicana de Energias Renováveis)
ANAMM	National Association of Mozambican Municipalities (Associação Nacional de Municípios de Moçambique)
ARENE	Energy Regulatory Authority (Autoridade Reguladora de Energia)
ARES	Academy of Research and Higher Education (Belgium)
AURA	Regulatory Authority of Water (Autoridade Reguladora de Água)
AVSI	Association of Volunteers in International Service
BACA	Belgian Alliance for Climate Action
BE	Belgium
CB	Capacity Building
CB MIREME/ ARENE	Capacity Development of MIREME and ARENE in Mozambique
CDD	Centre for Democracy and Development
CE	Circular Economy
CfP	Call for proposal
CICLIA	Cities & Climate in Africa Initiative
CIP	Center for Public Integrity (Centro de Integridade Pública)
CO2	Carbon dioxide
COM SSA	Covenant of Mayors Sub-Saharan Africa
CotW - CCR	Coalition of the Willing on Climate Change and Resilience
CSOs	Civil Society Organizations
CTCN	Climate Technology Centre & Network
D4D	Digitalisation for Development
DGD	Directorate-General for Development Cooperation and Humanitarian Aid
DNAAS	National Directorate for Water Supply and Sanitation (Direcção Nacional de Abastecimento de Água e Saneamento)
DPOP	Provincial Directorates of Public Works
DUAT	Right to Use and Benefit from the Land (Direito do Uso e Aproveitamento da Terra)
EDM	Mozambican Power Company (Electricidade de Moçambique)
ENDE	National Development Strategy 2015-2035 (Estratégia Nacional de Desenvolvimento 2015-2035)
ENE	National Electrification Strategy (Estratégia Nacional de Electrificação)
EPR	Extended Producer Responsibility
EU	European Union
EU NDICI	European Union Neighbourhood, Development and International Cooperation Instrument
FAO	Food and Agriculture Organization of the United Nations
FCDO	Foreign, Commonwealth and Development Office of the United Kingdom
FIPAG	Fund for Investment and Assets of Water Supply (Fundo de Investimento e Património do Abastecimento de Água)
FNDS	National Fund for Sustainable Development (Fundo Nacional de Desenvolvimento Sustentável)
FPS	Federal Public Service (Belgium)
FRELIMO	Front for the Liberation of Mozambique (Frente de Libertação de Moçambique)
FTP	Financial and Technical Partners
FUNAE	National Energy Fund (Fundo de Energia)
FOS	Socialist Solidarity (BE -NGO)
GCF	Green Climate Fund

GEF	Global Environment Facility
GGGI	Global Green Growth Institute
GHG	Greenhouse gases
GIIMC	Inter-Institutional Group on Climate Change (Grupo Inter-institucional de Mudanças Climáticas)
GIS	Geographical Information System
GIZ	German development agency (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH)
GO	General Objective
GoM	Government of Mozambique
HIV	Human Immunodeficiency Virus
HRBAD	Human Rights Based Approach to Development
ICS	Improved Cooking Stoves
IDP	Internally Displaced People
ICT	Information and Communication Technologies
IESE	Institute of Social and Economic Studies (Instituto de Estudos Sociais e Económicos)
IL	Instruction Letter
INGD	National Institute for Disaster Risk Reduction and Management (Instituto Nacional de Gestão e Redução do Risco de Desastres)
INIR	National Irrigation Institute (Instituto Nacional de Irrigação)
IPCC	Intergovernmental Panel on Climate Change
IWRM	Integrated Water Resources Management
KfW	German Development Bank (Kreditanstalt für Wiederaufbau)
KIC	Key Intermediate Changes
LNG	Liquefied Natural Gas
LoCAL	Local Climate Adaptive Living Facility
LVIA	Lay Volunteers International Association
M&E	Monitoring and Evaluation
MADER	Ministry of Agriculture and Rural Development (Ministério de Agricultura e Desenvolvimento Rural)
MEET	Meaningful Equality Empowerment Transparency
MEF	Ministry of Economy and Finance (Ministério de Economia e Finanças)
MIREME	Ministry of Mineral Resources and Energy (Ministério dos Recursos Minerais e Energia)
MOPHRH	Ministry of Public Works, Housing and Water Resources (Ministério de Obras Públicas, Habitação e Recursos Hídricos)
MRV	Measurement, Reporting and Verification
MTA	Ministry of Land and Environment (Ministério da Terra e Ambiente)
MTF	Multi-Tier Framework
MWE	Mozambican Women of Energy
NAMA	Nationally Appropriate Mitigation Actions
NCCAMS	National Climate Change Adaptation and Mitigation Strategy 2013-2025
NDA	National Designated Authority
NDC	Nationally determined contributions
NDE	National Designated Entity
NGCA	Non-governmental cooperation actors
NGOs	Non-governmental organizations
O&M	Operation and Maintenance
OECD - DAC	Organization for Economic Cooperation and Development Assistance Committee
OMR	Observatory for Rural Areas (Observatório do Meio Rural)
OVO	Entrepreneurs for entrepreneurs (Ondernemers voor Ondernemers)
PEC	Education Community Programmes (Programa de Educação Comunitária)

PPP	Public-Private Partnership
PQG	5-year Government Plan (Plano Quinquenal do Governo)
PV	(Solar) Photovoltaic
R&D	Research and Development
RBF	Results Based Financing
RENAMO	Mozambican National Resistance (Resistência Nacional Moçambicana)
RERD2	Renewable Energy for Rural Development Phase 2
SAP	Simplified Approval Process
SCF	Standing Committee on Finance
SDG	Sustainable Development Goals
SDPI	District Services for Planning and Infrastructure (Serviços Distritais de Planeamento e Infraestrutura)
SEF	Study and Expertise Fund
SHS	Solar Home System
SIDA	Swedish International Development Cooperation Agency
SINAS	WASH Sector National Information System
SMEs	Small and medium-sized enterprises
SNV	Netherlands Development Organization
SO	Specific Objective
SPIS	Solar Powered Irrigation System
SSA	Sub-Saharan Africa
TEI	Team Europe Initiative
ToC	Theory of Change
UEM	Eduardo Mondlane University (Universidade de Eduardo Mondlane)
UNCDF	United Nations Capital Development Fund
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
UN Women	United Nations Women
ValoRe	National Programme for Sustainable Waste Management
VITO	Flemish Institute for Technological Research (Vlaamse Instelling voor Technologisch Onderzoek)
VLIR	Flemish Interuniversity Council (Belgium)
WASH	Water, Sanitation and Hygiene
WEFE	Water-Energy-Food Security-Ecosystem

Enabel Glossary

Global Challenges (GCs): Global challenges on which Enabel focuses in its 2030 Strategy (Human mobility, Climate, Inequality, Urbanisation, Peace and Security), each of which will dispose of a Macro-ToC.

Priority theme: Theme advanced by Belgian and partner country authorities.

Transversal theme: Defined in the Belgian cooperation Law: 1) Gender and 2) the Environment & Climate.

Pillar: Component of a Country Portfolio.

Strategic axes (building blocks/major components): A consistent 'set of actions' constituting Enabel's chosen positions at strategy level (e.g. structural investments, financial support, non-financial support, strengthening of the legal framework...).

ToC (Enabel): The Theory of Change substantiates the how (and why) of assumed change over time in an area of (social) intervention, taking into account the influence of the context, actor features, evidence from the change process and underlying assumptions.