

# ***EVALUATION OF THE EUROPEAN COMMISSION'S SUPPORT TO THE REPUBLIC OF MOZAMBIQUE***

Country Level Evaluation  
*Contract n°EVA/116-828*

**Final Report  
Annexes**

**14<sup>th</sup> December 2007**

***Evaluation for the European  
Commission***



This evaluation is commissioned by:

**The Evaluation Unit common to:**

EuropeAid Co-operation Office,  
Directorate General for Development  
and  
External Relations Directorate-General

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***The opinions expressed in this document represent the authors' points of view, which are not necessarily shared by the European Commission or by the authorities of the countries concerned.***

#### Status and versions of the document

<b>Vers.</b>	<b>Date</b>	<b>Status</b>	<b>Feedback /</b>	<b>Date</b>	<b>Reference</b>
01	10/06/07	1 <sup>st</sup> draft Final Report			
02	15/06/07	2 <sup>nd</sup> draft Final Report			
03	17/08/07	3 <sup>rd</sup> draft Final Report			
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## **Annex A      Terms of Reference**



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## I. MANDATE AND OBJECTIVE

Systematic and timely evaluation of its expenditure programmes is a priority of the European Commission (EC), as a means of accounting for the management of the allocated funds and of promoting a lesson-learning culture throughout the organisation. Of great importance also, particularly in the context of the programmes of the so-called Relex Family Directorates-General<sup>1</sup>, is the increased focus on impact against a background of greater concentration of external cooperation and increasing emphasis on result-oriented approaches.

The present evaluation on the European Commission's support to the **Republic of Mozambique**, hereafter referred to as **Mozambique**, is part of the **2006** evaluation programme as approved by External Relations Commissioners.

The main objectives of the evaluation are:

- to provide the relevant external co-operation services of the EC and the wider public with an overall independent and accountable assessment of the Commission's past and current co-operation relations with **Mozambique**;
- to identify key lessons from the Commission's past overall co-operation, and thus provide the Commission's policy-makers and managers with a valuable aid for the implementation of the current Strategy and Indicative Programmes and indication for the revision of future strategy and implementation.

## II. BACKGROUND

### GENERAL EC DEVELOPMENT STRATEGY

1. The European Union's co-operation policy is based on Article 177 of the Treaty establishing the European Community (EC). It determines that the sphere of development co-operation shall have three objectives namely: fostering sustainable development of developing countries; assisting the smooth and gradual integration of the developing countries into the world economy and campaigning against poverty in the developing countries.
2. In November 2000, the Council and the Commission endorsed a Development Policy Declaration<sup>2</sup> that identifies six priority themes/areas. These are: Trade and Development; Regional Integration and Co-operation; Support to Macro-economic Policies linked to Social Sector Programmes; Transport; Sustainable Rural Development and Food Security; and Institutional Capacity Building, Good Governance and the Rule of Law. Environment and Gender are considered as crosscutting issues, which needs to be integrated into all these six themes in order to make development sustainable.
3. The EC has made Poverty Reduction Strategies (PRSPs) the point of departure for its Country Strategy Papers (CSPs) in all countries that have/produce a PRSP. The PRSP approach, with its six principles: (1) national ownership, (2) results focus, (3) comprehensive, (4) prioritised, (5) long-term, and (6) partnership-oriented, forms the core for donor support, and the common framework within which all stakeholders

<sup>1</sup> Directorates General of External Relations, (RELEX), Development (DEV), Enlargement (ELARG), Trade (TRADE) and the EuropeAid Co-operation Office (AIDCO).

<sup>2</sup> Council document 13458/00.

supporting poverty reduction in a country expect to work<sup>3</sup>. Furthermore CSPs are the culmination of a joint programming process, which started with the launching of the Cotonou Agreement in January 2001 and involved many actors (the European Commission, EU Member States, the Government, civil society and the private sector).

4. The overall policy objectives towards Africa are stated in the 2005 Communication (COM /2005/489 final). The document gives a comprehensive, integrated and long-term framework for the EU relations with Africa.
5. In February 2006 "The European Consensus" (2006/C46/01) - a joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on the EU Development Policy – was adopted. "The European Consensus" presents common objectives and principles for development co-operation (poverty eradication, ownership, partnership, delivering more and better aid, promoting policy coherence for development) as well as it sets out the renewed European Community Development Policy.

#### EUROPEAN COMMISSION COOPERATION STRATEGY WITH MOZAMBIQUE

6. At independence in 1975, Mozambique was one of the world's poorest countries. The civil war and political instability (1977 – 1992) ended only at the beginning of the '90s. A new constitution in 1990, Rome General Peace Accords in 1992 and finally first democratic elections in 1994 started peace and democracy processes in Mozambique. Since 1992 substantial progress has been made in terms of governance and economic development. Thanks to the increased political stability, economic reforms and financial support from the international community, the GDP growth since 1993 has been significant despite the negative impact of the floods in the years 2000-2001. Nevertheless, Mozambique still remains highly dependent upon foreign assistance and the majority of the population remains below the poverty line.
7. The development partnership between the EU and Mozambique started more than 20 years ago. The forms of co-operation have been developing during the past years. As stated in the EC – Mozambique 2003 Joint Annual Report, Mozambique experienced the transition from an emergency assistance to a phase of post-war rehabilitation and finally the development process.
8. From 1978 the European Commission disbursed more than €1,790 million euro from European Development Funds, European Investment Bank funds and budget lines in the framework of the development partnership with Mozambique.
9. In April 2001, the Government of Mozambique approved the Strategy Document for the Reduction of Poverty and Promotion of Economic Growth 2001-2005 (PARPA). The main objective of the PARPA is to reduce substantially the level of absolute poverty of 70% of the population in 1997 to less than 50% in 2010. The strategy comprises policies and programmes in 6 priority areas for poverty reduction: Education, Health, Agriculture and Rural Development, Basic Infrastructure, Good Governance, Macroeconomics and Financial Management.
10. A new government's Poverty Reduction Strategy Paper (**PARPA II, 2006-2009**) has been recently approved. The two main objectives of the new PARPA II are, on the one hand, to decrease the incidence of poverty from 54% in 2003 to 45% in 2009, and on

<sup>3</sup> PRSP review: key issues  
[http://www.cc.ccc/home/dgserv/dev/body/theme/docs/B2/PRSP\\_review\\_key\\_issues.pdf#zoom=100](http://www.cc.ccc/home/dgserv/dev/body/theme/docs/B2/PRSP_review_key_issues.pdf#zoom=100)

the other, the promotion of fast, sustainable and broad based growth. This is to be achieved through actions developed in 3 pillars: governance, human capital and economic development. The main priorities are as follows: development of human capital namely in terms of education/culture, health, and access to drinkable water; economic development through, *inter alia*, the development of basic infrastructure, agriculture and rural development and improvement of macroeconomic and financial management.

11. In February 2002 the EC and the Government of Mozambique signed the Country Strategy Paper (CSP) and the National Indicative Programme (NIP) for the years 2001-2007, to be financed from a combination of the 9th EDF and the EC budget. In line with PARPA priorities, the CSP addresses three main focal areas, which are: **1) Macroeconomic Support; 2) Transport Infrastructure, 3) Food Security and Agriculture.** Other important areas of intervention in the strategy agreed include: **HIV-AIDS and Health, Good Governance, and Support to Non-State Actors.**
12. The new Country Strategy Paper (CSP) and the National Indicative Programme (NIP) for the next programming period (2007-2013) have been prepared and are now at the stage of final draft.
13. In addition, Mozambique benefits from financial resources from EC budget lines (mainly food security), as well as from EIB loans.
14. A mid-term review of the CSP and NIP was carried out in 2004. The achieved results in the focal areas were assessed positively.
15. A Memorandum of Understanding between the Government of Mozambique, the European Commission, and the 14 partners providing budget support (G15) was signed in April 2004.
16. In February 2001, the Council adopted the so-called “Everything But Arms” Regulation” (Regulation (EC) 416/2001), granting duty-free access to imports of all products from least developed countries without any quantitative restrictions, except to arms and munitions. Mozambique is one of the beneficiaries of this initiative.
17. Furthermore, a Fisheries Agreement between the European Community and Mozambique entered into force on 1 January 2004 (valid for 3 years).
18. The government of Mozambique decided to negotiate an European Partnership Agreement (EPA) with the European Community under the Southern African Development Community (SADC). Formal negotiations of European Partnership Agreements (EPAs) with seven members of the Southern African Development Community (including Mozambique) started in July 2004.

### III. SCOPE OF THE EVALUATION

The scope of the evaluation is the Commission’s co-operation strategies with Mozambique and their implementation for the period 2001-2007.

The Consultant should assess:

- the relevance, coherence and complementarity of the Commission’s co-operation strategies for the period 2001-2007;
- ,the consistency between programming and implementation for the same period;

- the implementation of the Commission's co-operation, focusing on effectiveness and efficiency for the period 2001-2005 and on intended effects for the period under the current programming cycle 2001-2007;
- the following focal and non-focal co-operation areas in particular:

(a) **Macro-economic support**

(b) **Transport infrastructures**

(c) **HIV/AIDS**

(d) **Governance** (should be addressed at all levels and in all sectors of the response strategy both as a prerequisite for support and as an area of support in itself)

(e) **Food security and agriculture**

The precise weight to give to each sector will be discussed with the reference group in the structuring phase of the evaluation.

Special attention should be devoted to the health **and HIV/AIDS** as non-focal and cross-cutting sector which is fundamental to the effective aid delivery in the country.

The support to **macro-economic** sector has been recently evaluated in a joint multi-donor evaluation of general budget support which should be taken in due account; hence the attention should be put on the evolution and on the latest interventions and in this sector.

In addition to EDF funding, Commission support to Mozambique during the period 2001- 2006 also involved support from several budget lines of which the following were the most important and will have to be covered by the evaluation: food aid/food security, NGO co-financing, human rights and democracy, and environment and forests.

- the cooperation framework with the country, including the main agreements and other official commitments between EU and Mozambique. Also the new programming document the CSP/NIP for the period 2007-2013 should be taken in account.

*NB: Previous relevant evaluations, at country level and at regional level as well as global thematic evaluations relating to the country and evaluations of instruments are important reference material to be taken into account. The Consultant should not deal with the points already covered by these evaluations but use them and carry out further analyses. Result Oriented Monitoring of Projects (ROM) related Mozambique should also be taken into consideration (see CRIS database) on the assessment of the country programme.*

#### IV. THE EVALUATION'S BASIC METHODOLOGY AND APPROACH

The evaluation basic approach will consist of **five phases** in the course of which several methodological stages will be developed. The Consultant's contribution is essentially the area marked grey in the table below, to which the launch note should be added.

<i>Phases of the evaluation:</i>	<i>Methodological Stages<sup>4</sup>:</i>
1. Preparation Phase	<ul style="list-style-type: none"> <li>▪ Reference group constitution</li> <li>▪ ToR's drafting</li> <li>▪ Launch Note (Consultant)</li> </ul>

<sup>4</sup> These components are not entirely sequential.

<i>Phases of the evaluation:</i>	<i>Methodological Stages<sup>4</sup>:</i>
2. Desk Phase <sup>5</sup> 3. Field Phase 4. Synthesis phase (seminar in the country)	<ul style="list-style-type: none"> <li>▪ Structuring of the evaluation</li> <li>▪ Data Collection<sup>6</sup>, verification of hypotheses</li> <li>▪ Analysis</li> <li>▪ Judgements on findings</li> </ul>
5. Feedback and Dissemination	<ul style="list-style-type: none"> <li>▪ Quality Grid</li> <li>▪ Summary for the Commissioners concerned</li> <li>▪ Evinfo (summary for OECD and Commission databases)</li> <li>▪ <i>Fiche contradictoire</i> (a statement of key recommendations followed by the Commission's response)</li> </ul>

#### IV.1. Preparation Phase

The evaluation manager identifies the Commission services to be invited to be part of the reference group, taking care that the objectives are met: an input of expertise and information, the expression of a range of pertinent opinions from the Commission and the legitimacy of the evaluation process.

The reference group acts as the main professional interface between the Consultant and the Commission services. The group's principal functions will be:

- to provide an opinion on the draft Terms of Reference ;
- to provide the Consultant with all available information and documentation about the subjects of the evaluation;
- to examine the inception note and subsequent reports produced by the Consultant;
- to provide a judgement on the quality of the work of the Consultant;
- to assist in assuring feedback and the update of the findings and recommendations from the evaluation into future programme design and delivery.

The evaluation manager prepares the draft ToR for the evaluation and sends these to the Consultant.

The Consultant will present a *Launch note*<sup>7</sup> which should contain: (i) his understanding of the ToR; (ii) the provisional composition of the evaluation team with CVs; (iii) a budget proposal. The launch note will be referred to the reference group for comments.

#### IV.2. Desk phase

##### *IV.2.1. Inception report*

Upon approval of the launch note by the Evaluation Unit, the Consultant proceeds to the structuring stage, which leads to the production of an inception report.

<sup>5</sup> It includes interviews in Brussels and could include a short mission to the country

<sup>6</sup> The study will draw on the contents of (i) all relevant documentation supplied by the Commission Services, and (ii) documentation from other sources (to be detailed).

<sup>7</sup> In the case of a tender procedure, the launch note will be replaced by the financial and technical proposal of the tender

The main part of the work consists in the analysis of all key documents which are to the Commission's co-operation (past and present) with Mozambique (in particular the strategy and programming documents). The Consultant will also take account of the documentation produced by other donors and international agencies.

On the basis of the information collected and analysed, the Consultant will:

- a) reconstruct the intervention logic of the EC in the framework of its co-operation with Mozambique. The reconstructed logic of the intervention will be shaped into one or more logical diagrams of effects which must be based strictly on official texts. Prior to the elaboration of the effects diagram(s), the Consultant will have (i) identified and prioritized the co-operation objectives as observed in official texts; (ii) translated these specific objectives into intended effects. These intended effects will form the "boxes" of the diagram(s). Possible "gaps" in the intervention logic should be indicated and filled on the basis of assumptions to be validated by the reference group. The logical diagram(s) of effects will help to identify the main evaluation questions;
- a) propose evaluation questions and prepare explanatory comments for each. The choice of the questions determines the subsequent phases of information and data collection, elaboration of the methods of analysis, and elaboration of final judgements;

*A first meeting will be held with the Reference group to explain and approve the logical diagram(s) and the evaluation questions.*

- b) identify appropriate judgement criteria and preliminary indicators for each evaluation questions selected. For each question, at least one judgement criterion should be identified, and for each such criterion appropriate a limited number of quantitative and qualitative indicators should be identified;
- c) include a description of the development/co-operation context of the Commission with [country];
- d) propose suitable working methods to collect data and information in the Commission's headquarters and in the country and present appropriate methods to analyse the collected data and information, indicating any limitations.

The report will also confirm if necessary, (i) the final composition of the evaluation team and (ii) the final calendar. These two latter points will be agreed and confirmed through a formal exchange of letters between the Consultant and the Commission.

This phase *may* include a short preparatory and exploratory visit in the field by the Consultant and/or a representative of the Evaluation Unit.

#### *IV.2.2. Desk phase report*

Upon approval of the inception report, the Consultant proceeds to the final stage of the desk phase during which he will:

- present the finalised quantitative and qualitative indicators;
- present the first elements of responses to the evaluation questions and the first hypotheses to be tested in the field;
- present suitable methods of data and information collection in the country indicating any limitations and describing how the data should be cross-checked;

- propose appropriate methods of analysis of the information and data collected, again indicating any limitations of those methods in **Mozambique**
- propose a list of activities, projects and programmes for in-depth analysis in the field.

At the conclusion of this work, the Consultant will present a draft desk phase report setting out the results of this first phase of the evaluation including all the above listed tasks (the major part of the Inception report will be put as an annex of the desk phase report). **The field mission may not start until the proposed methodology will be approved by the evaluation manager.**

#### IV.3. Field phase

Following acceptance of the desk phase report, the Consultant undertakes the field mission. The fieldwork shall be undertaken on the basis set out in the desk phase report and approved by the Reference group in accordance with the Delegation. If during the course of the fieldwork any significant deviations from the agreed methodology and/or schedule are perceived necessary, the Consultant must have received the approval of the Evaluation Unit before they can be applied. At the conclusion of the field study, the Consultant presents the preliminary findings of evaluation:

- (1) during a de-briefing meeting with the Delegation;
- (2) to the Reference group, shortly after his return from the field.

#### IV.4. Final report-writing phase

The Consultant will submit the draft final report in conformity with the structure set out in annex 2 with account being taken of comments received during de-briefing meetings with the Delegation and the Reference group (cf.4.3).

If the evaluation manager considers the report of sufficient quality (cf. annex 3), he will circulate it for comments to the reference group, which will convene to discuss it in the presence of the evaluation team.

On the basis of comments expressed by the Reference group and the Evaluation Unit, the Consultant will make the appropriate amendments. The revised draft final report will be presented at a **seminar** in Mozambique. The purpose of the seminar is to present the results the conclusions and the preliminary recommendations of the evaluation to the National Authorities, to the Delegation as well as to all the main stakeholders concerned by the co-operation (representatives of civil society organisations, other donors, etc.).

The Consultant should prepare a presentation (*power point*) for the seminar. This presentation shall be considered as a product of the evaluation in the same way as the reports.

On the basis of the comments expressed at the seminar and on the basis of further comments from the Reference group, the Delegation and/or the evaluation manager, the Consultant will prepare the final report. The Consultant may either accept or reject the comments but in case of rejection he must motivate (in writing) his reasons (the comments and the Consultant's responses are annexed to the report).

The presentation (*power point*) will be revised in accordance to the final report.

#### IV.5. Dissemination and follow-up

After approval of the final report, the Evaluation Unit proceeds with the dissemination of the results (conclusions and recommendations) of the evaluation. The Evaluation Unit (i) makes a formal judgement on the quality of the evaluation (cf. annex 3); (ii) prepares an evaluation summary following the standard DAC format (EvInfo); (iii) prepares and circulates a "Fiche

contradictoire”. The final report, the quality assessment grid, the EvInfo and the “Fiche contradictoire” will be published on the Website of the Evaluation Unit.

## V. Identification of the evaluation questions

The evaluation will be based on the five criteria endorsed by the OECD-DAC: relevance, impact, effectiveness, efficiency and sustainability. The criteria will be given different weight according to the precise evaluation questions.

In general, questions will refer to the following main areas:

- **Relevance of the strategy/programme:** this includes both relevance to the general objectives of the EC and relevance to the needs and priorities of the Republic of Mozambique (including the choice of target groups).
- **Design of the intervention strategy/programme:** this mainly concerns the extent to which the resources foreseen are adequate in relation to the objectives set out in the programming documents. The Consultant will also verify the extent to which the intervention modalities (instruments, aid delivery channels, etc.) are appropriate to the objectives.
- **Consistency of the implementation in relation to the strategy:** the Consultant shall verify the extent to which the calendar and implementation of the intervention programming (type of interventions, geographical and sectoral distribution, instruments, aid delivery channels, etc.) are consistent with the strategy. He shall demonstrate who are the real beneficiaries, direct or indirect, of the intervention and compare them to the target population(s) in the programming documents.
- **Achievement of main objectives:** the Consultant shall identify all recorded results and impacts, including any unintended ones, and compare these to the intended. The Consultant will also identify the changes which occurred in the areas on which EC programmes were supposed to produce an impact. The consultants will analyse the main reasons for both a successful or unsuccessful impact.

*Efficiency of the implementation:* for the activities which were effective, it will be necessary to question to what extent funding, human, resources, regulatory, and/or administrative resources contributed to, or hindered, the achievement of the objectives and results.

- **Sustainability of the effects:** an analysis of the extent to which the results and impact are being, or are likely to be, maintained over time.

*Key cross-cutting issues:* for example gender, environment human rights, HIV/AIDS, institutional capacity building, etc. Verification should be undertaken, on the one hand, of the extent that account has been taken of these priorities in the programming documents and, on the other hand, to what extent these issues have been reflected in the implementation modalities and in the effects of the intervention.

- **The 3Cs (co-ordination, complementarity and coherence):** co-ordination and complementarity with EU Members States, and other donors; coherence with EU policies (including the Member State own policies).

## VI. Responsibility for the management and the monitoring of the Evaluation

The ultimate responsibility for the management and supervision of the evaluation will rest with the Joint Evaluation Unit (AIDCO 03) with the assistance of a *Reference Group* consisting of members of the services of the Relex family as well as other relevant Directorates General and, where possible, representatives of the partner country, under the chairmanship of the manager of the evaluation. (cf.4.1).

## VII. The Evaluation Team

The Evaluation Team should possess a proven level of knowledge and experience in:

- evaluation methods and techniques in general and, if possible of evaluation in the field of development and cooperation
- development co-operation at the levels of policy, programming and implementation and in particular in the following fields:
- Macro-economic support; Transport infrastructure; Food security and agriculture; HIV/AIDS and Governance.
- the country (Mozambique) and if possible the region;

Additional expertise could be requested after the drafting of the specific evaluation questions.

- full working knowledge of the following languages: English and Portuguese and excellent report writing. The final report should be translated in Portuguese.

The Evaluation Unit strongly recommends that the evaluation team should include local consultants (notably, but not only, during the field phase) with in-depth knowledge of key areas of the evaluation

Regarding conflict of interest, experts who have been involved in the design or implementation of programmes or projects that are covered by this evaluation, are excluded from this assignment.

A declaration of absence of conflict of interest shall be signed by each consultant proposed for the study team, and annexed to the launch note.

## VIII. Timing

The dates mentioned in the following section are indicative

<i>Evaluation Phases and Stages</i>	<i>Notes and Reports</i>	<i>Dates</i>	<i>Meetings</i>
RG Composition	Notes	November 2006	
ToR	Draft	November	
Starting Stage	Launch Note	December	
<b>Desk Phase</b>			
Structuring Stage	Short presentation (logical diagram and EQ)	January 2007	RG Meeting (kick off meeting)
	Draft Inception Note	February	
	Final Inception Note	March	
Desk Study	Draft Desk Report	March	RG Meeting
	Final Desk Report	April	
<b>Field Phase</b>			
	Presentation	May	RG Meeting
<b>Final Phase (report-writing)</b>	Draft Final Report		
	1 <sup>st</sup> draft Final	June	RG Meeting
	2 <sup>nd</sup> draft Final	July	
	Seminar	September	
	Final Report	October	

## IX. Cost of the Evaluation

The overall cost of the evaluation is expected to be around € 180.000

This amount includes a provision (reimbursable costs) of around € 7.000 for the organisation of the seminar in the country.

## **X. Payment Modalities**

The payments modalities shall be as follows:

30% on acceptance of the inception note;

50% on acceptance of draft final report;

20% on acceptance of final report.

Seminar related costs are to be invoiced, and paid, separately.

## ANNEXES

### Annex 1: Key documentation for the evaluation

The below list of basic documents is indicative and by no means exhaustive. The consultants are requested to take into account any other documents relevant to the present evaluation.

Communication from the Commission to the Council and the European Parliament - The European Community's Development Policy. COM (2000) 212 final.

[http://europa.eu.int/comm/external\\_relations/asia/doc/com00\\_212.pdf](http://europa.eu.int/comm/external_relations/asia/doc/com00_212.pdf)

Lome Convention / Cotonou Agreement

Strategy Document for the Reduction of Poverty and Promotion of Economic Growth 2001-2005 (PARPA) 2001

Regulation "Everything But Arms" Regulation" (Regulation (EC) 416/2001); February 2001

Country Strategy Paper (CSP) and the National Indicative Programme (NIP) for the years 2001-2007, 2002

Country Strategy Paper (CSP) and the National Indicative Programme (NIP) for the next programming period (2007-2013) – Final Draft 2006.

EC – Mozambique 2003 Joint Annual Report 2003

Memorandum of Understanding between the Government of Mozambique, the European Commission, and the 14 partners providing budget support (G15); April 2004

Fisheries Agreement between the European Community and Mozambique 2004

Mid-term review of the CSP and NIP 2004

EU Strategy for Africa: Towards a Euro-African pact to accelerate Africa's development (COM /2005/489 final) 2005

The European Consensus" (2006/C46/01) 2006

Human Development Report; UNDP – 2006

Joint Evaluation of General Budget Support 1994 – 2004 (2006)

All National Indicative Programmes for the period covered

All Regional Strategy papers for the period covered

Mid-term review for the period covered

Annual report 2000, 2001, 2002 and 2003 from the Commission to the Council and the European Parliament on the EC development policy and the implementation of the External Assistance:

[http://europa.eu.int/comm/europeaid/reports/index\\_en.htm](http://europa.eu.int/comm/europeaid/reports/index_en.htm)

Communication 615/2003 "Governance and Development "

Communication 421/2006 "Governance in the European consensus on Development "

Council conclusions 19 November 2003, 14453/03 "Governance in the Context of Development Cooperation"

(see websites: EuropeAid, DG Dev and Inter-service Quality Support Group, DG TRADE website (trade and development): <http://europa.eu.int/comm/trade/miti/devel>)

Other Commission/Government Agreements

Relevant documentation from local authorities and other local partners

Key Local Organisations and Government Policy and Planning Documents

Previous Evaluations and Monitoring Reports relating specifically to Mozambique

Evaluations: <http://europa.eu.int/comm/europeaid/evaluation/index.htm>

Food aid/food security evaluation 2004,

Environment and forests regulations evaluation 2004,

Projects and projects evaluation documents will be made available to the evaluation team by the Commission Services concerned.

## Annex 2: Outline Structure of the Final Report

### 1. C. Outline Structure of the Final Report

The final report should not be longer than approximately 50/60 pages. Additional information on overall context, programme or aspects of methodology and analysis should be confined to annexes.

The detailed report structure will be agreed during the evaluation process, taking into account the lessons learnt from the ongoing Country strategy evaluations and the specificity of the present evaluation.

1. Executive summary (5 pages maximum)
2. Evaluation framework: brief background to the evaluation, the purpose of the evaluation, evaluation questions and evaluation methodology.
3. Context (including Commission objectives, overall political economic social situation in **Mozambique**, Commission strategies and programmes for **Mozambique**, and regional programmes)
4. Findings: they should be presented through answers to the evaluation questions. The analysis leading to findings must be clearly visible in the report.
5. Conclusions: they will be organised by clusters (not necessarily following the order of the evaluation questions). Each conclusion should both include a synthesis of the related findings and express a judgement on the aspect of the EC support considered. This part will also include an overall assessment on the EC support to **Mozambique**.
6. Recommendations: they should be clearly linked to the conclusions and prioritised, options should be presented)

Annexes should include:

- logical diagrams of EC strategies;
- judgement criteria forms;
- list of the projects and programmes specifically considered;
- project assessment fiches;
- list of people met;
- list of documentation;
- ToRs;
- any other info which contains factual basis used in the evaluation or tables
- etc.

## Annex 3. Quality Grid

Concerning these criteria, the evaluation report is:	Unacceptable	Poor	Good	Very Good	Excellent
<b>1. Meeting needs:</b> Does the evaluation adequately address the information needs of the commissioning body and fit the terms of reference?					
<b>2. Relevant scope:</b> Is the rationale of the policy examined and its set of outputs, results and outcomes/impacts examined fully, including both intended and unexpected policy interactions and consequences?					
<b>3. Defensible design:</b> Is the evaluation design appropriate and adequate to ensure that the full set of findings, along with methodological limitations, is made accessible for answering the main evaluation questions?					
<b>4. Reliable data:</b> To what extent are the primary and secondary data selected adequate. Are they sufficiently reliable for their intended use?					
<b>5. Sound analysis:</b> Is the quantitative and qualitative information appropriately and systematically analysed according to the state of the art so that evaluation questions are answered in a valid way?					
<b>6. Credible findings:</b> Do findings follow logically from, and are they justified by, the data analysis and interpretations based on carefully described assumptions and rationale?					
<b>7. Validity of the conclusions:</b> Does the report provide clear conclusions? Are conclusions based on credible findings?					
<b>8. Usefulness of the recommendations:</b> Are recommendations fair, unbiased by personal or stakeholders' views, and sufficiently detailed to be operationally applicable?					
<b>9. Clearly reported:</b> Does the report clearly describe the policy being evaluated, including its context and purpose, together with the procedures and findings of the evaluation, so that information provided can easily be understood?					
<b>Taking into account the contextual constraints on the evaluation, the overall quality rating of the report is considered</b>					

*EVALUATION OF .....*

..... report

Volume 1

..... 2006

*Evaluation for the European Commission*



	<p><u>This evaluation was commissioned by:</u></p> <p><b>the Evaluation Unit common to:</b></p> <p>EuropeAid Co-operation Office, Directorate General for Development and External Relations Directorate-General</p>
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This evaluation was carried out by:

..... was the Evaluation consortium contract manager.

*The evaluation was managed by the evaluation unit who also chaired the reference group composed by members of the services (EuropeAid, DG Dev, DG Budget and the EC Delegation in Tanzania) and the Embassy of Tanzania in Belgium.*

***The opinions expressed in this document represent the authors' points of view which are not necessarily shared by the European Commission or by the authorities of the countries concerned.***

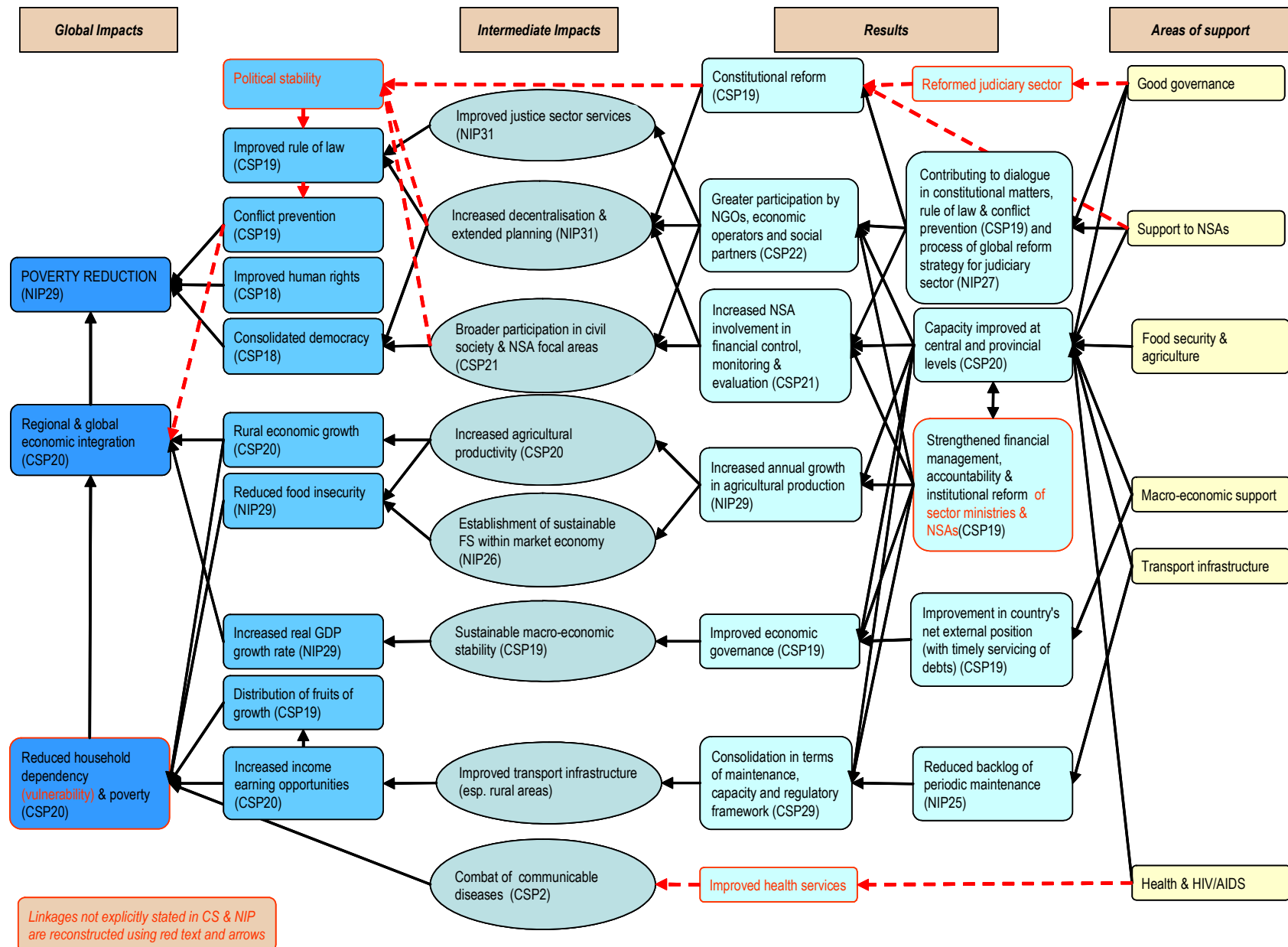
EVALUATION OF THE EC's SUPPORT TO URT					
BUDGET Launch Note - date					
Description	Units	Q.ty	Unit rate euro	Price	Comments
<b>Fixed expenses</b>					
<b>FEES</b>					
<b>Inception Phase</b>					
Team leader - Mr. y	m/d				
Senior expert - Mr. A	m/d				
Medium expert - Mr. b	m/d				
Junior expert - Mr. c	m/d				
National/Regional experts	m/d				
<b>Total inception phase</b>					
<b>Desk Phase</b>					
	m/d				
	m/d				
	m/d				
	m/d				
	m/d				
<b>Total Desk Phase</b>					
<b>Field Phase (outside EU)</b>					
	m/d				
	m/d				
	m/d				
<b>Total Field Phase</b>					
<b>Synthesis Report Phase</b>					
	m/d				
	m/d				
	m/d				
	m/d				
<b>Total Synthesis Phase</b>					
<b>TOTAL A1</b>					
<b>OTHER COSTS</b>					
Translations	page				
Reports production	lump sum				
<b>TOTAL A2</b>					
<b>Reimbursable expenditure</b>					
<b>TRAVEL EXPENSES</b>					
International Travels (EU-Partner country)	Flight				
International Travels ( within EU)	Flight				
International Travels ( within EU)	train				
Local Travels (Partner country)	Flight				
<b>TOTAL B1</b>					
<b>DAILY SUBSISTENCE ALLOWANCES</b>					
DSA in EU Countries	m/d				
DSA in Partner countries (average)	m/d				
<b>TOTAL B2</b>					
<b>TOTAL A + B</b>					

\* On the Fees, m/d should be indicated per expert. All members of the team should appear on the budget (not an overall amount for each category).

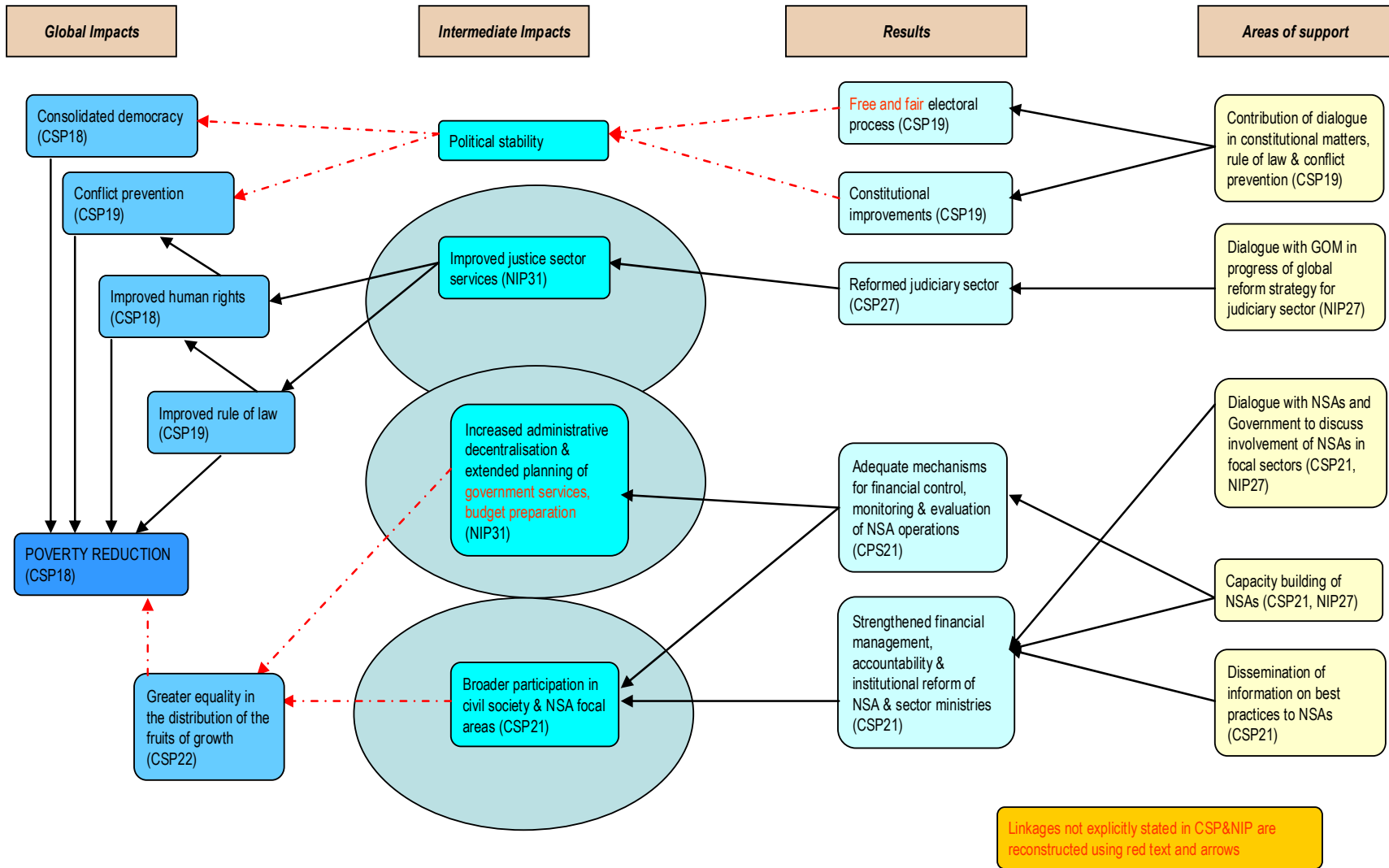
\* The Total m/d for the inception phase shall not be repeated on the desk phase.

## **Annex B      Logical Diagram of EC Strategy**

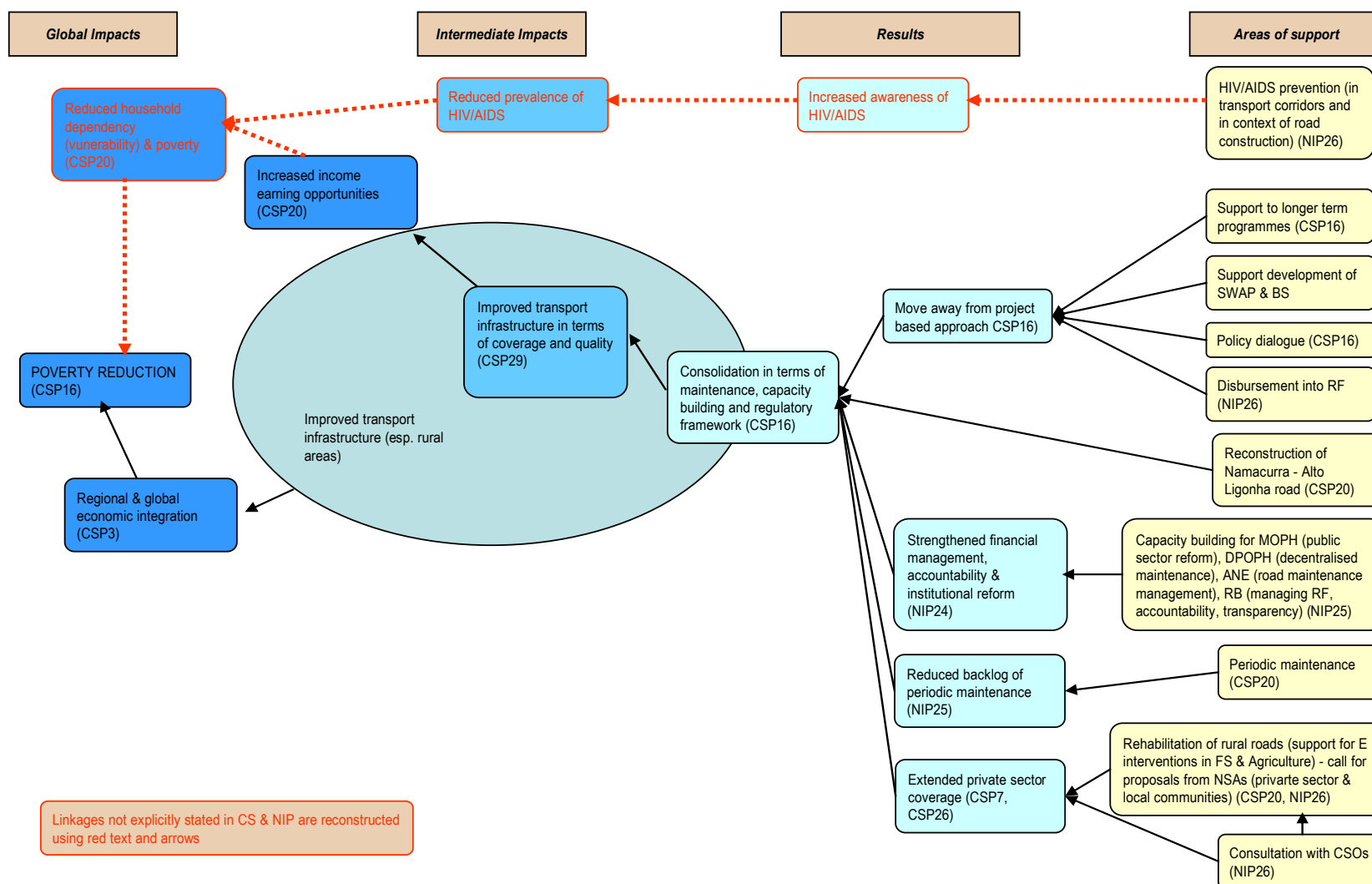




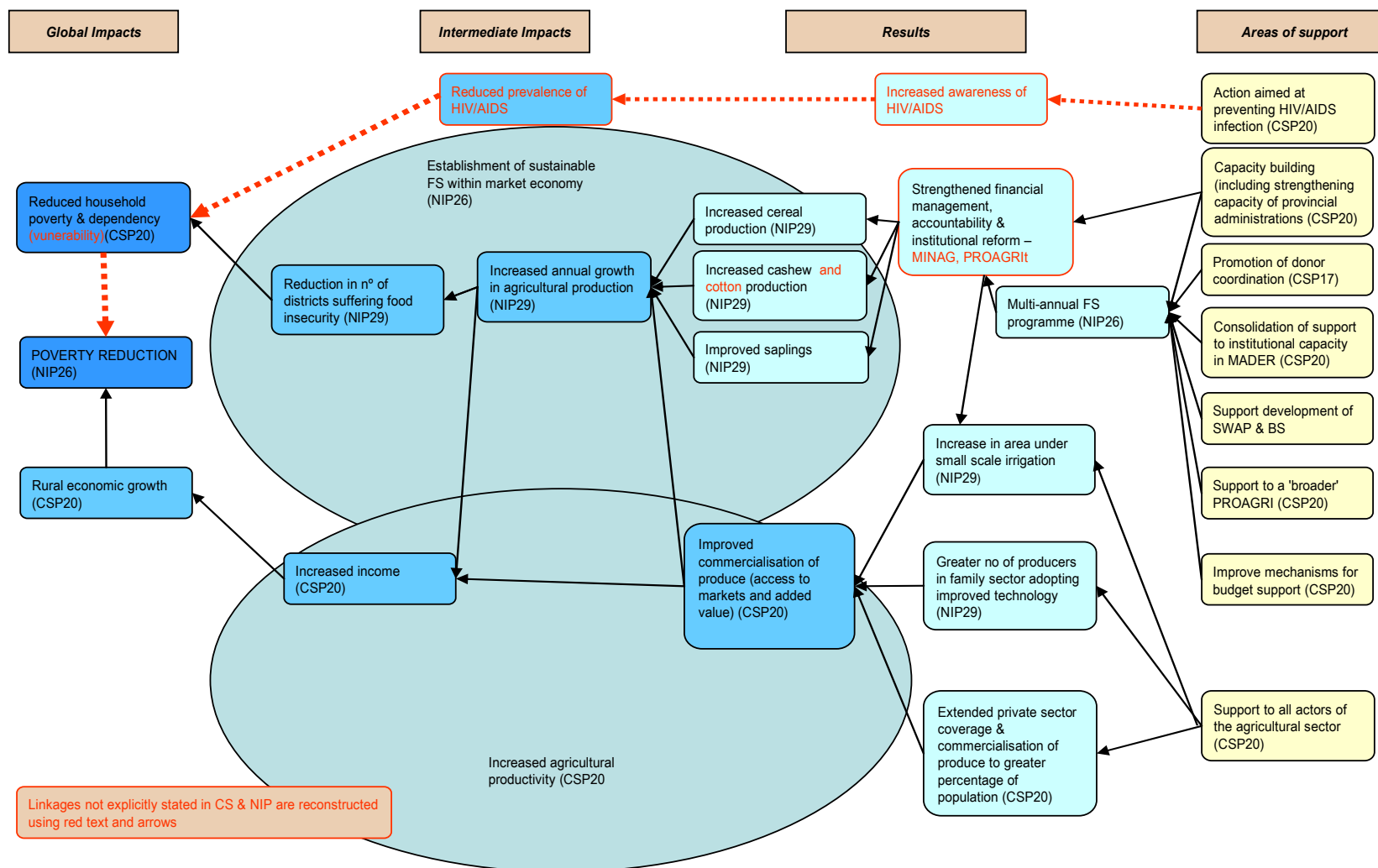
## Effects diagram – Good Governance & Support to NSAs



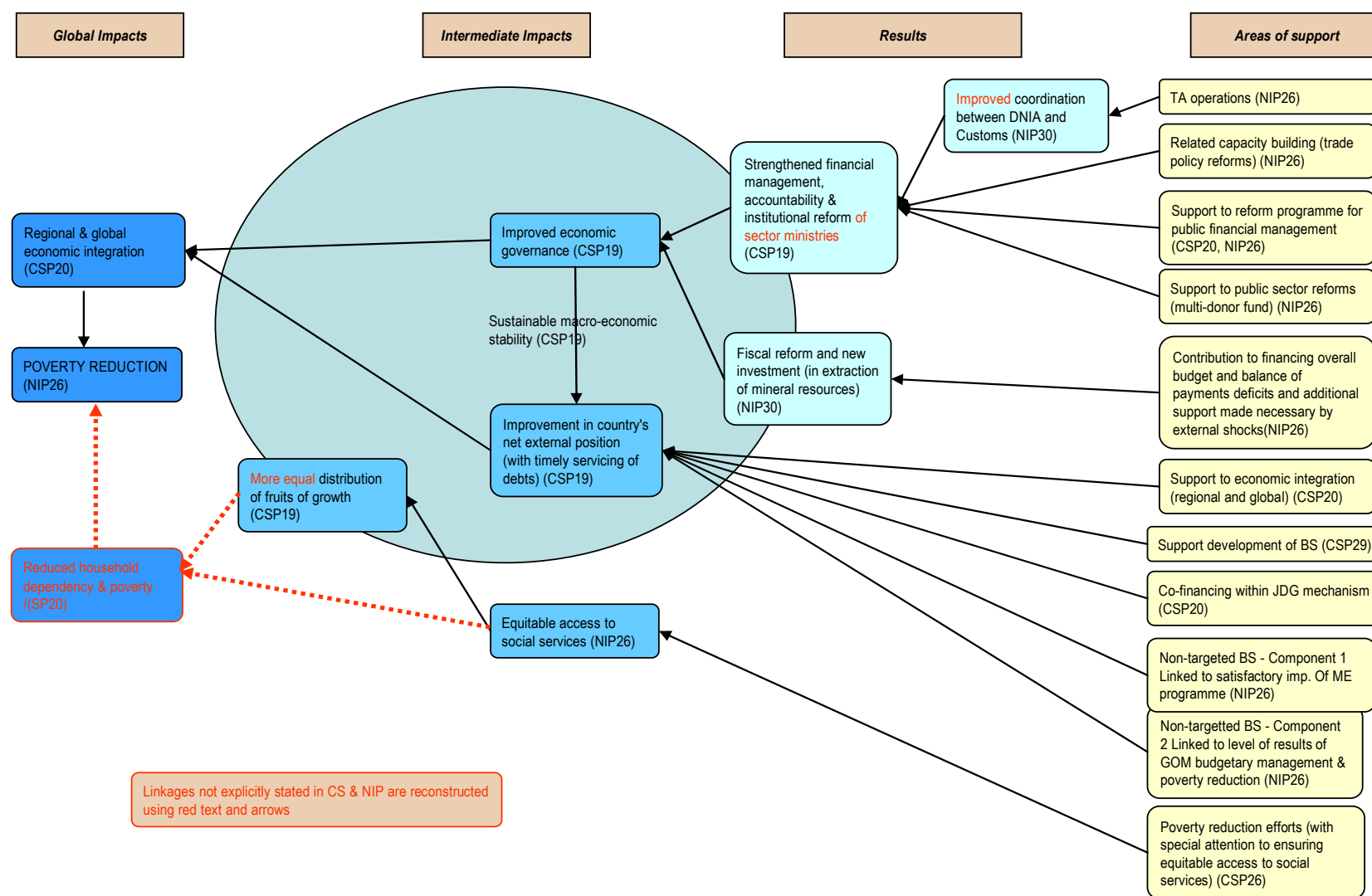
## Effects diagram – Transport Infrastructure



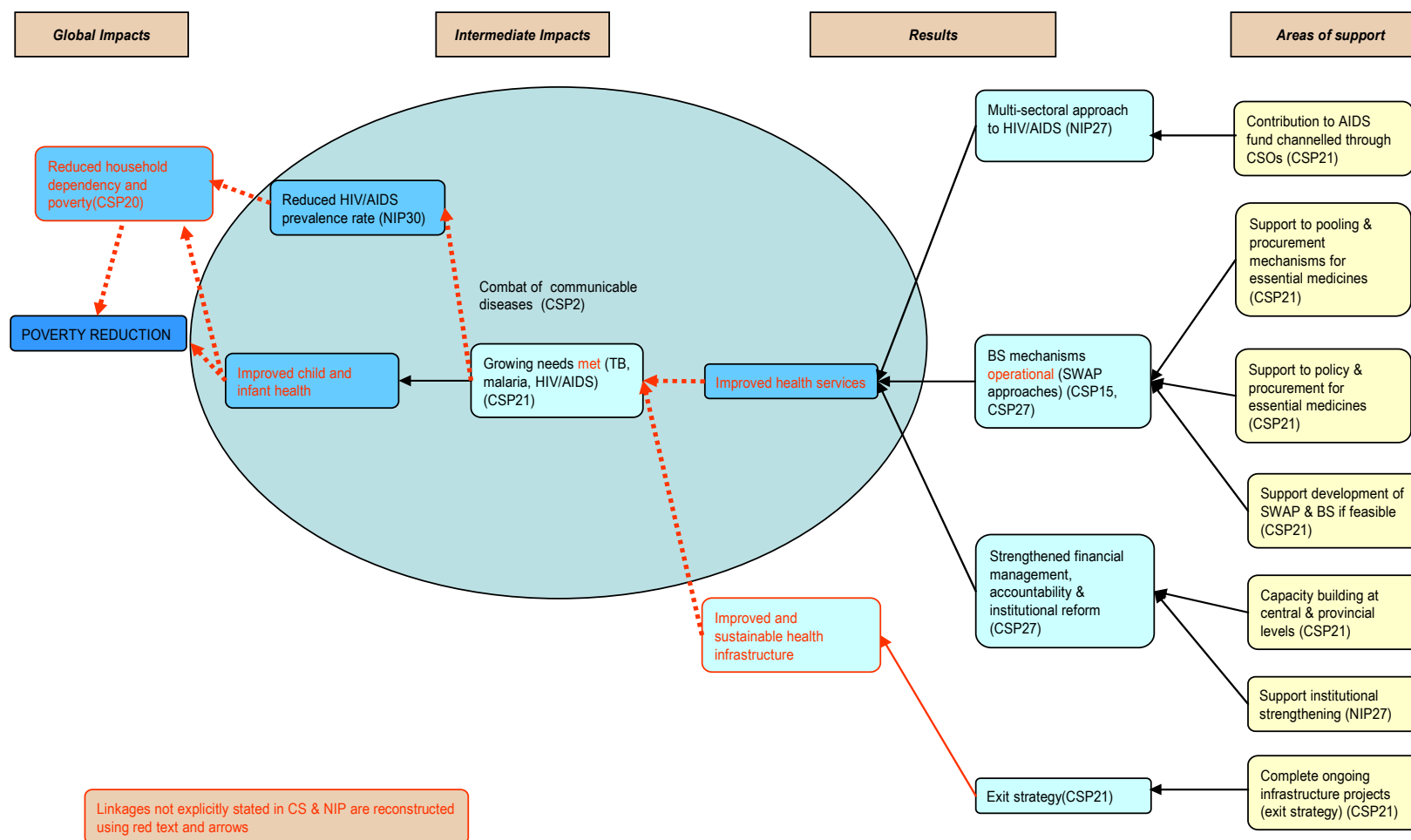
## Effects diagram – Food Security and Agriculture



## Effects diagram – Macro-economic Support



Effects diagram – Health &amp; HIV/AIDS



**Annex C      List of persons met**

**\* Denotes telephone interview****Reference Group**

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Francisco Garcia	Chefe do Sector Finanças e Contractos
Sergio Piazzardi	Chefe do Sector, Infraestrutura
Luis Santos	Adido Técnico
Luis Hebrero	
Fabrizio Moroni	
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G. Monteforte	Outsourcing Office
Noel Cooke	Programme Officer, EC Delegation

**ODI**

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Lázaro Moiane	Auditor Interno, Fundo de Estradas
Frederico Chipuale	Jurista, Fundo de Estradas
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Matias Langa	Director Geral, Kachela Consultor Lda
Rafik Mamad	Director, Gabinete de Assessoria e Supervisão, MOPH
Mette Masst	Ministra Conselheira, Embaixada Real da Noruega
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Jonas Chambule Joan E. LaRosa	Health Adviser, Embassy of Ireland Senior Public Health Officer for Health and HIV/AIDS, United States Agency for International Development
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Paulo Antonio Mazusi	Accountant, Provincial Health Directorate of Gaza
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Luis Gundo Nhaia	District Health Director, Chokwe District
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Rosa Bayer-Ubeda	PMTCT Officer, Medicus Mundi Catalunya
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F. Erdelmann	WFP Head of Programme Unit
F. Van de Ven	Marketing Management Assistance Project, Chief Technical Advisor
D. De Leon	Country Director, ADRA
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Beulane Farmers Association	
C. Julio	Community Vet
A. Welea	Community Vet
Zama Zama Farmers Association	
Vengela Farmers Association	
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F. Songane	PROAGRI Coordinator
M. Libombo	SETSAN, Head of Policy Unit
E. Amade	SETSAN, Head of FSIS
M. Chaquisse	Head of Planning Unit, Economic Directorate, MINAG
M. Vink	Chair, PROAGRI Working Group

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## **Annex E Forms of Evaluation Questions, Judgment Criteria, Indicators and Analysis**

N°	EVALUATION QUESTION	EVALUATION CRITERIA and concerned sectors
1 (RE)	To what extent are EC cooperation objectives and development policies, as manifested in the CS & NIP 2001-2007, relevant to GoM development policies and strategies, in particular in addressing the 'key determinants' of poverty as identified in PARPA?	<i>Relevance</i> of EC CS in response to GoM needs
2 (ME)	To what extent has EC's macro-economic budget support strategy i) improved efficiency, effectiveness and impact in comparison to other EC support measures and those of other donors and ii) improved relevance in response to country-specific issues, and in consideration of the effects of donor coordination and policy dialogue?	<i>Impact and Effectiveness</i> Focal sector: Macro-economic Support/Poverty Reduction Budget Support
3 (FS)	To what extent has the EC support to the Agricultural sector and Food Security impacted upon agricultural production and food security?	<i>Impact and Effectiveness</i> Focal sector: Food Security & Agriculture
4 (TR)	To what extent has EC infrastructure support – notably to road transport infrastructure contributed to (i) increased management capacity of sector institutions at national and provincial levels (ANE, FE, MOPH); ii) improved accessibility and regional integration, thus making a contribution to poverty reduction?	<i>Impact and Effectiveness</i> Focal sector: Transport Infrastructure
5 (GG)	To what extent has EC support contributed to promoting good governance at all levels of society?	<i>Impact and Effectiveness</i> Non-focal sector: Good Governance
6 (HE)	To what extent does EC support to Health & HIV/AIDS through a mixture of sector specific budget support and project interventions maximise impact and effectiveness on HIV/AIDS and other communicable diseases?	<i>Impact and Effectiveness</i> Non-focal sector: Health & HIV/AIDS
7 (NSA)	To what extent has EC support to NSAs strengthened their involvement in political dialogue and decision-making in focal areas?	<i>Impact and Effectiveness</i> Non-focal sector Support to NSAs
8 (3C)	To what extent is EC support coherent, complementary to and coordinated with other donor support (in particular EU Member States) and common frameworks, and what added value does EC bring to donor coordination efforts and dialogue with government?	<i>Transversal</i> 3Cs Donor Coordination
9 (EF)	To what extent have the EC cooperation frameworks and implementation mechanisms (financing instruments, administrative regulatory framework, personnel, procedures and timing) facilitated the expected effects of the CS & NIP?	<i>Transversal</i> Efficiency Cooperation framework & implementation mechanisms
10 (X)	To what extent has EC support to capacity building improved service delivery in focal and non-focal sectors?	<i>Transversal</i> Cross-cutting Capacity Building

**Relevance (R)**

<p><b>EQ1 (R) : To what extent are EC cooperation objectives and development policies, as manifested in the CS &amp; NIP 2001-2007, relevant to GoM development policies and strategies, in particular in addressing the 'key determinants' of poverty as identified in PARPA?</b></p>
<p><b>Justification and coverage of the EQ</b></p> <p><i>'PARPA has advanced as a major policy document for the Government which makes it possible – and indeed even necessary – for the EC to use it as a framework for its development cooperation'<sup>8</sup>. This unambiguous statement defines the targeting principles of this country strategy which goes on to state that support to PARPA (addressing key determinants of poverty) is one of the main objectives of EC in Mozambique in order to contribute to the alleviation, and eventually to the eradication of poverty through focusing on six 'Areas of Intervention' by which GoM seeks to improve eight 'Key determinants of poverty' in Mozambique. This question examines programming and the overall package of support offered by EC. It not only compares the EC focal and non-focal areas with PARPA areas of intervention but also examines the relevance of the expected effects of EC interventions to the key determinants (including coverage of developmental regional imbalances, gender inequities, environmental issues) in the context of national and international policy agendas for cooperation between EC and Mozambique.</i></p>
<p><b>Initial analyses &amp; hypotheses</b></p>
<p><b>JC 1.1 EC focal and non-focal areas are coincident with PARPA 'Areas of Intervention'</b></p>
<p><b>I 1.1.1 Sectoral distribution of support</b></p> <p>Arguing that EC has a distinct comparative advantage in terms of funding, poverty dialogue and past experience, three focal areas of support were prepared as responding to Mozambican needs expressed in PARPA areas of intervention<sup>9</sup> (with % of A Envelope):</p> <ul style="list-style-type: none"> <li>• Macro-economic budget support (45-55%)</li> <li>• Transport infrastructure (25-35%)</li> <li>• Food security and agriculture (0-15%)</li> </ul> <p>Other non-focal sectors (10-15%) are:</p> <ul style="list-style-type: none"> <li>• Health &amp; HIV/AIDS</li> <li>• Good governance</li> <li>• Support to NSAs</li> </ul> <p>No interventions were prepared for social sectors on the grounds that EC has neither past experience nor comparative advantage. CS notes that EC also does not have a comparative advantage in the health sector but that substantial funding is required to deal with HIV/AIDS and other communicable diseases. Thus, EC has selected this sector as a non-focal area of intervention. In other words, availability of substantial funds is assumed to be EC's comparative advantage in this sector. These reasons for the intervention areas should be considered in a little more detail:</p> <p><b>Macro-economic budget support</b></p> <ul style="list-style-type: none"> <li>○ facilitates HIPC</li> <li>○ balanced, complementary and coherent support to GoM's own development efforts (G18<sup>10</sup>/GoM MOU)</li> <li>○ sustains macro-economic stability</li> <li>○ (by efficient budget expenditure allocation) ensures economic growth benefits for the poor</li> <li>○ includes performance based indicators for PARPA priority sectors to measure impact on macro-</li> </ul>

<sup>8</sup> CSP8

<sup>9</sup> The six areas of intervention identified in PARPA are: good governance, legality and justice; health; financial and trade policies; education; agricultural and rural development; infrastructure. Other identified areas of action include: employment and business development, social action, housing, fisheries, tourism, processing industry, transport and communications, technology, environment, vulnerability to natural disaster

<sup>10</sup> G19 from May 2007 with the participation of Austria

economic and sector policies in terms of financial and HR management

- strengthens financial accountability
- implements public expenditure management reforms
- improves economic governance
- fights corruption
- contributes to policy dialogue reduces transaction costs
- improves speed of delivery
- increases GoM ownership

**Transport infrastructure**

- strengthens capacities
- improves management and accountability
- improves service delivery
- rural roads – increases expenditure on rural roads
- periodic maintenance – reduces maintenance backlog
- capital works – increases expenditure on regional linkages
- improves network condition
- Improves long term budgeting and programming
- (raises HIV/AIDS awareness)
- (reduces poverty)

**Food security and agriculture**

- improves commercialisation
- reduces household poverty and dependence
- decreases external dependency
- strengthens capacities
- improves institutional capacity
- targets poorest and most vulnerable groups
- improves export and commercial enterprises
- supports PROAGRI
- improves food security
- improves support services
- expands the rural economy

**Health & HIV&AIDS**

- improves speed and quality of health services
- enhances sector coordination
- improves provincial capacity
- increases decentralisation
- furthers sector wide approach and sector budget support
- improves governance, transparency and accountability

**Good governance**

- improves sustainable institutional strengthening
- strengthens capacities
- provides transparent, accountable, responsive, equitable public sector decisions
- improves justice sector services
- increases accessibility to courts
- improves decentralised governance
- reduces political instability, conflict and corruption

**Support to NSAs**

- increases involvement of NSAs in focal areas and at local level

- strengthens NSA capacity

The sectoral distribution of EC support is clearly justified by comparison with PARPA 'Areas of Intervention' and 'Key Determinants of Poverty' (see also I2.1.1 below) and brings considerable resources to the three focal areas (and the non-focal sector Health & HIV/AIDS).

#### **JC 1.2 Planned EC interventions are relevant to PARPA 'Key determinants of poverty'**

##### **I 1.2.1 Level of compliance of objectives of EC supported interventions with PARPA objectives**

PARPA identifies eight key determinants of poverty in Mozambique and EC is directly addressing these issues as shown below.

- slow economic growth until the beginning of the 90s mainly due to the civil war
- low education and training levels, particularly among women
- poor basic health services
- high household dependency levels
- low agricultural productivity, particularly in the smallholder sector
- weak infrastructure particularly in rural areas
- HIV/AIDS
- lack of employment opportunities

PARPA goes on to list issues to be addressed (summarised): good governance, macro-economic, financial and trade policies, education, health, HIV/AIDS, agriculture, food security and infrastructure (transport, energy, water) but also constraints to improvement are noted:

- shortcomings in financial regulation and management (of budget support and technical line ministries)
- huge human resource shortages
- weak civil service capacity
- lack of enabling environment for private sector and regional integration
- fragmented planning and budgetary instruments
- few performance indicators and little monitoring
- poor sector programmes
- public sector reform delays

EC support directly addresses four of the eight key determinants of poverty (and five out of eight additional issues) but some other determinants (and issues) will also be impacted as a result of the 'primary' interventions (e.g. household dependency will be reduced by improvements to health services and agricultural productivity). It is thus concluded that there is a high level of compliance with PARPA objectives.

##### **I 1.2.2 Level of compliance of EC support to regional development imbalances in Mozambique**

PARPA recognises that development asymmetries exist between regions with widely different qualities of service delivery at local levels. Lack of human and financial resources limit the effectiveness of decentralisation that is seen as a pre-requisite for reducing such regional imbalances. Significant differences also exist in poverty levels, with the central provinces being especially affected<sup>11</sup> which is attributed to an unbalanced growth process<sup>12</sup> and unequal income distribution. These disparities are also manifested in the health and education sectors and generally poorer accessibility to social services and markets. Also, gender related inequity suffers from high regional differences. In the road sector, RSS notes the importance of the road network to national integration and regional balance such that areas of the country where the road network is especially neglected should be reached by

<sup>11</sup> It is interesting to note that the province with the worst incidence of extreme poverty is Inhambane (81%) whilst the central provinces of Zambezia and Nampula are better at 45% and 58% (generally quoted as provinces receiving less than average development support). However, the much larger populations of Zambezia and Nampula mean that poverty reduction efforts in these provinces are crucial for national impact and attainment of MDGs.

<sup>12</sup> In the 90s it was clear that RENAMO areas were receiving less development efforts although it cannot be said that this situation continues. However, plotting poverty indices and political allegiances gives interesting correlations.

capital investment.

CS notes rather than addresses such regional imbalances in any systematic way. However, that is not to say that interventions do not address at least some aspects:

- Food security and agriculture – support through PROAGRI targets the poorest and most vulnerable households
- Transport infrastructure – current support to capital investment and rural roads is concentrated in Zambezia (and to a lesser degree in Sofala and Nampula)
- Good governance – support covers decentralisation and extended planning
- Health & HIV/AIDS – sector budget support targets greatest infection rates (Central region) with completion of infrastructure projects in Zambezia.

Scanning the intervention list (Annex E) for EDF and BL interventions, a subjective conclusion is of a weighting towards interventions in the relatively disadvantaged provinces of Mozambique although, as noted, there is no articulation of such focus being an EC strategy decision. However, EC support has, on the whole, been directed towards remediation of regional development imbalances.

### **JC 1.3 EC global and regional cooperation objectives contribute to support of PARPA in alleviation (and eventual eradication) of poverty**

#### **I 1.3.1 Needs and priorities as stated of EC support comply with those in PARPA**

The main objective of CS is to address some of the key determinants of poverty (PARPA) and to support GoM efforts in alleviating poverty whilst stressing the benefits of concentrated, targeted development cooperation delivered in a complementary and coordinated way with the other donors. CS goes on to focus definition of objectives to:

- support consolidation of democracy
- improve human rights
- reduce poverty

accompanied by:

- political and policy dialogue especially in constitutional matters (such as decentralisation and electoral process)<sup>13</sup>
- rule of law
- conflict prevention.

These aspirations should be considered in the context of EC international policies and objectives, which were operational at the time of launching the CS, such as Article 28 of the Amsterdam Treaty:

gradual integration of ACP states into the world economy

accelerated economic cooperation and development both within and between regions of ACP states

promotion of free movement of persons, goods, capital services, labour and technology

acceleration of diversification of economies

coordination and harmonisation of regional and sub-regional cooperation policies

promotion and expansion of inter and intra-ACP trade.

or, with regard to Articles 29 and 30 of the Cotonou Agreement, which expound on regional cooperation and economic integration whilst Article 35 states that *'economic and trade cooperation shall build upon regional integration initiatives of ACP states bearing in mind that regional integration is a key instrument for the integration of ACP countries into the world economy'*. To this end, Mozambique was one of the ACP countries in negotiation with EC for establishing EPA (under the SADC configuration). Regional linkages are once again becoming important issues for Mozambique in such sectors as power (electricity and gas), transport and water resources management<sup>14</sup>.

<sup>13</sup> CS has little to say on EC proposals for support to the electoral process but in practice has been a major source of funding for national and municipal elections. Similarly, decentralisation appears to have been considered more as a sectorial issue rather than as a cross cutting issue.

<sup>14</sup> The collapse of the Zimbabwe economy has also had negative impacts upon the Mozambique economy, especially along the Beira corridor.

With reference to more recent effusions of EC visions of development policy, the thrust of CS maintains its mainstream compliance (e.g. the *European Consensus on Development* sets out common principles which include ownership and partnership, political dialogue, participation of civil society, gender equality, state fragility whilst a restated (nuanced even) EC development policy includes comparative advantages, differentiated approaches, transparency of allocation and combining concentration with flexibility whilst identifying areas of EC action (e.g. environment, sustainable, management of natural resources, ICT, water, energy, rural development, territorial planning, agriculture and food security, governance, human rights, economic and social reform, conflict prevention, fragile states, human development, social cohesion and employment and mainstreaming of democracy, good governance, human rights, rights of children and indigenous peoples, gender equality, environmental sustainability and HIV/AIDS)<sup>15</sup>.

PARPA aims and objectives have been stated in Indicator 1.2.1 above and there is close correlation between EC support and the needs and priorities of PARPA.

#### **JC 1.4 EC interventions have main-streamed gender and environmental issues**

##### **I 1.4.1 Level of in-depth analysis and quality of strategies in EC programming documents promoting cross-cutting issues**

EC international policies and objectives make extensive reference to crosscutting issues<sup>16</sup> noting that 'mainstreaming' is more than simply specifying resources and policies as general principles applicable to all initiatives requiring a multi-sectoral approach/response. The analysis goes on to note that crosscutting issues are both, objectives in their own right and factors in strengthening impact and sustainability of cooperation. Thus, EC services should have the capacity to implement systematic strategic environmental and gender equality impact assessments<sup>17</sup>.

MTR states that there continues to be a need to analyse GoM measures to deal with gender imbalances, identify gaps in policies and implementation and encourage processes and programmes to support them. This requires data disaggregation by gender in focal sectors in order to improve analysis and identify constraints which need to be addressed.

In CS and NIP, there is little in-depth analysis and articulation of strategies for promotion of cross-cutting issues as defined in CS. EC response at this level appears to go little further than specifying resources and project based activities for these issues. Given the Mozambique context arguments could be offered for considering capacity building and decentralisation as 'local' cross cutting issues..

##### **I 1.4.2 Use of specific mechanisms for integration of cross-cutting issues in the planning of EC interventions**

Integration of cross-cutting issues in CS and NIP is difficult to appreciate as 'cross-cutting' only appears in connection with gender, environment, institutional development and capacity building issues in accordance with Article 20 and with reference to capacity building for NSAs. However, in identifying individual cross-cutting issues as defined above more detail emerges:

###### **Gender**

The country analysis identifies gender inequalities, a lack of gender mainstreaming in previous support to rural development and notes that RSS objectives of promotion of gender equality across all sectors (by encouragement of employment for women and increasing female access to transportation<sup>18</sup>). No specific reference to mainstreaming this issue in CS.

###### **Environment**

PARPA wishes to reduce environmental impacts of the use of non-renewable sources of energy and environmental protection is necessary to ensure sustainability of economic growth. RSS wishes to

<sup>15</sup> Seemingly, everything but arms indeed is listed.

<sup>16</sup> Latest EC definition of cross-cutting issues include promotion of human rights, gender equality, good governance, childrens' rights, rights of indigenous peoples, environmental sustainability and combating HIV/AIDS.

<sup>17</sup> including sector support and 'greening the budget' whatever this latter means

<sup>18</sup> Although RSS does not explain how this latter objective will be brought about.

systematically address social objectives that accompany road network development through explicit consideration of environmental impacts. No specific reference to mainstreaming this issue in CS<sup>19</sup>.

#### ***Institutional development***

No specific reference to mainstreaming but a recurrent issue in sector interventions.

#### ***Capacity building***

This is the issue which comes closest to 'mainstreaming' in CS (without having been identified as a cross cutting issue), lack of capacity in all sectors and at all levels of society being considered a threat to public finance management, delivery of services, especially education and health. EC support to capacity building covers transport infrastructure, periodic maintenance and sustainability, good governance and civil society and NSAs, institutions, financial control and public finance management (centrally and locally), food security and early warning systems, health sector SWAP, public sector reform and trade policy reform.

MTR reports that crosscutting issues (gender, environment, capacity building and institutional development) have been integrated and supported in all programmes. Gender related issues are covered in PAF (MEBS) whilst in transport infrastructure issues of poverty, gender, EIA and HIV/AIDS are considered to be horizontal issues studied in road projects<sup>20</sup> and more effort is being put into road safety issues. In food security and agriculture issues MADER has produced a gender action plan in 2004 that was discussed with all MADER gender focal points at central and local levels. Also MADER has produced an EMP covering issues such as pest management, water management and forestry. Also, work is going ahead on linkages of food security and HIV/AIDS (further work is needed to gender disaggregate focal sector data to improve analysis).

In practice, the EC response to integration of cross-cutting issues in planning and inclusion of cross cutting issues at sector intervention level is more widespread than might be expected from the CS & NIP treatment of 'mainstreaming'.

#### **I 1.4.3 Systematic use of EIAs, SIAs and PSIA in programming**

It is normal practice to undertake an EIA and produce an EMP for internationally funded capital investment projects and programmes. These may or may not include social aspects depending upon the expected impacts of the intervention but all such investments involving land take, resettlement and longer-term disruption have mandatory provision to ensure that no persons are disadvantaged. That being said, such studies tend to be stronger considering 'things' (e.g. drainage, dust, noise, spillage etc) rather than 'persons' (e.g. gender issues, poverty impact, social impacts).

In other EC interventions there is no mention of such approaches. In some cases the impacts are intrinsically social rather than physical (e.g. support to NSAs or good governance) or a combination (e.g. food security and agriculture). Whilst there are no specific assessments labelled 'environment' or 'social' or 'poverty' such impacts are considered as integral components of intervention design (e.g. PARPA).

MTR notes the need for strategic EIAs at policy and strategy levels for focal sectors to assist in identifying investment priorities and devising mitigation measures.

Decreto Lei N° 20/97 is the basic legislation covering environmental issues setting out the requirements for EIAs for major projects. MICOA is the responsible line ministry having prepared a national strategy for sustainable development covering governance, population, health, water, sanitation, urban planning, ecosystems and bio systems. However, enforcement and compliance with national and international norms is weak. PARPA does not identify environment as a priority but as a crosscutting issue with measures including coastal fishing, bush fires, poaching, coastal protection and establishment of national roads.

Overall there is systematic use of impact assessments only in connection with capital investment

<sup>19</sup> Although EIAs and EMPs are routinely produced at feasibility stage of capital works projects, to be fair, most other EC intervention areas do not obviously have direct environmental impacts.

<sup>20</sup> In practice only capital works have such studies which concentrate on EIA; poverty impacts are more postulated than quantified whilst gender issues are mentioned rather addressed.

<p>projects and there is little evidence of quantification of any direct contribution of EC interventions to poverty reduction.</p>
<p><b>Synthesis of JCs &amp; Findings</b></p> <p><b>JC 1.1 EC focal and non-focal areas are coincident with PARPA 'Areas of Intervention'</b></p> <p>EC focal and non-focal areas are directly coincident with all but two of the PARPA areas of intervention but results of activities in these focal and non-focal areas should further impact upon one of these remaining two areas – only education is not addressed in some way by EC support. Although not stated clearly in CS and NIP, EC support also touches on other areas of interventions identified in PARPA (e.g. fisheries, tourism, employment, business development and communications).</p> <p><b>The sectoral distribution of EC support brings considerable resources to the 3 focal areas (MEBS, Food security and Agriculture and Transport infrastructure) and to the non-focal sectors Health &amp; HIV/AIDS, with lesser resources being made available to Good Governance and Support to NSA</b></p> <p><b>JC 1.2 Planned EC interventions are relevant to PARPA 'Key determinants of poverty'</b></p> <p>EC interventions are directly relevant to a majority of the PARPA 'key determinants of poverty' (and to other issues as described in PARPA). Regional imbalances have also been addressed by EC interventions although not described as such in CS and NIP.</p> <p><b>EC support directly addresses 4/8 'key determinants of poverty' (and 5/8 of the additional issues identified in PARPA) but some other determinants and issues should also be impacted as a result of the 'primary' interventions (e.g., household dependency should be reduced by improvement in health services and agricultural production)</b></p> <p><b>JC 1.3 EC global and regional cooperation objectives contribute to support of PARPA in alleviation (and eventual eradication) of poverty</b></p> <p>EC international and regional cooperation objectives have contributed towards support of PARPA. Although quantification of impacts of this support upon poverty reduction is less clear, there is evidence of continuing improvement in national poverty indices which to date has been directly linked to significant annual GDP growth.</p> <p><b>Overall, there is systematic use of impact assessments in connection with capital investment projects but there is little evidence of quantification of any direct contribution of EC interventions to poverty reduction</b></p> <p><b>JC 1.4 EC interventions have main-streamed gender and environmental issues</b></p> <p>EC interventions have not 'mainstreamed' these issues (or cross-cutting issues as a whole) or articulated strategies for mainstreaming although some sector interventions have taken gender and environmental issues into account. Without actually identifying capacity building as a cross cutting issue, EC support to capacity building across all sectors comes closest to mainstreaming.</p> <p><b>In CSP &amp; NIP there is little in-depth analysis or articulation of strategies for the promotion of cross-cutting issues. The EC response at this level appears to go little further than specifying resources and project-based activities for these issues. However, the EC response at sector level to include cross cutting issues is relatively more comprehensive.CSP</b></p>
<p><b>EQ1 (R): To what extent are EC cooperation objectives and development policies, as manifested in the CS &amp; NIP 2001-2007, relevant to GoM development policies and strategies, in particular in addressing the 'key determinants' of poverty as identified in PARPA?</b></p> <p><b>Answers:</b></p> <p>EC cooperation and development policies are highly relevant to GoM policies and strategies as identified in PARPA and the very considerable resources which EC mobilises for development cooperation in Mozambique provide an opportunity for maximised gearing of impacts (which has been facilitated by committing almost 100% of the A Envelope within 2 years of signature of CS &amp; NIP). EC focal and non-focal areas of intervention have a high level of primary or secondary compliance with the PARPA 'key determinants of poverty'. The impacts of this support upon poverty reduction are not clear.</p>

## Impact & Effectiveness

### Macro-economic budget support (ME)

**EQ2 (ME): To what extent has EC's macro-economic budget support strategy: i) improved efficiency, effectiveness and impact in comparison to other EC support measures and those of other donors and ii) improved relevance in response to country-specific issues, and in consideration of the effects of donor coordination and policy dialogue?**

***Justification and coverage of the EQ***

After nearly 30 years of violence, war and political disruption at the moment of signature of the peace agreements in 2002 the country faced a very high level of poverty an a state apparatus extremely poorly resourced (there was very small tax income, a centralized administration, antiquate management systems, weak legislative and judicial system and low level of trained staff). There existed a long history of cooperation between donors through the civil war period, and with the approval of the PARPA in 2001 the conditions on donor alignment on an agreed poverty reduction strategy were given. GBS was agreed in 1999 and formalised in 2000 as a common framework agreement in a Joint Donor Programme for Macro Financial Support between the Government and bilateral donors.

The macroeconomic (poverty reduction) budget support to Mozambique was expected to have a positive influence on the continuity of nationally owned reforms and the timely and consistent implementation of the country-owned poverty reduction programme. Thus, the EC was expected to have positively contributed to poverty reduction (income and non-income), to empowerment and social inclusion of poor people and to improvement of delivery of public services. At the same time it was expected to contribute to donor harmonisation, improvement of GoM's planning, budgeting and processes and expenditures, policy formulation and macroeconomic performance.

This should be achieved by creating a macroeconomic environment favourable to private investment and growth, appropriate private sector regulatory policies, increased resources flowing to service delivery agencies, appropriate sector policies, improved administration of justice and human rights. Furthermore the continuation of increased harmonisation of practices and the improved alignment of budget support on national processes and cycles was expected. The evaluation of budget support undertaken in 2005/2006 in seven countries including Mozambique, jointly commissioned by 19 donor organisations including the EC has concentrated principally on the immediate effects of GBS and has demonstrated that macroeconomic stability has improved and that substantive advance been made in harmonisation of practices and alignment of budget support on national processes and cycles. Furthermore it demonstrated positive effects on GoM's expenditures for the social sector as well as slightly improved planning and budgeting processes (and improvement of public financial management in general).

However there was no clear evidence given that the macro-economic budget support has already significantly contributed to poverty reduction in Mozambique and improved the expansion of social services. Furthermore it was not analysed whether there is a complementarity between other EC and other donors' support measures and GBS.

Thus, the EQ will analyse (i) to what extent macro-economic budget support has contributed to poverty reduction and improvement of services (especially health and education) in Mozambique and (ii) whether there is consistency and coordination with other support measures of EC and EEMM related to poverty reduction.

**Initial analyses & hypotheses**

**JC 2.1 The macroeconomic environment has become more favourable to private investment and growth.**

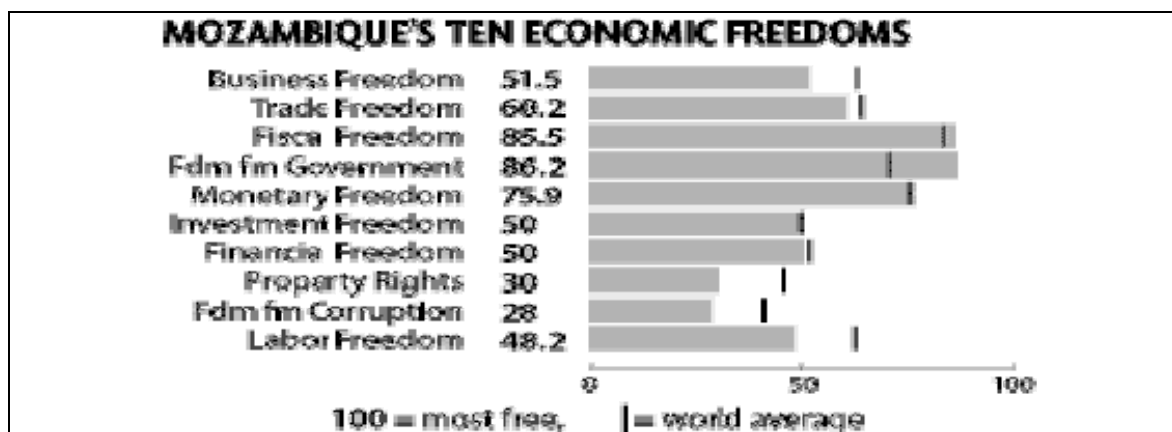
**I 2.1.1 Development of the index on economic freedom**

Between 1997 and 2003 Mozambique experienced an average annual economic growth rate of about 8%, and the government managed to ensure control over inflation and currency stability. This scenario has created an environment propitious for investment, both national and foreign. Generally, there is good information available concerning economic freedom in Mozambique.

According to the 2007 assessment of the *Heritage Foundation* and the *Wall Street Journal*, Mozambique's economy is 56.6% free, which gives it rank No. 101 on the global list of countries. The score improved by 1.4% compared to the previous year. Mozambique is ranked 14<sup>th</sup> out of 40 countries in sub-Saharan Africa and its overall score is slightly higher than the regional average. Mozambique ranks high in fiscal freedom, freedom from government interference, investment freedom and monetary freedom. Both, the top income tax rate and the top corporate tax rate are moderate and overall tax revenue as a percentage of GDP is low. Government expenditures are low and state-owned businesses account for a negligible portion of total tax revenues. Inflation is fairly high, but the government does not generally distort market prices with subsidies. However, according to the same source, economic development has been hampered by weak labour

freedom, weak property rights, weak freedom from corruption and limited financial and business freedom. Opening a business takes about two and a half times the world average, and the overall regulatory environment is a burden on business formation. Most aspects of the labour market are inflexible, from the number of allowable hours in the work-week to employee severance. Judicial enforcement is weakened by corruption and subject to the political whims of the executive.

- Business Freedom - 51.5%: Starting a business takes an average of 113 days, compared to the world average of 48 days. Entrepreneurship should be easier for maximum job creation. Obtaining a business licence is relatively simple, but closing a business is difficult. Implementation of regulatory reforms has been behind schedule due to the complexity of the process. Businesses still have to deal with extensive and opaque regulations. The overall freedom to start, operate, and close a business is restricted by the national regulatory environment.
- Trade Freedom - 60.2%: Mozambique's weighted average tariff rate was 9.9% in 2003. The government has made progress in liberalizing the trade regime, but time-consuming and bureaucratic customs clearance procedures, import restrictions, import bans and corruption still add to the cost of trade. Consequently, an additional 20% is deducted from Mozambique's trade freedom score to account for these non-tariff barriers.
- Fiscal Freedom - 85.5%: Mozambique has moderate tax rates. Both, the top income tax rate and the top corporate tax rate are 32%. Other taxes include a value-added tax (VAT) and a tax on interest. In the most recent year, overall tax revenue as a percentage of GDP was 11.4%.
- Freedom from Government - 86.2%: Total government expenditures in Mozambique, including consumption and transfer payments, are moderate. In the last year, government spending equalled 24% of GDP, and the government received 1% of its total revenues from state-owned enterprises and government ownership of property. Privatisation has transformed a state-dominated economy into one that is driven by the private sector.
- Monetary Freedom - 75.9%: Inflation in Mozambique is relatively high, averaging 9.1% between 2003 and 2005. Relatively high and unstable prices explain most of the monetary freedom score. The government influences prices through state-owned utilities, including electricity, telecommunications, ports and transportation. It subsidizes passenger rail services. Consequently, an additional 5% percent is deducted from Mozambique's monetary freedom score to account for these policies.
- Investment Freedom - 50.0%: Most sectors of Mozambique's economy are open to foreign investment, but some restrictions remain in effect. Outright private ownership of land, for example, is prohibited, and mining and management contracts are subject to specific performance requirements. Lengthy registration procedures can be problematic. Foreign investors have participated in Mozambique's privatisation programme, subject to some impediments. Mozambique allows 100% repatriation of profits and retention of earned foreign exchange in domestic accounts. Payments and transfers are subject to maximum amounts, above which they must be approved by the Central Bank. Capital transactions, money market instruments, and derivatives are subject to controls.
- Financial Freedom - 50.0%: Mozambique's financial system has undergone substantial reform and liberalization but remains small and dominated by banking. Supervision is insufficient. Non-performing loans led to a bank crisis in 2000–2001 and remain a problem. The banking sector had eight commercial banks in 2003, all of which were majority foreign-owned. Banco Internacional de Moçambique, majority-owned by a Portuguese bank, is Mozambique's largest bank and controls a majority of total banking assets. The state retains shares in two large banks. Most banks concentrate their lending to large companies, but micro finance is expanding. The small insurance sector is dominated by the state-owned insurance firm. Capital markets are very small, and the stock market mostly trades government debt.
- Property Rights - 30.0%: Property rights are weakly protected. There is a severe shortage of qualified legal personnel, and the backlog of cases is substantial. Enforcement of contracts and legal redress through the court system cannot be assured. Most commercial disputes are settled privately because of the judicial system's inefficiency.
- Freedom from Corruption - 28.0%: Corruption is perceived as widespread. Mozambique ranks 97<sup>th</sup> out of 158 countries in *Transparency International's Corruption Perceptions Index* for 2005.
- Labour Freedom - 48.2%: The labour market operates under highly restrictive employment regulations that hinder employment and productivity growth. The non-salary cost of employing a worker can be low, but dismissing a redundant employee is costly. There are rigid regulations on increasing or contracting the number of work hours.



### **Conclusion:**

Macroeconomic budget support has contributed to improve the economic environment in Mozambique. The country is showing a relative economic and social stability, which attracts external investments. The government established the Investment Promotion Center (CPI) in 1985. From January 1, 1990 through December 31, 2005 CPI approved a total of approximately 2100 projects involving over USD 3.6 billion in foreign direct investment<sup>21</sup>. South Africa, Portugal, the United Kingdom, Japan and Ireland have been the top investors in Mozambique. In 2005, however, the top five investors were South Africa, the United Kingdom, Zimbabwe, Portugal and Sweden. However a relatively weak legal system (property rights) and rigid labour legislation are still affecting the investment climate.

### **1.2.1.2 Trends in macro-economic development indicators**

The effects of Partnership GBS on macroeconomic performance have been broadly discussed in the evaluation of the GBS to Mozambique (2006) and covers the period up to 2004. More recent data for indicators seem not to be available yet. The evaluation concludes:

- GDP growth in Mozambique has been extremely favourable since the mid-1990s, averaging 8% per annum. Growth has been led primarily by: (i) a small number of "mega projects" (which are capital- and import-intensive as well as natural resource-intensive, receive tax concessions, and employ relatively few people); (ii) investment from neighbouring countries; (iii) high levels of donor aid flows; and (iv) growth in the agricultural and service sectors.
- Growth in Mozambique started from a very low base and it was at first relatively easy to achieve high economic growth rates. Mozambique was recovering from a long period of economic decline caused by a prolonged civil war and a centralised planning system. Once recovery has been achieved and growth extends beyond previous levels of GDP per head, it typically becomes much harder to sustain growth, which is highly dependent on government's ability to carry out tougher "second generation" reforms<sup>22</sup>.
- The *World Bank Country Economic Memorandum* (World Bank 2005b) fears that Mozambique's growth experience may not be sustainable, given that (i) the country faces meteorological and other risks, (ii) growth spurts rarely extend more than a few years, (iii) the agricultural catch-up is now exhausted and the sector is growing at a lesser rate than it did before and (iv) most of the "easy" growth-enhancing reforms have been implemented. This leaves the more challenging institutional reforms such as judicial reform, while donor aid will fall as a share of GDP.
- There are many factors affecting GDP growth rates, which are outside the control of the GoM. Analysing the effects of aid on macroeconomic management and growth is notoriously difficult. Identifying the impact of one component of aid flows (PGBS) is even more so. At the economy-wide level, even if PGBS funds were additional, it would be problematic to conduct rigorous analysis of the impact of PGBS funds specifically on monetary indicators. There are several complicating factors: (i) During the period when PGBS was provided, there was a major natural disaster in 2000 which caused an abnormally high surge in aid flows and associated public expenditure; thus, economic growth shrank to 1.6 % of GDP and inflation rose to 22% in 2001; (ii) In 2001/02, the economy was affected by a banking crisis and floods in the central provinces of the country; (iii) collection of data is difficult. Especially,

<sup>21</sup>. Some of these approved projects turned out to be smaller than planned or not implemented at all, for this reason, approved projects do not represent the actual FDI for any given year.

information on sources of financing and the linking of planned allocations to real expenditures under the state budget is limited.

- Monetary policy in Mozambique is mainly the responsibility of the *Central Bank of Mozambique* (CBM), the Ministry of Finance and the international finance institutions. This had little to do with poverty objectives until the adoption of the PRGF. Nevertheless, GBS or PGBS donors align themselves to the IMF's PRGF, although the influence and causality of this relationship is being redefined. Monetary policy in IMF-supported countries is almost everywhere tight and counter-inflationary, reflecting broad IFI agreement that a stable macro financial environment is a prerequisite for growth and poverty reduction. In Mozambique, the inflation rate averaged 47% between 1988 and 1996. It was brought down to single digits between 1997 and 1999, rising again to 32.5% in 2001 (year-end inflation), partly as a result of the floods (shortages and abnormally high levels of aid inflows) and the cost of dealing with the banking crisis. Inflation has since been brought under control. It was below the IMF target of 11% for 2004, but at the cost of high nominal interest rates (over 35% at the end of 2002), with negative implications for private-sector growth. Increased outlays for interest repayments on domestic borrowing have increased the GoM budget deficit.
- Fiscal policy as well is still constrained by IMF agreements. The fiscal deficit before grants in Mozambique, as in most aid-dependent countries, remains high, averaging about 12% of GDP between 1997 and 1999 and about 16% between 2000 and 2004. Current expenditure was very high as a percentage of GDP following the end of the civil war but then declined in the late 1990s. Since 2000, supported by very high levels of donor aid and domestic borrowing, it has grown faster than domestic revenue. Fiscal discipline worsened over 2001–02 but has since been brought back in line with agreed targets.
- The real effective exchange rate has slightly depreciated since the 1990s. Even though aid payments have amounted to 12–19 % of GDP, this has not caused a significant appreciation of the currency. The level of public spending is much higher than it would be without aid, since aid finances half of the budget and more than half of all public expenditure. The fiscal deficit is bearable as long as aid flows do not decline and the GoM restricts further expansion of expenditure.
- Mozambique has long suffered from macroeconomic imbalances, which the central bank has tackled relatively successfully through monetarist policies but at the cost of high real interest rates. This policy has largely been supported by PGBS donors both through dialogue and through the linking of PGBS to the IMF's *Poverty Reduction and Growth Facility* (PRGF). Nonetheless, it is likely that the high rate of interest in part reflects the high volume of inflows of foreign-denominated currency (aid flows), including PGBS funds, since the Bank of Mozambique has sometimes chosen to sterilise aid flows through the issuance of treasury bills to reduce the volatility of these flows, contributing to an increase in the cost of domestic finance.

#### **Conclusion**

Macroeconomic development in Mozambique has been positive (although the country has been affected by external factors like droughts and inundations). The PGBS has contributed to improve financial discipline and financial management; the implementation of the important PGBS has contributed to increase transparency of public expenditure by increasing the volume of funds available under the national budget (although part of the donors continues to finance additionally to PGBS sector and project support).

#### **I 2.1.3 Trends in economic growth, distribution, proportion of population below the poverty line**

Macroeconomic indicators developed highly positively in recent years. A consistent programme of structural reforms brought about fundamental institutional change with a direct impact on growth. Reforms were introduced in the financial, transport, telecommunications, urban water and mining sectors. At the same time, new legal and strategic frameworks were introduced in energy and decentralized service delivery and renewed efforts were made to modernize public financial management and improve governance. These reforms had a direct impact on growth and living conditions through an improved performance in the business environment and increased access to services. Sustained growth and increased spending in the social sectors contributed to a 16% decline in poverty in the six years from 1997, reaching 54% in 2003. Inequality remained low by regional standards, and progress was made toward the key *Millennium Development Goals* (MDGs) of infant mortality and primary enrolment.

#### **Macroeconomic indicators**

	2003	2004	2005
<i>Percentage, unless otherwise indicated</i>			
Real annual GDP growth rate	7.9	7.5	7.7
Nominal GDP (Meticais trillions)	114	134	153
Nominal GDP (US\$ billions)	4.79	5.91	6.72
Inflation (period average)	13.4	12.6	6.3
Gross domestic savings/GDP	10.1	12.3	11.9
Investment/GDP	25.9	20.7	22.2
Government revenue excl. transfers/GDP	12.9	12.6	13.8
Govt. expenditure/GDP	26.5	24.7	27.1
Aid/GDP	15.7	14.4	13.5
Interest rate (commercial lending rate)	24.7	22.0	19.5
Current account deficit/GDP (excl. grants)	-19.9	-14.1	-17.0
Exchange rate (000 Mt/US\$)	23.8	22.6	22.8
NPV of external debt/export	102	84	84

Sources: World Bank: Country Economic Memorandum, World Development Indicators.

The aim of an average annual GDP growth rate of 8% advocated by PARPA I was achieved in the 1997-2003 period, which does not mean that all the basic macro-economic objectives included in PARPA I were met, and even less that growth impacted equally upon all sectors.

#### **GDP average growth per sector**

Numerous studies have shown that the impact of economic growth on reducing hunger and poverty depends both on the nature of the growth, and on its scale and intensity. In the case of Mozambique, the 22.5% growth in the industrial sector between 1997 and 2003 was mainly driven by the mega-projects (eg MOZAL) which, by their very nature, have little effect on poverty, since they create few jobs and their tax contributions are relatively modest due to the large fiscal exemptions granted to them. Growth in the agricultural sector was estimated at 6.6%, resulting mostly from an increase in cultivated area, rather than from an increase in productivity. But bearing in mind that this sector supports and employs 70% of the active population, its effect on poverty reduction in the rural areas was direct. The extent can be assessed by:

- 27% increase in per capita income from cash crops between 1996/97 and 2002/03;
- percentage of households owning radios rose from 27% in 1997 to 49% in 2001;
- percentage of households owning a bicycle rose from 12% to 27% in the same period; the improvement of formal indicators such as poverty incidence and the human poverty index.

The overall growth situation remained similar in 2005 with a real GDP growth rate of about 8% (preliminary), which was driven by the good performance in the transport, communication and construction sectors. (construction (+25.8%) and transports and communication (+19.5%) sectors). Growth in the construction sector was mainly driven by road rehabilitation and bridges construction, in good part funded by external aid. In the transport and communication sector, performance was driven by the communication sub-sector. However, unfortunately, growth in the agricultural sector, which represents 25% of the economy, was of only **1.8% for the year**. Poor performance resulted mainly from the floods in the Central region, resulting in a 7% loss of the planted area. With 80% of the economically active population employed in the agricultural, fishery and forestry sector, a poor performance in that sector is a bad sign for poverty reduction, despite overall growth. This is particularly worrisome as it has been showed that the agricultural sector has had the most significant contribution to poverty reduction in the last years. Furthermore, little progress in reducing the vulnerability of agricultural output to external factors has been made. Noticeable in the sector, is the significant increase in production (+30%) of cash crops driven by high increase in production of the following crops: cashew nut, tobacco and sugar cane.

According to UNDP<sup>23</sup> in absolute terms, from 1997 to 2000, poverty, as measured by the HPI, was reduced more in the central region (-6.1) and the north (-5) than in the south (-4). From 2000 to 2003, the reduction was smaller but with the same trend: central region -2.8, north -2.5, and south -2.1. However, in relative terms, the south showed the greatest poverty reduction: 11% from 1997 to 2000 and 6% from 2000 to 2003, while the central and northern regions achieved, respectively, 10% and 8% from 1997 to 2003, and 5% and 4% from 2000 to 2003. In general terms, the poverty rates in the three regions are converging.

#### **Conclusion**

Poverty indicators are improving, but not all Mozambicans are benefiting in the same way from this tendency. The place of residence and the sector in which people are employed are crucial for defining the degree of poverty reduction. There exists a major risks that GINI indicators will worsen in the future in Mozambique if the GoM does not develop an efficient strategy of how to make participate the rural poor population in overall growth of the economy.

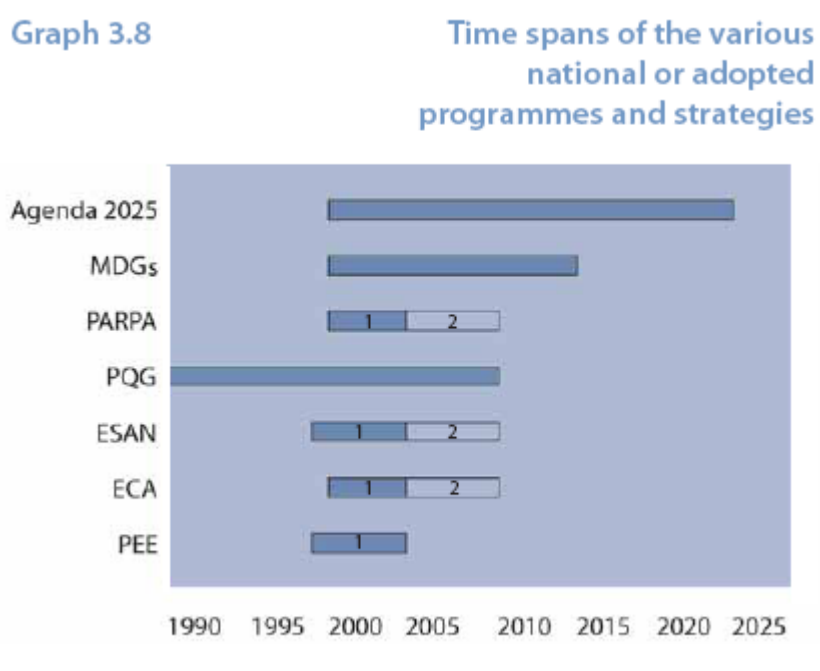
<sup>23</sup> UNDP (2005), National Human Development Report 2005

## JC 2.2 The EC is supporting with GBS an effective Government driven poverty reform programme.

### I 2.2.1 Trends of public expenditure on poverty reduction issues (as mentioned in PARPA)

In Mozambique, several policies and strategies of national, regional and global scope, aimed at economic development and poverty reduction, overlap. The most important are: PARPA, Agenda 2025, PQG, NEPAD, MDGs, *Food Security and Nutrition Strategy* (ESAN), *Agricultural Marketing Strategy* (ECA), and the *Roads Strategy* (PEE). Apart from PARPA and the PQG, there are multisector programmes, through which the government establishes priorities and coordinates actions in the struggle against poverty, such as, for example, the ESAN, ECA and PEE.

The temporal distribution of the various policies and strategies is shown in the following graph.



Source. UNDP, *National Human Development Report 2005*

**Pro-poor expenditure (PPE) under PARPA:** Mozambique's poverty reduction strategy, or PARPA, is founded on the idea that there are certain key sectors that should be favoured in allocation and protected from expenditure cuts in the case of liquidity shortages. The policy has been to focus expenditure heavily in favour of social and welfare sectors not only for their direct benefits but also, it is argued, because they contribute to high and sustained rates of growth and, thereby, result in poverty reduction.

The priority sectors have been identified in Mozambican policy documents (the interim PARPA 2000–04 and PARPA I 2001–05, Plano do Governo 2000–04) as: education, health, roads, water and agriculture.

Together, government expenditure on these sectors should not be less than 65% (originally 67%) of the total executed budget figure.

However, Mozambique's definition of PPE is not very specific and based on broad sectoral categories, without giving specific attention to allocations within priority sectors, to territorial distribution, and to the division between current and capital expenditure. The following table will show the priority sectors' share of total expenditure during the period 1999–2004 (newer data could not be found):

Sector	1999 exec.	2000 exec.	2001 exec.	2002 exec.	2003 exec.	2004 planned
Education	16,1	19,8	23,3	18,0	17,8	21,3
Health	13,4	12,9	9,9	12,6	14,9	11,1
HIV/Aids	0	0	0,5	0,8	0,3	0,7
Infrastructure	13,3	16,7	17,4	16,5	11,8	13,8
Agriculture	5,2	6,3	3,4	5,5	6,9	6,3
Governance, security and judicial system	8,9	7,8	7,7	7,7	8,9	9,7

Other priority sectors	5	5,6	3,6	4,5	5,1	2,1
Total	61,9	68,1	65,8	66,8	66,7	65,0

Source: IMF (2004)

The *Evaluation Report on General Budget Support*, Mozambique, pointed out that in general it could be assumed that GoM expenditure would be considerably lower without funding. However, the net effect of PGBS in increasing aggregate pro-poor expenditure (PPE) is more difficult to assess precisely, as much of the increase in PGBS funding for the budget represents a move of funds on-budget that would have been used otherwise in another way for achieving the same purpose (e.g. project financing). GoM seems to be committed to maintaining high shares of PPE. The commitment is expressed in the PARPA and reinforced in the PAF targets, which GoM and the Programme Aid Partners agree. The overall allocation to PPE did increase from 61.9% of the executed state budget in 1999 to 68.1% in 2000 before declining, but only to 65.8%, in 2001. The agreed shares for PPE have been broadly achieved. Given that the budget is itself growing (an increase of 41% in unadjusted USD between 2000 and 2004), the volume of resources allocated to priority sectors has grown at least in the same proportion. Education in particular, with 21% of the state budget, has been a beneficiary of the policy of privileging certain sectors, while health's share has remained more or less constant at around 12%.

The PAF stated " that in 2005 the expenditures in the priority sectors achieved 67% of total expenditure, of which 55% went to the education and health sectors (preliminary data). Furthermore important progress was realised in the procurement area, with the approval of the new public procurement code based on internationally recognised principles for the acquisition of public goods. Total revenues achieved a real growth of about 14% of GDP with the strongest real growth realized in income taxes. Progress was also realized in the tax reform process, with a strengthening of the administration and preparation for the establishment of the Autoridade Tributária Moçambique (ATM). "

**Conclusions:** The PPE (planned and executed) has continued to remain high in during the period 2005-2006 and especially an important percentage of funds is spent on education and health issues. The use of indicators for access and for primary education completion rate and for general access to health services permits to monitor that service delivery at local level is improving.

### 2.2.2 Progress made in achieving MDGs

From the documentation available it seems that Mozambique makes reasonable progress in achieving the targets of the MDGs related to reduction of the population suffering extreme poverty, child mortality and maternal mortality (targets 1, 5, 6, 10). This seems to be related directly to a relatively high share of PPE (especially health and education). Regarding other MDG targets, the probability that they can be achieved is rather weak; this however seems not directly related to lack of funding, but more to adverse general conditions and communication problems and the long time needed for changing attitudes in the population. See also Annex K: Prospects of Achievement of MDGs in Mozambique

Conclusion: GBS has permitted to keep PPE stable and high and thus is contributing to achieve several MDGs.

### 2.2.3. Trends in funds decentralized to provincial and local level for direct investments on poverty reduction

The Constitution of 1990 foresaw the creation of autonomous local government entities with substantial autonomy and a locally elected assembly and chair persons. However internal disagreements in Parliament led to a revised legislation and the decision to create only 33 largely self-governing urban municipalities in main towns and cities; whilst rural areas remain under a rather centralised administrative system which is partly deconcentrating the powers to the Local Organs of States (OLEs9 constituted by 10 Provinces, 128 Districts, 400 Administrative Posts and 1000 Localities, with a total of some 10000 communities made up of two or more small villages. In 2003 Parliament passed a new Law (LOLE) to modernize the local administrative structures of the state and render them more effective in addressing the challenge of development. Thus Institutions of Community Participation and Consultation (IPCCs) have been created by Parlamento in 2005 and the some first direct budget allocation to districts were expected to be made in the 2006 fiscal year.

There is a mayor problem in identifying the volume of funds decentralized to district and local level, as well as the % of these funds used for current expenditures at the different levels. However the general impression is that the decentralization process is ongoing, however still at its very beginning. P.e. the new PFM system (especially SISTAFE) has been implemented at province level only in 2006 and is not yet implemented in most of the districts. The planning and execution capacities vary considerably from province to province and district to district, although depending on whether the respective Local organ of State has received external support for capacity building. What seems evident is that there continues to exist an

enormous need for capacity building at district and local level in order to assure that decentralized funds will be used in the most appropriate way.

**JC 2.3 Other EC support measures and those of EEMM are consistent or complementary to macro-budget support (promoting poverty reduction and macroeconomic stability)**

**I 2.3.1 Coincidence of objectives and methods of other EC support measures with PARPA priority areas; strengthening PFM and government systems, etc (all levels of the causality map);**

In 2001, the government approved the *Action Plan for the Reduction of Absolute Poverty* (PARPA) for the period 2001-2005. The specific objective of PARPA is to reduce the incidence of poverty from about 70% to less than 60% in 2005. The PARPA priority areas are the following:

(i) education; (ii) health; (iii) agriculture and rural development; (iv) basic infrastructure; (v) good governance, and (vi) macro-economic and financial management.

The main priorities in pursuing the objectives of PARPA are:

- improving the quality and establishing conditions for increased access to education and healthcare (in the case of health one should also stress greater efforts in combating endemic diseases, such as HIV and AIDS, malaria, diarrhoea diseases, tuberculosis and leprosy);
- increasing the opportunities for income generation, particularly for households;
- rehabilitating and constructing basic infrastructure;
- enhancing decentralisation and removing bureaucratic obstacles in public administration
- strengthening the capacity and efficiency of the legal and judicial system;
- maintaining low levels of inflation;
- mobilising budgetary resources in addition to national funds;
- promoting international trade;
- improving management of foreign and domestic debt.

Implementation of this plan has been marked by positive impacts, judging from the results achieved in poverty reduction. Human capital as the key to success of development strategies is one of the main government priorities in implementing the programme. Hence the primacy of the education and health sectors in putting the government programme into operation through PARPA, reflected in the distribution of the General State Budget by sector. Significant investments in these sectors are of key importance for human development in Mozambique, because they favour an increase in longevity, of knowledge and, albeit indirectly, of income as measured by real per capita GDP.

EC support is mainly a poverty reduction support and thus in line with other PARPA priority areas. Further to GBS, EC is supporting the health sector with a health sector support programme and several small projects implemented mainly by NGOs; special attention is given to the provision of basic health services, AIDS/HIV and safe motherhood.

Within the PGBS donor group, the EC has played a mayor role in the development of the INTEGRATED SYSTEM FOR FINANCIAL MANAGEMENT SISTAFE, which is likely to lead in the future to improved budget execution rates.

The agricultural and food security sector is receiving – further to indirect support through the GBS - sector support, as well as support by a number of projects implemented by NGOs (co financed by NGOs or outsourced).

Basic infrastructure is supported further to GBS by several road projects, the water facility and the rehabilitation of rural telecom systems.

EC cooperation in good governance is related to the institutional reforms financed under GBS and sector budget supports (PROAGRI) as well as a big number of projects interesting the NSA capacity building, human rights, the judiciary system and decentralised participatory planning.

Macro-economic and financial management is mainly covered by the GBS, but also by sector support.

PARPA priority area	EC interventions
Education	GBS
Health	Upgrading Manhica Health Centre, Beira Sanitation, Health Sector Support Programme II, Integrated Community Based Care for People Living with HIV/AIDs, Fortalecimento dos Servicos Basicos de Saude, Strengthening Safe Motherhood programme in Gaza
Agriculture and rural development	GBS, PROAGRI, Private sector development, support to rural roads, food security projects, Micro projects, Environmental projects
Basic infrastructure	GBS, TDM Telecoms, Design Milanj Mocube Road, Water Facility, rehabilitation of rural telecom

	system
Good governance	GBS, NSA Capacity Building, Judiciary System, human rights projects, decentralised participatory district planning in Nampula
Macro-economic and financial management	GBS, SISTAFE

Analysing the interventions by taking the causality maps into consideration, the elements of the EC country programme seem coherent and complementary to each other.

Improved fiscal discipline	GBS
Increased operational efficiency of PFM system	GBS, TA to Directorate of Treasury
Increased allocation efficiency of PFM system	GBS
Macroeconomic environment favourable to private investment and growth	GBS
Appropriate private sector regulatory policies	Business Environment Support and Trade
More resources flowing to service delivery agencies	PROAGRI
Appropriate sector policies address market failures	PROAGRI
Improved administration of justice and respect for human rights and peoples confidence in government	Assessment of Reform Processes in Judiciary System, Support to justice system, promotion of rights of children
More conducive growth enhancing environment	GBS, support to private sector
More and more responsible pro poor accountable service delivery	PROAGRI, GBS
Income poverty reduction	GBS, PROAGRI, Micro projects
Non income poverty reduction	Micro projects, road construction, Beira sanitation project, Water facility
Empowerment and social inclusion of poor people	Water facility

Mozambique is one of the most aid-dependent countries. Aid dependence was very high during the civil war period, peaking at 87% of gross national income (GNI) in 1992 – the year of the Peace Agreement. However, by the late 1990s it had fallen to below 30% though Mozambique remained the largest single recipient of foreign assistance in Africa.

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total ODA [1] (USD m)	1,255.44	1,275.30	956.66	959.38	1,106.58	1,546.84	1,096.33	992.47	2,330.26	1,092.22	1,289.1
Bilateral share of ODA	62%	70%	61%	68%	68%	44%	74%	76%	76%	67%	60%
Net ODA as % of GNI	60%	50%	33%	30%	28%	21%	25%	30%	65%	25%	24%
Net private flows (USD m)	64.26	56.16	5.02	-3.00	85.87	85.33	103.21	115.14	70.46	-55.62	39.

Source: OECD DAC International Development Statistics (online database) (OECD DAC 2005-2006).

Note: [1] Total ODA calculated as Total Grants disbursed plus Total Loans extended.

More than 70% of the aid is bilateral, main bilateral partners are Denmark, France, Germany, Italy, UK and USA, whilst the most important multilateral partners are IDA/WB and EC.

#### **Aid partners and aid share**

	Totals (USD million)			Percentage of Total		
	1990-94	1995-99	2000-04	1990-94	1995-99	2000-04
<b>BILATERALS</b>						
Australia	49.98	40.83	28.72	0.8%	0.7%	0.4%
Austria	16.25	32.72	37.02	0.3%	0.6%	0.5%
Belgium	9.69	11.48	34.46	0.2%	0.2%	0.5%
Canada	139.24	52.79	84.93	2.2%	0.9%	1.2%
Denmark	151.88	221.51	282.15	2.4%	3.7%	4.1%
Finland	96.46	66.75	78.41	1.5%	1.1%	1.2%
France	380.58	266.88	553.84	6.0%	4.5%	8.1%
Germany	450.53	329.39	396.38	7.1%	5.5%	5.8%
Ireland	1.69	28.13	152.05	0.0%	0.5%	2.2%
Italy	689.66	369.05	514.71	10.9%	6.2%	7.6%
Japan	138.61	219.21	180.80	2.2%	3.7%	2.7%
Netherlands	265.88	235.15	302.18	4.2%	4.0%	4.4%
Norway	325.51	244.91	224.67	5.1%	4.1%	3.3%
Portugal	456.58	400.29	279.59	7.2%	6.7%	4.1%
Spain	59.14	69.71	141.54	0.9%	1.2%	2.1%
Sweden	513.58	252.78	258.66	8.1%	4.3%	3.8%
Switzerland	121.87	111.66	118.57	1.9%	1.9%	1.7%
UK	217.25	257.44	445.80	3.4%	4.3%	6.6%
USA	358.00	353.04	612.40	5.7%	5.9%	9.0%
Others	28.63	37.78	115.75	0.5%	0.6%	1.7%
<b>Total Bilateral</b>	<b>4,471.01</b>	<b>3,801.51</b>	<b>4,842.83</b>	<b>70.8%</b>	<b>60.6%</b>	<b>71.2%</b>
<b>MULTILATERALS</b>						
AfDF	137.27	218.36	273.69	2.2%	3.7%	4.0%
EC	458.46	389.54	541.14	7.2%	6.6%	8.0%
IDA (WB)	500.20	1,425.90	835.47	7.9%	24.0%	12.3%
SAF/ESAF/PRGF(IMF)	161.17	81.29	95.33	2.5%	1.4%	1.4%
UNDP	83.39	51.82	33.43	1.3%	0.9%	0.5%
UNHCR	105.05	46.19	7.49	1.7%	0.8%	0.1%
UNICEF	104.35	55.39	38.36	1.6%	0.9%	0.6%
WFP	276.66	25.04	25.42	4.4%	0.4%	0.4%
Others	33.61	49.79	107.48	0.5%	0.8%	1.6%
<b>Total Multilateral</b>	<b>1,880.16</b>	<b>2,343.32</b>	<b>1,957.81</b>	<b>29.4%</b>	<b>39.4%</b>	<b>28.8%</b>
<b>TOTAL</b>	<b>6,331.17</b>	<b>5,944.83</b>	<b>6,800.44</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: OECD DAC International Development Statistics (online database) OECD DAC (2005-2006).

Collaboration in PGBS grew out of a long history of coordination between a group of donors and collaboration with government through the civil war period. The approval of the *Poverty Reduction Strategy Paper* (PRSP, or PARPA in Mozambique) in 2001 set the conditions for donor alignment. The bilateral donors began to formulate plans for a common programme of GBS in 1998 and the *International Monetary Fund* (IMF) switched its loans from an *Enhanced Structural Adjustment Facility* (ESAF) to a *Poverty Reduction and Growth Facility* (PRGF) agreement aligned with the PARPA from 1999; and from 2004 the World Bank began to give *Poverty Reduction Support Credit* (PSRC) credits aligned with the PARPA and the bilateral donors' budget support programme.

Coordination of GBS was agreed in 1999 and formalised in 2000 as a "common framework agreement" in a *Joint Donor Programme for Macro-Financial Support* between the government and bilateral donors. An original group of six donors rapidly expanded to ten in 2002, fifteen in 2004 and seventeen in 2005, including the World Bank. With regard to policy conditionalities, the agreement required the government to prioritise poverty reduction according to the PARPA. While GBS was the focus of the agreement, it also embraced other forms of programme aid and, specifically, sector support. Currently, eighteen donor institutions are participating in GBS to Mozambique and ten are supporting the SWAP PROAGRI.

### **Conclusions**

The EC interventions are coherent and complementary to each other; they are all supporting PARPA priority areas. Mozambique continues to be a major user of EIB funds having received risk capital (from the Investment Facility) and loans for projects in agriculture, industrial development, mineral resources and energy. EIB operates within the Cotonou Agreement providing longer term financial resources aimed at growth of the private sector by means of mobilization of domestic and foreign capital. Thus, GoM economic policy, macro-economic stability and the business environment are factors that might condition EIB commitments. EC CS macro-economic support is thus of major relevance and cohesion.

Sector	Basket funds	Earmarked budget support	General Budget Support
National budget			Belgium, Canada, Denmark, EC, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, World Bank. Observers: USAID, UNDP, Japan, AfDB.
Agriculture (PROAGRI)		Denmark, EC, Ireland, Netherlands, Sweden, UK, USA, World Bank/IDA, Italy,	
Education (FASE)	ADB, WB, FAO, UNESCO, UNICEF, UNFPA, Islamic Bank, Austria, Canada, Denmark, EC, Finland, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK, USA.		
Health (PROSAÚDE)		Denmark, EC, Finland, Germany, Ireland, Netherlands, Switzerland, UK, Canada, France, UNFPA and Global Fund.	
Public sector reform	Ireland, Norway, UK, World Bank.		
School building	Denmark, Ireland, Netherlands, Sweden, UK		
Policy research unit, Ministry of Planning and Finance	Norway, Sweden and Switzerland.		
Drugs and medical supplies	Denmark, Ireland, Norway, Switzerland, UK, France, DFID, Netherlands, Finland and EC.		
Fundo Comum Provincial	Denmark, Ireland, Norway, Switzerland, EC, France, Spain and Catalunya.		
Police training	Netherlands, Spain, Switzerland. TA by Portugal and Spain.		
Ministry of State Administration training	Ireland, France, Sweden, Switzerland.		

Source: Based on Pavignani and Hauck (2001) with elaboration.  
Note: The list is illustrative rather than complete.

## Synthesis of JCs & Findings

### J.C. 2.1. The macroeconomic environment has become more favourable to private investment and growth

Macroeconomic environment has become more favourable to private investment and growth. Mozambique is one of the countries that have recorded high rates of economic growth since the late 1990s. From 1995, GDP began to grow very significantly, and this growth was in excess of 10% in 1997, 1998 and 2001. Over the same period, and particularly from 1997, their macro-economic indicators also showed the country's good economic performance. Between 1997 and 2003 the country experienced an average annual economic growth rate of about 8%, and the government managed to ensure control over inflation, and currency stability. This scenario has created an environment propitious for investment, both national and foreign. The country has been attracting large-scale investments (the most famous one is MOZAL a high capital-intensive enterprise. However, as the Government gives frequently the status of an Industrial Free Zone (and therefore exemption from all indirect taxes) the flow of debt (interest and amortization of capital) and of profits makes impact on the national income of large-scale industry often limited. The debt service and the transfer of profits also limit improvement in the balance of payments. Thus, there is actually an internal debate on whether to promote more capital intensive or labour intensive enterprises. The investment of capital-intensive enterprises in Mozambique shows, however, the new trust of foreign investors in the Mozambican market.

There are still some administrative barriers that limit the growth of the private sector in Mozambique however the Government is trying to remove these constraints.

**GBS has contributed to a good macroeconomic performance, has permitted to keep the public expenditure on PPE stable and has contributed to poverty reduction**

### J.C.2.2. The EC is supporting with GBS an effective Government driven poverty reform programme

GBS was originally a donor initiative, but it has increasingly responded to government's concerns, particularly about predictability, and evolved into an arrangement that is more nearly owned by government, using government's planning instruments, with shared poverty-related targets providing the basis for assessment and dialogue, and with mutual accountability for performance. The government's priorities and

ownership of the process came to be more fully represented in the redesign of the Joint Programme that took place from 2002. The Government of Mozambique gives highest importance to the PGBS as it makes donor contributions predictable.

Since 2000, the Government's strategy on poverty reduction PARPA exists, and GBS is the only aid modality that directly provides financial support for the implementation of this strategy by the Government itself (as opposed to specific sectors of government). PGBS dialogue has also contributed to the evolving structure and quality of the poverty reduction approach, since it focuses on: (i) reforming PFM, which should improve the "value for money" of public spending; (ii) improving domestic accountability; (iii) maintaining high levels of revenue and aid for social sector spending with a view to achieving rapid and large-scale poverty reduction through increased social service delivery.

PGBS from 2001 to 2004 has annually contributed between 9% and 17% of the growing state budget, and between 9% and 19% of net official development assistance (ODA). Thus, PGBS has played a significant role in supporting the continued rapid expansion of expenditures for pro-poor service delivery since 2000, and has, in particular, made it easier for the GoM to finance the recurrent costs of public services.

Since June 2003 a common PAF exists. This provides the criteria for performance assessment (and decisions about donors' commitments for the forthcoming year)

**EC is supporting an effective Government driven poverty reform programme**

**J.C.2.3. Other EC support measures and those of EEMM are consistent or complementary to macro-budget support (promoting poverty reduction and macroeconomic stability)**

EC support measures are consistent between each other (GBS, sector approaches and project approaches) and with that of other donor institutions and especially EEMM. It should be remembered that there are 18 donor institutions supporting the GBS and 10 PROAGRI. Almost all interventions financed by EC are related to poverty reduction and the PARPA priority sectors and thus complementary to the GBS. (This aspect needs further review in Mozambique)

**GBS had had excellent effects on harmonisation and alignment , which would not have been achieved without GBS**

**EQ2 (ME): To what extent has EC's macro-economic budget support strategy: i) improved efficiency, effectiveness and impact in comparison to other EC support measures and those of other donors and ii) improved relevance in response to country-specific issues, and in consideration of the effects of donor coordination and policy dialogue?**

**Answer:**

The Commission's interventions in the area of macroeconomic support and public finance management contributed to improve the country's macroeconomic framework and have contributed to the adoption of important policy reform, in particular to those related to public finance management. Although substantial progress remain to be achieved, the Commission's interventions effectively participated to the reduction of the macroeconomic imbalances that hampered the country's growth potentials and, together with support to public finance management, some important reforms have been adopted to increase public finance discipline and improve budget practices. **It would have been difficult to achieve these results without donor alignment (and thus an important volume of funding) and important weight in policy dialogue.**

The PGBS is highly relevant to the national context, has upgraded the role of the Ministry of Planning and Finance in coordinating with sector ministries on policies and poverty focus; the jointly agreed PAF consisted of policy actions and performance indicators drawn for the GoM's poverty reduction strategy and from dialogue with line ministries about indicators that are relevant for their sector. The high dependence of the GoM on PGBs and the level of harmonization between the G18 donors may be a matter of concern to the Government of Mozambique, as a possible withhold of aid/joint non-disbursement would have a catastrophic impact on the economy and the service-delivery of the country.

With regard to the impact of the Commission's interventions to support the GoM's poverty reduction programme and their contribution to the higher strategic objectives of contributing to the improvement of the living conditions of the Mozambican population, results are mixed. First it has to be observed that the allocation of PPE has remained high. Expenditures on priority sectors achieved 67% of the total expenditures in 2005, of which 55% went to the health and education sectors. Thus the capacity of the Commission to mainstream public spending towards social sectors and the poorest segment of the population is considered as generally acceptable, however hampered by deficiencies in budget classifications, thus that it is not possible to be sure exactly how funds have been spent .

Indicators for access and primary education completion rate were above target, as well as in general access to health services (despite the vaccination target has not been met. However whilst basic indicators demonstrated system expansion and greater coverage , the major challenge for the future will be to improve quality of services . Reduction of child mortality and improvement of maternal health has made important progress during the last 6 years, however good results might be affected in future by the increase of

HIV/AIDs and related to this the spread of TB. However, these indicators are too far downstream in the area of influence of the Commission's programmes to establish a clear link between interventions and the changes observed in the field. It may however suggest that service delivery has indeed improved but has not been sufficiently framed into a comprehensive programme so as to ensure that it achieves its specific planned outcomes and impact.

The Commission's interventions have contributed to the implementation of the PGBS but the policy dialogue and monitoring of the budget support programmes take place at levels which makes it difficult to distinguish their impact on social sectors.

## Food security and agriculture (FS)

<p><b>EQ 3 (FS)</b>  <b>To what extent has the EC support to the Agricultural sector and Food Security impacted upon agricultural production and food security?</b></p>
<p><b>Justification and coverage of the EQ</b></p> <p>Agriculture and Rural Development is one of the six focal sectors of the PARPA. The main pillar of the GoM's strategy for the agricultural and food security sector was PROAGRI ( and is now PROAGRI II), which is an ambitious programme, which pretended further to promoting the agricultural sector to anticipate more complex decisions. PROAGRI was formulated around 6 strategic goals, which corresponded to larger social commitment of the GoM: Poverty reduction, Decentralization and empowerment of stakeholders, Good governance: transparency, accountability and participation, Market-oriented policy, Mainstream gender and HIV/AIDS issues, Environmental sustainability. The master documents indicates furthermore 3 general objectives, which are (1) Transform MINAG into a modern structure of public agricultural management (2) Increase in the levels of production and productivity in agriculture, livestock, forests and wildlife, in order to increase the rural family's income and promote food security while preventing the degradation of the natural resources (3) Protect, preserve, develop and ensure the population access to the natural resources for the rational and sustainable utilization for the economic, social and ecological benefit of the present and the future.</p> <p>The first objective has been addressed extensively during PROAGRI and considerable progress made, however progress is less evident on what concerns objective 2.</p> <p>As a result, PROAGRI I is criticised by several of the donor institutions and as well by the <i>Worldwide Evaluation of Rural Development</i> (2006), case study Mozambique, for having limited its impact mainly to ministerial reform, capacity building and institutional strengthening. PROAGRI II (2005-2009) proposes to overcome these limitations by emphasising the importance of the commercial farming sector, including the large-scale producers and the need to reinforce farmers access to the market, to credit, natural resources and technologies, with the objective of developing integrated, competitive, diversified and sustainable agriculture, however the programme is not yet operative.</p> <p>The total expenditures of PROAGRI I in the period 1999-2005 corresponded to more than 184 million US\$, and were financed by 10 donors in form of a SWAP and the GoM (12%); EC was the biggest donor and contributed 26% (or 42.7 M€) to the overall programme costs. Furthermore EC contributed with additional funds under the food security budget line to the sector (MAFSP, projects). Project and budget support (especially PROAGRI, MAFSP) are complementary to the extent that they target different actors and purposes that reinforce each other.</p> <p>Considering the relatively important contribution given by EC to finance the GoM's policy for the agricultural and food security sector, the EQ3 will seek to establish to what extent the Commission has chosen the appropriate means and instruments for promotion of the agricultural sector and food security.</p> <p>It will especially analyse whether different instruments of EC support to agriculture and food security sector were effective and coherent in terms of serving the same goal through different methods. In the analyses a special attention will be given to the effectiveness of the support related to the PROAGRI I objective 2 (Increase in the levels of production and productivity in agriculture, livestock, forests and wildlife, in order to increase the rural family's income and promote food security while preventing the degradation of the natural resources ).</p>
<p><b>Initial analyses &amp; hypotheses</b></p>
<p><b>JC 3.1 Effectiveness of Government owned agricultural support and food security reform programme.</b></p>
<p><b>I 3.1.1 Number of targets in Government programmes that were achieved</b></p> <p>The results achieved by the GoM in the agricultural and food security sector during recent years are mixed, but show generally that some progress has been made, even if not all expected results and targets have been fully achieved yet.</p> <p>(1) <u>Institutional reform</u>: The GoM through PROAGRI I has especially focussed on the institutional reform of the MADER, the redefinition of its strategic tasks and an improved organizational performance. This has been only partly achieved. Whilst appropriate management tools have</p>

been designed and partly put in place and audit and procurement procedures have achieved a significant improvement, the human resource development aspects have remained a failure up to present (the early retirement scheme partly financed with EC earmarked funds has not been yet fully implemented, there exist no job descriptions and human development plans for the staff, salary structure continues to be inadequate and thus several high qualified staff who benefited from Proagri's capacity building program have left MINAG); other aspects like M&E and appropriate data collection at field level, as well as decentralization of planning and decision making processes are still at its beginning. The design of an appropriate financial management system for MADER has been principally a rather success, however trained staff has in most cases left for better remunerated positions with other Ministries and the private sector. Working conditions in form of better equipment and access to modern technology have generally improved (especially at central and provincial level), however the management of and the maintenance of such equipment (vehicles, computers etc) continues to face some difficulties.

- (2) Impact at grass-root (district level): Impact at district level in form of better service delivery seems to be still rather limited, with exception of the districts which have benefitted from an outsourced projects implemented by NGOs. However in the case of outsourced projects it is not yet evident whether good results achieved will be sustainable at the end of the external support. The process of service delivery at field level is undergoing, in the moment, a fundamental change with DDAs and DPAs becoming part of a multidimensional economic serving group. This however is as well related to the redefinition of the tasks and policies of the MADER (which has been a input and service provider in the past and is now adapting to market economy). Main difficulty seems to be that the future strategy of intervention and level of service provision which should be given by the MADER, provincial directorates and at district level is not yet agreed by all actors, and that especially there is a lack of definition how farmers' access to services, agricultural inputs etc can be assured under a market economy. The private sector (services providers, NGOs, traders, credit institutions, etc), which should play a major role in economic promotion are often not present in the rural areas or simply lack the capacity to deliver.
- (3) Agricultural services: an unified public extension service and improved qualification of extension workers has been generally achieved: however the number of public extension workers continues to be rather limited and still often external factors (p.e. transport facilities, availability of improved technologies, etc), limit their services provision at field level. Furthermore a lack of appropriate and functional linkages between research and extension can be observed.
- (4) Result indicators

Results indicators	Indicative Target 2005	Intermediate indicators	Indicative Target 2005	Information collected concerning achievement of targets (2005)
Annual growth in agricultural production	8% (2001-2005)	Number of producers in family sector adopting improved techniques by 2005	460,000	It was found to be 7.1% in 2004; while is was 6.5% in 2005 and 2006.

Increase in production of cashew nuts (tons)	100,000	Plants treated against disease Improved saplings	21 million by 2005 8 million by 2005	
% of districts suffering from food insecurity (highly or moderately vulnerable)	n.d. but less than 26% (2000)			According to SETSAN in 2005 still about 430.000 persons in 32 districts suffered from food insecurity

### 1 3.1.2 Expenditure on agricultural sector and food security sector (trends, narrowing gap between budget and expenditure)

Although the promotion of the agricultural sector is one of the key elements mentioned in PARPA and the GoM has taken the compromise in the NEPAD meeting in Maputo (in 2005) of allocating at least 10% of overall Government's expenditures to the agricultural sector, the total government's agriculture expenditures are about 4% of the total budget only and composition of expenditures is heavily skewed toward salaries. There are no subsidy payments or other transfer payments. The share of donor funding dominates expenditure. About 50% of the expenditures in the sector are off-budget.

*Government expenditure in the Agricultural and Fishing Sector (1998-2004) in millions of \$USD*

Agriculture and fish	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Current	195	16.5	8.7	9.7	11.5	13.3	23.5	15.2	NA	NA
Investment	84	5.7	1.9	3.8	6.3	7.5	14.5	53.9	NA	NA
Out of which externally Financed	24	0.63	0.20	0.38	4.6	5.6	11.7	49.0	NA	NA
Average exchange rate Mts / \$US 1.0	NA	12,700	15,113	20,944	23,460	23,215	18,640	21,884	25,000	25.72

**Source: MINAG.**

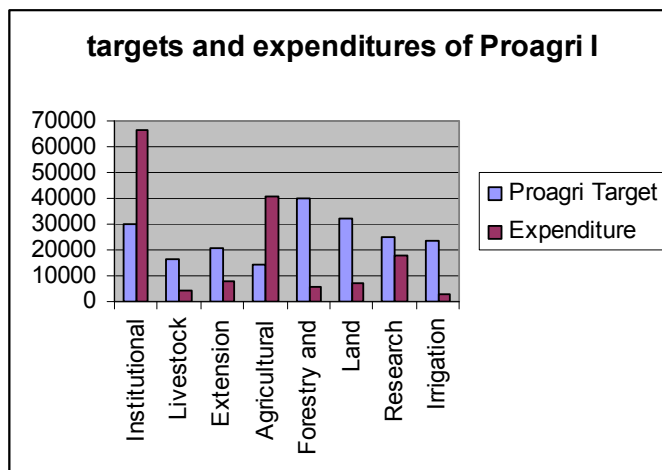
Although being a Programme of the Government of Mozambique, PROAGRI is highly dependent on external financing and a only very limited contribution of funds of the Government of Mozambique. EC contribution for financing PROAGRI was extremely important with EC having financed in the period 1999-2005 in average 26% of PROAGRI I expenditures; being thus by far the most important donor institution for the sector, followed by USAID (21%) and IDA/WB (11%).

#### Dependence of PROAGRI on external financing

Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Expenditure of PROAGRI I (in 000 US\$)	NA	7765	16229	22996	31641	34087	31418	40227	NA	NA
Donor funding	NA	64%	89%	86%	92%	90%	86%	90%	NA	NA
% of EC funding of overall Proagri I expenditures	NA	0	32,8%	2,6%	33,0%	18,7%	38,2%	19,9%	NA	NA

Source: Calculation based on tables presented in the Final Evaluation PROAGRI I; those tables have been elaborated based on MINAG Financial Reports. Legend: NA = Not applicable (1998) or Not available (2006 and 2007).

The following table shows that the major part of the budget for agriculture has been spent on PROAGRI. Institutional costs showed to absorb the major percentage of actual expenditures of PROAGRI I followed by expenditures on agriculture (agriculture includes services related to research, extension, plant protection, seed certification and development of related infrastructures).



Source: own elaboration based on MINAG Financial Reports (in 000 US\$)

### I 3.1.3 Degree of decentralization of support service for the agricultural sector (level of expenditure at various levels)

Documents generally state that decentralization is only in its beginning. However the Government is moving towards a participatory district planning as a major catalyst for improved local government. In 1998 in Nampula province, a pilot programme for decentralised and participatory planning has been launched, which later on has been adopted as the "Nampula Model". Actually a massive National Programme on Decentralized Planning and Finance has been launched which will gradually involve all provinces and districts. The current challenge for the Government is now to integrate sectoral funds (such as PROAGRI) into the district PES and budgets, and to ensure that the Districts' economic development priorities are reflected in these documents.

PROAGRI I was the first programme in Mozambique which introduced a decentralization process which consisted in the transfer of implementation and decision making authority to province and district level. The transfer of decision making authority is linked to the decentralization of planning; which allows the DPAs to decide on the investments in their annual plans; parallelly the budget management was decentralized. Thus DPAs were free to allocate their budgets for functioning and investments and between different provincial services and districts.

However it seems that there is still some reluctance from staff at central level to pass responsibilities to the provincial and district level. Furthermore there continues to exist the problem that qualified staff is less motivated to take function at provincial or district level. The final evaluation of PROAGRI I showed that although some progress had been made on what concerns planning and decision making at provincial level, there is a room for further improvements.

The final evaluation of Proagri I concluded that there have been important improvements in the offices capability at province level to conceive, plan and carry out appropriate activities, however that the process is only incipient and need further and continuous support.

Same, Landel Mills concluded in the Evaluation of the multi-annual Food-Security Programme 2003-2005 that decentralisation is showing its effect in the provinces where many more medium level agricultural technicians are working now, which is resulting in enhanced public services. The districts have their own accounts sections with well-educated accounts staff, and they have their own bank accounts. The

preparation of the MINAG budget starts in the districts.

According to the final evaluation of PROAGRI I during the period 1999 – 2005 the provinces received about 43% the total disbursements of PROAGRI with variations between 37% and 48%; however the percentage of funds decentralised varies from year to year and no steady trend can be observed.

### JC 3.2 Improved agricultural production and food security (pro-poverty)

#### I 3.2.1 Agricultural production trends

It is difficult to establish a direct link or causality between increase of agricultural production in recent years and the performance of PROAGRI. Whilst PROAGRI achieved certain positive results at institutional level the effects of the policy are still incipient.

Small scale subsistence farmers are limited in their production by the lack of technology, agricultural inputs, lack of credit and markets; in those regions where considerable agricultural surplus is produced the lack of markets is impeding increase in production.

Due to a weak data collection system, it is difficult to get data on agricultural production; the last dates available are from FAO and concern 2004. According to the 2004 mid-term CSP evaluation, agricultural growth may be estimated at about 7% in 2003, compared to the goal of an average of 8% from 2001 to 2005. However, the growth rate of small-holder agricultural production seems to be considerable lower, which – considering the positive trend in overall economic development in Mozambique – will increase inequity within the population of the country.

Most of the crop production (grains, pulses, cassava, sugar cane, tobacco and cashew nuts) recorded increases varying between 2.5% and 50%. An increase in the production of cash crops could be stated. Especially tobacco production has grown very rapidly over the past seven years: from 1,500 tons in 1996-97 production of raw tobacco increased every year to reach over 50,000 tons in 2003-04. Over the same period, the estimated number of tobacco growing households increased from 6,000 to more than 120,000. There are currently five major firms operating in the country that promote smallholder contract farming schemes and larger scale commercial operations.

Indicator	Unit	1979-81	1989-91	1999-2001	2002	2003	2004	2005	2006
Cassava	1000 t	3567	3994	5568	5925	6150	6413	---	6659
Maize	1000 t	383	370	1066	1236	1248	1437	942	1,395
Cashew	Share in agricultural exports	0	0	0	24,8%	17,8%	23%	NA	NA
Tobacco	Share in agricultural exports	0	0	0	28,5%	30,8%	25,9%	NA	NA

Source : FAO Food and Agricultural Indicators Mozambique (11/2006). Legend: NA = Not available.

PARPA II points out that the main sources of agricultural growth have been an expansion of the cultivated area and an increase in labour input. It is also pointed out that the growth by and large has been a growth in staple food production, notably maize. This is mainly related to the normalization of the political and social situation in Mozambique after the peace agreements and thus the return of persons which had left the rural areas during the war period.

According to the data published by FAO arable land and land with permanent food crops has increased during the last 30 years. However, other sources state that there is less land under agricultural production today than there was 30 years ago,<sup>24</sup> although the population has doubled within that period, indicating that agricultural production per capita is considerably less today than it was in 1970.

#### Land use in Mozambique

Indicator	Unit	1979-81	1989-91	1999-2001	2002	2003	2004
Total land	1,000 ha	78,409	78,409	78,409	78,409	78,409	78,409

Arable land+ permanent crops	1,000 ha	3,117	3,680	4,185	4,430	4,580	
Arable land	1,000 ha	2,887	3,450	3,950	4,200	4,350	
Irrigated land	1,000 ha	65	103	115	118	118	
Agricultural labour force	1,000 people	5,586	5,781	7,585	7,837	7,953	8,065

Source : FAO Food and Agricultural Indicators Mozambique (11/2006)

Smallholder households have significantly diversified their production patterns. Between 1995-96 and 2002-03, the mean number of crops almost doubled from 4.6 to 8.5 crops per household. Especially food crop diversification was pronounced, in particular pulses, horticulture, and perennials. In addition, crop diversification occurred almost equally in all income quintiles, but diversified crop production is primarily a coping strategy against weather-related production risks, which provides little additional income to the poor. Indicators on food production published by FAO in 2006 indicate clearly that food production has increased overall; however food production per person has significantly decreased compared to 25 years ago. In recent years (from 2003 onward) a slight recovery of production per person can be stated.

Indicator	Unit	1979-81	1989-91	1999-01	2002	2003	2004
Food production	1999-01=100	77	75	100	101	104	109
Food production/ per person	1999-01=100	113	99	100	97	98	101

Source : FAO Food and Agricultural Indicators Mozambique (11/2006)

### 3.2.3 Trends in rural incomes

It is difficult to access data concerning increase in rural income. However, considering that growth in the agricultural sector was about 6.6% and bearing in mind that this sector supports and employs more than 70% of the active population, its effect on poverty reduction in the rural areas is supposed to have been direct. According to UNDP<sup>25</sup> the scale can be assessed by:

- the 27% increase in per capita income from cash crops between 1996/97 and 2002/03;
  - the percentage of households owning radios, which rose from 27% in 1997 to 49% in 2001;
  - the percentage of households owning a bicycle, which rose from 12% to 27% in the same period;
- and, - the improved poverty incidence indicator and human poverty index.

According to UNDP (National Human Development Report 2005) in absolute terms, from 1997 to 2000, poverty, as measured by the HPI, was reduced more in the central region (-6.1) and the north (-5) than in the south (-4). From 2000 to 2003 the reduction was smaller but with the same trend: central region -2.8, north -2.5, and south -2.1. However, in relative terms, the south shows the greatest poverty reduction: 11% from 1997 to 2000 and 6% from 2000 to 2003, while the central and northern regions showed, respectively, 10% and 8% from 1997 to 2003, and 5% and 4% from 2000 to 2003. In general terms, the poverty rates in the three regions are converging.

### 3.2.4 Number of districts suffering from food insecurity

According to SETSAN, in 2005 there existed still 32 districts in 7 provinces which faced food insecurity during several months of the year; however the trend is positive considering that the number of districts with food insecurity had been 47 in 2002 and 49 in 2003.

Smallholder yields of basic food crops are low and there has been little change over the past decade,

mainly due to limited availability, use and adoption of improved agricultural technologies.

National cereal and tuber production have remained stable over the last five years with 1.6 million tons of cereals and 6 million tons of cassava. In terms of land size, 95% of all land holdings have less than 1.28 ha, of which 23% are cultivated by female-headed households. Maize yields range from 200 Kg/ha in the South to 900 Kg/ha in the North, far below the average of about 1,200 Kg/ha in Southern Africa. While land availability is abundant in principle, expansion of cultivation is limited by labour constraints, absence of draught animal power and access to water.

FAO indicates that food security in Mozambique is nevertheless improving. Since the end of the civil war in 1992, Mozambique has made impressive gains in restoring food production and at a national level the country is virtually self-sufficient in terms of food grain production, with the exception of wheat and rice. Preliminary results of the 2006 harvest assessment indicate that food security and nutrition in the country improved substantially. The country produced 2.3 million metric tonnes of cereals, including carryover stock, compared with a national requirement of 2.6 million tonnes (WFP). However, this growth has been uneven spatially and natural disasters such as floods and droughts are important causes of temporary food insecurity. Thus, during recent years several food emergencies arose; at the time of writing (2007) PAM indicates that about 430.000 persons affected by inundations will need food aid within the next months. However, food aid can be bought locally.

It seems as well inadequate to pretend that all districts should be self-sufficient in food-production, considering the very different agricultural potential existing in the different regions of the country. P.e. the southern parts of the country have more a vocation for livestock production; thus a more modern livestock production with commercialization of animals should be promoted in order to rise income which can be used to purchase food at the local markets. It seems that Mozambique is still lacking a strategy of how to use comparative advantages of different provinces and districts.

### I 3.2.5 Trends in indicators on (mal)nutrition (e.g. on stunting, wasting)

According to the *FAO Indicators for Mozambique* the nutritional situation of Mozambique has improved and food intake increased from 1,780 kcal to 2,070 kcal between 1991 and 2003. However, still about 44% of the population are undernourished (about 66% in the period 1990-92). According to SETSAN in 2003 still 41% of the children under 5 years suffered from chronic malnutrition (with variation between 20,6% in Maputo town and 55,6% in Cabo Delgado) with the particularity that even in provinces with good agricultural potential and food production surplus malnutrition could be stated. SETSAN indicates that the "monitarist" development approach of PROAGRI I has not permitted to focalize actions towards the most defavorized and vulnerable sectors of society. However malnutrition is not only related to none availability of food, but as well to inappropriate use made of the available food.

Indicator	Unit	1979-81	1989-91	2001-03	
Per caput dietary energy supply	Kcal/day	1860	1780	2070	
Per caput dietary Protein Supply	g/day	32	32	39	

Source : *FAO Food and Agricultural Indicators Mozambique (11/2006)*

### I 3.2.6 Reducing volumes of food aid and donations

In general food security in Mozambique has improved considerably during recent years. This has been related mainly to three aspects:

- (i) Increase in food availability, with dramatic reduction in food aid;
- (ii) Lower and more stable prices for the main staple food;
- (iii) Improvements in the food system in terms of access of the population to a wider range of food products.

Aggregate availability of food at country level can be considered satisfactory. Food availability in Mozambique depends largely on food production from a large and heterogeneous smallholder agricultural

sector, and a small, unevenly distributed and incomplete marketing network. Agricultural production is characterized by low productivity due to low technology and input use. Consequently, the percentage of production that reaches the market is low, except for the north and few locations in the center regions of the country where surpluses exist and where the marketing network is more operational. Own food production or own domestic resources cover about 70% of food needs in rural areas. In the urban areas, this estimate is only about 17%, with the remaining 83% covered by market purchases.

Generally, food production in Mozambique can be considered as sufficient for covering national consumption needs; however the country is highly vulnerable to natural disasters (droughts in the North (2001-2002) and inundations in the South (2007), that destroy food production. Due to the different climatic and ecological zones, however, sufficient food was available on the local markets in recent years. Lack of food security at local level is therefore more related to the lack of financial means for buying food (access to food), information and logistic problems as well as to food utilization.

In general it can be concluded that food security in Mozambique has considerably improved. However, inadequate income, logistical and information problems may locally hamper the access to food or its availability. Thus, food security is not only related to food production, but also to purchasing power, appropriate storage systems, a functioning market information system, acceptable roads (which permit all year transport), transport capacity and knowledge of best practices of food utilization.

### JC 3.3 Improved service delivery at field level

#### I 3.3.1 Trends in public extension services coverage

It is difficult to find data on agricultural support services, however there are some proxy indicators: (i) the number of peasants assisted by public extension services and (ii) the number of vaccinations against Newcastle disease carried out by the public sector.

- (i) 177,000 farmers were assisted by the public extension services in 2005, of which 70,692 were women, representing an implementation rate of 90% of the PAF targets. This means an increase of 18% in comparison with the previous year. This increase was due to an expansion of the public extension network from 66 to 84 districts, an increase in the number of technical staff from 633 to 681, and a greater concentration on producers in irrigation schemes.
- (ii) Vaccinations against Newcastle Disease - the target of 3,000,000 indicated in the PAF referred not only to the public sector but also to the private sector's share. Target achievement was 68%, corresponding to two million vaccinations carried out by public and private veterinary services, representing an increase of 73% in relation to 2004. This improvement was due to the increase in the production of vaccines by the *Agricultural Research Institute of Mozambique* (IIAM), the increase in coverage of the public extension service, the increase in the number of rural pharmacies, a greater coordination within the framework of the *Unified Extension System* (SUE) and finally, to the use of Community Veterinarians.<sup>26</sup>

The *Final Evaluation on Rural Development in Mozambique* (2006) stated that there is a general weak focusing of EC supported activities on research and extension. The evaluation concluded that these aspects should be covered in a more specific way, considering especially that there are only about 700 public extension workers operating in the whole country (considering a population of 18.2 million, a rural population of 80% and an average family size of 5, there is a public extension worker available for 4,160 families).

The main problem within the public agricultural research and extension services is limited coverage and low quality. Currently, only about 13% of rural households have access to public extension. Until 1997, the official extension model adopted by the Government and funded by donors, was the Training and Visit system. PROAGRI I (1999) funded an Extension Master Plan that ended in 2003. The three main pillars of this new approach are: (a) institutional pluralism in the delivery of extension services, (b) an integrated national system of extension, and (c) multiple financing and delivery mechanisms.

In addition to DNER, many NGOs are active in the field of extension. The delivery of extension services faces major challenges. There is disagreement as to whether the fundamental problem is weakness in technical messages (according to the PROAGRI Extension Master Plan) or a disconnection between research and extension. One assertion is that a number of profitable technologies have been developed but

extension has failed to disseminate them. There is also an ongoing debate about the effectiveness of research in the field — with recent evidence supporting a positive impact.

### **I 3.3.2 Trends in availability of rural credit and input distribution**

Input supply for agriculture continuous to be very weak and is left almost entirely to the private or NGO sector. Currently, only about 4% of rural households use fertilizers and only 5% use pesticides. The use of those chemical inputs is generally concentrated among cash crop growers. About 82% of rural farm households report agricultural seed supply as their main agricultural problem. Animal traction is used by 10% only.

The lack of rural finance is pervasive even by African standards. There has been very little supply of and demand for financial rural services, including the supply of savings and demand for production credit. There is virtually no commercial bank presence in rural areas. Thus, the access to agriculture credit is still a big challenge for agricultural development, addressed by EC with limited results. The EC has supported a marketing credit programme to improve rural market efficiency through linking traders with producers and re-monetisation. The intervention consisted of a credit facility for small and medium size cereal traders through the support to two rural financial institutions GAPI and AMODER. A monitoring mission conducted in August 2002 revealed that it was quite successful in providing marketing credit to small and medium traders as well as to producers' associations, a novel experiment. According to the FSP mid-term evaluation, the programme is effective, but there is some element of discrimination and lack of transparency in the choice of clients in the credit portfolios due to credit rationing. The programme is also limited by legal impediments that prevent savings accounts in non-banking institutions and therefore the non-institutional linking of rural savings to credit.

Besides this programme, there are few interventions aimed at specifically tackling this issue, and it represents a heavy impediment to development in rural areas. Many of the projects' beneficiaries have expressed the need to access credit in order to improve their lifestyle and raise their productivity (purchase of animals for agricultural traction, water-pumps, seeds, etc.). However, one of the NGO projects has shown great effectiveness in setting up a credit/saving system tailored for local communities (in this case, women's groups) It should be noted that rural finance is one of the four pillars of PROAGRI II, but it is however too early to assess its effectiveness.

### **I 3.3.3 Animal health service coverage**

No specific data concerning animal health service coverage are available. The *Annual Joint Review - April 2006 Agriculture Report*, stated that it was not possible to monitor main indicator number 15 (percentage of mixed farms, which vaccinated livestock). However two proxy indicators were monitored in the area of animal health: number of cattle vaccinated against anthrax and the number of cattle vaccinated against black-leg.

For the first indicator, an implementation rate of 76% was reached, corresponding to around 500,000 cattle vaccinated, and for the second indicator a fulfilment rate of 79% was reached with around 200,000 cattle vaccinated. Compared to last year, this reflects a growth rate of 48% and 41%, respectively. Due to the lack of vaccination equipment and infrastructures in some provinces, this fell short of the expectations. The poor collaboration of cattle owners in some areas and the poor dissemination of the vaccination calendars also constituted a constraint.

In gernal, it can be concluded that coverage on animal health services remains limited due to the lack of vaccination equipment, other veterinarian equipment, infrastructures and collaboration of cattle owners.

## **JC 3.4 Improved Government of Mozambique capacity to assess the food security status of rural and urban households**

### **I 3.4.1 Evidence of actual data/estimations on food production and availability disaggregated by province, district, social groups etc.**

SETSAN is the nation institution collecting data related to food production and availability at province and district level. Although facing certain institutional limitations SETSAN is generally coping with its objectives. However, access to information seems somewhat restricted; thus *individual, collective and institutional users outside of the government sector do not have adequate access to information for decision making;*

*especially disadvantaged are the vulnerable population groups, small food- and cash crops producers, organised groups of farmers (peasant associations) and local decision-making structures.*

SETSAN's activities have certainly contributed to make more information available to different institutional stakeholders at central level, including NGO's, multilateral and bilateral donors. At local level and as far as the "especially disadvantaged... vulnerable population groups... and local decision-making structures" are concerned, important efforts are still necessary to reach any visible improvement.

#### **I 3.4.2 Evidence of effective application of early warning systems**

The EC is the biggest donor in the field of food security (FS). Since 1986, its support to agriculture and rural development has been financed under the Food Security Budget Line, which supports food security and/or agricultural activities. The EC supports food security through technical assistance projects for

- FS policy formulation;
- Consolidated Information System (CIS);
- National Early Warning Systems (EWS).

In addition the EC budget support to the *National Institute of Meteorology* is providing essential information for the national early warning system.

Generally, the EC support to FS is reported to be effective:

- Through the efforts of both the EWS project and the CIS, project co-ordination structures have been put into place within MADER: the *Co-ordination Structure of Food Security and Early Warning Information Systems* (SENCAP) and the *Food Security and Nutrition Technical Secretariat* (SETSAN).
- A *Food Security and Nutrition Strategy* (FSNS) has been approved and its basic ideas incorporated in the PARPA.
- The Support to the Consolidated Information System has been a good source of information about the food security situation for NGOs and the donor community, especially during the floods of 2000. However, because this project never got the required backing and response of *National Authority for Disasters Management*, the influence of the project on government decisions regarding strategies and interventions in the field of disaster prevention linked to food security has been very limited.

The project "*Support to the Co-ordinating Structure for Food Security Information System Activities of the Food Security and Nutrition Technical Secretariat*" (SETSAN) in Mozambique is intended to enhance Government's operational and analytical capacity to reach World Food Summit goals and in particular support the implementation of the *National Food Security and Nutrition Strategy* (ESAN 1998). The project is designed to achieve this through technical and financial support to strengthen the SETSAN as a multi-sectoral coordinating body at national and sub national levels.

The project design and implementation builds on past technical assistance provided by FAO in Mozambique, which includes technical assistance and capacity building support in the areas of early warning and food security information systems (FSIS) development, the establishment of an institutional framework for the coordination of FSIS activities, and the use of information for decision making, development programming and policy formulation.

SETSAN is currently comprised of two operative units under the overall co-ordination of an Executive Secretary as endorsed by the Minister's Cabinet in January, 2001. One unit specialises in FSIS activities and the other one is responsible for translating information into action (planning and policy).

During the life of this project, FAO has focused support primarily to the FSIS unit and GTZ has provided technical support to the policy and planning unit, both embracing the policy of SETSAN to promote decentralization. However, the GTZ project ended in December 2005 and FAO has begun to provide additional support to the policy and planning components. Food Security and Nutrition (FSN) Secretariats have been established in all provinces (SETSAN-P) to support the national FSN agenda at sub national level. Under SETSAN-P, provincial-level FSN action plans in support of the ESAN and the Poverty Reduction Strategy (PARPA) are currently being formulated.

The evaluation of rural development, Mozambique (2006) concluded: "*The support to early warning systems has had a number of important positive results, including improved methodologies for crop forecasting and monitoring; training of professionals at central, provincial and district level; the establishment of an Early*

*Warning Department within MADER and the creation of an operational structure for the co-ordination of the different food security information components. However, while the project has had impact at central level, its impact has been much less at provincial and district level. Its efficiency has been negatively influenced by the deficiencies in the physical communication system, the insufficient meteorological stations, the limited technical capacity of field personnel and high turnover of staff personnel, and the unavailability of funds at the right time."*

Thus generally it can be concluded, that an early warning system is existing and functioning appropriately. It's influence on government decisions regarding strategies and interventions in the field of disaster prevention linked to food security is growing as the time passes. For instance, in recent natural disasters (floods in the central region and cyclone in the south), the information generated by the EWS was crucial for the government intervention in saving lives.

## **Synthesis of JCs & Findings**

### **JC 3.1 Effectiveness of Government owned agricultural support and food security reform programme.**

The Government owned agricultural support and food security programme seems to have permitted certain improvements of the sector. However PROAGRI I was particularly focussed on institutional processes and improved organizational performance thus that direct results at grass-root level are still incipient. However PROAGRI I has achieved a good donor coordination and the sharing of visions of agricultural sector development; as well it has set the bases for a future better performance of the sector and has avoided the fragmentation of donor's support.

However, the agricultural sector is still lacking an integrated vision and strategy of how to achieve growth with equity of an enormous number of smallholders living in subsistence economy and how to include them in modern economy. The abandon of the socialist centralized system and the move toward market economy has left these part of the population without access to production inputs and support. Same there is no strategy of how to connect subsistence farms or small-holders to commercial production and to national and international markets. Furthermore an integrated vision of rural development and the role of agriculture in rural development is missing.

As a result, the growth of the agriculture sector is lower than the average growth of GDP and food crop production remains dominant with very little development of commercial production, despite good potential. Main limitations that continue to hamper the agricultural development are the limited land rights, lack of access to credit as well as low level of technology and lack of an appropriate road network which permits easy access of products to markets.

PROAGRI I has achieved a certain degree of institutional reform and deconcentration with the Ministry of Agriculture and at provincial level. According to recent evaluations its impact and effectiveness at field level remained limited notably with respect to the level and quality of service provision at district level, credit, extension services, marketing support and others.

Now, the recently started PROAGRI II has shifted its approach from strengthening of governmental structures to agriculture production and productivity, although its activities are too recent for showing already concrete results. Furthermore, PROAGRI II gives more stress to the private sector and the civil society as implementing agents (e.g. outsourcing of activities) and limits GoM's role to a facilitator/coordinator/regulator. It can be concluded that GoM support to the agricultural sector is coherent and suitable for achieving improvements in the medium to long term. The clear policy has permitted good donor coordination.

The activities of the food security programme of the EC in Mozambique are concentrated on Strengthening and reform of key state institutions;

Civil society organisation and private sector development while addressing food security constraints in a decentralised fashion and linking activities with district level authorities.

The former is covered basically by budget support and specific technical assistance, while the latter is addressed through projects executed by NGOs, agro-industrial companies and producers associations.

EC's FSP has clearly had a positive impact on institutional strengthening of the two key ministries MADER and MIC. Reform plans for these ministries have been defined with FSP support and approved by the GoM. Effectiveness has improved over time as the FSP gained knowledge and experience. Effectiveness of long-term technical assistance has been good, i.e. in MADER (successful introduction of financial management systems, enhancing procurements capacities, establishing of the Early Warning Department and SENCAP) and MIC (institutional restructuring, establishment of a market information system). However the results achieved will need consolidation.

The Government-owned agricultural support and food security reform programme has permitted certain reforms which are the basis for future better performance, however the process needs continuation

The agricultural sector is still lacking an integrated vision and strategy of how to achieve growth with equity of an enormous number of smallholders living in a subsistence economy and how to include them in modern economy.

Although the Government of Mozambique gives high importance to the agricultural and food security sector in PARPA the expenditures for this sector remain low and many of the interventions continue to be implemented by donors through projects (off-budget) and according to criteria which reflect more the priorities of the donors than those of the sector

EC support has contributed to improve institutional processes and to promote change towards an improved organizational performance of the key institutions of the FS and Agricultural sector. Furthermore it contributed to donor coordination and policy formulation

The decentralization process has started but capacities at district level are still rather limited

### **JC 3.2 Impact on agricultural production and food security (pro-poverty)**

Agricultural growth increased during the recent years, with estimated agricultural GDP increasing by about 6.6% in the period 2001-2004, compared to the goal of an average of 8% from 2001 to 2005. Most of the crop production (grains, pulses, cassava, sugar cane, tobacco and cashew nuts) recorded an increase varying between 2.5% to 50%, livestock production rose slightly. PARPA II points out that the main sources of agriculture growth have been an expansion of the cultivated area and an increase in labour input. It is also pointed out that growth by and large has been in staple food production, notably maize.

Thus, there seems to be no doubt that rural poverty has diminished and food security has improved. However, most of the Mozambican farmers are still working with inefficient production methods and become easily victims of climatic disasters (especially droughts and floods).

According to FAO, land under agriculture production is still lower than 30 years ago, although the population today has double within that period, indicating that agriculture productivity has considerably less today than what it was in 1970. Most productivity ratios are still below those found in other SADC countries due notably to the lack of basic inputs and infrastructure.

Agricultural production has increased during the period under revision and EC's support has contributed to achieve these results: EC outsourced projects have given locally good and punctual results at grass-root level ; EC's policy towards the sugar sector has promoted high growth rates of this sector.

Food security has generally improved but according to SETSAN there are still more than 30 districts which suffer from food insecurity. However, food security (in terms of food availability) at national level seems to be good; but insufficient road infrastructure makes exchange of agricultural products between different provinces and districts difficult.

### **JC 3.3 Improved service delivery at field level**

With exception of few districts benefiting from punctual outsourced projects as well as the services related to animal health; service delivery at field level seems not to have improved significantly. Indeed, public extension service is very limited both in number of staff and coverage; credit for farmers is almost non-existent in rural areas; access to markets (for agricultural inputs and/or agricultural products) is also limited due to poor road network.

The extension ratios – although slightly improving - remain very low, there is a lack of appropriate extension messages/agricultural research and almost no access to rural financial. Stockage and marketing support remain weak and frequently roads are in poor conditions and there is little access to information (marketing

information system).

PROAGRI II is making efforts to improve service delivery at field level, including rural financing, but it seems too early for measuring progress achieved.

Quality of service delivery seems to have remained stable or shown only little improvement, with exception of the districts which have benefitted from outsourced projects implemented by NGOs.

**JC 3.4 The Government of Mozambique has an adequate capacity to assess the food security status of rural and urban households.**

The Government of Mozambique has an improved capacity to assess the food security status of rural and urban households. EC support to early warning systems has been reported to have a number of important positive results, including improved methodologies for crop forecasting and monitoring; training of professionals at central, provincial and district level; the establishment of an Early Warning Department within MADER and the creation of an operational structure for the co-ordination of the different food security information components (SENCAP). However, the evaluation of rural development (2006) reported that impact has been much less at provincial and district level. Its efficiency has been negatively influenced by the deficiencies in the physical communication system, the insufficient meteorological stations, the limited technical capacity of field personnel and high turnover of staff personnel, and the unavailability of funds at the right time.

Furthermore EC support to food security in form of technical assistance projects has permitted the establishment of a *Consolidated Information System* (CIS) and a *National Early Warning Systems* (EWS). Furthermore EC supported the *National Institute of Meteorology* which is providing essential information for the national early warning system. Recent evaluation studies report EC support to be effective. However, a better coordination between the Consolidated Information System and the National Authority for Disasters Management might be necessary in future in order to influence more on government decisions regarding strategies and interventions in the field of disaster prevention.

The capacity of the Government of Mozambique to access the food security status of urban and rural households is still limited.

**EQ 3 (FS):**

**To what extent has the EC support to Food Security and to the Agricultural sector been effective and contributed to an expanding rural economy and to reducing rural poverty?**

**Answers:**

EC support has permitted the strengthening of key institutions involved in agricultural development and food security and has thus contributed to create the basis for a more efficient service provision of these institutions. As mentioned before PROAGRI I has concentrated mainly on institutional reforms. Thus, the evaluation of rural development (2006) concluded *“If the PROAGRI has had a clear impact on ministerial reform, capacity building and institutional strengthening, it is widely recognised that its impact on agriculture production and rural economic growth has been rather weak”*. PROAGRI II which is focusing more on production is only recently under implementation and thus it is too early for conclusions. Several evaluation studies report a local improvement of agricultural production and poverty situation where “outsourced” projects are under implementation.

Means of EC support to the agricultural sector and food security sector have been coherent. The support to PROAGRI and to the FS sector have been appropriate, considering that the participation in a SWAP is the only possibility for entering in policy dialogue and influencing Government’s policies in the medium and long term. PROAGRI is a government owned programme, thus all support received has a full appropriation; institutional reforms introduced are fully Government owned and are a precondition for a future better performance of the sector. Thanks to their high percentage of co-funding, donor institutions have the possibility to influence Government’s policies by policy dialogue.

Some general Improvement of the rural poverty indicators and expanding of rural economy can be observed, however it seems impossible to relate this improvement directly with PROAGRI activities; it seems more related to the general growth of Mozambican economy in the post-war period and to the improvement of overall macro-economic conditions than to the donor support to PROAGRI. However

PROAGRI has set the basis for a future better performance of the Ministry of Agriculture and the DPAs and DDAs (now under the new SDAE at district level). Same, EC support to FS has shown some good results in form of institutional strengthening and acceptable results at the level of several outsourced locally limited projects ( implemented by NGOs). The EC support to the agricultural and FS is coherent and appropriate. Supporting Government owned programmes and investing primarily in institutional strengthening is a precondition for a better sector performance in future. Thus, direct effects on rural poverty indicators can be expected only in the medium term, once institutional reforms show their first results. PROAGRI II which is focussing more on the local level should deliver more concrete results.

### Transport infrastructure (TR)

**EQ4: To what extent has EC infrastructure support – notably to road transport infrastructure contributed to (i) increased management capacity of sector institutions at national and provincial levels (ANE, FE, MOPH); ii) improved accessibility and regional integration, thus making a contribution to poverty reduction?**

#### ***Justification and coverage of the EQ***

Transport and communications are recognized as key facilitators in accessing markets, social services, education and health facilities, agricultural and economically productive areas thus contributing to poverty reduction, national and regional cohesion and economic development. For many years support to transport infrastructure has been a reactive project-based approach as institutional capacity, whilst improving through the 90s, could not sustain a pro-active, longer-term sector wide approach to network management. However, institutional reorganization (DNEP - Direcção Nacional de Estradas e Pontes - became ANE - Administração Nacional de Estradas - and FE - Fundo de Estradas - was established) may be a significant move towards (semi) autonomous sector asset management, which is intended to better address significant maintenance deficiencies while improving prioritisation and allocation of limited resources especially in rural linkages (rural areas to markets and basic social services) and secondary roads connecting poles of economic activity. This question seeks to establish whether EC interventions have actually addressed key issues of sector development such as effective capacity building and institutional change, maintenance backlog, accessibility, regional integration and longer term budgeting, programming and works programme implementation and network management.

#### **Initial analysis & hypotheses**

**JC 4.1 Improved road transport sector management, accountability and service delivery**

#### I 4.1.1.Share of planned paved and unpaved road routine maintenance programme achieved annually (Support to sector institutions and policy)

For paved and unpaved roads PRMU prepares a plan identifying roads and provinces. Work is then carried out by the provinces (through management by provincial consultants) with condition-based contract performance as basis for payment. Consolidation of maintenance was recognized as necessary to protect capital investment and thus support to periodic maintenance was identified as a priority intervention in road sector support (paved network and unpaved secondary roads - €32M + €6M from previous EDF balances – to be channelled through FE).

The current situation and targets for programmed routine maintenance are given below:

		2005	2006	2007	2008	2009	2010	2011
Paved		54% of all primary roads (3190km <sup>27</sup> )		70% (of planned 2,964km)	80%	90%	100%	100%
Unpaved		66% of all 2 <sup>a</sup> & 3 <sup>a</sup> roads (11,153km <sup>28</sup> )		70% (of planned 10,903km)	80%	90%	100%	100%

However, data is not consistent. MTR reports the following figures for 2002 (2003 figures not being available) – 11,612km under routine maintenance; 1,287km under periodic maintenance; rehabilitation of tertiary roads 619km; secondary roads 194km; primary roads 313km. These figures appear high although, with reference to PARPA sector goals equally high figures are claimed (i.e. 108% of secondary road rehabilitation; 124% of tertiary road rehabilitation; 90% routine maintenance). Comparing these figures with the latest sector PAF targets (see table) it can only be assumed that the MTR figures are optimistic. However, whichever figures may be the more accurate there is an undeniable trend of increasing programming coverage of maintenance contracts and increasing funding being made available for maintenance. The challenge is now to improve effectiveness of the maintenance by ensuring that only work to specified quality is certified for payment.

In 2003 MTR reports that 79% of routine maintenance and 63% of periodic maintenance programmes were completed whilst 98% of programmed rehabilitation was carried out, More recent figures are not available but provincial performances are reported to be disappointing.

Thus, even if coverage of maintenance targets has been improving in terms of lengths of road (paved and unpaved) for which maintenance contracts have been awarded (that being said it is reported that at the time of writing this report (June 2007), few maintenance contracts have yet been awarded for 2007). However, the effectiveness of work actually carried out under those contracts is not consistent and there continue to be instances of works not complying with specifications being certified for payment. Despite appointment of provincial consultants to supervise provincial maintenance programmes supervision of these contracts is patchy due to resource problems in some provinces. Also, an overarching and potentially crucial issue is that of financial sustainability and affordability of the national road network.

**I 4.1.2 N° of institutional reforms completed** (Support to sector institutions and policy)

Planning of institutional change has been a feature of the sector for many years but, with the exception of establishment of FE, little real change has actually been effected. Latest plans are for, in 2007, restructuring of ANE<sup>29</sup> and FE organizations for HQ and provincial delegations (although for ANE this appears to consist of a re-centralisation as a prelude for re-de-centralisation). Further plans for 2008 and subsequently include revision of decrees on road sector, ANE, FE and sector policies; formulation and implementation of institutional agreements; road safety and axle load controls; recommendations on ANE autonomy (as road authority) and internalization of procurement and approval of a revised Road Act. However, there has been little real change since the drafting of CS & NIP in that IRSS was expected to be finalized 'soon' with targets of doubling the maintained tertiary network in order to extend economic and other benefits to rural areas. Under this IRSS secondary roads were to connect poles of economic activity, tourism sites, provincial and district capitals to the national network whilst ensuring good access to main ports and railways. Sector management roles were to be redefined with GoM retaining the role of defining policies and regulations, licensing of transport activities, supervision and control. Consolidation of GoM capacity for regulatory framework issues was identified in order to enhance competition, reduce costs to the end consumer<sup>30</sup> and to improve road safety. Although it was expected that an autonomous Road Department would be established together with an independent FE and RB, the independence of the latter is limited in practice. CS notes that GoM would guarantee full autonomy of FE (not done), increased funding to FE (done<sup>31</sup> although the legal means to permit direct transfer of fuel levy and other revenues to FE are not in place, all such revenues passing through MOF) to carry out annual technical and financial audits (done 2005) and complete IRSS (RRS completed in 2006). CS identified capacity building as a priority intervention in the road sector (in the context of public sector reform support to MOPH); decentralized maintenance systems in Nampula, Zambezia and Sofala; ANE in strengthening management of road maintenance; and FE transparency and accountability

Thus the current situation is that ANE has responsibility for management of classified roads (approx 30000km – primary, secondary, tertiary and vicinais) whilst unclassified roads<sup>32</sup> appear to be the responsibility of urban authorities and districts<sup>33</sup>. MOTC, MF and MOPH are all involved in the transport sector<sup>34</sup> of which MOPH has overall responsibility for policies and strategies for management of public roads. Provincial governments have responsibility for provincial planning and prioritization of provincial road maintenance programmes and, with increasing resources being made available to districts, their involvement in management may be expected to increase.

Currently ANE remains almost paralysed pending appointment of a new DGF (the previous DG remains in post in the meantime but is not being considered for the new appointment such that few decisions are being taken) and all senior management posts. Given that time will be needed for the new appointees to become effective in their new posts, ANE will probably continue to have only limited effectiveness as the road sector manager for some time to come. Under 9ACPMOZ002 technical assistance is provided to ANE (DEN) and MOPH. This technical assistance (together with ASDI technical assistance to DER and WB technical assistance to DEN) is due to complete in June/July 2007 thus potentially leaving ANE with only newly appointed management (always assuming that appointments are made by then of course) and no technical assistance until initiation of the planned massive integrated technical assistance plan proposed under PRISE starting in 2007 until 2009 (>40 posts). Although this proposal may in fact be correctly conceived there appears to be little discussion of capacity building strategy, strategic placement of technical assistance, complementarity of function or clear definition of the role of technical assistance (which has tended to operate as independent 'islands' within the host institution). Whilst technical assistance is undoubtedly needed in certain functions of MOPH, FE and ANE (and the relative priorities still appear to need definition) it is proposed from a practical perspective of actioning the drifting maintenance programmes and initiating

the hugely ambitious PIP, ANE requires the most immediate support in network maintenance , procurement and contract management.

How susceptible the key functions of ANE (including routine maintenance, periodic maintenance, rural roads improvement, emergency response) will be to institutional change remains to be seen but adequate contract management demands rapid, preferably proactive, response rather than simple reaction. ANE is not noted for such responses and this, combined with limited delegated powers (to provincial level and to contract supervisors) can result in a degenerative and sometimes costly spiral of contract disputes, claims and poor quality works.

Measures of institutional change are among sector PAF triggers

**I 4.1.3 Satisfactory results of annual financial, technical and procurement audits** (Support to sector institutions and policy)

It is intended that unqualified financial audit opinions on financial statements (short-form reports) will be achieved each year (actually achieved 2005). Further it is intended that management letters (long-form reports) will be issued which will recommend improved management and review compliance with previous recommendations. These reports should be distributed to GoM and sector stakeholders and be considered at the Joint Annual Review. CS notes that although EC has been the biggest sector donor funding reconstruction of some 1500km of roads there have been considerable delays and implementation difficulties that may have reduced and certainly delayed impacts. Inadequate national capacity is identified (oddly provincial level capacity is identified as delaying donor/GoM coordination – this seems unlikely given the very limited real influence of provinces on EC capital and major works programmes). Inadequate delegation capacity is also identified as a constraint to policy dialogue but only very recently (Sept 2006) has the infrastructure section been brought up to strength.

Annual financial contracts are now being implemented but have been subject to delays. Audits of technical issues and procurement are only starting to be carried out with the increasing capacity and activities of FE in monitoring of national maintenance programmes funded by revenues from fuel levy<sup>35</sup>. More needs to be done on technical auditing and monitoring to improve value for money. Satisfactory audit results are among the triggers for sector PAF.

In connection with 9ACPMOZ002 (Road Periodic Maintenance and Capacity Building) it was intended to disburse 3+€4M (total €12M) tranches to FE for backlog periodic maintenance (which can be considered as a pilot for subsequent SBS). The 1<sup>st</sup> tranche was transferred in 2005 and this was thus not used for the 2004 maintenance programme as planned. The 2<sup>nd</sup> tranche was requested in early 2006 but, following a performance audit and financial audit (report only made available in March 2007) the 2<sup>nd</sup> tranche was only disbursed in May 2007 and the 3<sup>rd</sup> tranche may only be disbursed in 2008.

The financial audit reveals that FE has much to do to streamline management and procedures.

On the issue of movement towards SBS under 10<sup>th</sup> EDF pooled funding using procedures other than EDF is permissible ( pooled funding will be supported by a number of RSDs including WB, ASDI, DFID and EC) as an interim measure on the road to SBS. ANE and FE are currently preparing manuals of procurement and financial management respectively and EC should have input into these procedures which are intended to be adopted for administration of the pooled funding.

**JC 4.2 Existence of longer term horizons for budgeting, programming, investment and network management (including planned maintenance)**

**I 4.2.1 Adoption of policy for management of roads and preparation of implementation plan**

(Support to sector institutions and policy)

RSS 2007-2011 was completed in August 2006 but responsibility for the unclassified network continues to be undefined although MOPH continues to examine the issue. It is similarly not clear how works on unclassified roads should be funded (although recent thinking is that funds may come from district budgets managed by DAs and not from FE). District mapping is only expected by late 2007 and it is planned to produce a policy for unclassified roads only in 2008.

The new national roads policy which was expected to be tabled for Cabinet discussion and approval in October 2006 marks a change in emphasis from the previous 'Política e Estratégia de Estradas' which was addressing the situation of emergence from conflict<sup>36</sup>.

EC ambivalence towards RSS is widely regarded perceived by sector partners interviewed during this evaluation although this has not been confirmed by EC. Some RSDs also describe EC as not being proactive in RSDG (currently comprising AfDB [focal point], ASDI, NORAD, Danida, Italy, DFID, Ireland, WB, JICA, IFD and EC [focal point 2005-2007]).

**JC 4.3 Reduced maintenance backlog**

**I 4.3.1 % of financial contract programme implemented against plan (Maintenance)**

The basis for monitoring of PRISE PIP is the contract programme between ANE and FE (not yet signed) that identifies a number of key projects together with the timetable for construction, comparing rate of expenditure. The current situation and targets are set out below:

	2005	2006	2007	2008	2009	2010	2011
% of contract programme implemented against plan		N/A	70%	75%	80%	85%	90%

The date of receipt of budget support funds by MOF and FE is compared with the agreed plan. A calculation of USD-months delay will be made annually for donor funding while late disbursement by GoM will be recorded as a % of annual total regardless of the period of delay. This system has not yet been implemented but targets are 100% (funds committed by donors and funds disbursed by GoM). 8ACPMOZ008 Rural Roads Rehabilitation and Maintenance was cancelled due to long delays in tendering, selection of consultant, argument over a replacement team leader and lack of time to relaunch the tender before it was timed out. The funds were not however 'lost' to the sector being reallocated to 9ACPMOZ002 Road Periodic Maintenance and Capacity Building which can be seen as an eventual pilot for SBS. It would be expected that targets for financial progress of implementation would be identical to those for targets of progress of routine maintenance programmes (see I 4.1.1) but the latter is more optimistic. Be that as it may, implementation against plans is improving although issues of quality and value for money remain.

No data is available against the sector PAF indicator (% of funds disbursed on time against commitments by donors and GoM) and it is not clear when such data will be available. However, it is understood that there have been fewer delays in receipt of donor funding than in disbursement by GoM.

PRISE implementation plan PIP 2007-2009 has an indicative budget of approximately USD1billion. This is hugely ambitious and assumes an absorption capacity that is double the previous best performance starting from a position of continuing paralysis of ANE management. A programme of this size in these circumstances is unlikely to be realistic and both RSDs and GoM must share responsibility for this leap of faith.

Certain donors have long maintained control over interventions which they fund (eg JICA) and whilst most sector donors are moving towards a SWAP, a significant new funding agency, MCC, seems determined not to follow the SWAP option by operation of what is effectively a parallel structure of project cycle management. This is symptomatic of varying degrees of interest in SBS and SWAP among sector donors and/or doubts about readiness of sector institutions to successfully manage this approach (lack of consensus). Measures of institutional change are among the sector triggers. Delays have been reported in processing and payment of IPCs on major capital works contracts and interest in some cases being paid to the contractors on payments delayed by more than 90 days. Each IPC is effectively being treated as a final certificate instead as an interim payment for work in progress. Whether the fault lies with EDF procedures themselves, local application and interpretation of these procedures or errors by practitioners, the fact remains that each IPC represents a huge amount of preparatory effort (and the evaluator is advised that due to recently introduced invoicing systems longer delays in payment are to be expected as in the case of an error or anomaly in an IPC, no partial payment is now permitted (as was previously the case)). Whilst training in use of EDF procedures should improve the situation, reducing the number of IPCs would also contribute. In a notional contract of 2 years duration, monthly IPCs would each have a value of around 4% of contract value (ie rate of progress would average 1% per week). Increasing the minimum value of each IPC to, say, 10% of contract value would reduce the number of IPCs and associated processing effort by more than half and should not in itself create cash-flow problems for the contractor or increase unit rates or tender prices.

**I 4.3.2 % of donor funds to sector budget support (Maintenance)**

Current and projected figures are shown below:

	2005	2006	2007	2008	2009	2010	2011
% of donor funds to sector budget support		0%	22%	17%	12%	50%	50%

Figures are based upon PRISE PIP. Sector budget support<sup>37</sup> is expected to remain constant 2007-2009 but total budget is expected to increase (% of sector budget support thus falls). 2010 and 2011 are estimates based upon estimated proportions of sector budget support from current sector donors. Labour based construction methods are promoted as a means of increasing employment in rural areas (road construction by LB methods can generate large amounts of short term employment; maintenance can generate much less longer term employment). Figures are given below:

	2005	2006	2007	2008	2009	2010	2011
% of maintenance contracts with >30% wages		40%	42%	44%	46%	47%	48%

Labour costs for each contract will be determined but the indicator appears to be based upon the number of contracts let, not a monetary value

Encouragement of local contractors<sup>38</sup> has long been a sector policy with generally disappointing results. The current situation and targets are shown below:

	2005	2006	2007	2008	2009	2010	2011
% of contracts let to local contractors	24%		26%	28%	30%	32%	34%

This covers all payments made by FE to local firms in the sector (maintenance, construction, design, consultancy & service contracts) as % of sector expenditure excluding overheads of ANE, FE and MOPH. The figures include ECMEPs which, although separately recorded are by far the greatest proportion of 'local' expenditure.

The projected figures must be considered to be very provisional at this stage as budget support is only planned from 2007 and continuing levels of support are conditional upon performance in handling previous tranches. The figures quoted for 2010 onwards appear suspect. This indicator is aimed at detecting levels of local employment generation and has been linked to data on penetration of local firms into the road sector construction market. However, the available information does not give a clear picture (e.g. ECMEPs are included; as is construction, which is mainly larger international firms as few local contractors have the necessary levels of capacity or resources) and as a result conclusions may be skewed. Also, the baseline (2005? 2006?) should be checked.

Regarding SBS dialogue between RSDG and sector institutions appears variable: FE – good dialogue; MOPH – little dialogue; ANE – dialogue only on case by case or project basis. Dialogue is also reported to be focussed by the personalities of the correspondents (eg DG of ANE, CCA or FE).

**JC 4.4 Improved network condition and serviceability,**

#### I 4.4.1 % of primary, secondary and tertiary roads in good and fair condition (Maintenance and construction)

Road conditions are among the triggers in the sector PAF

Current conditions (2006) and targets are shown below:

% roads in Good and Fair condition <sup>39</sup>	2000		2006	2007	2008	2009	2010	2011
Primary	75%		80%	83%	86%	89%	92%	95%
Secondary	67%		63%	66%	69%	72%	75%	78%
Tertiary	45%		62%	65%	68%	71%	74%	77%
Vicinais			32%	35%	38%	41%	44%	47%

However this data does not seem to be in line with proposed provincial data collection methodologies such that revised targets and baseline may be necessary. A standardised provincial methodology will be used based upon road alignment, drainage conditions, cross section, gravel thickness (where gravelled) and riding quality (based on speed of transit). It is proposed that this data will be collected for maintenance planning for subsequent years.

Although the quality of data collection may be patchy there has been a steady improvement in condition of primary roads due to the major capital investments over more than a decade. However, the condition of lower category roads has not improved to anything like the same extent and continuing weaknesses in maintenance result in rapid loss of serviceability of upgraded and rehabilitated roads.

EC has supported various interventions for rehabilitation of strategic roads including EN1 (currently Namacurra – Rio Ligonha and Caia Bridge, Zambezia and previously Rio Save – Muxungue), Beira and Nacala Corridors. These are undeniably key national routes, in all cases with regional links to Malawi, Zimbabwe and Zambia. However, the road rehabilitation and upgrading works are relatively low-cost treatments which demand timely and adequate maintenance if they are to deliver expected economic life but in general maintenance continues to be deficient such that premature deterioration is likely. There have been contractual problems (in the case of Rio Save – Muxungue and Lotes 1 & 2 Namacurra – Rio Ligonha) but these are not directly attributable to EDF procedures or contract conditions. Designs for road construction and rehabilitation have been of mixed quality and ANT demonstrates poor capacity for appreciation of designs (such that some designs have not been fit for purpose) and construction contract management. For whatever reason it is noted that some recently completed roads are showing signs of distress which are not being countered by effective maintenance (eg Inchope – Gorongosa – Caia road). Selection procedures for consultants and contractors have not in all cases resulted in good quality products or services and the very limited delegated powers to contract supervision have been a contributory factor in contract delays. A case study of recently completed road works contracts (say within the last 5-10 years) comparing design standards (including estimated and actual traffic figures) with durability, current condition and maintenance need would be instructive in evaluating value for money.

**I 4.4.2 % of classified network transitable** (Maintenance and construction)

The current situation and targets are shown below:

	2005	2006	2007	2008	2009	2010	2011
% transitable		66%	70%	75%	80%	85%	90%

Although the baseline for this indicator was calculated during preparation of RSS the data does not appear to be in line with proposed provincial data collection methodologies such that revised targets and baseline may be required. The definition of 'transitable' (roads which are open to normal traffic during the whole year) means that the indicator criteria may vary from season to season through the year (rains and dry seasons). The length of the 'intransitable' section is measured from the nearest junction or settlement each side of the blockage to traffic.

Mozambique continues to suffer from natural disasters that usually lead to flooding, displacement of people and disruption of communications, especially roads. ANE capacity to respond rapidly to restore links necessary for relief efforts and subsequently is weak. Also, the 2003 JAR notes that EC approvals for emergency response work 'took, in general, too long'.

The varying definition of 'transitable' gives pause for thought but by combining all classes of roads as a single group gives blurred results in that transitivity (however defined) will be inversely proportional to classification (i.e. lower category, predominantly rural roads, will be in worse condition and thus less transitable than higher category roads) and subjective estimates suggest a transitivity of tertiary and vicinal roads of less than 50%.

EC has given support to restoration of transitivity of roads following natural disasters (eg Flood Recovery Programme, Gaza 8ACPMOZ023/024) but activities, which were obviously urgent, suffered delays attributable to technical or administrative issues leading to the creation of an ad-hoc committee to speed up decision making. However, at field level there was frustration at the slow pace of implementation which damaged EC credibility. However, once eventually delivered, impacts were significant in rehabilitation of roads, urban infrastructure, irrigation and river defence systems. Sustainability depends upon adequate maintenance but little maintenance is reported to have been carried out and deterioration is visible once again ...

**I 4.4.3 Reduced journey times and VOCs** (Maintenance and construction)

No national data has been examined for this indicator but journey times and VOCs are directly related to road condition (especially roughness). Wear and tear on vehicles (and thus costs of maintenance, consumables, fuel, spares and tyres) increases dramatically as road conditions deteriorate<sup>40</sup> and journey times will obviously lengthen as average speeds decrease. Freight charges and passenger fares (if the road condition actually allows public transport to operate) are also higher where road conditions are bad. Feasibility studies for capital investments usually postulate savings in VOCs, increased traffic and reduced journey times as factors in calculation of EIRRs.

Trends of improvement in road network condition suggest that there will be a corresponding reduction in VOCs and journey times.

**JC 4.5 Increased expenditure on regional roads investment programme**

**I 4.5.1 Expenditure on regional<sup>41</sup> roads investment programme (Construction)**

RRIP is intended to be a major source of funds for rehabilitation and upgrading of tertiary roads including NGO interventions. The RRIP budget projections appear wildly optimistic both in terms of absorption capacity and current shortfall in available funding. However, tertiary road serviceability has a crucial contribution to rural accessibility and transport of smallholder agricultural production. Planned figures are shown below:

		2005	2006	2007	2008	2009	2010	2011
RRIP budget				\$5M PIP \$6.8M	\$25M PIP38.7M	\$40M PIP38M	\$50M	\$50M

Support to a rural roads component (linked to Food Security and Agriculture) was identified as a priority intervention in the road sector (€9M to be constructed by NSAs – local contractors and local communities).

The degree of coordination between CSP and RSP appears to have been slight although upgrading of the Milange – Mocuba road is being studied at present. This road links Malawi to EN1 and thus to Beira and Nacala ports.

**I 4.5.2 Robust economic justification for capital works on corridor roads (Construction)**

PARPA does not address the role of Mozambique as a transit country for inland neighbours although this is covered at some length in RSS that has identified a positive tangle of E-W and N-S corridors, some of which carry little or no traffic<sup>42</sup>. However, Mozambique has ratified the SADC Protocol on Transport, Communications and Meteorology (MTO) that covers axle loading, truck axle configurations, road user (transit) charges and driving licences. CS identifies rehabilitation of a section of EN1 (Namacurra – Rio Ligonha) as a priority intervention in the sector (€40M). Other interventions include rehabilitation of the Limpopo Line (€30M), sections of the Beira – Inchope road (€20M) and the Milanje – Mocuba Road (€30M). However, it should not be forgotten that the original corridors were E-W links to ports (Nacala, Beira, Maputo and, to a lesser extent, Quelimane). Also railways use these corridors. Traffic and revenues collapsed during war years and traffic patterns as a result also changed, mainly in favour of the overland route via Zim/Zam/RSA to Durban. These patterns have not reverted to the previous pre-war situation. Thus, priority reconstruction of corridor infrastructure will not necessarily optimise impacts on national transport needs. Rail transport services remain dysfunctional and almost all passenger travel plus most freight transport is by road.

EC is currently funding capital improvement of some corridor links (Beira, Quelimane, Nacala) and the EN1 N-S spine route in Mozambique which services both national and international linkages<sup>43</sup>.

Remaining corridor routes which are enjoying upgrading for the first time have little existing traffic and traffic demand is not likely to be high after rehabilitation.

From the point of view of re-verification of the country, economic justification cannot be considered as the only criteria for investment. Most major roads north of Xai Xai have relatively little traffic such that conventional EIRR analysis is of little value in these circumstances but, given the strategic nature of these roads for national and regional integration, the investments may be justified on those grounds alone.

**JC 4.6 Improved accessibility to economically productive areas, social infrastructure and services**

**I 4.6.1 % of rural population within 2km of all-weather road (Accessibility)**

An all weather road is defined as a road that suffers closure for less than 2 weeks each year. Currently 11% of the rural population is within 2 km of such a road with this target rising by 1% each year for the period up to 2011 (i.e. to 16%)<sup>44</sup>. However, until the results of the 2007 census which should be able to identify spatial distribution of population by GIS current and past figures are only estimates based upon the length of transitable roads in each district x 4km (assumed catchment corridor) x district population density divided by district population (excluding municipal and urban areas). Whilst confidence levels should improve, previous calculations are not likely to be very accurate.

Under 8ACPMOZ018 Rural Development Programme EC is supporting construction of bridges and drainage structures in rural areas of Zambezia (mainly on tertiary and vicinal roads). In terms of direct impact upon the mobility of rural people this project has significant results. However, due to administrative problems in the use of EDF procedures and programme estimates for multiple small value contracts executed by small local contractors, effectiveness has been seriously impaired and approximately 30% of funding will not be disbursed due to being timed out.

Despite the lack of good quality data it is clear that the vast majority of the rural population will continue to fall outside this criterion. Implications for movement of agricultural produce to markets and for rural travel are obvious.

**JC 4.7 Level of consideration of cross cutting issues in sector interventions (environment, gender, HIV/AIDS, governance)****I 4.7.1 Results of annual road safety audits and recommendations followed (Cross cutting issues)**

It is intended that the Annual Road Safety Audit report will be available for the Joint Annual Review each year and that recommendations will be followed but this has not yet taken place. PARPA does not include road safety as poverty issue although accident rates in Mozambique are high and increasing with increasing traffic volumes especially in the south of the country.

Recently, project designs have been subject to road safety audit but so far no annual audits for the network as a whole have taken place. Safety has not had a high profile in Mozambique and often the most immediate impact of road rehabilitation is a sharply increased accident rate due to (often unroadworthy) vehicles being exuberantly driven at excessive speeds.

**I 4.7.2 Attendance rate at HIV/AIDS awareness campaigns as proportion of population within 2km of road network (Cross cutting issues)**

Data has not yet been recorded. However, all ANE maintenance and construction contracts should have provision for HIV/AIDS sensitization. Contractors, who have neither the interest nor expertise, are expected to use local NGOs and up to 2% of the contract value is set aside for these activities (to be paid through IPCs). Numbers of participants<sup>45</sup> will be recorded but presumably as for 4.3.1 above, demographic data may not be available until after the 2007 census which will allow quantification of this indicator. Some patchy data is available in ANE but this refers only to capital works.

**I 4.7.3 Results of annual EIAs and recommendations followed (Cross cutting issues)**

An Annual Environmental Impact Report will be produced for the Joint Sector Review and it is intended that recommendations will be followed but this has not yet taken place. CS identifies consultation with CSOs and targeting interventions on HIV/AIDS prevention both in the context of transport corridors and road construction. EIAs and EMPs should be prepared for all capital works and the supervision team (usually consulting engineers) are expected to ensure compliance with EMPs. A simple handbook<sup>46</sup> (in Portuguese) for the guidance of (literate) maintenance workers was produced for DNEP (now ANE) in 1997 but the evaluator has rarely seen this in use on works.

As noted annual EIAs are not yet carried out although EIAs and EMPs are prepared for all capital works interventions. However, other, mainly maintenance works are unlikely to generate negative environmental impacts so long as engineering common sense is applied and uncontrolled runoff does not occur.

**I 4.7.4 Results of PSIA (gender aspects) and recommendations followed** (Cross cutting issues)

It is proposed that a PSIA (gender aspects) will be produced bi-annually giving recommendations and observations on gender-related policies and practices in the road sector. TORs have been produced but modifications will be needed. Ambitious (impractical?) coverage is along the entire classified network where construction and maintenance is programmed to take place. MTR suggests that data disaggregation by gender is necessary in focal sectors to improve analysis and identify constraints needing to be addressed. SIU (ANE) contributes to preparation of tender documents and contracts ensuring that special conditions of contract include coverage of labour recruitment, H&S, HIV/AIDS awareness, gender issues and EIA. However, SIU continues to be understaffed.

Annual PSIAs have not yet been produced and PSIAs undertaken to date in the road transport sector have not produced convincing quantification of poverty impacts of transport sector investments. This is not to say that transport sector interventions have no impact upon poverty. They do, but by facilitating other activities which in turn may reduce poverty.

**I 4.7.5 6-monthly publication of contracts awarded and costs** (Cross cutting issues)

Although this has not yet taken place it is proposed that ANE should publish the company name and tender price for all winning contracts for engineering design, construction and maintenance under PRISE. This information should be published every 6 months in 'Noticias' and will also include the province, road section and details of the works contracted.

Intended to be a contribution to transparency and good governance, publication of details of contract award has not yet taken place although such information is usually made available to unsuccessful bidders (who may appeal if they feel that the contract award process was flawed), but not to the wider public.

**JC 4.8 EC interventions have contributed to poverty reduction**

**I 4.8.1 Results of PSIAs in road sector (Poverty reduction)**

Development of infrastructure is identified by PARPA as instrumental in attaining broad based growth, reducing poverty and regional asymmetries whilst CS identifies the need for channelling considerable human and financial resources in support of targeting poverty alleviation. A survey of all PSIA studies undertaken in the road sector was carried out in November 2006<sup>47</sup>. PSIA study findings were mainly based on the comparison of before-after values between treatment and control groups or only the comparison of before-after values of treatment groups. Most studies were for the purpose of assessment of impacts of road investment although some assessed impacts of a wider programme of which roads were a component. No studies adopted a methodological approach to control biases arising from non-random selection of samples or to separate pure effects of road investment from other factors including investments in other sectors that might have affected the value of outcome indicators. Thus, completed study conclusions tend to be broad in nature. None of the studies estimated poverty impacts in quantitative terms, let alone disaggregated into different social classes but, however, main findings include:

- there is a time lag between road investment and full potential impacts (5 years is suggested) although some benefits occur within a short/medium term
- improved road infrastructure is a factor for socio-economic development but not the only factor
- identified positive road improvement impacts include better marketing, better crop prices, increased availability of motorised transport, increased ownership (of bicycles), reduced transport tariffs, increased trading and retailing activities along the road corridor, increased employment opportunities, increased use of fallow land, improved access to health services and increased visits by officials (district and provincial)

Thus, it is concluded that methodologies used in road investment impact assessments were neither adequate for a PSIA nor were they methodologically robust enough for an unbiased estimation of impacts – they were effectively partial impact assessments. The main deficiencies were:

- most tried to attribute changes between treatment and control groups to the road investment
- often the level of analysis was basic and no attempts were made to control biases due to exogenous factors or to the non-random generation of data
- no studies examined poverty reduction impacts in quantitative terms, instead focussing on qualitative data and other types of impacts (e.g. transport related impacts)
- most studies attempted arbitrary sampling procedures.

As noted in I4.6.4 and above PSIAs undertaken to date in the road transport sector have suffered from inadequate methodologies and tended to concentrate on qualitative indicators. Thus, quantification of road sector investment impacts upon poverty reduction has been partial and somewhat subjective.

## **Synthesis of JCs & Findings**

### **JC 4.1 Improved transport sector management, accountability and service delivery**

There has been some improvement in sector capacity but there continues to be serious capacity and resource deficits which are more acute at provincial levels. Institutional change continues to be a slow process and institutional management customs are not always enabling as there is still a high degree of control with little real delegation (or at least delegation of responsibility with corresponding delegation of resources and accountability).

Network coverage of routine maintenance contracts is increasing. However, quality of routine maintenance remains poor despite appointment of consultants to supervise provincial maintenance programmes.

Moves towards SWAP and SBS by means of pooled funding with other sector donors is a positive development but sector management capacity to handle such modalities has not yet been demonstrated.

Institutional change has stalled as demonstrated by long delays in the appointment of the Director General and senior management of ANE.

Massive integrated technical assistance plan under PRISE scheduled for 2007-2009 (>40 posts). However, this likely to be delayed.

Annual technical and financial audits are now being undertaken but have been subject to delays and qualification.

### **JC 4.2 Existence of longer term horizons for budgeting, programming, investment and network management (including planned maintenance)**

Longer term perspectives to planning and programming have been in existence since the 90s as successive national 'ROCS' or 'Roads' programmes required at least a 5-year programme vision. However, the quality of such programming exercises rapidly reduced as the length of time of predictions increased. RSS 2007-2011 has a medium – long term perspective but there are serious questions about the proposed future programmes in terms of funding shortfall and size of annual budgets compared to proven ability to implement works.

PRISE PIP is hugely ambitious and assumes an absorption capacity twice the previous best performance starting from a position of severe impairment of sector management

### **JC 4.3 Reduced maintenance backlog**

The backlog is reducing generally (although there continues to be a significant backlog of periodic maintenance) and this is manifested in gradually improving network condition. However, the quality of maintenance works actually carried out gives cause for concern about the preparation of design, estimation of quantities and supervision of such works.

Delays in processing IPCs due to EDF procedures

EC capital investment support has contributed to restoration of serviceability of the major 'spine' routes in Mozambique including EN1, Beira and Nacala Corridors and Caia Bridge.

### **JC 4.4 Improved network condition and serviceability**

The road network condition continues to improve although such improvement tends to be concentrated on higher category roads (which is fair enough as these are the more heavily trafficked and thus economically justifiable). Dealing with justification of works on low-traffic rural roads which could never achieve economic justification by conventional analysis is trickier. Social justification is this paramount.

Some recently (re)constructed roads are showing signs of serious and premature distress which, in some cases is accelerating due to lack of adequate timely maintenance.

### **JC 4.5 Increased expenditure on regional roads investment programme**

There is evidence of planning for increased spending on regional roads rather than actual expenditure and the capacity to execute such ambitious programmes plus doubts about availability of funding must raise questions. Also, economic justification for some remaining corridor routes may be marginal although their strategic value to national and regional integration is clear.

little traffic so that conventional EIRR analysis is of little value in these circumstances. However, given the strategic nature of these roads for national and regional integration, the investments may be justified on those grounds alone.

Economic justification of major road investments is suspect given very low traffic volumes. However, the need for national and regional integration might provide an alternative investment criterion.

#### **JC 4.7 Level of consideration of cross cutting issues in sector interventions (environment, gender, HIV/AIDS, governance)**

Recently, project designs have been subject to road safety audit but so far no annual audits for the network as a whole have taken place. Safety has not had a high profile in Mozambique and often the most immediate impact of road rehabilitation is a sharply increased accident rate due to (often unroadworthy) vehicles being driven at excessive speeds.

All ANE maintenance and construction contracts should have provision for HIV/AIDS sensitization. Contractors, who have neither the interest nor expertise, are expected to use local NGOs and up to 2% of the contract value is set aside for these activities (to be paid through IPCs). Some patchy data is available in ANE but this refers only to capital works.

An Annual Environmental Impact Report will be produced for the Joint Sector Review and it is intended that recommendations will be followed but this has not yet taken place. EIAs and EMPs should be prepared for all capital works and the supervision team (usually consulting engineers) are expected to ensure compliance with EMPs. A simple handbook<sup>48</sup> (in Portuguese) for the guidance of (literate) maintenance workers was produced for DNEP (now ANE) in 1997 but the evaluator has rarely seen this in use on works.

It is proposed that a PSIA (gender aspects) will be produced bi-annually giving recommendations and observations on gender-related policies and practices in the road sector. MTR suggests that data disaggregation by gender is necessary in focal sectors to improve analysis and identify constraints needing to be addressed. Annual PSIA's have not yet been produced and PSIA's undertaken to date in the road transport sector have not produced convincing quantification of poverty impacts of transport sector investments. This is not to say that transport sector interventions have no impact upon poverty. They do, but by facilitating other activities which in turn may reduce poverty.

It is proposed that ANE should publish the company name and tender price for all winning contracts for engineering design, construction and maintenance under PRISE. This information should be published every 6 months in 'Noticias' and will also include the province, road section and details of the works contracted. Intended to be a contribution to transparency and good governance, publication of details of contract award has not yet taken place although such information is usually made available to unsuccessful bidders (who may appeal if they feel that the contract award process was flawed), but not to the wider public.

On the whole there is reasonable consideration of cross cutting issues even if not all indicators are yet operational – environmental issues are routinely covered for capital works; provision is made for HIV/AIDS awareness, again for capital works; gender issues are considered but evidence of women's situation being actually changed as a result of road sector investment is scarce whilst road safety and enforcement issues appear neglected.

#### **JC 4.8 EC interventions have contributed to poverty reduction**

RSS 2007-2011 was completed in August 2006 but responsibility for the unclassified network continues to be undefined although MOPH continues to examine the issue. It is similarly not clear how works on unclassified roads should be funded (although recent thinking is that funds may come from district budgets managed by DAs and not from FE). District mapping is only expected by late 2007 and it is planned to produce a policy for unclassified roads only in 2008. Thus the current situation is that ANE has responsibility for management of classified roads (approx 30000km – primary, secondary, tertiary and vicinais) whilst unclassified roads appear to be the responsibility of urban authorities and districts. MOTC, MF and MOPH are all involved in the transport sector of which MOPH has overall responsibility for policies and strategies for management of public roads. Provincial governments have responsibility for provincial planning and prioritization of provincial road maintenance programmes and, with increasing resources being made available to districts, their involvement in management may be expected to increase.

- **Although PRISE and RSS represent longer term planning perspectives for the classified network, management responsibility for unclassified roads**

**Good Governance (GG)**

<b>EQ5 (GG): To what extent has EC support contributed to promoting good governance at all levels of society?</b>
<b><i>Justification and coverage of the EQ</i></b> <p>The 2003 Communication on Governance and Development sets out the EC definition and approach to governance, see also the 2006 Communication on a common approach to Governance, whilst the European Consensus on Development (2006) states that progress in protection of good governance is fundamental for poverty reduction and sustainable development and goes on to state that good governance requires a pragmatic approach based upon the specific context of each country which should be systematically incorporated into EC development instruments through CSP. Thus, support to consolidation of democracy and improved human rights are one of the main objectives of EC support to Mozambique. Governance issues such as rule of law, human rights and conflict prevention have a key role in functional democracy, enabling reduction of poverty, improving delivery of social services whilst facilitating transparency and accountability at all levels. The impacts of reform of the legal and justice sector, together with decentralization and institutional strengthening at all levels, can, potentially enhance citizens' access to legal representation and justice while increasing empowerment, especially at provincial and district levels and in vulnerable populations. This question seeks to identify the impacts of EC support to judicial reform and human rights and election to date exploring issues such as capacity, resources, management, corruption and the contribution of EC support to wider aspects of governance in Mozambique.</p>
<b>Analysis</b>

**JC 5.1 Decision-making process accepted as being representative of a constituency leading to public sector decisions that are more transparent, responsive and equitable**

**I 5.1.1 Evidence of improved legal and institutional framework for participation**

The President of the Republic and the Members of Parliament are elected for a period of five years. National elections took place in 1994, 1999 and 2004 which were accepted by the international community. At the provincial, district and sub-district levels there are no elections. Elections to Province Assemblies will be held in 2007. Governors, District Administrators, Heads of Administrative Posts and Localidades are appointed. There is no citizen consultation for these mandates. The mayors and members of the assemblies of the 33 municipalities are elected.

Although election results have been accepted internationally, efforts have to be made in terms of improving the patterns of the electoral processes (transparency and efficiency of election administration, electoral census, voters' registration system, media coverage, observers' access to all stages of the electoral process, etc.).

There are several improvements, such a revised Constitution and the approval of LOLE.

There is evidence of greater consultation and participation at the local level. In the context of administrative deconcentration, districts are considered as the hub of Mozambican Poverty Reduction Strategy. The amount of USD 300,000 has been earmarked for each district for financing local investment initiatives, which have to be approved in consultation with the Local Consultative Councils. This decision has the potential to boost citizen participation at the local level but there are reported to be problems including difficulty of implementing the regulations of the Ministry of Finance and some cases of misuse of funds.

EC has contributed significantly to the national election through financial support, technical assistance, observation missions and support to civic education projects. EC support to elections and constitutional reform was relevant and has contributed to improved stability and better conditions for democratic society. EC provided support of €4.4M for the 2003 municipal elections and €12M for the 2004 general election, which were generally peaceful and free from reported intimidation. EC has supplied some election observers with the 2004 general election being the subject of a more extensive observation mission. EC support to elections and constitutional reform was relevant and has contributed to improved stability and better conditions for democratic society. As the EC has been a big donor for elections in Mozambique and has been involved in observation missions there is a danger of conflict of interest.

Further, EC and GoM are, with other G18 donors, engaged in political dialogue.

**I 5.1.2 Level of participation of representatives of different relevant groups in decision making process**

PARPA defines poverty as 'The incapacity of individuals to ensure their dependents .....participation in society', and to quote the Evaluation of GBS: Mozambique Country Report 'The Mozambique policy process is focussed on central government line ministries with a high degree of vertical control, strongly influenced by donors and with low levels of civil society participation'.

Participation in the decision making process at provincial and district levels is influenced by a system of dual subordination by which power, responsibility and, arguably, accountability have two parallel channels linking Maputo to lower administrative levels. District delegations of line ministries (education, health, agriculture, roads, water and electricity) report to the DA and to the provincial delegation. The provincial delegation reports to the Governor and to the line ministry in Maputo (which continues to rigidly control what are ostensibly decentralised powers).

Mechanisms of citizen participation increased: Decentralisation needs democratic local governance. Government representatives at the provincial and district level are not elected. The introduction of Conselhos Consultivos Locais at the level of districts, posto administrativo and localidade will probably open more space for public participation. The Members of the Municipal Assemblies are elected. However, there is not evidence that apart from the election other mechanisms for citizen participation are being put in place.

The Mozambican Parliament is not involved in PARPA discussion and approval.

In the context of regional and international integration Mozambique was one of the countries contributing to the establishment of AU and some institutions including the Economic and Social Council, which now has participation of civil society. One of the PAP working groups to which EC contributes concerns Governance.

Administrative control in Mozambique is largely centralised and arguably decision making continues to be highly centralised and in the hand of unelected representatives. The absence of an explicit decentralisation policy and strategy appears to be one of the major obstacles to strengthening the participatory planning process at district level to make public sector decisions at that level more transparent and accountable. The support to establishment of decentralized democratic structures is not enough. The increasing of support to democratic decentralization is crucial for the development process in Mozambique.

#### **JC 5.2 Inviolable human rights are respected**

##### **I 5.2.1 Evidence of strengthened initiatives to promote and protect human rights of vulnerable groups**

Mozambique is one of the focus countries for the European Initiative for Democracy and Human Rights (EIDHR) with €2M allocated between 2002 and 2004. In the context of EIDHR, EC has focussed its support for strengthening of civil society, human rights action, voter and civic education and freedom of expression of the independent media.

In essence there is strong support for human rights in Mozambique but in practice enforcement is weak or absent especially regarding performance of courts, justice and prisons. This has been highlighted in recent JARs since the PAP MoU notes that GoM is committed to underlying principles including peace and democratic political processes, rule of law and human rights, good governance and probity (anti-corruption) in public life; only if these underlying principles are offended may PAPs refuse to disburse committed funds.

More poor people in selected areas are benefiting from the services of the paralegais (from LDH) but broader impact of EC support on citizen's access to justice is not yet evident. However there some initial signs of potential impact of the intervention; for instance, the services of the Human Rights Centre and human rights training provided to the justice students at the Universidade Eduardo Mondlane (Human Rights Project, ISCOS/LDH) are contributing to raise the interest of the students for human right issues and it is expected that these interventions will increase the awareness on human rights and strengthen the capacity of initiatives for the protection of human rights.

CSP has an objective of support to human rights and non-focal sector interventions improving Good Governance, NSAs and election processes should contribute to this objective.

##### **I 5.2.2 Effective functioning of bodies concerning human rights**

In essence there is strong support for human rights in Mozambique but in practice enforcement is weak or absent especially regarding performance of courts, justice and prisons. This has been highlighted in recent JARs since the PAP MoU notes that GoM is committed to underlying principles including peace and democratic political processes, rule of law and human rights, good governance and probity (anti-corruption) in public life; only if these underlying principles are offended may PAPs refuse to disburse committed funds. That being said, a 2004 DANIDA review of human rights noted 'During the recent JAR of GBS the justice sector came under scrutiny which echoes a general discontent by the public regarding the services of the sector'.

Also, a main objective of CSP is to support democracy and improved human rights. Human rights of women in Mozambique are still seriously compromised regarding economic, social, cultural and political issues (including land tenure, credit, extension services, cultural and religious practices, which perpetuate gender imbalance and securing greater equity in employment opportunities) despite GoM commitment to a Post-Beijing Action Plan.

The 2004 Constitution has introduced the Ombudsman institution (Provedor de Justica) and 2006 the law establishing the Ombudsman was formally approved. But no one has been appointed. There is no

<p>National Commission for Human Rights.</p> <p>Again effectiveness of implementation or enforcement of measures is a serious issue, which does not seem to be of high priority for GoM and/or is beyond the abilities of appropriate bodies to action.</p>
<p><b>JC 5.3 Improved justice sector services with increased accessibility to courts</b></p>
<p><b>I 5.3.1 Strengthened coordination of legal system structures</b></p> <p>The EC support to justice sector is contributing to improve the coordination mechanisms (e.g. Legal and Justice Coordination Council, composed by Supreme Court, General Attorney, Ministry of Justice and Ministry of Interior), and to stimulate the elaboration of policy and strategies of the sector (e.g. Visão e Plano Estratégico Integrado, PEI). CCLJ is crucial for integration of justice sector structures and therefore for improving the capacity of justice administration and the citizens access to justice. CCLJ has also increased the negotiation capacity of the sector in the context of budget allocation done by Ministry of Planning and Development. The project helps in the creation of a basis for coordination in the justice sector. At the provincial and district level there are still challenges in the coordination of the justice sector structures (<i>Comissões Provinciais de Legalidade e Justiça</i> need to be supported and improved).</p> <p>It seems that some planned innovative interventions (e.g. decentralization of justice and legal structures including establishment of <i>Palácios de Justiça</i> in selected districts) will contribute to increase citizens' access to justice.</p> <p>GoM has stated willingness to strengthen performance in the sector of legality and justice (e.g. creation of separate commercial and labour courts, promoting and recognize alternative resolution mechanisms and revising outdated codes such as the penal code), but several challenges remain as implementation of reform was slow in the initial stages.</p>
<p><b>I 5.3.2 Reduction of nº of outstanding cases (processing periods and waiting times of civil and criminal suits) in the courts</b></p> <p>GoM has stated willingness to strengthen performance in the sector of legality and justice (e.g. creation of separate commercial and labour courts, promoting and recognize alternative resolution mechanisms and revising outdated codes such as the penal code), but several challenges remain as implementation of reform was slow in the initial stages. The Legal and Justice Coordination Council (CCLJ) involving the Supreme Court, General Attorney and Ministry of Justice was set up in 2000 and legalised in 2005. The most marginalized and vulnerable are effectively denied access to justice due to weak sector functionality. There is widespread perception that police, prosecution services and courts are more corrupt than other public institutions (<i>Etica Moçambique</i>). In several documents of the GoM is stated that the corruption is one major factor eroding the moral and social values and hampering development in Mozambique (Revisão Semestral de 2006 - Aide Memoire; acordado entre o Governo do Mozambique e os Parceiros de Apoio Programático -2006; Revisão Conjunta 2007 – Aide Memoire; acordado entre o Governo do Mozambique e os Parceiros de Apoio Programático -2007). Legal assistance is almost unheard of for those not well-connected. Prison conditions are bad with widespread maltreatment, overcrowding and exposure to HIV/AIDS whilst 2/3 detainees are awaiting trial typically for 2 years or lot more in some cases.</p> <p>EC support to the judiciary system (€10M) should contribute to improving this situation. Justice sector is one of the weakest and more complicated sectors. The EC support to justice sector (pilot project, with UNDP) is appreciated by the Mozambican partners and other donors. The initial delays in the implementation and the management capacity constraints of the pilot project in justice sector were due the lack of clear definition of the role of the involved institutions and the complex nature of the sector. The EC was involved in the dialogue and there was space for making some adjustments in the project strategy.</p>
<p><b>I 5.3.3 Increased access of vulnerable groups to judicial services</b></p> <p>The most marginalized and vulnerable people are effectively denied access to justice due to weak</p>

sector functionality. There is widespread perception that police, prosecution services and courts are more corrupt than other public institutions.

Legal assistance is almost unheard of for those not well-connected. The *Instituto de Patrocínio e Assistência Jurídica, IPAJ*, is not performing well and needs to be restructured. Prison conditions are bad with widespread maltreatment, overcrowding and exposure to HIV/AIDS.

There is a body of evidence that pilot project has started to contribute in the creation of conditions for the improvement of justice sector services. But there are still delays in the implementation of reforms and there is also a need of broader dialogue between GoM, NSAs and donors on the current challenges of justice sector.

### **Synthesis of JCs & Findings**

#### **JC 5.1 Decision-making process accepted as being representative of a constituency (leading to public sector decisions that are more transparent, responsive and equitable)**

There is evidence that the limited interventions to strengthen the participatory planning process at district level have been supportive in making public sector decisions at that level more transparent and accountable despite constraints from continued central controls and dual lines of responsibility at provincial level. Large numbers of decision makers are appointed, not elected.

The EC has significantly supported national and municipal elections. However, although provincial elections will take place soon a significant number of decision makers are still appointed rather than elected. The EC is contributing to the improvement of legal and institutional frameworks for civil society access to the judicial system.

Administrative control in Mozambique is largely centralized and much decision making continues to be highly centralized and in the hands of unelected representatives. However, important decisions have been taken in order to deconcentrate relevant tasks and responsibilities to the provinces and districts. Municipalities have formally more space for decision-making, but the lack of capacity and limited financial resources hamper development.

EC has introduced new practices such governance profile and government's governance commitments. Despite the time constraints EC Delegation is making efforts to use it in an adequate manner for initiative and maintain a political dialogue on the governance issues and to encourage and support GoM for implementing reforms towards improved governance. Several donors appreciate the introduction of the governance profile, however they also claim more time for discussion on its use. Interviewed representatives of Mozambican CSO are not aware of the content and importance of the governance profile. The Mozambican NSAs know a little about the political dialogue between the EC and the GoM. The success of the governance initiative will depend on the quality of commitment of the GoM.

Governance profile and government's governance commitments are seen as useful, but more discussions amongst the donors, more dissemination amongst and involvement of NSAs as well as concrete signs of implementation of GoM commitment for reform are still needed.

#### **JC 5.2 Inviolable human rights are respected**

Inviolable human rights are formally guaranteed by the Constitution although the right of media expression of opinion is less well protected in practice. There are still some areas of concern.

EC support to Good Governance, NSAs and to election processes is contributing to the promotion and protection of human rights of vulnerable groups. But there are still huge challenges, specially regarding of rights of women, children and older people.

Whilst there has been proliferation of institutions related to such themes as anti-corruption and public administration there has not been the same establishment of appropriate bodies concerning the protection of human rights.

#### **JC 5.3 Improved justice sector services**

Although CSP & NIP committed €10M for support to the judiciary sector there is a body of evidence that the improvement of justice sector services is taking place very slow, due to several factors (e.g. delay in the implementation of reforms) and perhaps lack of priority on the part of GoM. Enforcement of what may well be adequate legislation or international protocols are very lax and usually easily subverted at user level.

EC support to the justice sector has helped to prepare and launch measures for improving coordination mechanisms in the justice sector, despite initial implementation delays and constraints in the management capacity of the pilot project.

There is a reduction in the number of outstanding cases in the courts but there is a widespread

perception that significantly more has to be done to improve citizens' access to justice.  
EC support is contributing to increase the access of women and older people to justice.

## Health and HIV/AIDS (HE)

**EQ6 (HE): To what extent does EC support to Health & HIV/AIDS through a mixture of sector specific budget support and project interventions maximise impact and effectiveness on HIV/AIDS and other communicable diseases?**

### *Justification and coverage of the EQ*

PARPA priorities include improved, wider delivery of health services through decentralization to provinces for local delivery of services thus linking better health to improved household incomes and reduced vulnerability. The CS & NIP notes that EC does not have a comparative advantage in the health sector but that substantial funding is required to deal with HIV/AIDS and other communicable diseases. Thus, Health & HIV/AIDS is proposed as a non-focal sector to be implemented within the framework of the National Health Strategic Plan and the National Action Plan to fight HIV/AIDS. However, weak provincial capacity is noted as a significant constraint to delivery of funding and support is thus to be conditional upon improved transparency and accountability. This question seeks to explore the validity and consistency of design of this support, effectiveness and impact of the support and whether sector management issues are addressed appropriately and effectively. The question will both address the validity of having health and HIV/AIDS as a non-focal area and the validity of supporting these sectors mainly through a sector-wide or multi-sector approach and through common fund support mechanisms. Special attention will be given to the role of the EC support in relation to other donor support and in relation to the most recent evolutions in national health and HIV/AIDS strategies. The evaluation of the validity of the support will include an assessment of how far the conditions of good governance, transparency and accountability were fulfilled.

### **Initial analysis & hypotheses**

#### **JC 6.1 Health and HIV/AIDS were relevant as non-focal sectors**

##### **I 6.1.1 There is sufficient support by other development partners to cover the needs**

##### Health

The health sector in Mozambique is heavily dependant on foreign development aid. WHO estimates that in 2005 70% of total health expenditure was financed from external sources. Support to the health sector is provided either through support to the three common health funds, or through financing specific projects managed either by MISAU, NGO or UN agencies. The availability of information on development aid in the health sector has greatly improved, although it is still difficult to have a complete picture. During the period 2001-2007 at least 24 development agencies provided substantial support in the health sector.

Two sources were consulted to estimate the total amount of financial support in the health sector: the database of the Overseas Development Assistance (ODA) to Mozambique and the annual Joint Evaluation Reports of the performance of the health sector conducted by the MoH and its partners.

An analysis of the ODA database shows that the amount of current commitments by development agencies in the health sector totals more than 700 M USD, and that in 2006 more than 100 M USD was disbursed. It has to be noted that not all development agency support is registered in the database and that specific reproductive health or HIV/AIDS support is not included. Although that health is a non-focal sector for the EC and represents less than 10% of the EC funding to Mozambique, the EC support to the health sector over the past years represented an important proportion of the total external support to the health sector. The EC commitments in the health sector during the past NIP total an amount of 65 M EUR (equivalent to about 74 M USD), which represents more than 10% of all donor commitments. According the ODA database, the EC disbursed in 2006 a total of 15.3 M USD to the health sector, which accounted for 15% of the total donor disbursements and made it the second biggest donor after the USG.

Table: Financial support by development partners in the health sector (in USD)

Development partners	Total commitments	Disbursed 2006)	Disbursed 2005
	(source: ODA database		(source: MoH Ann. Rep.)
USG	166,090,276	27,381,653	49.602.651
Global Fund	-	-	16.500.000
<b>EC</b>	<b>74,321,841</b>	<b>15,325,625</b>	<b>21.038.810</b>
Denmark	73,909,657	2,566,587	3.335.946
UK	61,775,862	10,349,246	3.663.555
Norway	39,215,686	8,562,925	16.456.561
WB	30,000,000	0	8.500.000
Finland	28,750,000	4,807,490	6.846.950
Switzerland	27,493,221	6,977,099	4.775.665

UNICEF	25,550,000	0	6.259.578
Spain	23,757,623	5,344,344	10.051.548
Canada	23,237,705	3,291,909	4.704.911
Ireland	22,764,773	1,693,612	15.747.985
Italy	20,723,189	1,731,647	3.500.000
France	16,688,466	2,981,791	8.608.484
Belgium	14,943,182	2,688,182	-
Netherlands	14,602,273	4,165,505	5.645.622
ADB	13,913,043	953,623	-
Japan	12,967,226	86,031	-
WHO	5,894,000	1,191,243	4.866.102
Germany	4,972,727	694,248	-
Portugal	3,154,981	155,316	-
Sweden	1,707,006	893,881	-
UNFPA	655,531	0	-
Catalonia	-	-	1.467.341
<b>Total</b>	<b>707,088,268</b>	<b>101,841,957</b>	<b>191.571.709</b>

In the 2006 annual Joint Evaluation Report, the EC is said to have disbursed a total of 17 M USD during 2006, ranking it as the 4<sup>th</sup> biggest donor after Denmark, the USG and the Global Fund to Fight AIDS, Tuberculosis and Malaria. It has to be noted however that there appears to be errors in the report. For example, the support by the governments of Ireland and the UK are not listed and the high values of the contribution by the Danish government are probably explained by an error in the currency conversion. We therefore used the 2005 information, where the EC was listed as the second biggest donor agency in the health sector after the USG. It is said to have disbursed 21 M USD, which represents about 10% of the total disbursements.

Whatever source is used, it is clear that the EC is currently, financially, one of the main contributors in the health sector. The EC is definitely one of the biggest contributors to the common funds of the MoH. It also participates actively in the policy dialogue of the SWAP. It has two specialists who participate in the coordination committees and some of the working groups of the SWAP. During 2007, the EC was appointed as focal donor of the SWAP, meaning that it is responsible for co-chairing, planning and preparing the coordination committee meetings and that it can represent other donor agencies in these meetings. All partners met during the evaluation, be it from MoH or other development partners, were highly positive about how the EC takes up its focal donor task and about the quality of the EC's contribution to the policy dialogue.

#### HIV/AIDS

While the health sector is heavily dependant on foreign aid, this is still more the case for the fight against HIV/AIDS. From the beginning of the epidemic the HIV/AIDS interventions have been mostly financed by development agencies. Although the GOM contribution in the fight against HIV/AIDS has increased during the past years, it still only represents a fraction of the total available funds. An assessment conducted by CNCS estimated that in 2004 public expenditure on HIV/AIDS was around 2.5 M USD.

The amount of funds available from the international community has increased in an important way through initiatives such as the Global Fund for the Fight Against Aids, Tuberculosis and Malaria, the World Bank's Multi-country Aids Plan and Treatment Acceleration Plan; the Bill Clinton Foundation and the US President's Emergency Plan for Aids Relief (see table).

Table: Major funding sources for the fight against HIV/AIDS in Mozambique

<b>Funding source</b>	<b>Amount</b>	<b>Period</b>
Global Fund to Fight AIDS, Tuberculosis and Malaria – Round 2	98 M USD of which 30 M USD	5 years first 2 years
Global Fund to Fight AIDS, Tuberculosis and Malaria – Round 6	23 M USD	2 years
World Bank's Multi-country AIDS Programme	55 M USD	5 years
World Bank's Treatment Acceleration Programme	22 M USD	3 years
USG's President's Emergency Plan for AIDS Relief	37 M USD 57 M USD	2004 2005
Bill Clinton Foundation/ Irish Development Cooperation	60 M USD	5 years
Common Fund of the CNCS	8.5 M USD	2006

A large proportion of the funds are directed to health service-based interventions (in particular the roll out of anti-retroviral therapy), but also the amount of funding available to non-health facility-based interventions, such as community-based civil society initiatives and interventions by public sectors other than the MoH, has substantially increased over the past years.

Under the current CS-NIP the EC has provided relatively little support specifically in the area of HIV/AIDS. Although the EC intended to participate in the common fund of the CNCS, it was never started mainly because of concerns about the limited absorption capacity at the CNCS. During the period of the CS-NIP specific HIV/AIDS support was mostly given through the funding from budget lines of projects implemented by European NSA.

The EC did also contribute to the fight against HIV/AIDS indirectly by the participation in the health SWAP, of which HIV/AIDS is one of the main priority areas. An example of this type of indirect support is the support (€1.6 M) that was given for the MoH Accelerated Training Plan. This plan was elaborated to tackle the problem of MoH staff losses due to AIDS and the increased work load by HIV/AIDS services on sector service delivery. As a result of the EC support, the plan could be launched 6 months earlier than planned.

#### **I 6.1.2 Health and in particular HIV/AIDS are well mainstreamed in other EC projects**

One of the arguments not to have health and HIV/AIDS as focal sectors was that they could also be addressed by mainstreaming them in the support provided to the focal sectors. This is in particular the case for HIV/AIDS which is one of the cross-cutting themes to be mainstreamed in all EC support.

From the information available, it appears that HIV/AIDS is being addressed in all transport infrastructure projects. This is usually done by including the provision of HIV/AIDS awareness campaigns and condom distribution in maintenance and construction contracts. Most contractors outsource these activities to an external partner, such as an NGO. It was not possible to evaluate in how far these sensitisation activities are correctly being implemented.

The question can be asked in how far it is appropriate to address HIV/AIDS by mainstreaming it in specific projects. For example, road construction workers are best sensitised on HIV/AIDS by including it in specific construction contracts, or by developing comprehensive workplace-based HIV/AIDS policies, strategies and activities in the construction sector?

Mainstreaming of HIV/AIDS in the agriculture/food security sector is mainly done by supporting the development of a sector-specific plan to fight HIV/AIDS. This is part of the national strategy that encourages each ministry which is considered crucial in the fight against HIV/AIDS to develop a strategy on how it plans to combat HIV/AIDS, both by delivering HIV/AIDS services for its own staff, and by mainstreaming HIV/AIDS in the activities implemented by the ministry.

The Ministry of Agriculture (MINAG) developed an HIV/AIDS plan in 2006, covering the period 2006-2010. To ensure the implementation of the plan HIV/AIDS focal persons were appointed at national, provincial and district level. Several steps have been undertaken to mainstream HIV/AIDS in the activities developed by the national agricultural development programme (PROAGRI). MINAG staff and extension workers were trained in transmitting HIV/AIDS prevention messages and promoting technologies to families affected by HIV/AIDS, and HIV/AIDS was included among the messages transmitted by the ministry through radio and other communication channels. However, most of the HIV/AIDS activities are said to be still funded from sources other than PROAGRI, putting at risk their sustainability.

In addition, the development of a comprehensive HIV/AIDS policy for MINAG personnel is still weak.

Although an assessment was carried out in 2004 that clearly demonstrated the negative impact the HIV epidemic will have on agricultural staff and although MINAG has committed itself to develop a policy, there exists still no personnel policy that covers HIV/AIDS in all aspects of the human resource management, such as recruitment, promotion and contract termination, health and other benefits.

#### **JC 6.2 The choice of moving towards a SWAP and sector-specific budget support was appropriate**

##### **I 6.2.1 Common fund support continues the approach recommended by the GOM and the international community**

###### **Health**

At the beginning of the current CS-NIP it was agreed that the EC-Support in health and HIV/AIDS should move towards sector specific budget support. This was in accordance with the new policies of MISAU of that time, as specified in the health strategic plan (PESS) and in the Kaya Kwanga Code of Conduct. In 2003, the CoC was reviewed and the intention to further move to a SWAP was reinforced. The eight development partners participating in the SWAP<sup>49</sup> signed a Memorandum of Understanding wherein the modalities of the SWAP and of the support to the common funds were specified. There were three common funds, one general national fund (PROSAUDE), one provincial-level fund (FCP), and one fund for drugs and medical supplies (FCM).

In 2005, a mid-term evaluation of the PESS was conducted and recommended to consolidate and continue the SWAP process. The SWAP was therefore maintained in the second phase of the PESS (2006-2010). The international development community is also continuing favouring a SWAP and more development agencies moved towards SWAP and common fund support during the past years. At the beginning of 2007, some of the modalities of the SWAP have been reviewed and a revised MOU was developed to reflect the agreed changes. Fifteen development agencies<sup>50</sup> signed the revised MOU.

Most of the development agencies supporting the health sector are now participating in the SWAP. Particularly innovating is that not only bilateral donors are participating, but also a UN agency (UNFPA) and

even the Global Fund to Fight AIDS, Tuberculosis and Malaria. This fund usually is managed by a separate management structure and channelled to specific HIV/AIDS activities. The decision to integrate it in a health SWAP is without precedent and is considered as a pilot for other countries. The Mozambican health SWAP is then also often internationally presented as a success.

The proportion of development support that is channelled through the common funds increased substantially during the past years. However, some of the major donor agencies are not participating in the SWAP. The most important one is the USG that continues to be by far the largest donor in the sector. The USG uses a different approach, mostly providing support through NSA and through the American Center for Disease Control. Other important donors not (yet) participating in the SWAP include Japan, Italy and the African Development Bank, and the UN agencies WHO and UNICEF. In addition, most of the development partners that participate in the SWAP continue also providing project-based support in the health sector. As a consequence, a large proportion of external funding still goes to projects. An analysis of the annual Joint Evaluation Reports show that in 2005 about 206 M USD was attributed to the health sector of which 44% (90 M) through the common funds and 56% (116 M) through specific projects managed either by MISAU, NSA or UN agencies.

#### HIV/AIDS

While the fight against HIV/AIDS was initially vertically organised, there was a move around 2000 towards broadening the response to all sectors of society and mainstreaming HIV/AIDS in all activities. In Mozambique, this was translated in the creation of a National AIDS Council (CNCS) that is responsible for the coordination of the national response across all sectors. The council is presided by the Prime Minister and falls under the authority of the PM's Office. An Executive Secretariat (CNCS-SE) was created that is responsible for the actual coordination, planning, monitoring and evaluation of the national response.

In addition to its coordinating role, the CNCS-SE is also managing funds for the fight against HIV/AIDS. In 2001 a common fund was created to pool all external funding. Since 2003, the CNCS-SE is also managing the funds of the World Banks Multi-Country AIDS Programme (MAP). These funds are channelled to the public sector through key ministries, to the private sector and, most of all, to civil society initiatives. A grant management system was put in place for this purpose.

Similar to the MoH SWAP, more and more development agencies are participating in the CNCS common fund. There are currently five bilateral donor agencies<sup>51</sup> that contribute to the common fund, which also manages the contribution from the Mozambican Government. In addition, the Global Fund to Fight AIDS, Tuberculosis and Malaria will channel its funds through the common fund instead of setting up separate management structures. Also the World Bank agreed to harmonize its management procedures with the common fund procedures and will start channelling its funds through the common fund in the near future. This will leave only the relatively small funds from UN agencies, such as UNICEF, UNAIDS and UNDP, outside the common fund management system.

Table: Amount of funds allocated to the CNCS-SE, 2004-2006 (in thousands of USD)

Financing sources	2004	2005	2006
GoM	4,362.57	3,489.14	2,502.09
Common Fund	2,046.05	3,798.56	8,534.87
World Bank	12,908.41	14,344.00	16,945.18
UNDP	952.66	693.83	-
UNICEF	268.42	176.86	214.40
UNAIDS	-	-	-
<b>Total</b>	<b>20,538.10</b>	<b>22,502.40</b>	<b>28,196.54</b>
<b>Increase</b>		<b>10%</b>	<b>25%</b>

Source: CNCS annual report 2006

The total amount of funding allocated to the CNCS-SE substantially increased over the past years, in particular because of an increase in the common fund (see table). However, the relative proportion of the total amount of funding available for HIV/AIDS that is channelled through the CNCS-SE remains limited. There exists no exact data of how much funding is available each year for the fight against HIV/AIDS, but some of the major sources do not channel their funds through CNCS-SE. These include the majority of the Global Fund, part of the MAP and all of the World Banks' TAP that are channelled through the Ministry of Health, and all of the PEPFAR funds that are mostly channelled through NSA and CDC. In addition, many development agencies directly fund HIV/AIDS programmes in the public, private or civil society sectors, without passing through CNCS-SE, or indirectly fund the fight against HIV/AIDS by participating in the health SWAP. The proportion of funds for combating HIV/AIDS that is channelled through CNCS-SE represents therefore probably less than 25%.

**I 6.2.2 The EC support provided to health and HIV/AIDS projects, financed from budget lines or EDF funds, during the period was complimentary to and coherent with the common fund support**

The policy of MISAU is to move towards common fund support. Nevertheless, common fund support currently represents still half or less of the total foreign support in the health sector. Most agencies combine common fund support with continued project-based support. Equally the EC provided over the past years support to several projects. Project funding remained an important component of the EC support in the field of health and HIV/AIDS and represented still more than one third of the total funding.

The first Health Sector Support Programme (HSSP I), under the 8<sup>th</sup> EDF (8 ACP MOZ 033), was a combination of continued project support and sector-specific budget support. The rationale was to phase out the project support provided under the previous EDFs and to gradually move to a SWAP and common fund support.

A large amount of the funding (11.5 M EUR out of a total 30 M EUR) was budgeted for the conclusion of health infrastructure works and the provision of medical equipment in Zambezia Province. This was in the context of a phasing out of the previous Zambezia Rural Development Programme of the 7<sup>th</sup> EDF. Similarly, a small amount (initially 1.6 M EUR, later reduced to 300,000 EUR) was budgeted to continue and phase out the previous support to the STI programme of the MoH.

HSSP I also comprised a rather large institutional strengthening component. This included the provision of technical assistance (TA), which was contracted out to GTZ-IS and had a budget of about 4 M EUR, and the funding of specific capacity building activities (1.1 M EUR). The rationale of the institutional strengthening component was to improve the efficiency of the use of the common fund by the MoH. Only about one third of the total budget (11.27 M EUR) was used for the participation in the three common funds.

Although the HSSP I was scheduled to initiate the latest in December 2002 and to terminate in December 2006, it was still ongoing at the time of the evaluation. The infrastructure works and the procurement of the equipment in Zambezia province, which are implemented under a specific commitment procedure, faced serious delays. Similarly, the second work programme and cost estimate, which was supposed to fund the STI care and capacity building activities, knew serious delays and is only starting this year. Only the TA component was executed reasonably in time, starting in November 2003 and ending in November 2006. On special request of the MoH, some of the TA was extended beyond that date. A more detailed summary of the HSSP I is provided in annex.

Table: List of health/ HIV/AIDS projects supported from budget lines during the period 2003-2007

Project title	Project number	Start	End	Period	Budget (EUR)	Budget line
Aids Prevention, Positive Living and Empowerment (APPLE) project (CARE Austria)	SANTE 2003/49109	Jan-04	Dec-06	3-years	4.3 M	Health
Support to the Malaria Control Programme in Chókwe Region	SANTE 2006/105398	Mar-07	Dec-07	9-months	2.5 M	Health
Strengthening the safe motherhood programme of the Gaza Provincial Health Board (Medicus Mundi Catalunya)	SANTE 2004/080-318	Mar-05	Mar-08	3-years	2.5 M	Health
To support the implementation of that Part of Strategic STD/HIV/AIDS Plan aimed at HIV vertical transmission (MTCT) in Gaza Province (Medicus Mundi Catalunya)	SANTE 2005/096-157	Sept-05	Aug-08	3-years	2.25 M	Health
Integrated network to combat HIV/AIDS in Tete (MSF Luxembourg)	ONG-PVD 2003/20770	Jan-03	Jan-06	3-years	0.75 M	NGO
Fortalecimiento de los servicios basicos de salud en el distrito de Morrumbala, Zambezia (C.Interhospitalario Cooperacion)	ONG-PVD 2003/20758	Jun-03	Jan-07	3-years	0.7 M	NGO
Community Based Health Care in Niassa Province	ONG-PVD 2006/119236	Dec-06	Dec-10	4-years	0.7 M	NGO
Integrated community based care for people living with HIV/AIDS, terminal diseases and orphans in Gaza (Deutsches Rotes Kreuz)	ONG-PVD 2003/20756	May-03	May-08	5-years	0.7 M	NGO
Fortalecimento do desenvolvimento local participativo nos distritos	ONG-PVD 2006/118801	Dec-06	Dec-09	3-years	0.5 M	NGO

<b>Total</b>					<b>14.9 M</b>
<p>In addition to the project-based support under the 8<sup>th</sup> EDF, specific projects, implemented by NSA, were supported from budget lines. During the period covered by the evaluation, nine projects from budget lines were identified in the domain of health and/or HIV/AIDS. These comprise 4 projects that were funded from the HEALTH budget line and 5 from the NGO-PVD budget line. At the time of the field visit six projects were still ongoing. Two of these projects were visited, namely the 2 projects implemented by Medicus Mundi Catalunya in Chokwe (SANTE 2004/080-318 and SANTE 2005/096-157). Details on these projects are presented in annex.</p> <p>The visited projects can probably be considered quite representative for the type of projects funded from the HEALTH budget line. They have the strengths and weaknesses of most projects of this kind. On the one hand, they are quite efficient and effective in implementing their activities and are achieving without doubt an important effect. On the other hand, they have a limited geographical coverage, creating thereby a problem of geographical inequity, and can never completely avoid developing systems and programmes that rely to a certain extent on their continued presence.</p> <p>The relationship between the MoH and NSA active in health has never been excellent. Coordination has recently been improving, mostly because of the need to coordinate the expansion of HIV/AIDS services. An NGO coordination unit has been created within the MoH and a Code of Conduct is jointly being developed. There remain however important differences in how the role of NSA is perceived and a lack of a clear vision from the side of the MoH.</p> <p>There appears to be little coherence between the EC support to the health SWAP on the one hand and the EC support to NSA in the health sector on the other hand. The EC health staff is involved in the selection, supervision and monitoring of the budget line projects, but only to a limited extent. Time constraints appear to be the most important reason. The MoH does not appear to be involved.</p>					
<b>JC 6.3 The assumptions regarding good governance were sufficiently fulfilled</b>					
<b>I 6.3.1 The management of the common funds by the GOM was satisfactory</b>					
<u>Health</u>					
<p>While the international community agrees that the SWAP is the way to go, it equally recognises that it can only be effective if minimal requirements regarding good governance and leadership are fulfilled. This is in particular a challenge in Mozambique that is still faced with serious limitations in management capacity. The mid-term evaluation of the PESS, pointed out certain weaknesses that may compromise the success of the SWAP. They comprise delays in the health sector reforms and in the institutional development, in particular related to decentralisation, planning, job description, programme integration, human resource strategies and financial management; weak follow up by MISAU of recommendations from the annual and mid-term reviews and poor M&amp;E systems; unclear decision and implementation channels within MISAU; and poor adherence by some development agencies to the principles of the SWAP.</p> <p>Most of the identified weaknesses are recognised by both the MoH and the development partners and are addressed in the policy dialogue. The approach used is usually the creation of a working group that consists of representatives of relevant MoH departments and development partners. The role of each WG is not always the same, but it generally consists of developing an appropriate strategy to tackle the identified problem. There are currently 11 working groups active<sup>52</sup>.</p> <p>Important progress has been made over the past years in terms of improving the management and the efficient use of the MoH funds. The modalities of the SWAP are gradually being improved and fine-tuned, the financial management is being improved by the introduction of an electronic system (SISTAFE), the training capacity of new health staff has been increased through an training acceleration programme, among others. However, some crucial weaknesses have not yet been properly addressed. The major one concentrates around the weak human resource capacity. The MoH is, as other public sectors, seriously hampered by a shortage of qualified staff. Mozambique has always ranked among the countries with the lowest number of medical staff per number of inhabitants and, despite the accelerated training programme, still continues to do so. Mozambique has currently about one medical doctor per 33,000 inhabitants and one trained health person per 1112 inhabitants.</p> <p>The situation is still expected to worsen, by a combination of, on the one hand, an increase in staff needs due to the rapid expansion of HIV/AIDS services, and, on the other hand, an increased mortality among health staff due to HIV. Equally important, is the shortage in qualified management staff. The MoH has currently few people who have both the time and qualities to correctly and efficiently run the health system. In practice, the correct functioning of some health programmes is still dependant on the presence of external technical assistants.</p>					
<u>HIV/AIDS</u>					
<p>The situation is still worse in the fight against HIV/AIDS. Substantial amounts of funds are being made available, but the absorption capacity to efficiently use these funds and translate them into effective actions is minimal. This is illustrated by the low proportion of the funds allocated to the SE-CNCS for the fight against HIV that are effectively channelled to implementing agencies. In 2006, only 59% of the allocated 28 M USD</p>					

was used.

The reasons for the low absorption rate are multiple. First, there is the capacity of the CNCS-SE and its provincial antennas (NPCS) which is still very weak because of a combination of lack of capable staff and an inefficient management approach and structure. To resolve this problem, it was agreed to outsource the management of the grants provided to implementing agencies to an external grant manager. The outsourcing will enter into effect in the coming months and is expected to substantially improve the quality and efficiency of the grant management. In addition, it is also expected to improve the coordination of the national response by relieving the CNCS-SE of its grant management tasks and giving it more time for its coordination, planning, monitoring and evaluation tasks.

More important, however, is the limited capacity in Mozambique for the implementation of HIV/AIDS interventions. Even if the grants are effectively channelled to implementing partners, it still doesn't ensure a sufficient coverage of quality HIV/AIDS interventions. Public services have already difficulties to correctly execute their core tasks and have little capacity to integrate HIV/AIDS activities in their services. Civil society organisations are relatively new in Mozambique and their capacity to correctly implement HIV/AIDS interventions is still very weak. The private sector is still of little importance in Mozambique.

Although the international community recognises the problem, little has done so far to resolve it. Most of the energy of the partners' forum has gone to improving the management of the grants by CNCS-SE. A clear vision on how to enhance the implementation capacity has not been developed yet, neither on how to improve the institutional strength of CNCS-SE.

#### **JC 6.4 Effects and impacts achieved by the EC support were satisfactory**

##### **I 6.4.1 Recent trends in health and HIV/AIDS indicators show progress**

Accurate data on health indicators are scarce in Mozambique. The two principal sources are large nationwide surveys, in particular the Demographic and Health Surveys (DHS) that are conducted about every 6 years, and the data collected by the MoH (in particular the Health Information System but also separate monitoring systems of specific health programs). Both of these information sources have methodological limitations which makes it difficult to correctly interpret trends.

When carefully analysing the available information, it is clear that progress was made over recent years in many of the health indicators. In particular the coverage rate of many health services, such as institutional deliveries, vaccination, etc., improved. This is explained by the efforts that were made in expanding the geographical coverage of the health services.

In how far this has led to improved health is less clear. Some of the indicators, such as infant, child and maternal mortality rates appear to have substantially reduced. However, this has to be put in perspective.

First, these indicators are difficult to measure and the only reliable source is the DHS which is only conducted every 6 years. For example, maternal mortality is difficult to measure and the often reported figure of 480/100,000 that was calculated from the data collected by the DHS has important methodological limitations. WHO, UNFPA and UNICEF estimate that the actual maternal mortality is probably around 1,000/100,000. The persisting high institutional maternal mortality is another sign that the actual mortality rate might still be very high. Another example is the DTP (diphtheria/tetanus/whooping cough) vaccination coverage. Using the data from the HIS it was estimated that in 2003 91% of all children under 1 year had been fully vaccinated. The DHS of the same year measured however a coverage of only 57%.

Second, it has to be taken into account that Mozambique comes from a situation of civil war and severe socio-economic problems, with health indicators that were about the worst in the world. In fact, Mozambique is now for most indicators at the level of a 'normal' sub-Saharan African country and will face the same challenges as other developing countries in further improving the health indicators.

Last, the HIV/AIDS crisis is still expanding and hasn't reached its peak yet. Prevalence rates are still climbing in most parts of the country and the number of people in need of treatment is rapidly increasing. The mortality rate among young adults is rapidly growing, as is the number of people affected by the socio-economic consequences of these deaths. Some of the health indicators, such as life expectancy, are already declining as a consequence of the epidemic. The number of TB and malaria cases is increasing, as is the mortality rate in these diseases.

Little success has been achieved so far in sexual behaviour change. Although behaviour has changed, in particular in those areas most affected, it is apparently insufficient to curb the epidemic. Important progress has been achieved over the last years in expanding access to HIV/AIDS services, such as VCT, PMTCT and treatment and care (including ART) services. As a result the infection rate among newborns and the morbidity and mortality among people living with HIV is without doubt decreasing although insufficiently. The number of pregnant women receiving ARV prophylaxis and the number of people receiving ART has increased spectacularly, but is still reaching only a small proportion (respectively about 7% and 16%) of those in need.

##### **I 6.4.2 There are indications that the EC support contributed to positive trends**

It is extremely difficult to establish causal links between improved health indicators and a specific support. First, it is difficult to attribute improved health to improvements in the national health system, since health problems are to a large extent defined by socio-economic and socio-cultural determinants and changes in

these determinants have a greater impact than health system interventions. Second, it is difficult to relate improvements in the health system with a specific support, in particular with budget support. Nevertheless, it is without doubt that without the support of the international community Mozambique would currently not be successful in providing the necessary health services to its population. The EC support was an important component of the international support, both by its participation in the sector-specific budget support, and by its funding of specific health and HIV/AIDS projects.

The effect of the supported health and HIV/AIDS projects implemented by NGO on national health trends is also difficult to assess, because of their limited geographical coverage and their focus on specific health programmes.

## **Synthesis of JCs & Findings**

### **JC 6.1 It was relevant to have health and HIV/AIDS as non-focal sectors**

In regards to health, EC is currently an important source of funding for MISAU and for civil society organisations. Even if the EC committed less than 10% of its support to this sector, it is still the second largest donor agency in health. The amount committed to health appears sufficient.

In regards to HIV/AIDS it appears that there is sufficient funding available from the international community and that the challenge lies in increasing the funding absorption capacity by all sectors of Mozambican society (public, private and civil society). However, there is a rationale for the EC joining the CNCS common fund because of strategic reasons and because there appears to be a demand. The decision to join the CNCS common fund is therefore endorsed, under the condition that it is used as a means to actively assist in the enhancement of the absorption capacity.

It continues to be important to ensure a correct mainstreaming of HIV/AIDS in other EC support, but this can never be a substitute for specific HIV/AIDS support.

As a conclusion, the choice to have health and HIV/AIDS as non-focal sectors appears relevant; Health-HIV/AIDS should be maintained as a non-focal sector with a similar amount of funding as in the past EDFs. EC continues to be a very important donor agency in the health sector and although there is an important amount of funding by other donor agencies, its contribution remains important, both financially and through its role in the SWAP policy dialogue.

The amount of funding available for the fight against HIV/AIDS is sufficient to cover the interventions that are currently being developed, but there appears to be a demand by all partners for the EC to increase its support in the area of HIV/AIDS in general and to join the CNCS partners forum in specific.

HIV/AIDS was sufficiently mainstreamed in other EC support, but this does not replace the need for additional specific HIV/AIDS support.

### **JC 6.2 The choice of moving towards budget support was appropriate**

Sector-specific budget support continues the preferred mechanism for providing support to the health sector by both the GOM and most of the international community. It has gained importance over the past years and is foreseen to be further strengthened. Nevertheless, the EC is still providing an important amount of project-based support, primarily through budget line support to NSA.

The EC should continue its active participation in the health SWAP and common fund and the decision to abandon project-based support to the MoH is fully endorsed. However, the funding of NSA from budget lines in the field of health or HIV/AIDS should be continued and better aligned with the common fund support.

A sector-wide and common fund support is still the preferred approach by the GoM and most of the international community, although that support through other approaches is still very common.

The funding of HIV/AIDS or health projects continues mostly because of the availability of funds for NSA at the level of Brussels and there appears to be little coherence with the SWAP support. Nevertheless, these projects have an important added value because of the necessity of NSA support in the health sector.

### **JC 6.3 The assumptions regarding good governance were sufficiently fulfilled**

Mozambique continues facing important challenges in a correct management of its public services. MISAU and CNCS are no exceptions and since the creation of the common funds there have been problems in the management of these funds. The problems are being recognised by all partners and are being tackled through the policy dialogue. Nevertheless, this is a long process and it has limited means of ensuring that the developed strategies are correctly brought into practice.

The EC should further focus policy dialogue on issues of institutional strengthening and in addition broaden dialogue to include innovating strategies to enhance the capacity on a short term, such as a clearer and more important role of NSA in service delivery and the possible outsourcing of certain management and administrative tasks. The provision of TA should be reconsidered until valid alternatives are identified. The EC should strongly put effort into developing a policy dialogue with CNCS and its partners on how to increase the implementation capacity of HIV/AIDS interventions and services.

Although the weaknesses in the management of the common funds are being recognised and are gradually being improved, it is still insufficient to guarantee an efficient translation of the funds into results.

### **JC 6.4 The effect and impact achieved by the EC support was satisfactory**

There are clear indications that progress was achieved in some of the health indicators, although that quality data are scarce and other health indicators show no signs of improvement. The progress achieved in the fight against HIV/AIDS is less clear. Little success was achieved in reducing infection rates among adults, but progress is being made in improving access to VCT, PMTCT and curative services. It is very difficult to establish a link between the successes and the EC support. The EC is an important support agency in the health sector and it is without doubt that the international support is a critical condition for having functional health services. The role of the EC in the fight against HIV/AIDS is too limited to have substantially contributed to successes achieved in this area.

There are important improvements in health indicators, but the improvements are insufficient and risk to be annihilated by the effects of the HIV epidemic.  
There is sufficient evidence that the support provided by the international community in general and the EC support in particular contributed to positive trends.

**EQ6 (HE): To what extent does EC support to Health & HIV/AIDS through a mixture of sector-specific budget support and project interventions maximise impact and effectiveness?**

**Final Answers :**

**Health**

The decision to continue supporting the health sector as a non-focal area through sector-specific budget support to the MISAU appears to continue to be a relevant decision, but its impact and effectiveness are highly dependant on a correct management of the common funds by MISAU and its partners. Still more emphasis needs to be put on institutional strengthening both on the long term, through the policy dialogue, and on the short term, through TA or more innovative approaches. Funding of NSA needs to be continued and better aligned with MoH support.

**HIV/AIDS**

Support specifically for HIV/AIDS was less substantial. and the EC did not yet participate in the CNCS common fund..The decision to do so in the near future is endorsed only under the condition that it is used as a means to actively assist in the institutional strengthening of the CNCS and in the enhancement of the absorption capacity.

**Support to NSAs (NSA)**

Consideration has been given to combining EQs of 'Governance' and 'Support to NSAs', but as CSP presents the two issues separately and gives little linkage between them, it is suggested that combination would give a very broad (potentially unfocused) EQ.

**EQ7 (NSA): To what extent has EC support to NSAs strengthened their involvement in political dialogue and decision-making in focal sectors?**

***Justification and coverage of the EQ***

Mozambican civil society continues to be fragile and NSA involvement in dialogue, monitoring and evaluation of public processes is weak, especially at local (provincial and district) levels. Also, at this level, CSOs have neither space nor capacity to articulate their needs and opinions and to play an active role in the design, implementation, monitoring and evaluation of poverty reduction strategies. A broad range of CSOs are acting as service deliverers in the sectors. Historically, EC support to civil society and NSAs in Mozambique has been limited. This question seeks to identify by how much participation, especially in focal sectors, has been broadened, the quality of that participation, to identify any increasing dialogue between NSAs and government, to assess changing capacity of NSAs and to identify to what extent EC support encourages NSA involvement and development in Mozambique. This EQ is complementary to EQ5 Good Governance.

**Analysis**

**JC 7.1 EC interventions have manifestly increased involvement of NSAs in dialogue with government, monitoring and evaluation**

**I 7.1.1 Evidence of well-considered, relevant NSA involvement in monitoring and evaluation in focal sectors**

NAO took the initiative to start dialogue with NSAs in 2003. EC guidelines and the 2003 JAR were discussed with twelve organisations representing networks of CSOs and NGOs which commented on the JAR recommendations. EC support was also discussed and there was agreement that technical assistance would formulate a €4M support programme with the aim of addressing the main constraints to improved participation in dialogue with the government, through strengthened mechanisms for financial control, monitoring and evaluation of their own operations. The participation of civil society is growing through the involvement of G20 in the process of PARPA evaluation in the context of Poverty Observatory.

There is some evidence of NSA involvement in monitoring and evaluation in the focal sectors. Comparing PARPA I to PARPA II a significant improvement of the involvement of the NSA can be observed. In the focal sector “macro-financial support” there is a low level of NSA involvement. Involvement of NSAs in formulation and implementation of national development policies and strategies is increasing. Although it is recognised that participation of civil society and NSAs in the development process can facilitate poverty reduction many factors are hampering this process (e.g. weak capacity of NSAs and CSOs, still low of interest in policy issues, reluctance of GoM to engage with representative CSOs such as faith based organisations or social movement). In addition prevalent patronage and cooption of CSOs by political parties is a serious obstacle to real participation by civil society which affects private sector bodies, business associations, trade unions and media organisations (Hodges & Tibana 2005: 11).

MTR found that involvement of NSAs in implementation of NIP was initially limited, but was increasing with time.

There is little evidence of NSA involvement in financial control (which may not be an appropriate issue for non-specialist NSAs at this stage), but there is increasing involvement in monitoring and evaluation. This latter ‘watchdog’ role might be a more appropriate role for NSAs given their current capacity constraints.

The EC interventions are contributing to strengthening NSAs, specially their umbrella organizations. EC interventions significantly contributed to strengthen capacity of NSAs, e.g. National Food Sovereignty Network (ROSA), National Forum of Mozambican NGOs (TEIA), Human Right League (LDH); therefore the EC interventions have contributed to improve their involvement in dialogue with GoM (e.g. PARPA II). Comparing PARPA I to PARPA II a significant improvement of the involvement of the NSA can be observed.

Although it is recognised that participation of civil society and NSAs in the development process can facilitate poverty reduction many factors are hampering this process (e.g. weak capacity of NSAs and CSOs, low of interest in policy issues). In addition prevalent patronage and cooptation of CSOs by political parties is a serious obstacle to real participation by civil society which affects private sector bodies, business associations, trade unions and media organisations.

#### **I 7.1.2 Evidence of participation of NSAs in dialogue on different aspects of governance**

Mozambican NSAs such as the G20, Grupo Mocambicano da Divida (GMD), CTA, Uniao Nacional de Camponeses (UNAC) have made efforts for their involvement in monitoring and evaluation of government policies and strategies. There is a body of evidence that NSAs such as GMD and CTA have managed to table for discussion relevant issues and to influence the formulation of government and donor policies. In the context of the formulation of PARPA II, UNAC has made relevant contributions related to food security and rural development. Several CSOs are also influencing the Government policies in issues such as land tenure, family law and labour law.

G20 is contributing to monitoring of PARPA in the context of Poverty Observatory (PO). Several CSO representatives state that PO has to overcome the symbolic, formal function of a forum for presenting the RAP. The Poverty Observatory should act as a forum for annual discussions between GoM, donors and NSAs on PARPA. Originally intended as a monitoring body, G20 has carried out 'mission creep' and undertakes parallel poverty analysis and policy formulation. 20 CSOs in PO carried out an independent review of poverty reduction issues in 2004 and 2005. G20 was involved in the extended consultation process for PARPA II which used the same working GoM/donor and GoM/CSO groups as for JAR.

Representatives of Ministry of Health stated that the coordination with Mozambican NGOs acting in the sector is difficult because of the lack of an umbrella organization; However this is not the case in the area of HIV/AIDS, because of the strong role of MONASO, a network of Mozambican NGOs working in the area of HIV/AIDS.

Several CSOs are also influencing the Government policies in issues such as land tenure, family law and labour law. EC is support several CSOs working on these issues.

Despite EC support (see also 7.2.1) it is not clear whether much has resulted from the tentative NSA/GoM dialogue to date (apart from preparation of PARPA) as bureaucratic procedures and unfamiliarity (and maybe, suspicion) with the concept of such dialogue may have stilted the exchanges. Certainly dialogue with the private sector with a view to development of private enterprise has, according to private sector groups, been frustrated by the inflexibility of bureaucracy, labour laws and red tape. Most references to dialogue in CSP refer to dialogue between donors and GoM. CSO representatives know little about political dialogue between the EC and the GoM and they demand more information on this dialogue.

The Support Programme to NSAs is an appropriate response to weakness of the NSAs, however several NSAs have doubts on its effectiveness and impact because of envisaged/agreed guidance and management arrangements (e.g. role and composition of Steering Committee, capacity of implementing entity). The focus on intermediary NSAs (NSA networks) could be more appropriate, but provisions have to be made so that smaller, grassroots organisations can really benefit from interventions of intermediary NSAs.

### **JC 7.2 Increased NSA involvement in CSP preparation and review processes**

#### **I 7.2.1 Evidence of consultation in preparation of CSP and review processes**

EC envisaged fostering the involvement of NSAs within the formulation and implementation of CSP and NIP and NSAs have an increasing involvement in the formulation and implementation of the CSP and the NIP. In 2003 NAO took the initiative for establishing a dialogue with NSAs to increase their involvement.

CSP states that EC would be willing to participate in dialogue with GoM and NSAs to discuss implementation of NSA actions in focal sectors (as replication of such consultation in FS programmes, which reportedly was successful in building a partnership between GoM and NSAs) although it appears that only the rural roads programme in Zambezia was in mind. CSP then goes on to state,

with reference to Cotonou, that EC funds would be made available for capacity building of NSAs to enhance their role within the focal sectors (why a limitation to such sectors was not explained). This programme would then be appraised jointly with GoM and other donors, but curiously there is no mention of NSA involvement in this process?

There are specific references to consultation with CSOs in connection with sector interventions in the focal sectors. There are specific areas of cooperation within the transport sector, identified through consultation with CSOs, and where they represent a clear comparative advantage, will be funded by the sector allocation. Such support will target interventions on HIV/AIDS prevention, both in transport corridors and in the context of roads construction'; CSP26. The challenge is the still weak capacity of the umbrella organization in involving adequately their members and to prepare sound contributions to the process of preparation of CSP.

Some CSOs have been involved in the preparation of the CSP/NIP 2007-2013; However even networks as G20 had difficulty in disseminating the document amongst their members (lack of resources for photocopies), so that the quality of participation is questionable.

There is evidence of NSA involvement in the CSP/NIP review process.

There is little evidence of a broad consultation of NSAs in preparation of CSP although there appears to be increasing involvement in implementation of NIP and review processes including Joint Annual Reviews. There is also evidence of increased involvement of NSAs in the preparation of the 10th EDF. Notwithstanding successful involvement of NSAs in previous EC FS interventions there are reportedly some difficulties in NSA involvement in some local level planning activities.

The challenge is the still weak capacity of the umbrella organization in involving adequately their members and to prepare sound contributions to the process of preparation of CSP.

### **I 7.2.2 Evidence of joint action between local (provincial and district) government and civil society**

At the national level there is an increasing movement towards planning and implementing joint action between government and civil society (e.g. Poverty Observatory, and to some extent Agenda 2025). PO does not have consolidated structures on provincial, district and local levels. The issue of representativeness of the PO remains a challenge. In the future the PO could play a crucial role. However, at the provincial and district level the issue of joint action (content, orientation, motivation, impact, etc.) has to be analysed in greater depth, mainly in the context of provincial planning process and district participatory planning (with involvement of Conselhos Consultativos Locais, Local Consultative Councils - LCCs). Almost all interviewed government officials, CSO representatives and development experts emphasized there a space for more involvement and participation of the civil society had been established. The EC has contributed to through the pilot Nampula District Planning Project. The NSA involvement at local level remains a challenge.

There are mixed reports concerning joint action at local levels even though allocations of USD 300,000 for local level projects (approved by LCCs) were intended to encourage and motivate local participatory planning and wider involvement of NSAs. At district and local levels there has been a limited history of collaboration with some successes reported but there are also reports of actions being dictated by district authorities without a broad consultation and in some cases there has been misuse of funds. However, the space for more involvement and participation of civil society had been opened.

### **I 7.2.3 Evidence of coherent EC mainstreaming of NSA participation across sectors**

It seems that EC staff members primarily address NSA challenges through their sectoral work, because staff time and resources are limited to distil and address cross-sectoral issues. Furthermore, It is important to analyze this issue also on the view of available and used policies, strategies and tools, as well as administrative procedures.

Despite a dearth of documentation in CSP of NSA participation, in fact, there is some NSA involvement in FS, roads and HIV/AIDS awareness, even if this involvement is a collateral issue to the main sectoral thrust of EC support. It would thus not be accurate to use 'mainstreamed' although, given the proposed support to NSAs, there is an EC strategy of support for a greater role for NSAs. With improved NSA capacity a genuinely mainstreamed approach may be possible for 10th EDF.

## **JC 7.3 Strengthened NSA financial management, accountability and institutional reform**

### **I 7.3.1 Evidence of support for dissemination of best practices to NGOs**

There no evidence of intended, well structured dissemination neither of best practices to NSAs nor of resultant strengthened NSA capacities in financial management, accountability and institutional reforms. The longer term intention is for EC to stop direct monitoring of projects (transferring to a dialectic role), whilst NSAs should become more active in financial control, auditing, monitoring and evaluation, while EC disseminates best practices to NSAs.

The longer term intention is for EC to stop direct monitoring of projects (transferring to a dialectic role), whilst NSAs should become more active in financial control, auditing, monitoring and evaluation, while EC disseminates best practices to NSAs. There is room for improvement in terms of promoting dissemination of best practices amongst the NSAs in the sectors and across the sectors.

Although EC support to NSAs is stated to include dissemination of best practices, there no evidence of systematized actions for dissemination of best practices. It seems that the EC Delegation sees the dissemination of best practices as a task which has to be promoted, initiated and implemented by the individual NGOs and their umbrella organizations. But the nature and capacity of the Mozambican NGOs is still weak and need to be improved also by specific interventions which foster the dissemination of best practices amongst the NGOs.

**I 7.3.2 Evidence of civil society involvement in budget processes**

Involvement of the Civil Society in the policy dialogue around public finance management issues, including the budget process, is still weak, due to several factors (e.g. lack of interest, weak technical capacity, co-option by political parties, etc.). In the context of increasing volumes of GBS the issue of weak involvement of parliament and civil society in budget process should be raised. This lack of engagement of parliament does not contribute to democratic accountability. A large proportion of GoM expenditure is off-budget which means it is not subject to national audit procedures or scrutiny by parliament as not all donor interventions are put before parliament. However, most donor projects are subject to external audit (i.e. not necessarily according to national norms or procedures). With the increase in GBS, more donor support is coming on-budget such that the need for national scrutiny and accountability is becoming more pressing.

There is little or no involvement of civil society in budget processes, especially at provincial and district level, at present. Civil society arguably does not have the vocation, interest or capacity to be constructively engaged. G20 is still in a start phase and has limited capacity for analysis of budget processes. The CSOs need a strong support in order to strengthen their capacity for an effective involvement in budget processes.

**Synthesis of JCs & Findings****JC 7.1 EC interventions have manifestly increased involvement of NSAs in dialogue with government, monitoring and evaluation**

EC interventions in support of NSAs should be increasing NSA involvement in dialogue and monitoring. The role and development of NGOs acting mainly as service providers in the focal areas is increasing. NGOs representatives this development as a factor which can affect their capacity to challenge the government on critical development issues. The provision of capacity building support for NSAs through the EC, in particular for strengthening the capacity of NSA in financial control, monitoring and evaluation is seen as crucial in order to strengthening the NSA for the dialogue with government and monitoring and evaluation.

Given the current constraints of the Mozambican NSAs the 'watchdog' role of NSAs in financial management might be more appropriate in the future.

NSA involvement in formulation and implementation of national development policies and strategies is increasing. But capacity development of NSAs has to be boost in order to ensure a real participation of NSAs.

The space for participation of NSAs in dialogue on different aspects of governance is growing. EC is contributing to increase the NSA involvement in the dialogue on different aspects of governance.

There is little evidence of NSA involvement in financial control but involvement of NSAs in monitoring and evaluation is increasing. Many CSOs are acting as service providers. These developments can affect their capacity to challenge the government and other actors. The process of development of autonomous NSAs is hampered through tendency of cooptation of NSAs by political parties. Participation of NSAs in dialogue on different aspects of governance is a very tricky issue. In the context of PARPA II the NSAs found room to participate and to influence the formulation of PARPA to a certain extent. Because of cooption tendencies, lack of capacity of NSAs, conflict of interest and perhaps vulnerability due to their dependency as service providers there are signs of frustration among some CSOs.

**JC 7.2 Increased NSA involvement in CSP preparation and review processes**

Although there is little evidence of NSA involvement in preparation of CSP there is increasing involvement in implementation of CSP/NIP and review processes. There is also evidence of involvement of NSA in the preparation of the 10<sup>th</sup> EDF. Notwithstanding successful involvement of NSAs in previous EC FS interventions there are reportedly some difficulties in NSA involvement in some local level planning activities. It seems that the broad range of available tools (workshops, publications, internet, etc.) is not fully and adequately used, in order to guarantee a true and effective involvement of NSA in Mozambique, where the capacity of NSA is still weak.

There is little evidence of a broad consultation of NSAs in preparation of CSP/NIP 2001-2007.

However the NSA involvement in the implementation is increasing. There is a body of evidence of NSA involvement in the CSPP/NIP review process of NIP 2001-2007 and there has been greater participation in preparation of CSP & NIP 2007-2013.

Indeed, there are some cases of misuse of the district budget allocation (Orçamento de Investimento de Iniciativa Local - OIIL or “7 milhões MTn”, US\$ 300.000 per district). However, the decision to allocate those funds is appropriate and can boost the participation and local development in the communities. This is a significant contribution to create space for more involvement and participation of civil society.

Mainstreaming of NSA participation across sectors is a big challenge. The analytical and methodological constraints in dealing with the mainstreaming processes, the overload of the staff by activities in the sectors, the unsatisfactory level of operational communication and coordination between the sectors as well weak capacity of the Mozambican NSAs are hampering the EC mainstreaming of NSA participation across sectors.

#### **JC 7.3 Strengthened NSA financial management, accountability and institutional reform**

There is no evidence of intended, well structured dissemination neither of best practices to NGOs nor of resultant strengthened NSA capacities. The strengthening of NSA financial management, accountability and institutional reform amongst the NSA is a very long and complicated process which has to be supported further by the EC.

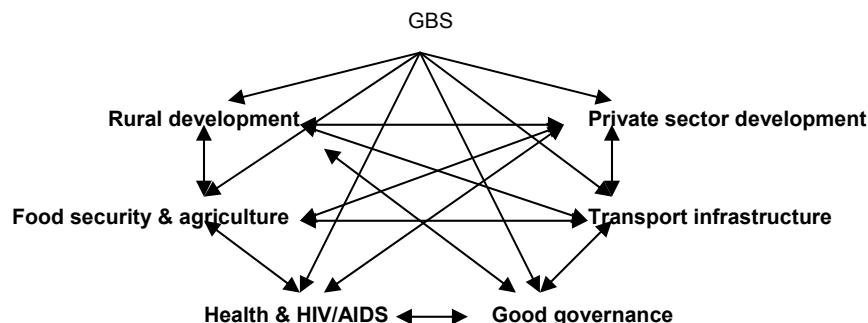
## Transversal

### 3Cs – Complementarity, cohesion and coordination (3C)

<p><b>EQ8 (3C): To what extent is EC support coherent (in itself), complementary to and coordinated with, other donor support (in particular EU Member States) and common frameworks and, what added value does EC bring to donor coordination efforts and dialogue with government?</b></p>
<p><b>Justification and coverage of the EQ</b></p> <p>The 3 principles of development cooperation (3Cs) were defined in the Amsterdam Treaty of 1992 i.e. <i>Coordination</i> – the EC and Member States shall coordinate their policies on development cooperation and shall consult with each other on their aid programmes; <i>Complementarity</i> – EC policy in the sphere of development cooperation shall be complementary to the policies pursued by the Member States; <i>Coherence</i> – EC shall take account of the objectives referred to in the policies that it implements which are likely to affect developing countries. The significance of the 3Cs was further stressed in Lomé IV and the Cotonou Agreement. The development landscape in Mozambique is congested with many multi-lateral and bi-lateral donors, funding agencies, NGOs and other development practitioners although EC continues to be largest donor overall<sup>53</sup>. Nationally, coordination of development effort has been a perennial problem (although cooperation between EC Member States has been ‘fairly close’) and the EC Country Strategy was developed taking into account interventions of other donors and developing common frameworks. In order to improve this situation a Joint Donor Group<sup>54</sup> was set up and this became a significant partner in dialogue with government, More recently the Programme Aid Partnership<sup>55</sup> has been established to support PARPA with priority indicators and targets set out in a Performance Assessment Framework (PAF) which is the basis for joint formal performance assessments. This question seeks to explore the effectiveness of this donor cooperation and the adequacy of monitoring and performance assessment and whether EC brings added value to this process.</p>
<p><b>Initial analysis &amp; hypotheses</b></p>
<p><b>JC 8.1 EC support activities and interventions are coordinated with other donor support and common frameworks</b></p>
<p><b>I 8.1.1 Nature of coordination mechanisms between EC and other donors, especially EU Member States covering programming and implementation</b></p> <p>PAP was established in 2004<sup>56</sup> between GoM and the G18 countries and international agencies providing budget and balance of payments support to Mozambique with the aim of providing effective and efficient support to implementation of PARPA, thus constituting one of the largest such aid programmes in Africa<sup>57</sup>. The basis of PAP is dialogue on PARPA implementation progress funded under the MTEF/CFMP, PES and OE as monitored under the PAF whilst providing performance related funding, all of which is intended to improve effectiveness, reduce transaction costs, improve predictability of aid, increase effectiveness of state and public administration, improve M&amp;E and strengthen national accountability. Both parties have obligations (GoM in line with PAF; donors on future aid flows, alignment with GoM systems, transparency, harmonisation and capacity building) to the MOU which is aimed at implementation of the Rome Declaration on aid harmonisation and the Paris Declaration on aid effectiveness, monitoring, dialogue and reviews follow GoM planning, budget and monitoring cycles using planning documents (PARPA, PES, PAF, CFMP, OE) and monitoring documents (Balanço do PES, budget execution reports, General State Account, annual audit reports and annual reports on public financial management) and more recently EC communication on aid effectiveness COM(2006)0085 (Regulamento Financeiro aplicável ao orçamento geral das CE). Most formal performance assessments are carried out jointly by GoM and PAPs i.e. annual review (joint findings on performance leading to commitments decisions) and mid-year review (dialogue on planning, budgeting and agreement on PAF).</p> <p>Independent reviews of donor performance have been carried out in 2005 and 2006 against the PARPA matrix<sup>58</sup> (Programme Aid Partners Performance Assessment) and compared with the 2003 baseline.</p>

The MTR finds that donor coordination has been comprehensive and regular in recent years at technical and political levels with reportedly up to 80 working groups and sub-groups at one time or another to which presumably GoM is expected to contribute.

Although not explicitly covered in this I8.1.1 coordination within the EC also gives some pause for thought. An issue arising from discussions with Delegation personnel is that of application of 3Cs not only to dealings with other donors but between the various sections in the Delegation and within the EC. With reference to the focal and non-focal sectors there are obvious benefits to be gained from internal cross-sectional linkages, which do not appear to be fully operational yet. However, not only these areas should engage in dialogue and application of 3Cs – for example private sector development, capacity building and rural development issues are also highly relevant to some of the focal sectors.



It has been rightly pointed out that this evaluation could have maximised effectiveness by being carried out earlier (perhaps 1 year earlier) such that findings, conclusions and recommendations could have fed into preparation of the CS & NIP for 10<sup>th</sup> EDF. As the CS & NIP 2007-2013 is substantially complete, evaluation recommendations will concentrate on practical implementation issues, but an opportunity to maximise impact has been lost. Similarly the evaluation field visit has coincided with a visit to Mozambique by consultants assessing 'EC Aid Effectiveness' commissioned by the European Parliament.

Another issue which has a quasi-cross cutting importance is that of decentralisation; there should, as far as is possible, be a coherent inter-sectoral approach to this issue (which should certainly be covered fully in dialogue about SBS in the various sectors although suggestions of decentralisation itself being the subject of a SWAP are possibly a step too far). There is an EC focal point for decentralisation and a decentralisation working group is being set up by donors including WB, EC, Ireland, AfDB and ASDI which may offer support to GoM preparation of a national decentralisation policy (which would have to consider current sticky issues of dual subordination, attribution of competences and responsibilities and lines of communication between line ministries, provinces and districts).

Similarly there are commonalities between sectors in capacity building needs such that there are possibilities of harmonisation of the different sectoral institutional strengthening, capacity building and HRD. Some sensitisation or training of Delegation personnel towards HRD issues may be desirable and should include needs assessment, institutional structures and capacitation.

Joint programming of donor portfolios has been discussed but to date there has been no joint programming due to donor reluctance to synchronise programming cycles.

A perception of Delegation/ EC Services BXL coordination mentioned at more than one interview concerned differences in position between Delegation and BXL (ie a stance is taken by a local sector representative of EC Delegation in dialogue with GoM or donors only for this stance to be subsequently altered at the behest of BXL). Whatever the merits of these perceptions, clear statements of EC position would be welcomed by partners (no flip-flopping).

Under 9<sup>th</sup> EDF EC is precluded from pooled funding or co-financing administered by procedures other than EDF although it is understood that this will change under 10<sup>th</sup> EDF when other procedures are

permissible (from 01/01/09). However, unless ratification of 10<sup>th</sup> EDF protocols takes place reasonably promptly an embarrassing hiatus could occur between end of 9<sup>th</sup> EDF balances and new funding under 10<sup>th</sup> EDF. Any such gap (as has previously occurred) would have serious budgetary consequences due to the high levels of GBS and equally serious consequences for EC credibility.

By agreeing to a common review mechanism, agreed forums and policy dialogue, and joint reviews, EC has committed strongly to harmonisation and coordination. The coordination mechanisms for multi-donor budget support and to a lesser degree in other intervention sectors (Health & HIV/AIDS, Food Security and Agriculture, Transport Infrastructure are comprehensive and increasingly complex (especially in the case of GBS).

#### **I 8.1.2 Overlaps and/or duplication between EC activities and those of other donors**

The potential for overlap and duplication of donor effort is high given the large number of donors, funding agencies, NGOs and other development practitioners active in Mozambique. Coordination has been a recurrent problem since the end of hostilities in 1992. Consultation of the matrix of distribution of donor support (Annex I<sup>59</sup>) shows that EC activities are coincident with the efforts of one or more donors or funding agencies in 28 intervention themes or areas. However, this is not to say that there is necessarily overlap or duplication as there are various coordination mechanisms in place. CS notes that coordination between EC and Member States is 'fairly close' noting strong active coordination in Macro-economic Budget Support, Food Security and Agriculture and Health with progress in policy dialogue and reforms<sup>60</sup>.

PARPA gives a framework for intensive donor coordination (with GoM) in financial and technical assistance, resource mobilisation and financial management. Also CS recognises that impacts of development cooperation are improved when donor efforts are coordinated and focused with methodological integration between sectors, activities and national poverty reduction strategies but points out shortcomings of monitoring.

The various road sector programmes (ROCS and Roads 1, 2 & 3) have been supported by many donors although a sector wide approach has been delayed, in part due to sector institutional and management issues.

Limitation of EC support to fewer (focal) sectors whilst moving towards policy-based programming demands good complementarity, especially between EC and Member States.

SWAPs, budget support or some other form of harmonised financing is now operational in planning, agriculture, public sector reform, policy research, health, police academy, sanitation, housing and transport.

In summary there are many donors active in most sectors and the potential for duplication is undeniable (see Annex I: Development Partners Aid to Mozambique). However, PAP was established so as, inter alia, to minimise the risks of overlap by arranging joint missions, evaluation, analysis and reducing the number of bilateral visits.

#### **I 8.1.3 Quality of consultation with other donors in preparation of CS / NIP**

CS explicitly states that design of the CS & NIP has taken into account the interventions of Member States and other donors and by using PARPA as a basis for CS & NIP, EC is gaining from the consultation that was a major feature of preparation of PARPA I<sup>61</sup>. Some sector interventions have elements of consultation in their design and are increasingly moving towards a programme approach accompanied by joint donor efforts.

In the context of moving towards PAP, EC did consult widely and effectively with other donors (especially Member States) in preparation of CS & NIP and this consultation has continued and widened in preparation of CS & NIP for 10<sup>th</sup> EDF (2007-2013).

#### **JC 8.2 Quality of JDG and PAP as mechanisms of donor cooperation, monitoring and as a vector for dialogue with government**

##### **I 8.2.1 The 2004 MOU signed by GoM and donors has proven to be a valid statement of principles, terms and operations for PAP and has delivered mutual accountability between the signatories**

The 2004 MOU (with a shared Overall Objective 'to contribute to poverty reduction in all its dimensions by supporting the evolution, implementation and monitoring of PARPA') was signed following the 2004 Joint Review<sup>62</sup> setting out details of procedures for budget support (and balance of payments support) and launching the PAF (which was the result not only of donor coordination efforts but also of GoM internal dialogue) as the single conditionality framework for budget support using GoM monitoring information as the basis for performance assessment. In particular the MOU (and PAF) aim at avoiding parallel systems for aid flows (i.e. off-budget) and improvement of annual planning, budgeting and monitoring.

Intermediate Objectives of the MOU were:

- to build a partnership based on frank and open dialogue about PARPA and the budgetary and planning instruments for operationalising it;
- to provide financing for poverty reduction, clearly and transparently linked to performance in a way which improves aid effectiveness and country ownership of the development process, reduces transaction costs, allows allocative efficiency in public spending and predictability of aid flows, increases effectiveness of public administration, improves monitoring and evaluation and strengthens domestic accountability.

Arguably the MOU has transferred risk from GOM to donors whose flexibility has also been reduced. Some donors thus maintain a conditional tranche system of disbursement.

MTR notes the need to better integrate existing instruments and especially to improve planning and budgeting systems, to increase ownership of process at sectoral levels and to more clearly define M&E mechanisms (including indicators). Also, policy dialogue should be enhanced within the framework of political dialogue as well as in the context of PAP to identify institutional constraints and GoM policy responses.

However, the extent to which the introduction of PAF was donor-driven is a moot point. PAF indicators were originally drawn from PARPA (which had a high technical assistance input) but donors were dissatisfied with the PARPA matrix as a basis for decision-making on GBS or assessing GoM performance. Subsequently indicators were agreed by negotiation with donors pressing for some proposals for indicators to which GoM has not responded (e.g. external audit, financial risk). Overall the MOU has proven to be a valid statement of principles for the PAP and has delivered improved accountability and transparency as confirmed by independent annual reviews (see also 8.2.2 below).

#### **I 8.2.2 Evidence that joint monitoring, dialogue processes and documents have facilitated quality annual (and mid-year) reviews**

The MOU also calls for PAPs to produce an annual report on their performance against commitments for provision of budget support delivery aiming at assessing improvements in effectiveness, predictability and transparency. The baseline study was carried out on the 2003 performance and subsequent reports (2005, 2006) have assessed donor compliance and best practices and is updated each year to monitor progress of PAPs towards meeting their MOU obligations. These annual assessments have covered:

- alignment with Mozambican instruments, processes and financial management systems
- predictability of donor aid flows
- transparency of conditions and funding
- harmonisation (by elimination of bilateral requirements)
- reduction of transaction costs
- enhancement of GoM capacity

Reports also include a review of the cooperation portfolios of PAPs and aid modalities (on and off budget) compared with MOU obligations.

The recent joint evaluation of budget support also contributed to the analytical work.

It should be noted that the 2005 PAF assessment was carried out separately for the PAP PAF and GoM (PARPA) PAFs. Thus, the PAP PAF was limited to programme aid and budget support, and other

methodological problems that resulted in about 2/3 of aid flows being omitted<sup>63</sup>. However, the 2006 PAP assessment has amended methodology based upon the Paris Declaration. Donor/GoM dialogue comprises a complicated calendar of forums based upon the GoM fiscal year with coordination of donors by a Troika of PAP member backed up by a PAP secretariat.

#### *Calendar*

April/May – Annual Performance Review and Joint Aide Memoire

June – follow up

Aug/Sept – Mid-year Review (sets targets and indicators for PAF; GoM for MTEF; GoM progress)

Dec – follow up

Various – Joint Budget Working Group

Various – Poverty Observatory

#### *Forums*

- Heads of Cooperation (monthly) – performance against PAF
- 'Troika plus'<sup>64</sup> (fortnightly plus ad hoc meetings)
- Economists Working Group (fortnightly)
- Various working groups<sup>65</sup> clustered into 6 thematic groups (poverty & growth, PFM, governance, private sector development, service delivery, MOU implementation & aid effectiveness) plus 3 cross-cutting groups (gender, HIV/AIDS, environment)
- PAF Coordination Group (monthly)

Sector reviews have previously been undertaken on an ad hoc basis but are now complying with GBS cycles (as a result of the involvement of all the ministries in the joint review process for GBS).

Joint dialogue and review processes are improving the quality of reviews that has the benefit of becoming a learning process (for GoM and donors) whilst informing the reform process (across many sectors) for which donors are gradually relinquishing ownership (which may be being taken up by GoM).

### **JC 8.3 EC brings added value to donor coordination and dialogue with government**

#### **I 8.3.1 EC ranking and scoring of PAP development partners performances**

The independent review of PAPs 2004 performance carried out in 2005 rated (at GoM request) donors individually and collectively. Noting that disbursement had, in some cases, been made later than agreed such that agreed programmes had been disrupted, it was concluded that the situation was improving regarding harmonisation, alignment and predictability of donor disbursements:

- 6/16 PAPs aligned fully with GoM processes and documentation
- 9/16 PAPs aligned partially with GoM processes and documentation
- 8/16 fully followed GoM budget cycle
- 7/16 substantially followed GoM budget cycle
- 2 independent bilateral evaluations
- 14/16 multi-annual agreements in place
- 12/16 disbursed according to agreed schedules

No PAPS were assessed as 'weak' whilst only a few were assessed as 'strong'.

The 2006 PAP Performance Review ranks EC as falling within the mainstream of adequately performing donors at position 9/18 donors (64%) although this ranking is conditioned by the indicator 'bias' which penalises donors with relatively large proportions of project interventions (see I9.3.2 for more details on the PAP monitoring framework)

#### **I 8.3.2 EC ranking by GoM and other donors**

MTR notes that relations between EC and NAO have improved with a new environment of trust and transparency and that there has been a significant improvement in coordination, alignment and predictability. EC has also taken an increasing role in policy dialogue through involvement in some of the many working groups (some as chair or focal point) whilst EC is a permanent member of the G18 Troika Plus (now G19 with the membership of Austria in May 2007)

MTR finds that CS has been in line with GoM priorities within its reform programme. EC application of 3Cs is widely reported to have improved over the evaluation period 2001-2007 with EC having led various initiatives while rationalising EC involvement but whether this effort can be sustained remains to be seen. However, the issue of inconsistencies in EC development policies has implications for EC credibility in the eyes of other donors some of whom perceive EC as being more predictable in programming than in implementation modalities or timing.

#### **JC 8.4 Coherence of CS & NIP with EC global and regional cooperation objectives**

##### **I 8.4.1 Degree of consistency with EC global and regional policies**

Although EC has comments on the levels of consultation achieved by GoM in preparation of PARPA<sup>66</sup> and recommends expanding this consultation process to include representation of government bodies at central, provincial and district levels, National Assembly, private sector, civil society in general and donors, there is little reference to processes of wider consultation in preparation of CS & NIP<sup>67</sup> other than stating that it has been prepared in accordance with principles of national ownership of development strategies. Reference is made to the role of the JDG which was perceived as having gained a strong and respected position in policy dialogue on poverty reduction, domestic resource mobilisation and public financial management and in preparation for budget support mechanisms (and this role has been continued and extended by the PAP). Otherwise there is little reference to ownership by stakeholders.

CS notes that 'EC is willing to participate in dialogue with NSAs' to discuss implementation of NSAs in focal sectors (developing experience of such collaboration in FS) within SWAPs. This leads to the proposal for EC support to capacity building of NSAs (in accordance with Cotonou Agreement) for broader participation of Mozambican civil society. This support will include capacity building in financial control, auditing and evaluation to allow greater NSA roles in project monitoring. No indication is given in CS & NIP of the degree of NSA involvement in preparation of CS.

MTR finds that NSAs had only a limited involvement in implementation of CS & NIP but there is now some progress. NAO started dialogue with NSAs in 2003/2004. EC guidelines and JAR were circulated to 12 organisations representing groups of networks of civil society, NGOs and others for comment and consensus on the JAR recommendations. It was then decided that technical assistance should, in 2004, assist NAO and NSAs in design of an NSA support programme but this technical assistance was only contracted in 2006 due to problems with EC administration procedures.

In conclusion, CS tantalisingly notes that 'coordination and coherence of development cooperation assistance and other Commission policies, however, sometimes leaves to be desired' (sic) giving an example of EC policy impacts on the Mozambican sugar industry (which received EIB support) potentially suffering under EBA liberalisation policies.

A long-running issue now coming to head is that of exemption of EC interventions from IVA; import duties and fuel taxes. Under the terms of the Cotonou agreement ('conditions not less than those enjoyed by most favoured nation ....') payment of these taxes and/or reimbursement of payment to implementing bodies (eg contractors) has been traditionally taken as GoM contribution to donor-funded projects although there have been long delays in such reimbursement (in some cases causing contractual disputes and claims) and over the years a considerable backlog has built up (estimated at between USD30M and USD130M depending upon source). Recently some donors have agreed to waive this exemption (WB, AfDB) and pressure is coming on other donors to give similar dispensation. Although at first sight application of IVA would imply either a reduction in implementation activities by the IVA percentage, or conversely an increase in necessary budget by that percentage, EDF procedures are not entirely consistent on this issue (on the one hand referring to exemption and on the other to local purchase of fuels which are subject to such taxes) and there is no exemption in the case of GBS or SBS funds. The EC position is thus not consistent and presumably in the case of budget support this IVA element (~17%) is taken to be additional budget support?

#### **Synthesis of JCs & Findings**

##### **JC 8.1 EC support activities and interventions are coordinated with other donor support and**

**common frameworks**

EC support is clearly coordinated with other donors and by agreeing to the common review mechanisms, dialogue and joint reviews EC has strongly (as one of the G19) committed to aid harmonisation and coordination although this coordination has not extended to joint programming. In this context the EC concentration of support on fewer focal sectors whilst moving towards policy-based programming is apposite. In multi-donor budget support and sector support (to Food Security & Agriculture, Health & HIV/AIDS and Transport Infrastructure) EC is involved in various forms of multi-donor support and SWAPs the development of which vary from sector to sector. Decentralisation issues have not yet been the subject of donor coordination. However this coordination does not extend quite so seamlessly to inter-EC coordination (between sections in the Delegation, between Delegation and EC Services in Brussels and to a lesser degree in terms of consistent international policies for development). There was wide consultation with Member States and other donors in preparation of CS & NIP.

Donor coordination continues to be comprehensive and regular.

Although EC application of 3Cs has improved over the evaluation period (2001-2007) there could be better application of 3Cs within the EC organization (between different sections of EC Delegation and between the Delegation and EC Services Brussels).

Decentralization and capacity building have not been considered beyond individual sectoral implications.

No joint programming of donor portfolios due to difficulties of synchronization of programming cycles.

Possible difficulties arising from late operationalisation of 10<sup>th</sup> EDF have been recognized and some contingency actions have been taken to mitigate against negative impacts.

EC has committed strongly to harmonization and coordination (within the limits of EDF flexibility) and these coordination mechanisms are increasingly complex.

EC did consult widely and effectively with Member States and other donors in preparation of CSP & NIP.

**JC 8.2 Quality of JDG and PAP as mechanisms of donor cooperation, monitoring and as a vector for dialogue with government**

The PAP mechanisms for donor cooperation, monitoring and dialogue appear to be of increasing quality as a learning process is absorbed by donors and GoM. The increasing commitment of donors to budget support is matched by the enthusiasm of GoM and there are benefits of this modality perceived by both sides although there appears to be some reluctance by some donors to relinquish individual attribution for results of development support. On the whole EC falls within the mainstream of adequately performing donors (position 9/18 in the 2006 PAP Performance Review).

The PAP MOU has transferred some risk from GoM to donors (whose flexibility has been curtailed).

PAP has reduced risks of donor overlap whilst PAF was/is donor driven.

The MoU has proven to be a valid statement of PAP principles and has delivered improved transparency and accountability (as confirmed by independent annual reviews).

**JC 8.3 EC brings added value to donor coordination and dialogue with government**

There is an oft-repeated assertion that the consensual structure of EU governance and dialogue between Member States has resulted in EC possessing singular skills (e.g. transitional management) that in this context will bring special value to donor coordination and dialogue with GoM. No evidence has been examined to confirm this assertion.

EC falls within the mainstream of adequately performing donors (although this ranking is conditioned by indicator 'bias' which penalizes donors with relatively large proportions of project interventions).

Inconsistencies in EC development policies have implications for EC credibility (EC is perceived as

more predictable in programming than in implementation or timing).

**JC 8.4 Coherence of CS & NIP with EC global and regional cooperation objectives**

CS & NIP has a high level of coherence with EC global and regional policies although actioning of some components in preparation of CS appears less clear (e.g. consultation processes) although some inconsistencies in these policies and some changes during the course of NIP have produced programming, procedural and managerial stresses (as discussed in more detail in EQ9). The long-running issue of exemption from IVA and other taxes requires resolution especially as increasing moves towards BS (GBS and SBS) appear to render this exemption irrelevant anyway.

IVA exemption issues are now directing pressure on EC as some donors are now waiving their exemptions.

**EQ8 (3C): To what extent is EC support coherent (in itself), complementary to and coordinated with, other donor support (in particular EU Member States) and common frameworks and, what added value does EC bring to donor coordination efforts and dialogue with government?**

**1<sup>st</sup> answers & hypotheses:**

EC support is coherent (in itself), is complementary to other donors' support as a result coordination arising from EC membership of PAP and thus is closely aligned to GoM needs and priorities as expressed in PARPA and responds to GoM wishes regarding aid delivery modalities (budget support). Despite extensive participation in dialogue and donor coordination it is not proven that EC brings added value to these processes compared to other donors beyond arguably bringing a different perspective in some cases

## Efficiency (EF)

<b>EQ9 (EF): To what extent have the EC cooperation frameworks and implementation mechanisms (financing instruments, administrative regulatory framework, personnel, procedures and timing) facilitated the expected effects of the CS &amp; NIP?</b>			
<b>Justification and coverage of the EQ</b> <p>The EC has used a range of funding and implementation mechanisms including TA, general and sector budget support, BLs, project and programme interventions and policy dialogue covering beneficiaries including GoM institutions, NSAs, CSOs, NGOs and national directorates. The EC Country Strategy points out that <i>'difficulties and delays at all stages of the EC programmes, particularly with regard to infrastructure, have again reduced their potential impact'</i> going on to highlight <i>'weak focus'</i> and <i>'programme dispersion'</i> leading to the conclusion that EC should concentrate on fewer sectors and move towards a policy-based programme approach with increased complementarity. This question seeks to assess the allocation and use of management resources and selection of instruments across intervention sectors in achievement of expected effects, EC capacity to flexibly implement NIP and overall capacity to deliver support to Mozambique.</p>			
<b>Initial analysis &amp; hypotheses</b>			
<b>JC 9.1 Organisation, management, communication (internal and external) and delivery of EC services (in Maputo and Brussels) has facilitated implementation and effects of CS &amp; NIP</b>			
<b>I 9.1.1 Time period between planning and implementation of interventions</b>			
<p>The Joint Annual Report Conclusions (chapter 6) state that the implementation capacity of the 9<sup>th</sup> EDF in Mozambique can be considered as one of the five best performing ACP countries. MTR assessment of the performance in focal sectors (Macro-economic budget support – good; Transport infrastructure – on track; Food security and agriculture – sufficient) and in achieving poverty reduction targets concluded that these achievements resulted from concentration on focal sectors and budget support modality for delivery of funds such that within 2 years of signature of CS &amp; NIP almost 100% of the A-envelope transfers were committed.</p> <p>MTR made the following performance appraisals:</p>			
<b>Criteria for support Results indicators</b>	<b>Good/on schedule</b>	<b>Sufficient/roughly on schedule</b>	<b>Insufficient/delayed</b>
<b>ME Support</b>	<b>X</b>		
ME stability	x		
Public financial management quality		x	
Social sector budget allocations		x	
Poverty outcomes	x		
<b>Transport infrastructure</b>		<b>X</b>	
Adoption of sectoral policy & donor agreement to RSDP	x		
Financial commitment – creation of FE	x		
Financial commitment – revision of fuel levy		x	
Institutional commitment – creation of RA	x		
Institutional commitment – appointment of members of RA and CEO	x		
Infrastructure expenditure		x	
Maintenance expenditure – routine maintenance		x	
Maintenance expenditure – periodic maintenance			x
Maintenance expenditure – rehabilitation		x	
<b>Food security and agriculture</b>		<b>X</b>	

Policy framework	x		
Institutional commitments	x		
Food vulnerability			x
Production	x		

On the basis of speed of commitment of funds, then actioning of NIP has been efficient although there are indications of problems arising during implementation of project interventions which delay the progress of those interventions (e.g. contractual issues on road construction contracts leading to delays, claims and cost over-run). Whatever the reasons for such problems the intervention will eventually be finished such that the expected impact should be delivered, albeit later than programmed. Of course, such problems are sidestepped by adopting GBS in which disbursement of a large value tranche is a single event.

#### **I 9.1.2 Evidence of EC procedures facilitating / hampering implementation**

All EC support to projects and programmes is implemented according to the rules and procedures of the respective EDF Financial Protocols<sup>68</sup> whilst EIB operations from its own resources or from the Investment Facility are covered by Articles 3 (a) and 4 of the Financial Protocol of the ACP-EC Partnership Agreement. Also, BLs may be used for certain specified activities such as food security, human rights and democratisation together with other instruments (noted in more detail below).

EC cooperation in Mozambique has involved not only EDF but also a plethora of other instruments many of which were not programmable despite substantial funds and activities being implemented as a result (obviously management of large amounts of unprogrammed activities presents difficulties):

**BLs** – co-financing food security, demining, environment & health (total €30M 2002/6). Reportedly good relevance, efficiency, effectiveness and complementarity (especially in rural development and health). Predominantly local capacity building although sustainability is 'not evident'.

**BLs** – European Initiative for Democracy and Human Rights Reportedly successful demonstration of devolution improving project management quality, speed of response and EC responsiveness to 17 projects (total €6M) involving promotion of rights of the blind, employees rights, fundamental freedoms and civic education in rural areas, improved capacity of activists from civil society and professional classes and strengthening independent media. Also, the EU Election Observation Mission to the Dec 2004 general elections pointed out and made recommendations to overcome electoral shortcomings

**STABEX** – In addition to food security BL contribution (€4M) for agricultural research

**Facilities** – Water – 1<sup>st</sup> call for proposals Nov 2004 (€230M overall). 7/23 Mozambique proposals were approved (EDF €33.5M). Also EU-China Water Supply Improvement project (EDF €29.8M cofinanced by EIB).

**Facilities** – Energy international call for proposals planned for overall €217M from 9<sup>th</sup> EDF

**Regional Cooperation** – PALOP II (€30M regional programme dates from 1997) for 5 Lusophone countries in focal areas institutional development, public administration, employment, training and culture with delays in implementation

**Regional Cooperation** – Transport Infrastructure 7<sup>th</sup> EDF funding (€20M) of flood repairs to Beira Corridor with additional work necessary (€10.3M). RIP for SADC (9<sup>th</sup> EDF €15M) plus NIP (9<sup>th</sup> EDF €14.8M) for upgrading of Milange to Mocuba road (Malawi – Mozambique linkage)

**Regional Cooperation** – SADC Regional Fisheries Project €14.5M for Angola, Mozambique, Namibia, RSA and Tanzania finished March 2006 (8<sup>th</sup> EDF €2.3M for Mozambique) – strengthening of national institutional capacity for fisheries, monitoring, control and surveillance

**EU-Mozambique Fisheries Agreement** – annual compensation of €4.1M for development of Mozambique maritime fiscalisation, research, QC, training, institutional development and international meetings

**HIV/AIDS** – Global Fund for HIV/AIDS, TB and malaria (EC is a major contributor) 1<sup>st</sup> disbursement planned USD15.5M planned for 2005, 2<sup>nd</sup> disbursement €16M planned for 2006 but CNCS absorption capacity problems have delayed disbursement but this capacity is now reportedly showing signs of improvement

**EIB** - €372M in loans covering i) loans and own resources (€6.3M); ii) risk capital (€160M); iii) investment facility (€68M); iv) special loans (€15M) in energy, mineral extraction, industry, agro-industry and tourism. Also EIB is involved in cofinancing of EDF Water Facility and is expected to get involved in the Energy Facility. Also an infrastructure trust fund (EIB and EDF) may become operational in Mozambique.

**CDE** – Centre for Development of Enterprises supported 12 Mozambican enterprises to end of 2005 (€0.2M)

**All ACP Trade-related TA** – financed from All ACP Support Project – a trade specialist supplied for 18 months to assist Mozambique in EPA negotiations

**Sugar Reform Accompanying Measures** – EC currently considering 10 year adaptation strategy for Mozambique sugar industry (from Mozambique Sugar Producers Association and MINAG) for limited support to implementation

No evidence has been examined to show that procedures facilitated implementation but on the contrary there are several references to delays in programmed and emergency response by EC. In the Transport Infrastructure sector past EC support has been subject to considerable delay and implementation problems the causes of which have not been fully analysed but are understood to include lack of contract management capacity in ANE, reduced capacities in provincial delegations (DPOPHs and DEPs) and inadequate Delegation capacity which has constrained dialogue. EDF procurement and contract procedures are reported to be a contributory factor and certainly there are current and ongoing delays in processing IPCs on road infrastructure contracts. These delays are a result of the way in which EDF procedures for such interim measurements and payments are actioned locally plus an undeniable element of poor quality of submitted documentation. The extent to which these are a result of EDF procurement and contract procedures (the procedures themselves or clumsy application of them by the Delegation or national agencies) or other factors is arguable. Issues of impenetrability of EDF procedures were raised many time in interviews. These perceptions of partners is perhaps best summarised by the quote 'EC always has a rule (why something is not possible)'. Rural development programmes have also suffered delays (mainly due to EC<sup>69</sup>) such that possible replication was put on hold until the MTR.

In comparison many other ACP countries, implementation of CS & NIP in Mozambique has been successful using the same EDF procedures and other instruments as those other countries. Whilst the need for intense scrutiny of use of EC funds is understood, this level of scrutiny and control is becoming more and more out of step with donor coordination efforts. Further, EC credibility was impaired by the cessation of use of common funds during 9<sup>th</sup> EDF despite such common funds having been found to be very beneficial.

MTR notes that the slow speed of appointments to the Delegation did not keep pace with deconcentration for EDF management<sup>70</sup> and that delays needed to be urgently tackled in order that annual work plans might be fulfilled. Some posts have been unfilled for long periods, in some cases requiring Delegation personnel to concurrently cover two or even three positions. A contributory factor is that the Delegation organigram is not subject to local management discretion which might permit better tailoring of Delegation capacity to respond to local needs (there is a limit to the effectiveness of a generalist covering a technical/specialist portfolio or, conversely, of a specialist covering an unfamiliar speciality).

### **19.1.3 Quality and complexity of EC procurement procedures compared with international standards**

For GoM the costs and commitment of resources involved in compliance with donor requirements for planning, disbursement, accounting, procurement and reporting can be high and lack of familiarity with the many different procedures can cause frustration and delays. This is generally acknowledged as a major disadvantage of project based aid and, rightly or wrongly, EDF procedures are widely regarded as among the more complicated, opaque and more liable to procurement delays<sup>71</sup>.

There is widespread perception that EC procedures can be inflexible, ponderous and prone to pitfalls for the inexperienced practitioner (in GoM or Delegation). However, EC is not the only funding agency

to deal with such problems that certainly are not unique to Mozambique. However a difference appears to be that certain other comparable agencies (such as WB) seem more able than EC to facilitate resolution of such problems, which usually involve at least one intermediary organisation (e.g. NAO and/or ANE in the road sector) although this is arguably simply an indicator of the relative flexibility of the various donor procedures. Certainly a move towards sector BS or GBS would solve the immediate problem for EC whilst not solving any basic problems of contract management expertise that may exist elsewhere although there is a continuing risk of sector funds not being accessed due to accountability problems.

**JC 9.2 Technical assistance provided under EC support has positively contributed to implementation and effects of CS & NIP**

**I 9.2.1 Compliance between national needs assessment and technical assistance provided**

An issue brought up by more than one source<sup>72</sup> is the 'outnumbering' (physical and metaphorical) of GoM staff in their dealings with the coordinated (massed) donor groups<sup>73</sup>. In many sectors, donors tend to 'hunt in packs' and GoM, with acknowledged capacity restraints, has difficulty in meeting on an equal negotiation or dialogue platform the increasingly complicated (or sophisticated as preferred) requirements of PAP, GBS or SWAPs, especially when faced with such numerical superiority. The much-valued partnership approach looks a little one-sided at a practical level in such circumstances. Although GoM capacity deficiencies were a quoted reason for embracing coordinated support, addressing these deficiencies does not appear to have been mainstreamed in the programme itself. This leads to a perhaps not hypothetical question mentioned in the Evaluation of GBS: Mozambique Country Report 'what does ownership really mean in a poor aid-dependent country with weak capacity? Do organised donors constitute support to GoM or an intrusion?'

There is as yet little evidence of some aspects of complementarity in development cooperation as set out in the Paris Declaration and various EC publications, most recently the 'EU Code of Conduct on Complementarity and Division of Labour in Development Policy' either in terms of GoM exercising its responsibility for coordinating donors or division of labour between Member States (and other donors). CS & NIP have no reference to how technical assistance needs were identified (e.g. in ANE needs quoted include enhanced financial reporting and monitoring, or to support a Post-Beijing Action Plan to reduce gender inequality). Although PARPA makes extensive comment on capacity shortages nationally, there is only passing reference to technical assistance as such and no reference whatsoever to needs assessment. In general no explicit needs assessments have been carried out, needs having been identified in discussion between donor and sector agency. Technical assistance is thus agreed for a limited period but the TOR for that technical assistance usually does not define the role of technical assistance as regards capacity building (beyond line function).

Definition of technical assistance requirements for NSAs was as a result of dialogue involving NAO, NSAs and EC and is expected to cover legal frameworks, administrative arrangements and financial management needs of NSAs.

**I 9.2.2 Evidence of technology transfer and sustainability of function**

Technical assistance and capacity building is, to a greater or lesser extent, a feature of all EC support but there appears to be little evidence of assessment of effectiveness and impact of that support. In the absence of qualified, experienced staff (and GoM conditions of service make it difficult to recruit or retain such staff) GoM has relied heavily on short-term technical assistance. Although levels of technical assistance have reduced since the 90s there has been little change in management of technical assistance that is noted to be the least well managed of the various support modes. Technical assistance has for many years filled a line (or project management unit) function<sup>74</sup>. Transfer of technology can occur (always assuming that appropriate counterparts are seconded) but these newly acquired skills can only be applied effectively in an enabling environment (i.e. adequate resources, delegated powers, fit-for-purpose institutional framework and policies and accountability). In the absence of these requirements, technology transferred remains underused and sustainability of function is unlikely. This situation also tends to de-link technical assistance from capacity building. Technical assistance on short term contracts often do not form any part of a wider coherent capacity

building plan for the recipient institution whilst there are stringent labour laws which preclude long term appointment of non-nationals. To address this situation the 2005 JAR proposed the establishment of an untied fund for coordinated technical assistance and longer-term programme for staff development. Evidence of evaluation of impacts of technical assistance on longer-term capacity building and sustainability of function is difficult to find. Short-term impacts (line function delivery) are the usual criteria against which technical assistance performance is measured whether that technical assistance is functioning as a de facto PMU or otherwise. Lack of sustainability due to capacity deficit is usually easy to identify (e.g. in education due to lack of teachers, health sector due to lack of medical professionals, local management of infrastructure, enforcement of environmental regulations) but the effects of technical assistance upon these deficits are not clearly identifiable. It seems that placement of technical assistance is taken as the resolution of that capacity problem (see also EQ10).

### **JC 9.3 The choice of implementation channels has taken account of Mozambique's needs, capacity and constraints**

#### **I 9.3.1 Existence of analysis of conditions relevant to implementation of EC support**

Absorption and implementation capacity of many sector institutions is improving but constraints remain whilst institutional reform continues to be necessary in some sectors. These factors are key points in selecting modalities of support and aid delivery. Among the capacity constraints relevant to EC support to focal and non-focal areas, the following are highlighted in programming documents:

- *Transport infrastructure* – maintenance, disaster response, contract management, claims, performance contracts, financial reporting, monitoring and reporting
- *HIV/AIDS* – human and institutional capacity of National Aids Council
- *Food Security & Agriculture* – extension services and analysis
- *Environment* – monitoring and enforcement
- *PFM* – capacity constraints in office of Auditor General
- *NSA* – monitoring

There is evidence in CS that dispersion of impact of EC support was the result of a 'multiplicity of instruments'. The NIP then goes on to present the proposed instruments for 9<sup>th</sup> EDF and BL support without any intervening analysis or justification of choice of these instruments.

Except for listing the potential benefits of GBS there was little analysis of the advantages or disadvantages of the various modalities and instruments, how each could be used and their suitability for Mozambique, especially considering GoM capacity constraints across all sectors.

#### **I 9.3.2 Quality of monitoring & MIS**

The independent annual reviews of PAP performance are an essential component of aid delivery for social and economic development and poverty reduction. Performance is measured against the PAP PAF which is subject to annual review and to date there have been annual evaluations of performance for 2004, 2005 and 2006<sup>75</sup>. The current PAF gives high weighting to portfolio composition (modalities and distribution) and predictability of programmed disbursements. Given this bias, PAPs delivery of less than the average share of GBS are likely to be evaluated as poor performers. There are other doubts regarding some of the PAF indicators:

- N°3 (multi-year agreement >3 years) – any PAP with an agreement <3 years does not meet the target even if they are delivering consistent, timely disbursement; on the other hand PAPs with >3 year agreements which are loosely designed but they meet the target<sup>76</sup>.
- N°6 (adherence to common conditionalities) & N°8 (harmonisation with MOU) – very subjective indicators which can mean almost anything:
- Nos 9-11 (use of GoM management systems) – unclear definitions and GoM variable performance in incorporating aid flows in budget; these vagueries give false positives and negatives:
- N°14 (analytical work intended to maximise synergies and minimise transaction costs for GoM) – produces useless results; donors doing no analysis get full marks whilst donors doing major analysis (and very few of these studies are joint studies) get less points:

- there is no way of differentiating programmed project interventions (i.e. in accordance with sector programmes) from ad hoc project aid:
- some sectors do have SWAPs and thus support to these sectors cannot by definition be classed as programme aid; PAPs supporting these sectors are thus 'marked down'; the options for these PAPs is either to move out of these sectors (and to GBS) to get higher marks or continue to be penalised independent of the needs of that sector<sup>77</sup>.

Thus, although the quality of monitoring (and the review itself) has improved since the 2004 review there continue to be shortcomings in some indicators (and to a certain extent the goalposts are moving a little each year). For this reason the results of these reviews should be treated with care.

Despite difficulties of data collection in a short time period (2 weeks for the 2006 exercise) including trying to identify what is on and off budget the quality of monitoring the portfolio as a whole through the PAP PAF is improving year by year although not without its foibles as noted above which are due to imprecise indicators some of which may mutate with time (some changes are proposed for 2007). This issue of monitoring indicator appropriateness and quality of monitoring is also a sectoral issue compounded in some cases by lack of adequate baseline data that would permit measurement of change.

Overall it does not appear that donors are using PAF as a 'business plan' and there is little appreciation of the implications of some PAF indicators. GoM appears to be bound by donor-related indicators but there is little or no GoM input, direction or engagement on what donors should do or are doing (apart from an implicit wish to maximise aid flows for the longest possible period). It is even reported that GoM is comfortable for large sectoral donor support to continue such that difficult decisions on allocation between sectors continues to be subject to donor decision. There is no explicit GoM policy stating GoM vision for medium-long term aid scenarios and eventual budgetary sustainability.

Most sections in the Delegation state that budgetary restrictions limit the number of field visits that can be undertaken each year (3/year was stated). Considering doubts about the quality of monitoring and reporting data this frequency of visits appears insufficient. A feature of EC portfolio management noted in ROM reports in some sectors is of a 'hands off' approach especially in the case of BL (NGO) interventions.

#### **JC 9.4 Available lessons learned have been included in design of CS and applied in implementation of NIP**

##### **I 9.4.1 Evidence of actioning recommendations of ROM, M&E and reviews**

In a wider context, JAR findings give a framework for comparison of PAP compliance with PAF indicators and possible changes in donor procedures although there is no clear evidence of resultant recommendations being actioned by EC. There is clearer evidence of EC actioning recommendations of the MTR most of which appear to have been implemented. ROM recommendations have been more at project interventions level (and thus not necessarily with Delegation purview) but a brief survey of subsequent monitoring reports suggest that the majority of recommendations were actioned.

Although not specifically mentioned in programme documents there is evidence that relevant recommendations have been included in CS and actioned in NIP. The CS Assessment of Past and Ongoing Cooperation reviews performance and comments on lessons learned, some of which are clearly accommodated in the support programme, whilst changing fashions in international and regional protocols are also followed.

#### **Synthesis of JCs & Findings**

##### **JC 9.1 Organisation, management, communication (internal and external) and delivery of EC services (in Maputo and Brussels) has facilitated implementation and effects of CS & NIP**

Although there has been (and continue to be) delays in implementation of some project interventions and in launching some support programmes (e.g. support to NSAs) the implementation of NIP has been undertaken in a generally timely manner. This achievement has taken place using procedures that are perceived by some as not being 'user friendly' and subject to delay. Staffing problems in the

Delegation have inhibited some activities (such as policy dialogue in some sectors) but these problems appear to have been reduced in recent years. The quality of communication between the Delegation and EC (Brussels) and communication between EC and GoM appears to have improved over the implementation period of 9<sup>th</sup> EDF. Communication between EC and other donors appears good but with doubts expressed by some donors on the consistency of EC position in some sectors.

Implementation of NIP has been efficient in terms of disbursement despite some problems arising during projects interventions (which are increasingly sidestepped by increased BS).

Evidence of delays in implementation of project interventions due to the procedures themselves compounded by use and misuse of the procedures.

EDF requirements for accountability and transparency in the use of EC funds are understood but the result has been procedures that are difficult to correctly apply. The perception of many development partners is that EDF procedures do not facilitate donor coordination efforts.

Changes to EC implementation policies during the course of 9<sup>th</sup> EDF were detrimental to implementation of ongoing programmes and to the image of EC in the donor community.

Slow speed of appointment did not keep pace with deconcentration needs or take account of rotation and replacement of Delegation staff. Delegation organigram is defined by EC Services Brussels and subject to only very limited local discretion.

Widespread perceptions among partners that EC procedures (especially EDF) are inflexible, ponderous and prone to pitfalls for the inexperienced practitioner (user un-friendly).

#### **JC 9.2 Technical assistance provided under EC support has positively contributed to implementation and effects of CS & NIP**

Technical assistance has contributed towards implementation but to some extent this contribution is due to technical assistance acting as a surrogate PIU or PMU dealing principally or solely with the EC portfolio. Technical assistance needs have not always been identified by needs assessment and there is little convincing evidence that technical assistance is having any significant effect upon building longer term capacity (and there appear to have been little evaluation of the effectiveness of technical assistance).

#### **JC 9.3 The choice of implementation channels has taken account of Mozambique's needs, capacity and constraints**

Although capacity deficiencies across all sectors are clearly recognised the only documented consideration is that regarding the pros and, to a lesser extent, the cons of using GBS and even then some doubts regarding GoM capacity to handle GBS appear to have been glossed over. The quality of monitoring of the portfolio as a whole is improving although quality of indicators and MIS appear patchy and PAP donors are not using the PAF as a 'business plan'.

With exception of MEBS/GBS little evidence of analysis of advantages or disadvantages of application of various modalities or instruments, how each could be used and their suitability for capacity-constrained Mozambique.

Shortcomings in the PAP PAF indicators.

Little or no GoM input, direction or even engagement in management of donors. No explicit GoM policy stating GoM vision for medium-long term aid scenarios.

Donors are not using PAF as a 'business plan'.

Few field visits by the Delegation staff (in some cases due to budgetary constraints) combined with a reported 'hands off' approach in some sectors.

#### **JC 9.4 Available lessons learned have been included in design of CS and applied in implementation of NIP**

Lessons learned and recommendations have been included in preparation of CS and implementation of NIP. Identifiable sources of advice include various evaluations, JARs, MTR, ROM, various

evaluations and the CS Assessment of Previous Support <sup>78</sup> . Evidence of recommendations of ROM, JAR, MTR and other evaluations being actioned by EC Delegation in implementation of NIP.
<p><b>EQ9 (EF): To what extent have the EC cooperation frameworks and implementation mechanisms (financing instruments, administrative regulatory framework, personnel, procedures and timing) facilitated the expected effects of the CS &amp; NIP?</b></p> <p><b>1<sup>st</sup> answers &amp; hypotheses:</b></p> <p>EC frameworks and cooperation mechanisms have not so much facilitated as not unduly hampered implementation and effects of NIP. Using EDF procedures that are perceived by many to be complicated and time consuming, implementation progress has compared favourably with other ACP country programmes despite staffing shortages in the EC Delegation, delays in implementation of some sector interventions and in starting up the programme of support to NSAs. The choice of implementation channels has certainly contributed to facilitating disbursement but it is not clear to what extent Mozambican capacity constraints have been addressed or the contribution of EC support to overcoming these constraints in the longer term.</p>

### Cross-cutting issues (X)

<p><b>EQ10 (X): To what extent has EC support to Capacity Building improved service delivery in focal and non-focal sectors?</b></p>
<p><b>Justification and coverage of the EQ</b></p> <p>'Very weak capacity of human resources needs to be robustly addressed ...' and 'Lack of capacity is apparent in all sectors and at all levels of society ....'<sup>79</sup>. Development of stronger institutional capacity is necessary to counter weak civil service capacity and 'crippling shortages of qualified human resources' so acute as to constitute a threat to the implementation of PARPA. All focal and non-focal intervention areas include provision for institutional support and capacity building at central and regional (provincial) levels with the aim of improving service delivery to the population. Although capacity building will be covered at sector level, this question seeks to identify impacts of EC support in addressing the PARPA key determinants of poverty.</p>
<p><b>Initial analysis &amp; hypotheses:</b></p>
<p><b>10.1 Increased government capacity to define and update sector policies, strategies, regulatory framework and monitoring parameters</b></p>
<p><b>10.1.1 Existence of approved revised sector legislation and regulations<sup>80</sup></b></p> <p>Although Mozambique has a huge backlog of legislative change<sup>81</sup> many sectors have in place substantial policies, strategies and legislation which could enable institutional change (although action to implement such change is more often than not tardy<sup>82</sup> – see 10.2.2). Examples are:</p> <ul style="list-style-type: none"> <li>○ Transport – there is no approved integrated transport sector strategy (for all sub-sectors – road, rail, air, maritime, fluvial) but RSS 2007-2011 covers the Roads sub-sector. Institutional change in this sub-sector has been attempted for more than a decade with mixed progress although most regulatory aspects of transport are covered in national legislation, regional protocols and international agreements (e.g. axle loading);</li> <li>○ Environment – recently revised legislation is in line with international norms</li> <li>○ Human rights – enshrined in the constitution and legislation but inhibited by much needed legal and judicial reform</li> <li>○ HIV/AIDS – a national strategy was introduced in 2000</li> <li>○ Gender – formal legislation covers many womens' rights and representation</li> <li>○ Decentralisation – some legislation enacted but serious administrative obstacles to decentralisation (especially to district level which is the key administrative unit for poverty reduction efforts as identified by PARPA) remain and there is little real progress in actioning the GoM 2005 decentralisation strategy</li> </ul>

- PFM – legal instruments are incomplete and further measures are required to the Public Finance Law

Although further sector policies, strategies and legislation may be desirable to permit or facilitate institutional change, in many cases the scope of existing legislation and regulation would be adequate for at least an improvement in sector management if enforced or implemented (see 10.1.2). However, there is no national policy on capacity building covering such issues as institutional support and development, capacity building, staffing, HRD, career paths, redundancies, needs analysis, salaries and conditions of employment, pensions, rights of association and representation and so on.

#### **10.1.2 Evidence of effective implementation of sector legislation**

Some aspects of this issue are also considered under EQ5 Good Governance.

In most sectors at least some formal policies, strategies and reformed legislation are in place but implementation of institutional and sector management reform has been very weak (e.g. human rights, gender, decentralisation, environment, road transport) although PAPs have been pressing GoM for more energetic reform and enforcement effort. Thus, the intended effects of revised legislation are much less than might be expected by lack of implementation and enforcement. Corruption is a factor. Examples are:

- Transport – little enforcement of traffic regulations (e.g. axle loading, vehicle roadworthiness, driving under influence of alcohol and drugs); stalled implementation of institutional change
- Environment – little inspection or enforcement
- Human rights – prisons, justice, law enforcement and anti-corruption measures are ineffective and in some cases processes are compromised; much litigation is settled privately as courts do not give redress; very limited accessibility to justice system by rural inhabitants or the poor
- Gender – women continue to be hugely disadvantaged and discriminated against in most sectors
- Decentralisation – a mixture of legislative barriers and institutional inertia has resulted in there being limited real decentralisation of power<sup>83</sup>
- Private sector – revisions of tax legislation and Code on Fiscal Incentives are outstanding
- Customs legislation outstanding

Parliamentary ability to scrutinise legislation is limited and there are doubts as to whether parliament perceives this as a duty of parliament.

Enforcement and implementation of institutional change whether or not requiring changed legislation has proven to be protracted and complicated across most sectors. The result of partial reform has, not surprisingly, been indifferent effectiveness and impact.

#### **10.1.3 Existence of viable performance monitoring indicators**

Despite much effort in recent years, some sectors continue to have few clear, accessible, reliable monitoring indicators. Even those sectors with evolving sector programmes do not necessarily have good quality indicators for M&E purposes or, in some sectors, adequate baseline data against which change might be measured (eg the Road Sector PAF has baseline data for only 11/21 indicators), whilst other sectors have PAF indicators which may only be operational after the results of the 2007 census are made available.

PARPA indicators have improved in relevance with the adoption of PARPA II whilst even some of the indicators which are reviewed annually for the independent review of PAP, are ambiguous or unclear (see also I9.3.2) and some produce strange results.

The quality of indicators and monitoring practices is variable despite much effort in definition and even annual reviews (in the case of PAP reviews). This, combined with poor baseline or historical data, had blunted improvements in the quality of monitoring which would otherwise be expected from greater monitoring effort and improvements in monitoring techniques. Also there is little evidence of feedback of monitoring data collected into decision making (although the patchy quality of monitoring information would require careful screening).

#### **10.2 Improved proactive research and data collection to back decision making and quantification of impacts**

### 10.2.1 Existence of relevant, reliable and regularly updated data relating to development and evaluation of policy

PARPA I was reportedly based more on submissions from ministries than upon consultation procedures or up to date research data and was not debated widely in government<sup>84</sup>. Although PES is assumed to be the result of annual informed dialogue between ministries, in practice, a lack of 'shared experience and mutual understanding' constrains negotiations and line ministries priorities are usually followed<sup>85</sup> although there is often a shortage of hard facts on needs or costs such that the usual position is simply to propose an increment on the previously approved budget<sup>86</sup>.

The evaluation of rural development in Mozambique (2006) noted that in general EC support to research (and agricultural extension) has a weak focus concluding that these issues should be covered more specifically.

It has been noted that there was little analysis of country context other than GoM structures and policies (in preparation of CS or preparation for GBS) nor of why certain support modalities may be better than others in addressing poverty.

This issue is tied to the adequacy of monitoring systems. There is a lack of good quality information on which informed decisions may be taken and in some cases historical data or practices are simply followed (plus x%).

### 10.2.2 Level of inclusion of up-to-date research data in decision-making at government level

In Agriculture and Food Security the research system is barely functional. Since its inception agricultural research in Mozambique has gone through many reorganisations and reforms of mandate, the 4 agricultural research institutes being merged into a single entity in 2004. However, no information is available on the number of research applications.

An advantage of JARs is the possibility of comparing different sector performances and it is thus a learning process allowing feedback into decision making

Research facilities and resources are limited and there is no evidence of systemized inclusion of such data being brought forward to aid decision making. Also, there are only a few examples of application of research in practical field applications (e.g. the esoteric example of flocculant chemical stabilization of single sized particle sand)

### 10.2.3 Existence of exchange of experiences, applied technology transfer and training in policy and practical implementation skills

The experiences of WB capacity building and institutional support programmes over a decade<sup>87</sup> including interface with other donor support and GoM efforts are, in the opinion of the evaluator, reasonably typical of all such efforts:

**Institutional reform** – good achievement across sectors but incomplete; development of some sector strategies

**Institutional strengthening** – less successful in line ministries, MPF, BOM<sup>88</sup>

**Human resource development** – mixed results as most project interventions had a component of capacity<sup>89</sup>

Technical assistance and capacity building is, to a greater or lesser extent, a feature of all EC support but there appears to be little evidence of assessment of effectiveness and impact of that support.

See also I 9.2.2.

There is little evidence of evaluation of impacts of technical assistance on longer-term capacity building. Short-term impacts (line function delivery) are the usual criteria against which technical assistance performance is measured whether that technical assistance is functioning as a de facto PIU or PMU or otherwise. Lack of sustainability due to capacity deficit is usually easy to identify (e.g. in education due to lack of teachers, health sector due to lack of medical professionals, local management of infrastructure, enforcement of environmental regulations) but the effects of technical assistance upon these deficits are not clearly identifiable. It seems that placement of technical assistance is taken as the resolution of that capacity problem. There are some commonalities between different sectoral capacity building needs such that harmonisation and better coherence regarding the

different sectors' support to institutional strengthening, capacity building and HRD would bring cross sectoral benefits.
<b>10.3 Change in the quality of sector management and service delivery levels</b>
<p><b>10.3.1 Existence of measures to tackle staff redundancy</b></p> <p>CIRESP<sup>90</sup> was established in 2000 with a PMU (UTRESP) supported by multi-donor funding established in 2003. However, since then there does not appear to have been many results apart from 'functional reviews' of ministries intended to pave the way for eventual reorganisation. Among the responsibilities of CIRESP were development of a policy for salaries and conditions of service including redundancy but no evidence of progress in these issues has been encountered. Certainly overstaffing is an issue in some GoM institutions and (para)statal enterprises (e.g. ECMEPs) but little action appears to have been taken to tackle this politically 'hot' issue. Given the absence of a national capacity building policy it would appear that the work already carried out by CIRESP would be the logical starting point in preparation of such a policy.</p>
<p><b>10.3.2 % of projects with clear mission statements and descriptions of staff responsibilities, mandates and tasks</b></p> <p>All projects scrutinised have descriptions of activities, resources, expected outputs and impacts together with Overall Objectives and Project Purpose although these can be of varying quality from project to project. Most project posts are covered by TORs setting out staff responsibilities, mandates, tasks and reporting channels. No 'mission statements' as such have been examined. However, the TOR for technical assistance is sometimes less convincing. Most technical assistance has a capacity development, technology transfer or skills development aspects but this can be secondary to filling a line function (aka gap-filling) where short term expatriates fill a capacity gap, usually at the behest of donors. This function may be an overt, or more likely these days, a covert PIU or PMU dealing mainly with a particular donor's portfolio of support in that sector. This approach has sometimes been criticised by GoM and others as little long term capacity remains after departure of the well resourced technical assistance (sometimes followed by the counterpart to private sector<sup>91</sup>). Whatever the merits of these arguments, there continues to be weak coordination of technical assistance even in sectors with multi-donor support (e.g. OECD identified lack of technical assistance coordination as a major weakness in PFM capacity building) although there are moves towards multi-donor funding for SWAP technical assistance in some sectors..</p> <p>All projects have project documents and TORs of some description (if not explicit mission statements) although these are of varying clarity and quality. The expectations of technical assistance can be unclear in some situations regarding the balance between line function, capacity building, skills upgrading, advisor or implementer and the TORs can reflect this confusion.</p>
<p><b>10.3.3 Evidence of capabilities to establish, implement and monitor sound policies</b></p> <p>Weak capacity has been identified across all sectors and this weakness extends to the establishment of policy, implementation of programmes and monitoring. Many policy and strategy efforts continue to have many donor/technical assistance fingerprints on them even if donor-driven may now be too strong a description. GBS and many sectors now undertake JARs which are a descendant of JDRs. Early JARs were clearly narrow donor driven exercises, even if GoM did participate, and conclusions were usually from a donor perspective. More recently the agenda of JARs has expanded<sup>92</sup> with indicators prepared by joint donor/GoM consultation. With powerful line ministries now realising that their interests could be served by 'friendly' indicators, there was a sudden interest in policy and monitoring. It cannot be said that the latest reviews involve GoM in the leading role, but GoM involvement is of higher profile, this profile being limited by GoM staff capacity.</p> <p>There tends to be technical assistance presence at policy level in most sectors. Implementation of these policies and strategies is usually a more complicated, longer process undertaken by the very institutions being reformed. Thus, results of implementation may be slight incremental movements of disappointing speed. This does not necessarily imply that there is less capacity. Overall, there is limited evidence of improving capacity but the scale of capacity shortfall is such that serious capacity</p>

deficits remain in most sectors. Perhaps technical assistance in change management should be considered.

#### **10.3.4 Evidence of functionality of institutions at central and provincial levels**

Article 20 of the Treaty establishing the EU links institutional development and capacity building. Institutional capacity building is one of the areas identified in the statement on EC Development Policy (2000) where the EC provides added value. More recently the European Consensus on Development continues to advocate institutional reform where necessary for inter alia, poverty reduction efforts. PARPA expresses concern at the lack of availability of qualified human resources and institutions. CS identifies institutional weakness especially in health, judiciary and law enforcement, MADER, education, private sector, roads, coastal shipping, air transport, decentralisation, public enterprises, budget planning, state institutions crucial to consolidating market-oriented reforms and ensuring a sustainable improvement of the FS situation, design and implementation of policies and programmes. CS goes on to identify public sector reform as a core element in strengthening institutional capacity of government at central and local levels to define, implement and monitor sound policies aimed at promoting economic growth and reduce poverty. There also continues to be significant differences in regional functionality of institutions.

The system of government and administration in Mozambique is highly centralised although there is commitment to more decentralisation:

- Although elections are planned for provincial assemblies, at present elections are only held for municipalities and national parliament; Provincial Governors (now Cabinet rank) are appointed by the President, District Administrators by the Governor and 'postos' (in sub-districts) by the DA
- Provincial Directorates are accountable to their (distant) line ministry and the Governor, district directorates accountable to the provincial directorate and DA
- Almost all provincial and district resources are from central government allocations with inequitable allocations and incomplete transfer to the recipient body; there are separate BLs for the offices of the Governor, provincial directorates and DAs such that cross-sectoral provincial and district plans are usually not integrated
- Salaries and office running costs are fixed and sector ministries have complete control over expenditure such that provinces (and districts) have very little control or discretion over sector spending in their areas; the result is continuing dysfunctionality of many institutions at provincial (and even more so at district) levels<sup>93</sup>.

In summary it has already been established that many public sector institutions are dysfunctional. At provincial and district levels there are fewer resources or capacity and the situation is sometimes aggravated by lack of delegated powers due to the highly centralised administration systems

#### **10.3.5 Degree to which new laws and organizational procedures reflect public sector reform and institutional change**

A significant example regards decentralisation (aimed at widened participation, extended planning, reduced corruption, promotion of accountability, improved service delivery). Measures taken over a decade or so include:

- establishment of 33 municipalities in 1997 (identification was politically driven and some are hardly viable administration units by any criteria)
- laws of state organs (2003) – increased powers for Governors and District Administrators; districts established as budgetary units
- development of district level (extended) planning from UNCDF pilot in Nampula now extended to 8 provinces<sup>94</sup>
- GoM strategy for decentralisation (2005)
- Allocation of USD300000 for implementation of DDF direct to each district by MPF (planned for 2006 but not fully actioned)

PAP is now involved in supporting decentralisation, GBS has additional support<sup>95</sup> for increased allocations to provinces and districts and PAF now includes indicators of progress for development of

decentralisation policy and strategy and for criteria for allocation of funds but further action is required on local government legislation, revenue retention at district and provincial levels and creation of DDFs.

In many sectors legislative change is a pre-requisite for institutional change and sector reform. Given the problem of a huge legislative backlog there is often an imbalance between needs and facilitating regulation (although sometimes a Ministerial Decree can provide 'bridging' legality for change).

### **10.3.6 Evidence of political interference in technical management**

There have long been examples of political involvement in technical management<sup>96</sup> and data examined to date has permitted formation of an opinion as to trends in such practices. There is weak parliamentary capacity (or interest) in scrutiny of policy or public sector management decisions, to monitor executive actions or question public officials. Given the party loyalty of the executive there is little serious examination at this level. Also, CSOs and NSAs are 'essentially an urban phenomenon, constituted by organisations with a very small membership among formal workers, professionals and businesses plus the private media which reaches only to a small proportion of the urban population. Exceptions are the religious denominations and traditional authorities which have a much broader social base but they are not usually concerned with issues such as budget, policy and performance'.<sup>97</sup> Thus, whilst EC support might target a valid monitoring group, impacts of that support are unlikely to be apparent for some time (or even over a wide area). Thus, it may be concluded that for the time being the most alert watchdog of political interference are likely to be donors and the private media. Whether or not political interference is a major issue in Mozambique (and by comparison with other countries in the region it is not) the longer term issue is ensuring that there are adequate structures for monitoring and scrutiny of public sector management. EC support to NSAs and Good Governance should contribute to such systems.

## **Synthesis of JCs & Findings**

### **10.1 Increased government capacity to define and update sector policies, strategies, regulatory framework and monitoring parameters**

GoM continues to suffer from serious capacity deficits in all sectors and there is continuing reliance on technical assistance in many areas (especially in connection with GBS and PFM) even if the numbers of technical assistance teams has reduced since the 90s. Much of this technical assistance deals with broader, higher level issues such as policies, strategies, regulatory frameworks etc such that whilst GoM capacity may be increasing the authorship of much of the major policy documents is heavily supported by donor funded technical assistance. However, there is little evidence of evaluation of impacts of technical assistance on longer-term capacity building. Short-term impacts (line function delivery) are the usual criteria against which technical assistance performance is measured whether that technical assistance is functioning as a de facto PIU or PMU or otherwise. Lack of sustainability due to capacity deficit is usually easy to identify (e.g. in education due to lack of teachers, health sector due to lack of medical professionals, local management of infrastructure, enforcement of environmental regulations) but the effects of technical assistance upon these deficits are not clearly identifiable. It seems that placement of technical assistance is taken as the resolution of that capacity problem. There are some commonalities between different sectoral capacity building needs such that harmonisation and better coherence regarding the different sectors' support to institutional strengthening, capacity building and HRD would bring cross sectoral benefits.

However, there is no national policy on capacity building covering such issues as institutional support and development, capacity building, staffing, HRD, career paths, redundancies, needs analysis, salaries and conditions of employment, pensions, rights of association and representation and so on. Although further sector policies, strategies and legislation may be desirable to permit reform or facilitate institutional change, in many cases the scope of existing legislation and regulation would be adequate for at least an improvement in sector management if enforced or implemented (see 10.1.2). The result of partial reform has, not surprisingly, been indifferent effectiveness and impact.

Further sector strategies, policies and legislation may be desirable but in some cases are not essential

for permitting or facilitating institutional change.

There is no functional national policy on HRD or capacity building.

Enforcement and implementation of institutional change (whether or not requiring changed legislation) has proven to be protracted and complicated across most sectors.

The quality of monitoring indicators and practices is variable despite much effort in definition; poor baseline or historical data.

### **10.2 Improved proactive research and data collection to back decision making and quantification of impacts**

There no evidence to support this assumption. The quality of indicators and monitoring practices is variable despite much effort in definition and even annual reviews (in the case of PAP reviews). This, combined with poor baseline or historical data, had blunted improvements in the quality of monitoring which would otherwise be expected from greater monitoring effort and improvements in monitoring techniques. Also there is little evidence of feedback of monitoring data collected into decision making (although the patchy quality of monitoring information would require careful screening). In the case of monitoring data there is a clear impression that the exercise is simply to satisfy (donor) requirements (i.e. is an end in itself) rather than a lesson-learning reactive process.

Research facilities and resources are limited and there are few examples of application of research findings in practical uses.

Little evidence of evaluation of impacts of technical assistance on longer term capacity building (although management of technical assistance is acknowledged to be weak).

Explicit needs assessments are not always carried out as a precursor to provision of technical assistance.

Short term impacts (line function) are the usual criteria against which technical assistance is monitored.

Impacts of technical assistance on lack of sustainability due to capacity deficit are not clearly identifiable.

### **10.3 Change in the quality of sector management and service delivery levels**

EC continues to support capacity building across all focal and non-focal sectors but there is only limited evidence of the effectiveness of this effort in terms of sustainable improvement in service delivery and management quality. This finding is mirrored by the wider experiences of WB over a decade or more.

Certainly overstaffing is an issue in some GoM institutions and (para)statal enterprises (e.g. ECMEPs) but little action appears to have been taken to tackle this politically 'hot' issue. Given the absence of a national capacity building policy it would appear that the work already carried out by CIRESPP would be the logical starting point in preparation of such a policy. In summary it has already been established that many public sector institutions are dysfunctional. At provincial and district levels there are fewer resources or capacity and the situation is sometimes aggravated by lack of delegated powers due to the highly centralised administration systems.

Overstaffing continues to be a problem in some institutions but little action been taken to tackle this issue.

Expectations of technical assistance can be unclear regarding the balance between line function, capacity building, skills upgrading, advisor or implementer and TORs can reflect this confusion.

Authorship of most major policy documents is heavily supported by technical assistance.

Political interference in technical management is an issue in Mozambique (but not on the scale of some neighbouring countries); currently the most alert watchdogs are donors and the free media whilst NSAs increase capacity.

The capacity of CSOs on local level (Province and Districts) remains weak.

**EQ10 (X): To what extent has EC support to Capacity Building improved service delivery in focal and non-focal sectors?**

**1<sup>st</sup> answers & hypotheses:**

Capacity deficits continue in all sectors in Mozambique despite a long history of support to institutional strengthening and technical assistance from many donors. Feedback of research and monitoring data into decision making is weak and with a few exceptions, there is little evidence that EC has actually delivered sustainable, improved capacity in focal and non-focal sectors

## **Annex F      Project Fiches**

## PROJECT FICHES

Project Title	Emergency Support for Roads Rehabilitation & Water Supply and Roads Rehabilitation Programme in Zambezia and Sofala Provinces
Project N°	7ACPMOZ19, 7ACPMOZ47
Sector/sub sector – Code - Title	21020 – Road Transport
Budget Line	
Funding Decision	
Date of Financing Agreement	23/01/93, 23/01/94
Planned Start Date	02/04/01
Actual Start Date	26/06/01
Planned End Date	31/08/02
Actual End Date	31/10/02
Primary commitment (project budget)	€11800000, €31750000
Secondary commitment (funds contracted)	€11719744, €31337004
Funds disbursed by EC	€3833977, €17105567
Expenditure incurred by project	€3723818, €15581451
Project Authority	Administração Nacional de Estradas (ANE)
Beneficiaries	The country as a whole and the populations of Inhambane and Sofala Provinces

Global (Overall) Objective	
Specific Objective	Rehabilitation of the Rio Save – Muxungue road
Activities	<p>The road was included as one of the roads to be rehabilitated under 7ACPMOZ47 but due to unexpected circumstances, including problems with the contractor, only pothole patching was done on the 107km section between Rio Save and Muxungue. This work should have concluded in 1999 but the light repair works deteriorated very quickly and the section became difficult to transit and new repairs were necessary. To do this the project 'Rehabilitation of the road between Rio Save and Muxungue' was launched with funds coming from the balances of 7ACPMOZ19 and 7ACPMOZ47. This contract started in 2001. The original tender dossier (from 1999) was for simple rehabilitation works but the elapsed time between tender closing and commencement of works led to further deterioration such that 3 administrative orders were added to the original contract. Originally the rehabilitation was split into 5 categories but following the issue of VOs the categories were reduced to 3:</p> <ul style="list-style-type: none"> <li>- reasonable condition requiring only pothole patching and crack sealing followed by SST (1km)</li> <li>- reconstruction of base and shoulders with DST (100km)</li> <li>- reconstruction of full width roadbed and pavement (6km)</li> </ul>
Efficiency	<p>The project had initial problems caused by logistics, organization and mobilization but the contractor eventually established reasonable rates of progress such that the final delay was some 2 months (on that contract). However, some sections were unsatisfactory so some 10-12km had to be reconstructed again by the contractor who submitted claims for additional costs</p>

Results	
Effectiveness	Due to mis-steps regarding initial treatment requiring reconstruction, effectiveness was impaired such that impacts were delayed
Impacts	This road is the main N-S national road EN1 and thus fills a key strategic role although traffic is light. The restoration of adequate service levels benefits economic development and regional agriculture
Sustainability	Even with the heavier reconstruction of base and shoulders the road is not robust and requires timely, effective maintenance or premature deterioration occurs. Maintenance has not been adequate and the road is decaying. Periodic maintenance is now urgently required which, if delayed and/or ineffective will result in another reconstruction being necessary. This is not good value for money, history seems to be repeating itself and sustainability is in doubt

Project Title	Flood Recovery Programme – Technical Assistance Support; Post Flood Reconstruction Programme in Gaza Province
Project N°	8ACPMOZ23, 8ACPMOZ24
Sector/sub sector – Code - Title	41050 – Flood Prevention/Control
Budget Line	
Funding Decision	
Date of Financing Agreement	08/08/00, 12/09/00
Planned Start Date	29/09/00
Actual Start Date	29/09/00
Planned End Date	31/03/03
Actual End Date	
Primary commitment (project budget)	€18035000
Secondary commitment (funds contracted)	€17522875
Funds disbursed by EC	€13433859
Expenditure incurred by project	€12841554
Project Authority	Administração Nacional de Estradas (ANE)
Beneficiaries	Flood-affected populations in Gaza Province

Global (Overall) Objective	Support to 'Post Emergency Reconstruction Programme' prepared by GoM and presented to the International Reconstruction Conference in Rome in May 2000
Specific Objective	Assist Gaza Province in re-establishment of pre-flood levels of economic activity, social conditions, public services and socio-economic networks in the Limpopo basin, especially in the Chokwe and Xai Xai municipalities
Activities	<ul style="list-style-type: none"> <li>- Reconstruction of urban infrastructure and road networks in Xai Xai and Chokwe</li> <li>- Reconstruction of flood protection infrastructure, drainage, embankments, dams etc</li> <li>- Restore water supply distribution, sanitation and water drainage along urban roads</li> <li>- Conduct feasibility studies for the construction of a dam on the Limpopo river and to assess the condition of the Massingir Dam</li> </ul> <p>The realization of the projects was assisted by an external TA unit attached to the authorities. Their function was to advise, monitor and closely supervise the execution of the programme.</p>
Efficiency	All activities experienced delays attributed to problems of technical or administrative nature (ie GoM intervention in approval of technical documents, EC intervention in approval of reconstruction contracts due to mis-interpretation of procedures in Brussels). To avoid further delays GoM created an ad-hoc committee to speed up decision making, to ease administration requirements and improve coordination
Results	
Effectiveness	Delays in approving documents and contracts by Brussels negatively affected the initiation of the project and effectiveness was low as a result. The repair of infrastructure was urgently needed to re-establish normal day-to-day life of the affected population, to facilitate the transport system and re-establish economic activities. All the components to effectively deliver the expected results seemed to be present including technical capacity, political and economic

	<p>environment for the execution of these activities and the project was well inserted into GoM plans for reconstruction with a direct channel of communication with the direct beneficiaries via local authorities. However, at field level the potential beneficiaries and local government expressed frustrations over the promises made by EC which damaged the credibility of the institution</p>
Impacts	<p>Impacts were seriously delayed but once achieved were significant. The rehabilitation of roads, urban infrastructure and re-establishment of water systems for irrigation, flood defences and consumption produced considerable positive effects for the population whilst economic activity and social stability improved and there were significant effects in the local economy. The funds disbursed provided temporary work for construction companies (generating employment), required significant amounts of construction materials and promoted some degree of competitiveness with local companies through the tendering processes. Final impacts were delayed until 2003/4</p>
Sustainability	<p>The project approved for rehabilitation of social and economic infrastructure had full support from central and local government and beneficiaries. The target regions comprised rural agricultural areas and urban areas where all socio cultural sectors were represented and the projects in this province were classed as priorities within the list of activities of GoM and corresponded to public and private interests. The beneficiary agencies were actively participating during the implementation phase by performing supervision and by facilitating the execution of works and the maintenance of these works is the responsibility of local and central governments. Thus the degree of sustainability of these interventions may be measured by subsequent maintenance levels by the users and GoM. Little maintenance has been carried out</p>

Project Title	Road Periodic Maintenance & Capacity Building
Project N°	9ACPMOZ002
Sector/sub sector – Code - Title	21020 – Road transport
Budget Line	
Funding Decision	
Date of Financing Agreement	25/11/03
Planned Start Date	26/11/03
Actual Start Date	26/11/03
Planned End Date	30/06/11
Actual End Date	30/06/11
Primary commitment (project budget)	€14000000
Secondary commitment (funds contracted)	<b>€3908981</b>
Funds disbursed by EC	€4301952 (to 31/12/06)
Expenditure incurred by project	N/A
Project Authority	Admintsração Nacional de Estradas (ANE)
Beneficiaries	

Global (Overall) Objective	Poverty reduction and integration of population by stimulating growth
Specific Objective	Sustainable ANE management and financing of road maintenance of a strategic road network achieved by the end of Roads III Phase 1 (2001-2006)
Activities	<p>i) Financing of backlog of periodic maintenance of some projects in ANE annual periodic maintenance plan for 2004-2006 3x€4M=€12M for funding of Road Fund for 2004, 2005 and 2006 backlog maintenance – in fact the 1<sup>st</sup> tranche was disbursed in 2005, the 2<sup>nd</sup> in May 2007 (delays due to problems of accountability) and the 3<sup>rd</sup> may only be disbursed in 2008</p> <p>ii) Targeted training of ANE staff, provincial DEP and Road Fund staff. Technical assistance component for TA in ANE dealing mainly with EC funded projects (Namacurra – Rio Ligonha, Caia Bridge, RRP) and for TA in MOPH – total €2M</p> <p>iii) Financing annual technical and financial audit of Road Fund</p>
Efficiency	<p>Some components have suffered delays. Upon request of the NAO in 2004 for the 1<sup>st</sup> €4M tranche, the transfer only took place in late July 2004. Road Fund did not use this under the 2004 maintenance programme as programmes. After May 2005 the sum has been used on the 2005 programme (with 17% charged to GoM) and Road Fund requested the 2<sup>nd</sup> tranche in early 2006. A performance audit (Jacobs Consultancy) was carried out after release of the 1<sup>st</sup> tranche reporting in Feb 2005. The Steering Committee met only in June 2005 and thus the 1<sup>st</sup> tranche may be considered as a pilot for the SBS procedures (since arguably, Road Fund did not need the funds as its budget for 2005 was €150000000 for which only 80% of the programme was completed. The issue is thus not availability of funds but management/technical capacities of sector institutions, lack of absorption capacity (poorly equipped enterprises, technical deficiencies etc). The 2004 financial audit of the Road Fund (Deloitte Consultants) carried out in June 2005, report being made available to Del in March 2006, reveals that Road Fund has much to do to</p>

	<p>streamline management and procedures.</p> <p>For capacity building, due to lack of familiarity of PIU with EDF programme estimate procedures, the 1<sup>st</sup> PE was only produced in Aug 2005 (€550000 for the period Sept 2005 to Aug 2006). The intended training took place in 2006. Results of training appear promising as 21 training activities took place under this PE in various fields such as accountancy, contract management, English language, computer skills, practical engineering in RSA, Tanzania, Portugal, UK, Namibia and Mozambique.</p> <p>A rider was prepared for funding TA through 2006 for the continued management of EC projects in ANE. A 2<sup>nd</sup> rider (€2800000) has been issued for the extension of this TA until June 2007 (as well as TA in MOPH and DNA). Given the continuing institutional confusion in ANE it is likely that this TA may be further extended, preferably until the coordinated TA programme under PIP is auctioned</p>
Results	<p>i) Reduced backlog of periodic maintenance</p> <p>ii) Increased capacity in ANE in management of maintenance contracts</p> <p>iii) Increased and improved management of Road Fund revenues</p>
Effectiveness	<p>PP will not be achieved in this project lifetime since Roads III Phase I ended in Dec 2006 and much still has to be put in place in order to reach a 'sustainable ANE management and financing of a strategic network' not to mention the continuing institutional paralysis of ANE pending the much-delayed appointment of DG and senior managers. However, some capacity building continues under the project and overall some 200 employees of sector institutions should be exposed to some form of training including ANE engineers receiving on-job training (although late) on Namacurra – Rio Ligonha</p>
Impacts	<p>There is still much to be done (with contribution of this project) to achieve the OO. The absence of credible Is at OO level does not allow for assessment of impact. The present EC funding is marginal (about 3% of the annual Road Fund budget) but it is potentially significant (pilot towards SWAP and SBS, training, TA) in support of RSS and PRISE/PIP</p>
Sustainability	<p>ANE and Road Fund are institutions that suffer from centralized management culture and lack of skilled employees. The project is supplying training of personnel who, if empowered and resourced, should raise the capacity of these institutions. The road sector has a high political priority as described in the Roads III 10-year plan, PRISE and RSS and these are firmly supported by the RSDG. Road Fund is aimed to become a 'centre of excellence' in BS management. It is estimated that road maintenance will need annually \$220000000. Presently donors fund about 50% of maintenance (including rehabilitation, reconstruction and backlog periodic maintenance). Any reduction in donor funding or failure to raise revenues available to the Road Fund will have a serious impact on maintenance of the network. There are thus continuing doubts about the affordability of the national classified network and the management capacity of sector institutions to adequately maintain the network. Unclassified roads (maybe the same length again as the classified network) that are the roads of most immediate impact on some 80% of the population have no maintenance strategy or resources. Sustainability is thus unlikely</p>

Project Title	Rehabilitation Namacurra – Rio Ligonha Road
Project N°	9ACPMOZ001
Sector/sub sector – Code - Title	21020 – Road transport
Budget Line	
Funding Decision	
Date of Financing Agreement	28/10/03
Planned Start Date	29/10/03
Actual Start Date	29/10/03
Planned End Date	31/12/10
Actual End Date	31/12/10
Primary commitment (project budget)	€65000000 (increased to €70000000 for new Rio Ligonha bridge)
Secondary commitment (funds contracted)	€64686443
Funds disbursed by EC	€36086816 (to 31/12/06)
Expenditure incurred by project	N/A
Project Authority	Administração Nacional de Estradas (ANE)
Beneficiaries	Mozambique as a whole and populations of Zambezia Province

Global (Overall) Objective	Increased economic activity and reduced poverty in area served by road
Specific Objective	i) Secure transport services and consequent increased economic activity ii) Improved integration and access to employment opportunities, markets and social conditions
Activities	i) Rehabilitation (including demining) ii) Works supervision iii) Final evaluation iv) Training of 4 civil engineers for management of future projects
Efficiency	The tendering process for construction and supervision was followed by Lotes 1 & 2 (Tamega) and Lote 3 (CMC) beginning on 1/05/05 with a 2-year contract period. Lote 1 – Namacurra – Nampevo 152km Tamega €20200000 Supervision BCEOM €500000 Lote 2 – Nampevo – Alto Molocue 117km Tamega €12400000 Supervision CPG €1450000 Lote 3 Alto Molocue – Rio Ligonha 106km CMC €22400000 (including new Rio Ligonha bridge as addendum to contract) Supervision Nicholas O'Dwyer/Consulmar €1400000 Lote 3, although suffering slight delays, has generally proceeded well. Lotes 1 & 2 have experienced severe delays and cash flow problems currently have paralysed site works. Problems have included late mobilization, lack of experience of managers in Africa, EDF procedures, SATCC specifications and treatment of the 2 lotes as a single operation. A change of Tamega management was demanded in 2006 but delays continue. Mobilisation of trainees by ANE was late although most are now on site although demonstrating varying application, interest and demeanor. HIV/AIDS campaigns for Lotes 1 & 2 were delayed due to rejection of proposed bidders by ANE

Results	<ul style="list-style-type: none"> <li>i) Namacurra – Rio Ligonha road rehabilitated to sustainable condition</li> <li>ii) Trade increased</li> <li>iii) Road access to health, shops, social services and education increased</li> <li>iv) 4 civil engineers trained for future management of projects</li> <li>v) Risk of accidents reduced</li> </ul>
Effectiveness	Effectiveness is delayed but, unless Lotes 1 and 2 are uncompleted, it will be delivered eventually. Completion of the main N_S highway EN1 will benefit the country as a whole and, potentially, Malawi by improving access to Beira and Nacala ports. More directly, the population of Zambezia province, the most densely populated in Mozambique, will benefit from improved accessibility
Impacts	It is not yet possible to assess the project's attainment of OO as the road is not completed but prospects should be good. There has been considerable generation of short term employment of local people during construction
Sustainability	Maintenance in Mozambique is poorly managed, under resourced, late and of poor effectiveness leading to premature and accelerated deterioration of rehabilitated and newly constructed roads. This road consists of differing cross sections, rehabilitation treatments and pavement designs although it can be generalized that the finished product that the finished product will not be especially robust in a situation of serious overloading of trucks, aggressive climate and potential maintenance neglect. The posting of ANE engineers for on-site training is a positive move for acquisition of contract management experience

Project Title	FOOD SECURITY PROGRAMME 2003
Project N°	FOOD DECISION/2001/5776
Sector/sub sector – Code - Title	31100 Agriculture
Budget Line	B20100 B 20200
Funding Decision	
Date of Financing Agreement	Financing Convention 2003-2005 signed on 4.12.2003
Planned Start Date	01/01/2004
Actual Start Date	4/02/2004
Planned End Date	2010
Actual End Date	2009
Primary commitment (project budget)	18000000
Secondary commitment (funds contracted)	18000000
Funds disbursed by EC	14850000€
Expenditure incurred by project	
Project Authority	
Beneficiaries	

Global (Overall) Objective	The overall objective of the programme is to achieve sustainable food security at national and household levels and reduce poverty. The programme's specific objective continues to be two fold. On the one hand support state institutions through policy dialogue, institutional strengthening and technical assistance to achieve a more efficient role of the state as well as a decentralization of its activities. On the other hand, strengthen civil society and private sector participation (NGOs, private enterprises and producers' associations) in the agricultural sector that will lead to sustainable food security.
Specific Objective	<p>Second phase of PROAGRI designed and implemented to have an impact in the field</p> <p>MADER's financial management in conformity with SISTAFE procedures</p> <p>MIC's institutional reform implemented at central and provincial levels, continued implementation of the Agricultural Marketing Strategy. Quality of INAM's functioning &amp; service delivery improved</p> <p>Human resources reform implemented with early retirement and voluntary resignation of civil servants at MADER, MIC and INAM.</p> <p>IAM, INCAJU and GPSCA provided with resources to carry out their core functions in their sector</p> <p>Increased lending for agricultural marketing by facilitating the access of rural traders to markets</p> <p>Producers associations strengthened, legalised with improved capacity to better defend their members' interests and access marketing or production credit.</p> <p>Increased delivery of services at provincial level to support productivity increase, agricultural production and diversification and improved use of inputs and appropriate technology</p> <p>Improved access to and integration of markets, timely availability of agricultural marketing related information to producers, traders and transporters via rural radios</p> <p>Unified market and trade information system established.</p>

Activities	<p>Support MADER decentralisation and delivery of services at provincial level through PROAGRI</p> <p>Co-finance an early retirement and voluntary resignation plan at MADER, MIC and INAM.</p> <p>Continued support of MIC to implement the agricultural marketing strategy and to complete its institutional restructuring at central and provincial level</p> <p>Continued support of INAM's modernisation to provide timely and accurate weather forecast and monitor agro-meteorological conditions</p> <p>Harmonise MADER's financial management system with SISTAFE so that disruptions are avoided</p> <p>Support IAM, INCAJU and GPSCA to perform their core duties in their respective sectors</p> <p>Consolidation of market and trade information for improved market integration linked to SETSAN</p> <p>Strengthen producers associations through training, capacity building and alphabetisation to support legalisation of PAs. Provide timely and reliable agricultural marketing information via rural radios</p> <p>Provide credit for agricultural marketing on commercial terms, to rural traders and PAs</p>
Efficiency	The efficient of the programme was acceptable. The programme has been implemented according to schedule.
Results	<p>Results varied between the different projects, however were in general satisfactory. The programme has contributed in a considerable way to the institutional reform of the sector and to formulation of policies, however further efforts are needed.</p> <p>Those projects which have been implemented at the field level have given good but punctual results.</p>
Effectiveness	<p>The programme has contributed to improve the performance of institutions involved in the agricultural and food security sectors; as well it has contributed to the formulation of sector policies.</p> <p>At grass-root level it has contributed to an increase in agricultural production, improved marketing, strengthening of farmers' associations, increase in income and food-security. However good achievements at grass-root level are punctual.</p>
Impacts	<ul style="list-style-type: none"> <li>▪ Proagri 2 has been defined in a way, which will make more impact at field level probable</li> <li>▪ The private sector has become are more active actor in agriculture and food security sector ;</li> <li>▪ The agricultural sector (including the subsistence sector) shows a positive growth (even if rather low for the subsistence sector)</li> <li>▪ The institutional context of the agricultural and food security sector has improved (although still further improvements will be necessary)</li> <li>▪ Decentralization of responsibilities and funds in the agricultural and food security sector has started</li> <li>▪ The food security situation has generally improved although there are still sporadical difficult situations, but mainly related to climatic desasters</li> </ul>
Sustainability	Sustainability can be expected to be good to excellent, especially as the GoM together with the donor community will continue under PROAGRI 2 the support to the sector.

Project Title	Nhambavale Valley Food Security Project
Project N°	Contract No. FOOD/2003/056-852
Sector/sub sector – Code - Title	31161 Food Crop Production
Budget Line	FOOD/2003/056-852
Funding Decision	
Date of Financing Agreement	12/11/03
Planned Start Date	13/11/ 2003
Actual Start Date	13/11/ 2003
Planned End Date	12/11/07
Actual End Date	June 2008 (Possibility for No-cost extension)
Primary commitment (project budget)	1.740.125,00
Secondary commitment (funds contracted)	1.740.125,00
Funds disbursed by EC	1,740,125 Euros
Expenditure incurred by project	1,099,340 Euros
Project Authority	EU
Beneficiaries	World Vision Deutschland e.V

Global (Overall) Objective	Increased food security for rural inhabitants in Mandlakazi District Gaza Province and Zavala and Inharime Districts Inhambane Province, Mozambique.
Specific Objective	The specific objective of the project is to assist target subsistence farmers maximise available resources (ex: lowlands, highland areas) and opportunities in order to improve food security and increase their ability to withstand potential crises occasioned by continuing low rainfall in the area.
Activities	<ul style="list-style-type: none"> <li>• Geographical setting</li> <li>• Creation and Strengthening of Farmers Organisations</li> <li>• Marketing Activities</li> <li>• Group Capacity Building</li> <li>• Improved utilisation of lowland areas</li> <li>• Dry land Food Security Development</li> <li>• Improved Capacity of Local Organisations to Operate in Sustained manner</li> </ul> <p>Programme Management, Monitoring and Evaluation</p>
Efficiency	90%
Results	<p>175 Farmer groups formed and operating as farmer-to-farmers extension agents.</p> <p>Promoted food (cassava, orange fleshed sweet potato, beans, maize) and cash crops (groundnuts, beans, rice, sesame, irish-potato, vegetables, bananas, pineapple)</p> <p>Promoted small-scale irrigation in low land areas (treadle pumps)</p> <p>Promoted and established 10 shops of inputs supply</p> <p>Established 45 literacy centres being 80% of women participation</p> <p>Provided capacity building for community facilitators on land tenure and delivered simple messages on natural resources management</p> <p>Delimited plots and attributed land use and exploitation titles in some villages</p> <p>Monitoring and evaluation plan developed and accomplished (Baseline and PRA survey, Mid term evaluation), progress report</p>

	and financial reports submitted.
Effectiveness	95%
Impacts	<p>The project objective of ensuring availability of food in the lowland and highland land areas of Mandlakazi, in Gaza Province and Zavala and Inharime in Inhambane Province has been achieved. The season 2005-2006 was the most successful having positive and yet visible results, the food accessibility period was prolonged for more months compared to the previous agricultural campaign 2004-2005<sup>98</sup>.</p> <p>As result of activities of promotion community seed banks, the seed of improved varieties are now available locally not only for the group members (direct beneficiaries) but indirectly to other community members, (Mid term Evaluation).</p> <p>Most groups are selling off their surplus of production as result of marketing technical support and information provided by the project, (Mid term Evaluation).</p> <p>In lowland areas, vegetables and horticulture production truly represents the success history of this project. This is because, in part, to the fact that vegetables are easily marketed in communities that are closed to villages or main roads such as the National Road, where there is a massive demand, (Mid term Evaluation).</p> <p>Adult literacy has positive and yet impact in enhancing the negotiation capacity of participants, particularly women, as they represents 80% of the target beneficiaries of the project. Currently, beneficiaries due to their literacy training are more empowered to negotiate and to make better decisions on what to produce in each crop season, particularly looking at the market opportunities, as well as how to do better money allocation from surplus selling, impact. In addition, adult literacy will continue help farmers specially women's heading families, making better decisions and negotiations with private business as new governmental priorities and trends are emerging in the project areas, (Mid term Evaluation).</p> <p>The implementation of land tenure activities have also generated a positive, as farmers and community in general, are more aware about their rights and obligations in terms of land ownership. Women, whi represents 80% of the target beneficiaries, are in fact ware about her rights and obligations within the Mozambican land low, (Mid term Evaluation).</p>
Sustainability	<p>The project strategy of promoting drought resistant varieties, especially in high land areas, and the maximization as well as better management of water resource in lowland areas are indeed helping beneficiaries to get access to knowledge, skills and better materials to respond and overcome to crises and shocks, (Mid term Evaluation).</p> <p>The intensification of marketing activities has been creating a big demand of improved seed (ex: vegetables) having therefore the need to develop a respective local market of inputs to respond to the existing big demand, benefiting therefore all community members (direct and indirect beneficiaries), (Mid term Evaluation).</p> <p>The farmers groups have an organizational structure which comprises: a president, a Deputy, a Secretariat, a Treasure, a Head of production and sometimes a Councilor. These members are democratically elected in the group, and everyone knows each other role and responsibility within the group and decisions are taking by all members. Additionally, this leadership team is not static meaning that it can be re-elected or even renewed cyclically.</p>

	<p>Most of the groups have the ability to develop plans of their production for each crop season. They have the ability to use a flipchart piece of paper to illustrate, in a matrix form, the production area expected and realized per crop, the production in terms of yields expected and realized, the money resulted from the commercialisation, and the amount that they have in their group savings box.</p> <p>The strategy of weekly monthly extra contributions (quotas) by the groups</p> <p>Members is very important and yet effective to guarantee availability of funds in the groups when there are failures in the production as an effective way of copings with recovering from stress and shocks mainly pests, drought or even floods, also adds more the collective fun, and initiates the culture of savings within the community since most these villages do not have commercial banks.</p> <p>The ACODEZA and ACDI are two local NGOs that the project has working towards its empowerment in order to be, in an advantageous position to take the lead of some activities regardless to land tenure, when the project ceases in 2007.</p> <p>In terms of social viability, through marketing training and adult literacy programs, women are now able to take better decisions and negotiations around their productions and other relevant decisions that are fundamental to their everyday life.</p> <p>Looking at Technical and technologically viability, the project adopted the group based and contact farmers approach to disseminate key technological information, knowledge, tools and skills to the farmers that are indirectly passed to non-group members. This type of management allows the project to, effectively reach a large number of farmers at one and at the same and because of this on-farm trials and one-on-one contact, allowing direct feedback and experience sharing between project beneficiaries.</p>
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Project Title	Food Security and Cashew Reforestation Program: Zavala, Inharrime and Jangamo
Project N°	FOOD/2003/056-839)
Sector/sub sector – Code - Title	Agriculture/Food Security Program
Budget Line	FOOD
Funding Decision	EU/EC
Date of Financing Agreement	February the 10 <sup>th</sup> , 2004
Planned Start Date	February 2004
Actual Start Date	June 1 <sup>st</sup> , 2004
Planned End Date	February 9 <sup>th</sup> , 2008
Actual End Date	
Primary commitment (project budget)	€ 3,156,143
Secondary commitment (funds contracted)	€ 315,614 + €3,884
Funds disbursed by EC	€ 1,975,604
Expenditure incurred by project	€ 2,680,559
Project Authority	ADRA GERMANY
Beneficiaries	Household farmers in the districts of Zavala, Inharrime and Jangamo – Inhambane Province

Global (Overall) Objective	To increase food security for 7,500 farmer families (37,500 beneficiaries) in Zavala, Inharrime and Jangamo Districts of Inhambane Province.
Specific Objective	Increase income from agricultural production; increase year-round food availability and accessibility; and increase variety of food consumed and the level of nutrition
Activities	The main activities include the reforestation of cashew trees with productive varieties; promotion of integrated cashew management; use of improved technologies in the agricultural production; use of natural pesticides for conservation of the soil; increased cultivation of vegetables and fruit trees; promotion of improved marketing and commercialisation of agricultural products through enhanced marketing strategies; promotion of improved crop storage; introduction of basic and advanced literacy to local community leaders and group leaders; and formation of farmers associations.
Efficiency	The activities of the project are relevant and well linked to the main policies and mission of local and national government. The efficiency of the project in achieving the impact indicators defined in its logical frame work is above 75%. The project has excellent knowledge concerning the geographic area of its operation, attitude and people's preferences, agro-climatic conditions, people's affinity for associations, collective production and agro-business. The need to improve the infra-structures of CDC's, the new spacial re-distribution of technicians and the dispersion of beneficiaries has been influencing the operational costs of the project. These operations were not supported by a corresponding adjustment on the project budget. Therefore, the project had to consider a review of its budget in order to fulfill its mission.
Results	Increased income from agricultural production, Increase in year-round food availability and accessibility, Increased variety of foods

	<p>consumed/increase in levels of nutrition</p> <ul style="list-style-type: none"> <li>• There is significant adherence on vegetables and fruit production components and a significant improvement in production systems of these crops-(association with other food crops, use of seedbeds and other practices that were unknown to farmers before the project).</li> <li>• Incoming generation by marketing of vegetables and cassava mill is a reality in project areas</li> <li>• in the areas of adult education and literacy, ICM, grafting of fruit trees and adoption of the new agronomic practices, some trainees mentioned successful histories such as being able to read and write and do accounting, which facilitates commercialisation. Some inadequate agricultural practices were abandoned reflecting changes in attitudes.</li> </ul>
Effectiveness	The project is efficient it has significantly contributed to increase the vegetable and fruit production of the beneficiaries and has thus contributed to improved income and food security.
Impacts	Due to the young age of new plantations, cashew nuts and other fruit are not yet the main source of income for households in the project areas. Therefore they have not contributed substantially towards the achievement of the project strategic objective number 1 (increase of income from agricultural production). The potential for reaching this goal is obvious, for the period after the lifetime of the project (particularly as a result of the new plantations).
Sustainability	Sustainability should be acceptable thanks to the better knowledge of farmers and their associations. Relations with the agricultural services at provinces and district level are good and it can be expected that they will give some support to beneficiaries after the end of the project.

Project Title	Community Livestock and Agricultural Development Project, Southern Inhambane
Project N°	FOOD/2003/056-871
Sector/sub sector – Code - Title	Food 2531
Budget Line	B 7201
Funding Decision	EC Call for Proposal (CfP 2002)
Date of Financing Agreement	
Planned Start Date	25/11/2003
Actual Start Date	25/11/2003
Planned End Date	24/11/2007
Actual End Date	
Primary commitment (project budget)	€ 1,970.833,00
Secondary commitment (funds contracted)	€ 1,970.833,00
Funds disbursed by EC	€ 1,465,857,00
Expenditure incurred by project	
Project Authority	VETAID/kulima
Beneficiaries	Farmers in the districts of Jangamo, Inharrime and Zavala.

Global (Overall) Objective	Greater food security in Southern Inhambane province
Specific Objective	Target families with improved, diversified diets and increased incomes have greater access to markets for their farm produce
Activities	<p>60 promoters trained during the project and relationship with DDA established vaccination campaigns against Newcastle have been planned and executed jointly with SPP and DDAs (3 in 2006) An average of 71,000 birds vaccinated per campaign</p> <ul style="list-style-type: none"> <li>o To date a total of 41,362 animals have been treated in 2006, including cattle, small ruminants, pigs and poultry. The main treatments are against ticks and tick born diseases</li> <li>o SPP provided training to the livestock delegates for each DDA to run the district Pharmacies</li> <li>o All 10 corridors finished.</li> <li>o The census of cattle has been planned and executed once a year alongside SPP for cattle and chickens.</li> <li>o Banana plants and Fodder trees (moringa leucaena, mulberry) were distributed to community nurseries for onward distribution to their members. Furthermore 3,053 orange and tangerine seedlings distributed to community nurseries and to farmers.</li> <li>o 2 Elephant grass pilot plots planted near cattle corridors in Malaissa and Muchipa</li> <li>o 3 Agro-Livestock kits distributed to the district livestock delegates</li> <li>o 21 associations received training on associative rules and business plans</li> <li>o 1 cassava processing group identified. Made a request for rehab of processing plant.</li> <li>o Rapid assessment of specific commodities sub-sectors (coconut,</li> </ul>

	<p>cassava, mandioca and piri piri) completed. Contacts provided for Piri piri producers</p> <ul style="list-style-type: none"> <li>o 3 CBOs (one of them ACAP) have already submitted their registration documents and are awaiting the Provincial decision. Some groups have been registered. Others still getting organized; 12 Associations benefited with the start of an economic activity based on poultry.</li> <li>o Training in Apiculture to 23 beneficiaries</li> <li>o Quarantine centre in Mahalamba for goats built during 2006</li> </ul>
Efficiency	Implementation of the project has been rather efficient and most of the activities planned have been achieved.
Results	<ul style="list-style-type: none"> <li>• Greater food security in Southern Inhambane province</li> <li>• Target families with improved, diversified diets and increased incomes have greater access to markets for their farm produce</li> <li>• Animal production increased as a result of the improved provision of veterinary services and clean water</li> <li>• Diverse, new agro-silviculture practices adopted by target group farmers</li> <li>• Registered farmer associations with land titles selling a range of agricultural products throughout the year</li> <li>• Vulnerability of poor families reduced through restocking and other income generating activities</li> <li>• Agricultural production and market access increased through the introduction of animal traction</li> </ul>
Effectiveness	<p>The midterm evaluation concluded that the , that peoples traditions and attitudes need to change in order to increase the market orientation of production. Thus, the low off-take rates, especially for cattle, which are reflected in the baseline study are not primarily a reflection of market access, but rather a reflection of the fact that cattle and other domestic animals are kept and perceived as a bank account and health assurance, which you draw on occasionally for ceremonial purposes, in the event of sickness etc.</p> <p>Furthermore, while potential markets for agricultural and livestock products may exist, they need to be identified, understood, and other markets have yet to be developed and cultivated. Market structures are very weak and often personalized, as referred by one of the associations supported by the project in Inharrime. This association entered into a deal with a trader in processed cassava from Maputo, who turned up only once, and left the association with an enormous quantity of cassava as he never returned again.</p>
Impacts	The project contributes to diminish vulnerability of the rural population and increases food availability and possibilities to produce cash income
Sustainability	Sustainability should be acceptable, especially if the DDAs will continue to give support and assistance to farmers' groups

## **Annex G      Country statistics**

THE WORLD BANK GROUP

A World Free of Poverty



HOME

## Mozambique Data Profile

Click on the indicator to view a definition	2000	2004	2005
<b>People</b>			
<a href="#">Population, total</a>	17.9 million	19.4 million	19.8 million
<a href="#">Population growth (annual %)</a>	2.2	1.9	1.9
<a href="#">Poverty headcount ratio at national poverty line (% of population)</a>	..	..	..
<a href="#">Life expectancy at birth, total (years)</a>	42.6	41.8	..
<a href="#">Fertility rate, total (births per woman)</a>	5.7	5.4	..
<a href="#">Mortality rate, infant (per 1,000 live births)</a>	122.0	104.4	..
<a href="#">Mortality rate, under-5 (per 1,000)</a>	178.0	151.6	..
<a href="#">Births attended by skilled health staff (% of total)</a>	..	..	..
<a href="#">Malnutrition prevalence, weight for age (% of children under 5)</a>	26.0	..	..
<a href="#">Immunization, measles (% of children ages 12-23 months)</a>	71.0	77.0	..
<a href="#">Prevalence of HIV, total (% of population ages 15-49)</a>	..	..	16.1
<a href="#">Primary completion rate, total (% of relevant age group)</a>	16.2	29.0	..
<a href="#">School enrollment, primary (% gross)</a>	74.2	94.9	..
<a href="#">School enrollment, secondary (% gross)</a>	6.1	10.8	..
<a href="#">School enrollment, tertiary (% gross)</a>	0.7	1.2	..
<a href="#">Ratio of girls to boys in primary and secondary education (%)</a>	75.1	82.3	..
<a href="#">Literacy rate, adult total (% of people ages 15 and above)</a>	..	..	..
<b>Environment</b>			
<a href="#">Surface area (sq. km)</a>	801.6 thousand	801.6 thousand	801.6 thousand
<a href="#">Forest area (sq. km)</a>	195.1 thousand	..	192.6 thousand
<a href="#">Agricultural land (% of land area)</a>	61.4	..	..
<a href="#">CO2 emissions (metric tons per capita)</a>	0.1	..	..
<a href="#">Improved water source (% of population with access)</a>	..	43.0	..
<a href="#">Improved sanitation facilities, urban (% of urban population with access)</a>	..	53.0	..
<a href="#">Energy use (kg of oil equivalent per capita)</a>	401.5	..	..
<a href="#">Energy imports, net (% of energy use)</a>	-2.8	..	..
<a href="#">Electric power consumption (kWh per capita)</a>	59.7	..	..
<b>Economy</b>			
<a href="#">GNI, Atlas method (current US\$)</a>	3.8 billion	5.2 billion	6.1 billion
<a href="#">GNI per capita, Atlas method (current US\$)</a>	210.0	270.0	310.0
<a href="#">GDP (current US\$)</a>	3.8 billion	5.9 billion	6.6 billion
<a href="#">GDP growth (annual %)</a>	1.9	7.5	7.7
<a href="#">Inflation, GDP deflator (annual %)</a>	10.3	9.1	6.3
<a href="#">Agriculture, value added (% of GDP)</a>	26.1	23.3	23.2
<a href="#">Industry, value added (% of GDP)</a>	26.6	29.2	30.0
<a href="#">Services, etc., value added (% of GDP)</a>	47.3	47.5	46.8

<a href="#">Exports of goods and services (% of GDP)</a>	19.7	30.9	30.6
<a href="#">Imports of goods and services (% of GDP)</a>	41.6	39.2	41.0
<a href="#">Gross capital formation (% of GDP)</a>	33.5	20.7	22.2
<b>States and markets</b>			
<a href="#">Time required to start a business (days)</a>	..	153.0	153.0
<a href="#">Military expenditure (% of GDP)</a>	1.4	1.3	1.4
<a href="#">Fixed line and mobile phone subscribers (per 1,000 people)</a>	7.6	..	..
<a href="#">Internet users (per 1,000 people)</a>	1.1	7.1	..
<a href="#">Roads, paved (% of total roads)</a>	..	..	..
<a href="#">High-technology exports (% of manufactured exports)</a>	9.2	..	..
<b>Global links</b>			
<a href="#">Merchandise trade (% of GDP)</a>	40.3	58.8	63.5
<a href="#">Net barter terms of trade (2000 = 100)</a>	100.0	94.3	..
<a href="#">Foreign direct investment, net inflows (BoP, current US\$)</a>	139.0 million	244.7 million	..
<a href="#">Long-term debt (DOD, current US\$)</a>	6.2 billion	4.1 billion	..
<a href="#">Present value of debt (% of GNI)</a>	..	17.0	..
<a href="#">Total debt service (% of exports of goods, services and income)</a>	12.5	4.5	..
<a href="#">Official development assistance and official aid (current US\$)</a>	877.0 million	1.2 billion	..
<a href="#">Workers' remittances and compensation of employees, received (US\$)</a>	37.0 million	58.0 million	..
<b>Source: World Development Indicators database, April 2006</b>			

## **Annex H      PARPA I & II – COMPARISON OF MAIN FEATURES**

## PARPA I &amp; II – COMPARISON OF MAIN FEATURES

PARPA I	PARPA II
<b>Definition of poverty</b> <i>The inability of individuals to ensure for themselves and their dependents a set of minimum conditions necessary for survival and well-being, according to society's standards</i>	<b>Definition of poverty</b> <i>The impossibility owing to inability and/or lack of opportunity for individuals, families and communities to have access to the minimum basic conditions according to the society's basic standards</i>
<b>Fundamental areas of intervention</b> <ul style="list-style-type: none"> <li>• Good governance, legality and justice</li> <li>• Macro-economic, financial and trade policies</li> <li>• Education</li> <li>• Health</li> <li>• Agriculture and rural development</li> <li>• Infrastructure (transport, energy and water supply)</li> </ul> <b>Determinants of Poverty</b> <ul style="list-style-type: none"> <li>• Slow Economic Growth Until The Beginning Of The 90s, Mainly Due To The Civil War</li> <li>• Low Education And Training Levels Particularly Among Women</li> <li>• Poor Basic Health Services</li> <li>• High Household Dependency Levels</li> <li>• Low Agricultural Productivity, Particularly In The Smallholder Sector</li> <li>• Weak Infrastructure Particularly In Rural Areas</li> <li>• HIV/AIDS</li> </ul>	<b>Pillars (and themes) of Development</b> <i>Macro-economics and poverty</i> <ul style="list-style-type: none"> <li>• Macro-economic growth and stability</li> <li>• Systems of monitoring and analysis of poverty</li> <li>• Management of public finance</li> </ul> <i>Governance</i> <ul style="list-style-type: none"> <li>• Public sector reform</li> <li>• Decentralisation</li> <li>• Reform of judicial sector</li> </ul> <b>Economic development</b> <ul style="list-style-type: none"> <li>• Financial sector</li> <li>• Private sector</li> <li>• Agriculture and rural development</li> <li>• Infrastructure (roads, telecommunications, ports, railways, energy)</li> </ul> <b>Human capital</b> <ul style="list-style-type: none"> <li>• Health</li> <li>• Education</li> <li>• Water and sanitation</li> </ul>
<b>Other areas of action</b> <ul style="list-style-type: none"> <li>• Employment and business development</li> <li>• Social action</li> <li>• Housing</li> <li>• Mines</li> <li>• Fisheries</li> <li>• Tourism</li> <li>• Processing industry</li> <li>• Transport and communications</li> <li>• Technology</li> <li>• Environment</li> <li>• Reduction of vulnerability to natural disasters</li> </ul>	<b>Cross-cutting issues</b> <ul style="list-style-type: none"> <li>• HIV/AIDS</li> <li>• Gender</li> <li>• Environment</li> <li>• Science and technology</li> <li>• Food and nutritional security</li> <li>• Reduction of impact of natural disasters</li> <li>• Demining</li> <li>• Rural development</li> </ul>

## **Annex I      Development partners aid to Mozambique**

## DEVELOPMENT PARTNERS AID TO MOZAMBIQUE – DISTRIBUTION OF SUPPORT

DONOR	Agriculture	Rural development	Water & sanitation	Governance & gov admin	Macro-econ	Health HIV/AIDS	Education	Transport	Energy & distribution	Environment	Food security	NSAs	Fisheries	Mineral resources	Support to businesses	Social welfare	GBS	Demining	Information, communications & media	Financial management	Civil society	Research & scientific	NGOs	Waste management	Economic planning & development	Legal & judicial	Capacity building	Telecoms	Emergency, recon & relief	Culture & recreation	Multi-sector aid	Food prevention	Monetary institutions	Agrarian reform	Trade policy	Human rights	Elections	Forestry	Urban development	Gender & women in development	Population	Statistics	Industrial development	Tourism	Banking & finance		
Austria																																															
AfDB																																															
Badea																																															
Belgium																																															
Canada																																															
China																																															
Denmark																																															
EC																																															
FAO																																															
Finland																																															
France																																															
Germany																																															
Greece																																															
IFAD																																															
IMF																																															
Ireland																																															
Italy																																															
JICA																																															
Kuwait fund																																															
MCC																																															
Netherlands																																															
Norway																																															
OECD																																															
Portugal																																															
Russia																																															
Spain																																															

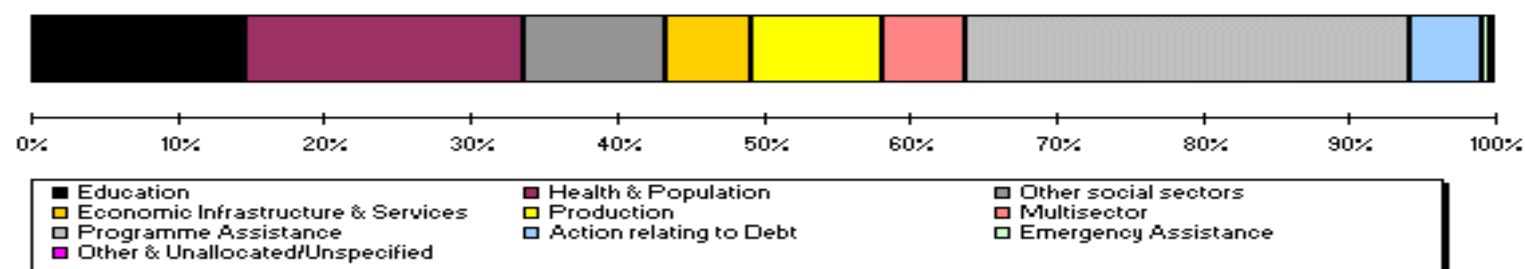
## Mozambique

Receipts	2003	2004	2005
Net ODA (USD million)	1 037	1 246	1 286
Bilateral share (gross ODA)	66%	57%	58%
Net ODA / GNI	22.6%	22.4%	20.8%
Net Private flows (USD million)	- 56	53	12

For reference	2003	2004	2005
Population (million)	19.1	19.4	19.8
GNI per capita (Atlas USD)	230	270	310

Top Ten Donors of gross ODA (2004-05 average) (USD m)	
1 IDA	231
2 EC	162
3 United States	103
4 AfDF	84
5 Sweden	74
6 United Kingdom	73
7 Denmark	66
8 Norway	65
9 Netherlands	60
10 Ireland	49

**Bilateral ODA by Sector (2004-05)**



Sources: OECD, World Bank.



**Annex J      EC resources allocated to Mozambique**

9<sup>th</sup> EDF ALLOCATION OF FUNDS

SECTORS	%	BUDGET/€M	ALLOCATIONS/COMMENTS
ENVELOPE A		274.0	
Focal Sectors			
Transport Infrastructure	25-35	68.5-95.9	32.0 (+6.0 from 8 <sup>th</sup> EDF) Backlog periodic maintenance 4.0 Capacity building 9.0 Rehabilitation of rural roads 40.0 Namacurra – Alto Ligonha road (originally 8 <sup>th</sup> EDF) Sub-total 95.0 (+6.0 from 8 <sup>th</sup> EDF)
Macro-economic support	45-55	123.3-150.7	+18.0 Bridging programme for 2002 from 8 <sup>th</sup> EDF until 9 <sup>th</sup> EDF funding available
Food Security & Agriculture	0-15	0-41.1	
Sub-total Focal Sectors	70-(105)	191.8-(287.7)	
Non-focal Sectors			
Health & HIV/AIDS	[6-9]		25.0
Good Governance	[3-4]		10.0
Support to NSAs	[1-2]		4.0
Sub-total Non-focal sectors	10-15	27.4-41.1	39.0
TOTAL ENVELOPE A	80-(120)	219.2-(328.8)	
ENVELOPE B		55.0	
GRAND TOTALS		329.0	

**Summary of disbursements and allocations 1999-2010**

<b>Sector</b>	<b>1999/2003/ € M</b>	<b>2004/ € M</b>	<b>2005/ € M</b>	<b>2006/ € M</b>	<b>2007/ € M</b>	<b>2008/ € M</b>
MEBS	32.9	41.7	46.3	42.0	45.3	46.7
Good governance, Legality & Justice	4.3	13.1	4.3	2.4	6.6	7.1
Human Development						
Education		10.7	1.7		1.9	0.7
Health	3.5	15.2	19.5	13.9	17.5	13.4
Productive Sector						
Agriculture & Rural Development	20.2	24.3	4.4	4.3	9.9	11.8
Transport	8.8	18.1	19.9	37.0	45.1	19.4
Energy	2.6					
Watsan	1.1	2.5		0.9	12.1	13.6
<b>TOTAL</b>	<b>73.4</b>	<b>125.6</b>	<b>96.1</b>	<b>100.5</b>	<b>138.4</b>	<b>112.7</b>

**NOTES:**

1. 1999-2003 are average grant disbursements
2. Data relate to 6 priority areas of PARPA and do not include all MS financial contributions
3. Agriculture & Rural Development includes fisheries
4. Data for BL following tenders 2003 not included
5. EIB loans not included

**SOURCES:**

1. EU View of Grant Disbursements by Donors & by PARPA Priority Sectors in Mozambique 1999-2003
2. ODAMOZ Full EC Disbursements Extract 2006 & MTEF Forecasts 2007-2010

## **Annex K      Prospects of Achievement of MDGs in Mozambique**

## PROSPECTS OF ACHIEVEMENT OF MDGs IN MOZAMBIQUE

GOAL	TARGET (BY 2015)	PROGRESS		COMMENTS
		FROM	TO	
1. Eradicate extreme poverty and hunger	1. Halve the proportion of people living below the national poverty line	69.4% (96/97)	54% (02/03)	Should achieve if economy continues to grow at 8% pa
	2. Halve the proportion of people who suffer from hunger	<3 underweight 26.1% (97)	<3 underweight 25.9% (03)	Unlikely to achieve
2. Achieve universal primary education	3. Ensure that all children (boys and girls) will be able to complete a full course of primary education	EP1 43.6% (99)	EP1 75.6% (04)	Positive result but 21% repetition (04). Quality/quantity linkages? Unlikely to achieve
3. Promote gender equality and empower women	4. Eliminate gender disparity in primary and secondary education, preferably by 2005 and in all levels of education no later than 2015	EP1 - 45.3% girls EP2 - 40% girls (03)	EP1 - 45.9% girls EP2 - 40.7% girls (04)	Women are majority of population thus differences more serious than indicated. Unlikely to achieve
4. Reduce child mortality	5. Reduce by 2/3 the U5 mortality rate	<5 - 219/1000 (97)	<5 - 178/1000 (03)	18% improvement in 6 years. Good chance of achievement
5. Improve maternal health	6. Reduce by ¾ the maternal mortality rate	1065/100000 (95)	408/100000 (03)	Impressive result largely due to increase in n's of attended deliveries Should achieve
6. Combat HIV/AIDS, malaria and other diseases	7. Halt and begin to reverse the spread of HIV/AIDS, the incidence of malaria and other major diseases		15 - 49 16.2% (04)	Spread of HIV/AIDS increasing TB increasing with spread of HIV/AIDS Unlikely to achieve
	8. Halt the incidence of malaria and other endemic diseases and reverse the current situation	Malaria 2.3M (99)	Malaria 4.4M (04)	Unlikely to achieve without improved communication strategies
7. Ensure environmental sustainability	9. Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources			Conditions of extreme poverty for majority of population result in extreme pressure on natural resources.
	10. Halve the proportion of people without access to safe drinking water	Access to water - 15.3% (97) Access to sanitation - 23.8% (97)	Access to water - 35.7% (03) Access to sanitation - 44.8% (03)	Access to water (urban) - 67% (01); 58% (05) Reflects population pressure on urban areas but likely to achieve
	11. Improve significantly living conditions of slum dwellers			Increasing population pressure on urban areas Unlikely to achieve
8. Develop a global partnership for development	9. Development of open and just international trading systems			Development of a country surpasses its own institutional capacity.

GOAL	TARGET (BY 2015)	PROGRESS		COMMENTS
		FROM	TO	
	10. Addressing special needs of LDCs 11. Addressing special needs of land-locked countries and small island states 12. Deal comprehensively with debt problems of developing countries in order to make debt sustainable in the long term 13. Guarantee decent and productive work for young people 14. Probe access to affordable essential drugs in developing countries 15. In cooperation with private sector make available new ICT			Development of coordinated partnership framework important G18 in Mozambique provides GBS for implementation of PARPA – MOU 2004

Primary source: Mozambique National Human Development Report – Human Development to 2015 ‘Reaching for the Millennium Development Goals

Secondary sources:

- National Authorising Office and European Commission Delegation in Mozambique – 2003 Joint Annual Report
- Republic of Mozambique: Joint Staff Advisory Note of the Annual Progress Report on Implementation of the Poverty Reduction Strategy Paper – IMF Country Report N° 05/313 – Aug 2005
- Mozambique – Preparation of a Methodology for the Road Sector Poverty and Social Impact Assessment (PSIA) – Final Report N° 06131/1 – Nov 2006
- Plano de Acção Para a Redução da Pobreza Absoluta 2006-2009 – PARPA II
- Plano de Acção Para a Redução da Pobreza Absoluta 2001-2005 – PARPA I

For further information on development and importance of MDGs, the Mozambican context including definitions of poverty, calculation of progress towards MDGs, data collection, monitoring and evaluation, relationships between MDGs, PQG, PARPA, Agenda 2025 and NEPAD, and challenges of translating political undertaking into action the avid reader is directed to the primary source.

**Annex L      Intervention list**

## EC INTERVENTIONS 2001 – 2007 (DRAFT FINAL LISTING 10 June 2007))

Compilation sources - CRIS, EC Delegation, J.Clifton

(EDF project listing complete; BL listing more or less complete but continuing difficulty in reconciling CRIS decision n°s and project n°s)

PROJECT N°	Project Description	Budget €/M	Notes
<b>6<sup>th</sup> EDF</b>			
6ACPMOZ044	Training for railway staff	3.78	Closed – to 9ACPMOZ023
6ACPMOZ101	Financial Audit – Support to Moç HIV/AIDS Programme	5.50	Closed – to 9ACPMOZ024
6ACPMOZ102	PRG de Financement pour de Sec. Priorit	0.30	Closed – to 9ACPMOZ025
6ACPMOZ103	Appui Institutionel aux Services d l'ON	2.00	Closed – to 9ACPMOZ026
6ACPMOZ111	Private Sector Support	1.00	
6ACPMOZ112	Rural Telecoms Network Improvement Phase II	10.8	Closed – to 9ACPMOZ027
6ACPMOZ112	Electrical Transmission in Districts	-	
<b>Sub total 6<sup>th</sup> EDF</b>			
<b>7<sup>th</sup> EDF</b>			
7ACPMOZ001	Trypaniasis Control Programme	2.00	
7ACPMOZ002	Zambia/Manica – logistical support to displaced persons	0.71	
7ACPMOZ003	Inhambane/Tete – logistical support to displaced persons	0.60	
7ACPMOZ004	Rural water supply	0.59	
7ACPMOZ005	Assistance to handicapped in Niassa	0.32	
7ACPMOZ006	Niassa/Nampul – medical assistance to displaced	0.65	
7ACPMOZ007	Autosufficance alimentaire – Moamba	0.38	
7ACPMOZ008	Rehab Nampula – Nacala road	0.53	
7ACPMOZ009	Advisor to Sociedade de Fomento Pesquisa	0.40	
7ACPMOZ010	Rehab Boane – Sabie road	0.39	
7ACPMOZ011	Support to structural adjustment	30.00	
7ACPMOZ012	Support to structural adjustment	15.00	
7ACPMOZ013	Assts. Organs humanitaire victims conflit	1.71	
7ACPMOZ014	Cadre d'ensemble des operations d'urgence	17.40	
7ACPMOZ015	Nacala cashew nuts	3.00	
7ACPMOZ016	Mission to support electoral org	0.05	
7ACPMOZ017	Appui au processus electoral	8.32	
7ACPMOZ018	Appui au sector de la sante rurale		
7ACPMOZ019	Support to Emergency Road Rehab and Water Supply – supplementary works for Sofala Province	11.80	
7ACPMOZ020	Reintegration des deplaces, refugies et demobilises	10.18	
7ACPMOZ021	Emergency water supply expansion	0.04	
7ACPMOZ022	Appui au secteur de la sante rurale	14.59	

PROJECT N°	Project Description	Budget €/M	Notes
7ACPMOZ023	GTZ – microrealisations Manica	0.55	
7ACPMOZ024	Preparation of emergency programme for road rehab	0.06	
7ACPMOZ025	Formulation of microprojects programme	0.06	
7ACPMOZ026	Drought & refugees	2.86	
7ACPMOZ027	Ancuabe Graphite Mine A	0.45	
7ACPMOZ028	Ancuabe Graphite Mine B	2.90	
7ACPMOZ029	Stabex – cashew nuts	1.23	
7ACPMOZ030	Stabex – wood	0.03	
7ACPMOZ031	Conference nacional sobre a cultura	0.15	
7ACPMOZ032	Assessment study - reintegration	0.55	
7ACPMOZ033	Assistance technique a L'ordonnateur national	0.36	
7ACPMOZ034	Preparation of protocols of mutual obligations	0.02	
7ACPMOZ035	Revision tender docs Beira – Inchope road	0.04	
7ACPMOZ036	Experimental fishing	0.40	
7ACPMOZ037	Programme de Bourses d'Etude et Etages	0.35	Closed Dec 2004
7ACPMOZ038	Preparation of EU-Italy programme	0.06	
7ACPMOZ039	2 <sup>nd</sup> Microprojects Programme	1.44	Closed Dec 2004
7ACPMOZ042	Appui au etudiants du Mozambique	1.16	
7ACPMOZ043	Visão Mundial, Action Aid, Acção Agraria, Reconstruction & Resettlement Programme	12.00	
7ACPMOZ044	Feasibility study – dredging Beira & Maputo	0.06	
7ACPMOZ045	EIA of economic development of Ilha da Mozambique	0.04	
7ACPMOZ046	Study on physical rehab & definition of legislation	0.05	
7ACPMOZ047	Support to Emergency Road Rehab and Water Supply – supplementary works for Zambezia & Sofala Province	31.75	
7ACPMOZ048	Preparation of programme docs for rehab of rural hospitals	0.05	
7ACPMOZ050	Return and reintegration of qualified African nationals	0.40	
7ACPMOZ051	Study on slaughterhouse rehab	0.04	
7ACPMOZ052	Stabex – cashew	0.55	
7ACPMOZ053	Assessment of tourism sector	0.05	
7ACPMOZ054	Aids d'urgence	0.58	
7ACPMOZ055	Support to technical secretariat for 5th PTA-FA	0.03	
7ACPMOZ056	Pescamar fishing vessels	4.74	
7ACPMOZ057	Aids d'urgence	0.27	
7ACPMOZ058	Supply of voting materials	11.04	
7ACPMOZ060	Stabex – copra	0.16	
7ACPMOZ061	Stabex – cashew nuts & kernels	1.63	
7ACPMOZ062	TA tendering process	0.03	

PROJECT N°	Project Description	Budget €/M	Notes
7ACPMOZ065	Cahora Bassa – RSA transmission line	16.57	
7ACPMOZ066	Rehab of Beira – Inchope Road	1.48	Closed Dec 2004
7ACPMOZ067	Rehab & assistance sanitaire aux refugies	0.73	
7ACPMOZ068	Rehab & assistance sanitaire aux refugies	0.60	
7ACPMOZ070	Redistribution franchise STABEX	0.02	
7ACPMOZ073	Continuation of support to health sector	1.77	
7ACPMOZ076	Assistance technique an Ministere de la Sante	0.26	
7ACPMOZ077	Rehab of Health System in Zambezia Province	26.0	
7ACPMOZ078	Assessment of potential to diffusion of books	0.04	
7ACPMOZ079	Support to DVLPMPT	1.29	
7ACPMOZ080	Reinsertion Sociale Provinces Zambezia & Niassa	5.60	
7ACPMOZ081	Provincial Planning Commissions – Zambezia & Niassa	0.17	
7ACPMOZ082	Structural adjustment	15.00	
7ACPMOZ083	Private sector promotion	0.06	
7ACPMOZ084	Improvement of judiciary system	0.06	
7ACPMOZ085	TA to NAO	0.03	
7ACPMOZ086	Micro-realisations Manica	1.53	
7ACPMOZ087	Formulation of project on livestock restocking	0.05	
7ACPMOZ089	TA to Gaza micro-projects	0.08	
7ACPMOZ090	Design of institutional support programme for Min. State Admin	0.05	
7ACPMOZ091	Architectural standards Bazaruto	0.05	
7ACPMOZ092	Ancuabe graphite mine	0.50	
7ACPMOZ093	Study – institutional and management reform for Nacala Corridor	0.44	
7ACPMOZ094	Survey of natural resources – Cabo Delgado	0.14	
7ACPMOZ095	Evaluation besoins Min. Coordination de l'action social	0.04	
7ACPMOZ096	Study on improving efficiency of Mozambican government!	0.04	
7ACPMOZ097	TA for DNEP	0.52	Closed Jan 2006
7ACPMOZ098	Etude pour analyser les causes de pauvrete	0.02	
7ACPMOZ099	Analysing future role of IDIL	0.06	
7ACPMOZ100	Preparation road DVLPMPT NW Zambezia	0.06	
7ACPMOZ101	Design of Mauraqmba – Metangula road	0.03	
7ACPMOZ103	Support to SADC theatre festival	0.22	
7ACPMOZ104	Support for municipal elections	8.78	
7ACPMOZ105	Microproject coordination unit	0.61	
7ACPMOZ106	Elaboration of rehab of public libraries	0.04	
7ACPMOZ107	Beira water supply and sewerage – Feasibility study	0.40	
7ACPMOZ108	Study – Trade development needs	0.02	
7ACPMOZ110	Programme officer – municipal elections	0.02	

PROJECT N°	Project Description	Budget €/M	Notes
7ACPMOZ111	Evaluation of EC funded rehab actions	0.05	
7ACPMOZ112	EDF Coordination Team for Joint Observer Mission Elections	0.07	
7ACPMOZ113	Sectoral Baseline Study for RDP Implementation	0.07	
7ACPMOZ114	Assessment of Livestock Situation	0.08	
7ACPMOZ116	TA to NIP	0.04	
7ACPMOZ117	TA to Infrastructure	0.04	
7ACPMOZ118	3rd UN Conference on LDC	0.07	
7ACPMOZ119	Assistance to Flood Victims	0.84	
7ACPMOZ120	Beira Sanitation Project – Design	1.85	Closed Dec 2004
7ACPRPR028	Ministere de la Sante	0.82	
7ACPRPR054	Trainmar – Formation maritime et portuaria	0.92	
7ACPRPR075	SATCC Rerg transport & communications integration	0.19	
7ACPRPR135	Centre Regional de Formation de Cadres de Sante Publique	3.48	
7ACPRPR334	Reg transport & communications study	5.80	
7ACPRPR380	Beira Inchope Road Rehab	20.00	
7ACPRPR387	Rehab Cahora Bassa transmission lines	0.02	
7ACPRPR411	Festival de musique de la SADC	0.04	
7ACPRPR437	Fonds Bibliographique	2.50	
7ACPRPR524	Study to prepare TA & dredging equipment for EMODRAG	0.21	
7ACPRPR608	Appui publication livres	0.06	
7ACPRPR716	EU/SADC conference on transport	0.06	
7ACPRPR775	Fin audit of cost extension 7ACPRPR135	0.01	
<b>Sub total 7<sup>th</sup> EDF</b>			
<b>8<sup>th</sup> EDF</b>			
8ACPMOZ001\	Mozal	16.11	
8ACPMOZ002	General import programme	15.00	
8ACPMOZ003	TA to National Directorate of Treasury	1.90	
8ACPMOZ004	General import programme	6.90	
8ACPMOZ005	Zambezi Valley integrated water management	0.07	
8ACPMOZ006	SADC monitoring & control of fishing	2.28	
8ACPMOZ007	Evaluation of EC funded rehab actions	0.04	
8ACPMOZ008	Micro-projects Regional Programme	4.80	
8ACPMOZ009	Support to General Elections 1999	17.75	
8ACPMOZ010	TA to EDF Project – support for General Elections 1999	0.04	
8ACPMOZ011	Support to Private Sector	0.03	
8ACPMOZ012	Maragra Sugara	3.50	
8ACPMOZ013	Appraisal of EC Support to Roads Sector	0.06	

PROJECT N°	Project Description	Budget €/M	Notes
8ACPMOZ014	Private Sector Development	4.80	
8ACPMOZ015	Nampula – Nacala Road Rehab – Supervision & Works	36.58	
8ACPMOZ016	Motraco	3.45	
8ACPMOZ017	Monapo	1.00	
8ACPMOZ018	Programma Rural de Desenvolvimento em Mozambique – PRD comp. Pontes	30.00	
8ACPMOZ019	Capacity Building for Integrated Development of Water Resources Management and Water Supplies in Zambezi River	11.64	
8ACPMOZ020	Maragra Sugara	0.43	
8ACPMOZ021	Private Sector Support	5.59	
8ACPMOZ022	Feasibility Study of Rehab of Namacurra – Rio Ligonha in Zambezia	1.60	
8ACPMOZ023	Food Recovery Programme in Gaza	1.96	
8ACPMOZ024	Post flood Reconstruction Programme	18.04	
8ACPMOZ025	General import programme III	13.50	
8ACPMOZ026	PRBS I	26.40	
8ACPMOZ027	PRBS I	30.70	
8ACPMOZ028	PRBS I	4.00	
8ACPMOZ029	PRBS I	4.60	
8ACPMOZ030	TDM Telecoms	6.00	
8ACPMOZ031	TDM Telecoms	0.30	
8ACPMOZ032	Support to Microprojects Coordination within Directorate of Rural Development	0.36	
8ACPMOZ033	Support Programme to Health Sector	30.00	
8ACPMOZ034	Mozal	20.00	
8ACPMOZ035	Feasibility Study EDM Beira	0.37	
8ACPMOZ036	Feasibility Study – Support to Rehab of Nacala Corridor	0.15	
8ACPMOZ037	Tourism Policy and Management	4.00	
8ACPMOZ038	Evaluation – Support to General Elections	0.04	
8ACPMOZ039	Structural Adjustment	0.09	
8ACPMOZ040	PRBS II	150.00	Other budget for 040 & 041 168.0
8ACPMOZ041	PRBS II	18.00	
8ACPMOZ042	Tourism Policy and Management		Budget?
8ACPMOZ043	Feasibility study – Programme of Support to Fisheries Sector	0.02	
8ACPMOZ044	Power Generation by Non-renewable Sources – RSA Natural Gas	35.00	
8ACPMOZ045	Assessment of Reform Process in Judiciary System	0.07	
8ACPMOZ046	Motraco II	1.92	
8ACPMOZ047	Motraco II	0.60	

PROJECT N°	Project Description	Budget €/M	Notes
8ACPMOZ049	TA to Ministry of Fisheries	0.08	
8ACPMOZ050	Preparatory Mission – NSA Capacity Building Programme	0.08	Budget?
8ACPMTR004	Support to Development of Judicial System	5.00	Also 8ACPTPS123?
8ACPRAM005	SADC Regional Statistical Training Programme	4.80	
8ACPRAM009	SADC Regional Drug Control Programme	2.00	
8ACPTPS003	EC-ACP Business Assistance Scheme (EBAS)	33.00	
8ACPRAU005	Actions to Confront the Spread of HIV/AIDS and other Diseases	1.00	
8ACPRAU007	Motraco	8.20	
Sub total 8 <sup>th</sup> EDF			
9 <sup>th</sup> EDF			
9ACPMOZ001	Rehab of Namacurra – Rio Ligonha Road in Zambezia Province	65.00	
9ACPMOZ002	Periodic Maintenance and Capacity Building	14.00	
9ACPMOZ003	Augmentation de Plafond 8ACPMOZ40	16.40	Closed Sept 2004
9ACPMOZ004	NAO Support Project	1.50	
9ACPMOZ006	Health Sector Support Programme II	25.00	
9ACPMOZ007	Extension of Post Flood Reconstruction Programme	1.90	
9ACPMOZ008	Rural Roads Rehab and Maintenance	6.00	
9ACPMOZ010	TA – Implementation Support to Justice Sector	0.08	Closed Oct 2006
9ACPMOZ011	Support to Justice Sector	10.00	
9ACPMOZ012	Reconstruction of Roads Damaged by Cyclone	5.00	
9ACPMOZ013	Pre-feasibility Study for Upgrading EN7 Milanje – Mocuba Road	1.00	
9ACPMOZ014	Construction of Bridge Across Zambezi – Financing Convention n° 9364/MOZ	25.00	
9ACPMOZ015	Rider N°1 – Rehab Namacurra – Rio Ligonha Road	5.00	
9ACPMOZ016	PRBS III	95.00	
9ACPMOZ017	Limpopo Railway Line – Rehab of Infrastructure	6.00	
9ACPMOZ018	Beira Sanitation Project – Works and Supply	32.95	
9ACPMOZ019	Upgrading Manhiça Health Centre	3.00	
9ACPMOZ020	NSA support	4.00	
9ACPMOZ021	Design Milanje Mocube Road	1.50	
9ACPMOZ023	Training for railway staff		Prev 6ACPMOZ044
9ACOMOZ024	Audit Moç HIV/AIDS Support Strategy		Prev 6ACPMOZ101
9ACPMOZ025	PRG de Bourses pour Des Sec Priorit	0.01	Prev 6ACPMOZ102
9ACPMOZ026	Appui institutionnel aux services de l'ON	0.22	
9ACPMOZ027	Rehab of Rural Telecoms Network Phase II	7.35	Prev 6ACPMOZ112
9ACPMOZ028	TCF	2.00	

PROJECT N°	Project Description	Budget €/M	Notes
9ACPMOZ029	PROAGRI II – Sector BS	35.00	
9ACPMOZ030	Population Census	11.00	
9ACPMOZxxx	Rider to 9ACPMOZ002	2.80	
9ACPMOZxxx	Beira Sanitation	5.00	
9ACPMOZxxx	Health Sector Support Programme II	5.00	
9ACPMOZxxx	Beira Machipande Design	1.60	
9ACPMOZxxx	Upgrading Milanje Mocube Road	13.50	
9ACPMOZxxx	Business Environment Support & Trade	5.75	
9ACPMOZxxx	Road Maintenance	10.50	
9ACPMOZxxx	Upgrading sections Rio Save - Muxumgue	0.60	
9ACPMOZxxx	Upgrading sections Rio Save - Muxumgue	4.40	
9ACPMOZxxx	Support to electoral process	12.00	
9ACPMOZ040	PRBS III	50.70	
9ACPMOZ001	TCF PALOP	0.09	
9ACPMTR003	PALOP TCF II	2.50	
9ACPMOZ039	Water Facility – 29 Maputo Water Supply and Sanitation Project MWSP (FIPAG)	25.0	+26.9 EIB?
9ACPMOZ039	Water Facility – 31 Improvement of Livelihood of Rural and Peri-urban Poor through Increased access to Safe & Sustainable Water, Sanitation & Hygiene Facilities (UNICEF)	2.78	
9ACPMOZ039	Water Facility – 33 Water Supply and Sanitation Project (Aga Khan)	1.60	
9ACPMOZ039	Water Facility – 38 Strategic Planning for Agricultural Water Management	0.25	
9ACPRPRxxx	Upgrading Milanje Mocuba Road	15.0	
9ACPMOZ023	IV ACP Summit of Heads of State and Governments	1.49	
Sub total 9th EDF			
10 <sup>th</sup> EDF			
Sub total 10 <sup>th</sup> EDF			
Other interventions			
DDH71999/050-288			
DDH/2000/050-421			
DDH/2002/050-532	CS Egido	0.30	
DDH/2003/056-094			
DDH2003/060-531	CCOSV – Strengthening Civil Rights - Zambezia	0.50	
DDH/2003/061-629	Austrian NSIDC	0.50	
DDH/2003/066-049	Sena BE	0.03	

PROJECT N°	Project Description	Budget €/M	Notes
DDH/2003/073-372	IOM – EDM Local elections	0.75	
DDH/2004/063-975	Alisei – Strengthening Democracy in Mozambique	1.16	
DDH/2004/083-803	Tea Cegos	0.03	
DDH/2004/087-149	Forum NGOs – Observatorio Dirital da Pobreza, Sena	0.09	
DDH/2004/087-180	ACAMO – Direitos Humanos - Cegos	0.09	
DDH/2004/087-184	Forum ONGs - Zambezia	0.08	
DDH/2004/087-189	FECIV	0.08	
DDH/2004/089-350	AGMINIT	1.79	
DDH/2005/088-714	CCOSV	0.64	
DDH/2005/088-989	ISCOS	0.67	
DDH/2005/089-167	Inst. Marques de Valle	0.71	
DDH/2005/108-010	Org. dos Trabalhadores em Mozambique	0.09	
DDH/2005/108-012	ACAMO	1.00	
DDH/2005/108-041	Kulima	1.00	
DDH/2005/108-045	Capacitação do Ordem dos Advogados	0.05	
DDH/2001/002-784	Promoting Rights of Children	0.3	
DDH/2002/003-185	Civic Voter & Voter Education	0.7	
DDH/2003/005-734	EU Electoral Observation Mission – Local Elections	0.7	
DDH/2003/005-954	B7-701 E1 DHR Microprojects	0.4	
DDH/2004/016-742	B7-701 E1 DHR Microprojects	0.3	
DDH/2004/063-975	Programme for Strengthening Democratic Culture & Human Rights	1.2	
DDH/2005/017-478	MP2005 Campaign 3	0.4	
DDH/2006/125-713	OTM-CS	0.09	
DDH/2006/125-789	Kulima - Meluco	0.10	
DDH/2006/125-790	Teia – Observatorio Distrial da Pobreza - Niassa	0.10	
DDH/2006/125-815	LDH - Zambezia	0.08	
ENV/1999/003-539	Rehab of Natural Reserve Gilé	0.9	
ENV/2002/004-267	Miombo Community Land Use & Carbon Management	1.6	
ENV/2002/004-277	Environmental Policy and Admin	0.9	
ENV/2003/063-241	Miombo Community Land Use & Carbon Management	1.6	Duplication?
ENV/2000/060-517	Resource Africa	0.88	
ENV/2003/060-360	IBIS – Reg. Project	0.88	
ENV/2003/063-241	University of Edinburgh - Miombo	1.59	
ENV/2004/081-644	SUBRAP	2.50	
ENV/2006/114-879	Farmers Clubs - Qurimbas	0.30	
FISH/2003/MZ/CE/X1/0			
FISH 2006	Fisheries Partnership Agreement 2007/2011	4.50	
FOOD/1998/53695	AMODER - Niassa	0.94	

PROJECT N°	Project Description	Budget €/M	Notes
FOOD/1998/53697	Care Deutschland	2.50	
FOOD/1999/002-527	FS1999	18.0	
FOOD/2000/002-530	FS2000	14.6	
FOOD/2001/002-342	FS2001	14.8	
FOOD/2002/002-357	FS2002	14.8	
FOOD/2002/32213	Evaluation of FS Programme	0.08	
FOOD/2003/005-776	FS2003	18.0	
FOOD/2003/056-852	Nhambavate Food Security Project	174.0	Budget?
FOOD/2004/016-902	FS2004	15.0	
FOOD/2005/017-787	FS2005	15.0	
FOOD/1996/053-695	AMODER	0.94	
FOOD/1996/053-697			
FOOD/1997/053-737	MIC	2.05	
FOOD/1999/048-345	World Vision UK	2.00	
FOOD/1999/048-556	Marketing management assistance	2.80	
FOOD/2000/048-568	MADER Multiannual Programme Support	5.80	
FOOD/2000/048-569	Tranche MPF 2000	8.40	
FOOD/2000/048-570			
FOOD/2001/027-383			
FOOD/2001/047-269	MPF – Multiannual Programme 2000/2002	8.40	
FOOD/2001/061-773	Tranche MADER 2002	5.80	
FOOD/2002/51087	MPF – Multiannual Programme 2000/2002	8.40	
FOOD/2003/005-776			
FOOD/2003/056-839	ADRA – Cashew - Inhambane	2.84	
FOOD/2003/056-847	VETAID Gaza	2.65	
FOOD/2003/056-852	WV - Inhambane	1.74	
FOOD/2003/056-871	VETAID - Inhambane	1.78	
FOOD/2003/060-736	ITGD - Gaza	1.39	
FOOD/2003/061-773			
FOOD/2004/056-842	DIKOS - Gaza	1.18	
FOOD/2004/081-761	MIC Multiannual Programme 2003/5	2.00	
FOOD/2004/084-319	MPF Multiannual Programme 2003/5	6.50	
FOOD/2004/084-367	MADER Multiannual Programme 2003/5	9.50	
FOOD/2004/086-524	MADER Multiannual Programme 2000/2	5.80	
FOOD/2004/086-664	Final evaluation of NGO projects Northern Mozambique	0.17	
FOOD/2004/086-859	Joint appraisal PROAGRI	0.01	
FOOD/2004/097-419	ADRA Cashew	0.20	
FOOD/2004/097-444	CARE Pasana Nampula	0.45	

PROJECT N°	Project Description	Budget €/M	Notes
FOOD/2004/097-446	CORD - Niassa	0.23	
FOOD/2004/097-447	MOVIMONDO - Niassa	0.16	
FOOD/2004/097-449	OIKOS - Mandimba	0.18	
FOOD/2004/097-450	TROCAIRE - Zambezia	0.17	
FOOD/2004/097-451	VETAID - Inhambane	0.59	
FOOD/2004/097-452	OXFAM - Niassa	0.78	
FOOD/2004/097-453	WV – UK - Zambezia	0.68	
FOOD/2005/104-710	MIC	0.40	
FOOD/2005/104-719	Tranche MPF 2004	14.00	
FOOD/2005/106-078	Audit FSP 2003/05	0.18	
FOOD/2005/16902-2			
FOOD/2006/122-352	Tranche MPF 2005	7.50	
FOOD/2006/131-142	TA to MTEF MINAG	0.04	
MAP2002/002-722	Land Mine clearance – Inhambane & Maputo	0.8	
MAP/2003/076-590	Support to Capacity Building to National Demining Institution	1.0	
MAP/2000/054-437	Emergency Mine Action	1.95	
MAP/2003/057-000	Mozambique landmine technical survey	0.76	
MAP/2003/076-590			
MAP/2005/109-807	Handicap International	0.90	
ONG-PVD/2003/020-756	Integrated Community Based Care for People Living with HIV/AIDS	0.7	
ONG-PVD/2003/020-777	Partner Capacity Building & Poverty Alleviation	0.8	
ONG-PVD/2003/020-758	Fortalecimento dos Serviços Basicos de Saude	0.7	
ONG-PVD/2004/062-024	Concerted Approach to Assistance	0.7	
ONG-PVD/2001/011-792	Decentralised Participatory District Planning in Nampula	100.0	Budget?
ONG-PVD/1998/010-865	OIKOS	0.23	
ONG-PVD/1999/010-992	Escolas Artes Chimoio	0.45	
ONG-PVD/1999/011-007	COSV - Maputo	0.70	
ONG-PVD/1999/011-124	Christian Aid Milange	0.74	
ONG-PVD/1999/011-344			
ONG-PVD/2000/011-394			
ONG-PVD/2000/011-522			
ONG-PVD/2000/011-528			
ONG-PVD/2000/011-576			
ONG-PVD/2000/011-598	Centro Sviluppo Terzo Mondo	0.30	
ONG-PVD/2000/011-619			
ONG-PVD/2000/011-709	Africa Groups	0.12	
ONG-PVD/2001/011-440	Im Vallefor	0.71	
ONG-PVD/2001/011-680	Int. Limb Project	0.98	

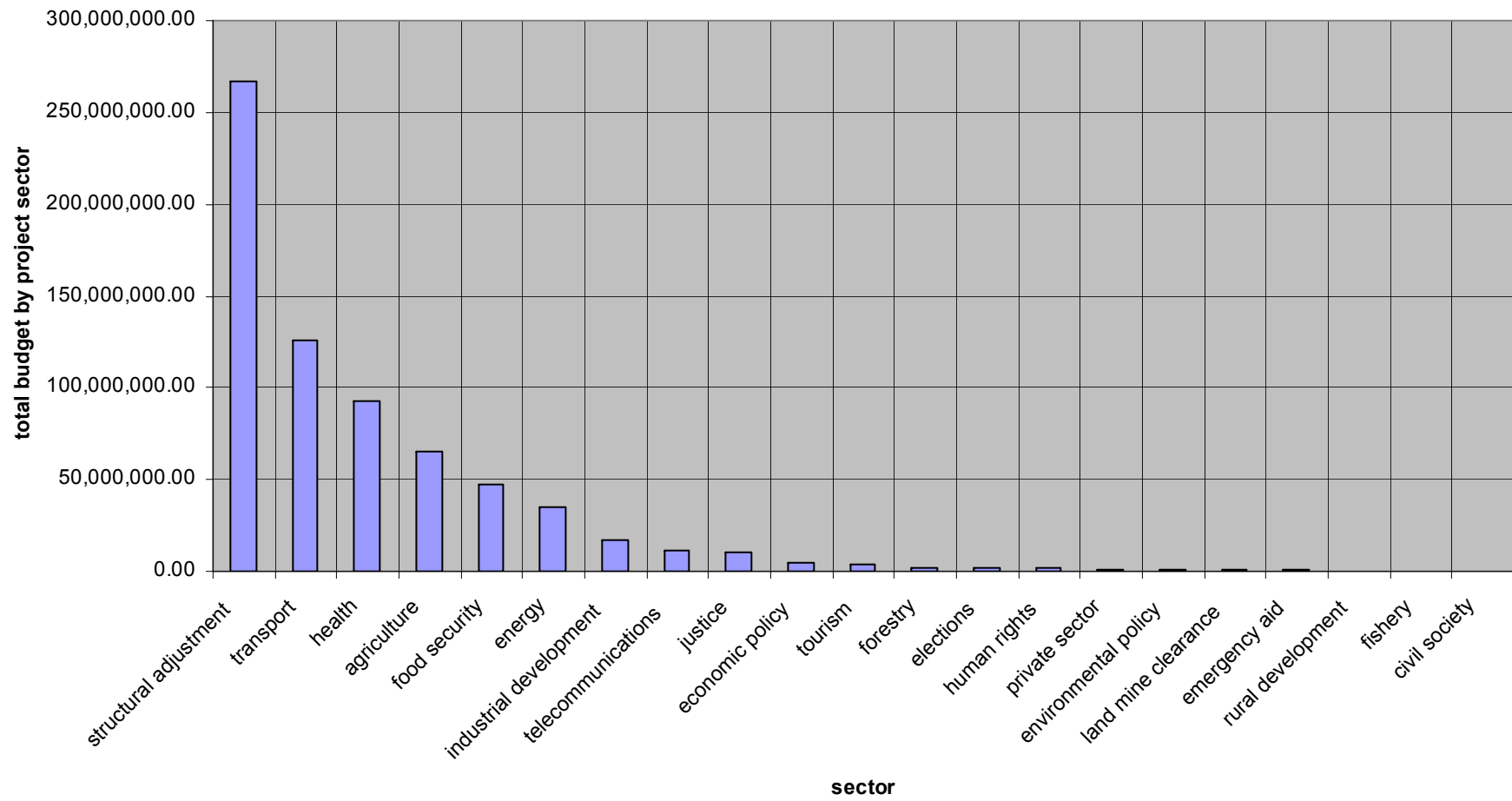
PROJECT N°	Project Description	Budget €/M	Notes
ONG-PVD/2001/011-691	Cies Desenvolvimento da Cha Manica	0.54	
ONG-PVD/2001/011-706	Concern Education Nampula	1.00	
ONG-PVD/2001/011-792	Concern – Participatory Planning Nampula	0.69	
ONG-PVD/2002/011-792	Concern Nampula	0.69	
ONG-PVD/2002/011-680	Int Limb Project	0.98	
ONG-PVD/2003/020-756	Deutsches Rotes Krenz - Gaza	0.72	
ONG-PVD/2003/020-758	C. Interhospitalario Cooperação Zambezia	0.73	
ONG-PVD/2003/020-770	MSF Luxembourg Tete	0.75	
ONG-PVD/2003/020-777	Helpage International	0.75	
ONG-PVD/2004/062-024	3 quartiers de Beira – Approche Concerté	0.75	
ONG-PVD/2004/063-352	GV CIVIL – Caju – Southern Mozambique	0.59	
ONG-PVD/2005/094-701	Collegio Universario Aspirante Moma	0.82	
ONG-PVD/2005/094-856	Concern Education Zambezia	0.75	
ONG-PVD/2005/095-011	Fondazione Terre des Hommes - Matola	0.72	
ONG-PVD/2005/095-459	Hilfswerk Austria - Sofala	0.66	
ONG-PVD/2005/095-505	Voluntaiade Int - Matutine	0.34	
ONG-PVD/2005/095-618	NOVIB – Za,bezia	1.50	
ONG-PVD/2005/096-937	CIES	0.44	
ONG-PVD/2006/118-801	Deslocados Maputo	0.49	
ONG-PVD/2006/119-236	Community based health care Niassa	0.72	
SANTE/2004/080-318	Strengthening Safe Motherhood Programme in Gaza	2.5	
SANTE/2003/019-109	Care Osterreich	3.89	
SANTE/2004/080-318	Medicus Mundi - Gaza	2.03	
SANTE/2004/096-157	Medicus Mundi Gaza	2.25	
SANTE/2006/105-398	THEME II Chokwe	2.49	
FNOP/INT/105/NOR			
FNPP/GLO/001/NET			
GCP/MOZ/027/BEL			
GCP/MOZ/079/BEL			
B7-201	Support for Programme for Production & Marketing of Cashew – Multi-annual FS Programme	2.2	
B7-7021T-2000/MOZ/039	Programme for Raising Awareness of Civil Society & Support	0.8	
B7-701/2002/3075	Civic & Voter Education	0.7	Duplication?
B7-6000PVD/2000/327/CSR	Agriculture & Livestock Development in Magude	0.7	
B7-2010	Producer Association Development Programme	1.7	
B/6000/PVD/2001/450/IRE/PR	Decentralised Participation – District Planning in Nampula	1.0	
B7-6200/2002/063-241/MZ	Miombo Community Land Use & Carbon Management	158.7	Duplication? Budget?
PVD2000/584	Construction of Primary Schools in Chokwe District	0.4	

PROJECT N°	Project Description	Budget €/M	Notes
PVD2000/576	Improvement of Community Managed Water Supply & Sanitation Facilities	0.8	Duplication?
PVD2000/654	Construction of 2 Primary Schools in Chokwe	0.5	Duplication?
PVD2000/833	Project to Increase Poor Childrens Access to Basic Primary Eduction	0.5	
LO18833/96/03	Inhambane Livelihood Recovery Programme	2.5	
GCP/MOZ/064/EC	Marketing Management Assistance for FS Phase II	2.8	
REH/1999/003-527	Community Water & Sanitation - Inhambane	0.8	
REH/1999/003-532	Educational Activities in Manica	0.3	
REH/1999/003-534	Livestock Rehabilitation in Chiure	0.5	Duplication?
REH/1999/003-543	Animal Traction in Gaza	0.4	
SUCRE/2006/018-514	Support to Mozambique Sugar Sector Adaptation Plan	0.6	
	Upgrading of the Manhica Health Centre to Hospital Status	3.90	
	Rehabilitation of the hospitals of Maganja da Costa, Morrumbala, Nicoadala e Namacurra	7.38	
SANTE/2003/049-109	Aids Prevention, Positive Living and Empowerment (APPLE) project, implemented by CARE Austria	3.89	
	Rehabilitation of the Hospital of Milange	3.25	
	Health Sector Support Programme (GTZ)	2.30	
	Equipment for Zambezia	1.59	
	Integrated Community Based Care for People Living With HIV/AIDS, Terminal Diseases and Orphans	1.22	
	Strengthening of primary health services	0.93	Budget? €0.70M?
	Integrated Network to Combat HIV/AIDS	0.32	
	Health for the people	1.05	
	Support to Malaria Control Programme in Chokwe Region	3.44	
	Equipment for Zambezia	2.00	
SANTE2006/080-318	Strengthening the safe motherhood programme of the Gaza Provincial Health Board (MEDICUS MUNDI CATALUNYA)	2.25	
	Actions to confront the spread of HIV/AIDS and other STD's ???	1.00	
	Integrated community based care for people living with HIV/AIDS or terminal illnesses and orphans in Gaza province	1.00	Budget? €0.70M?
	Strengthening of primary health care services in Morrumbala District, Zambezia Province	1.00	
SANTE/2004/096-157	To support the implementation of that Part of Strategic STD/HIV/AIDS Plan aimed at HIV vertical transmission (MTCT) in Gaza Province, Mozambique (Medicus Mundi Catalunya?)	2.03	
	Instituto de Medicina Tropical	2.69	
Sub total Other Interventions			

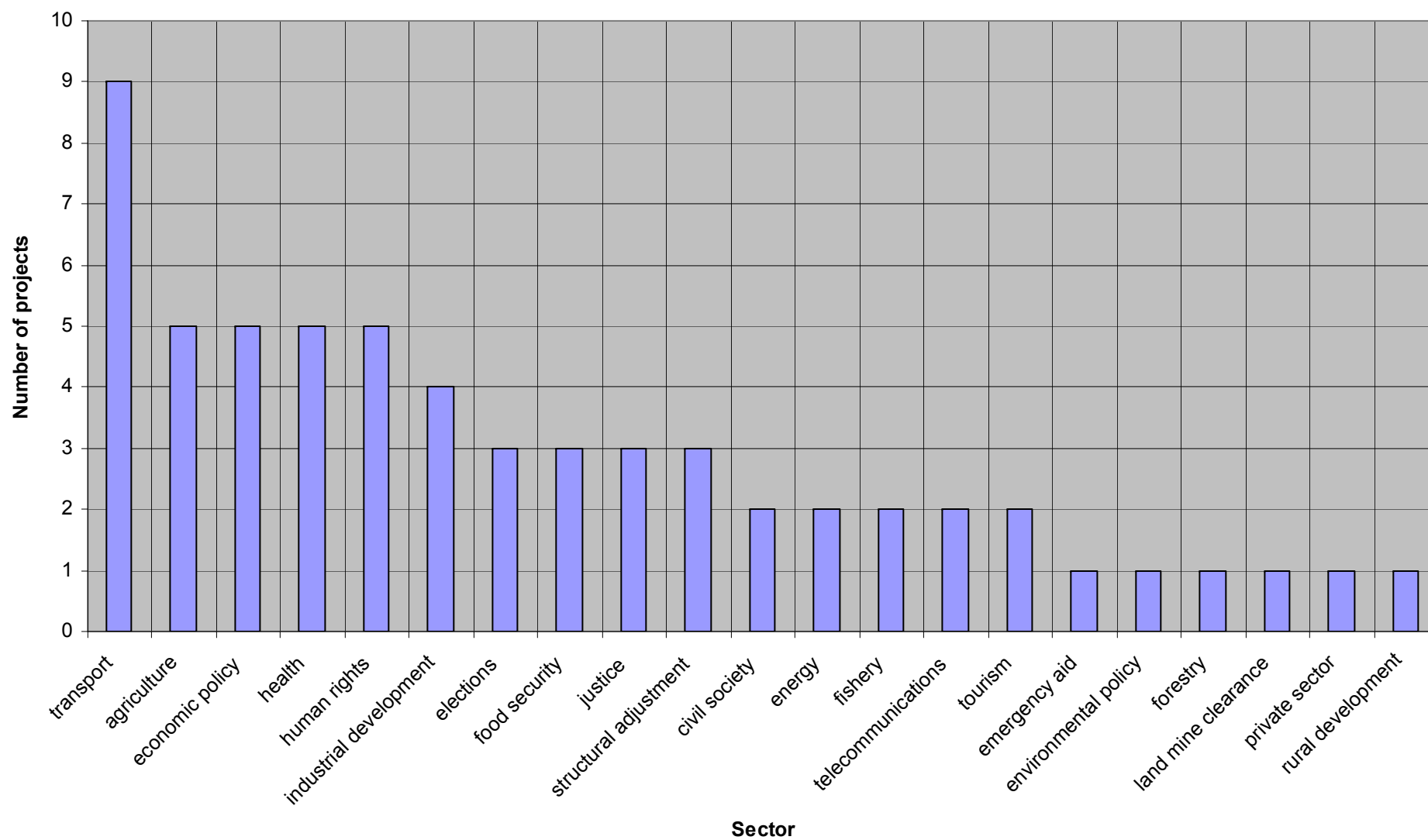
PROJECT N°	Project Description	Budget €/M	Notes
<b>Regional Projects</b>			
	ACP-EU Water Facility – 1 <sup>st</sup> Call for Proposals		Budget? Project N°?
	ACP-EU Water Facility – 2 <sup>nd</sup> Call for Proposals		Budget? Project N°?
	SADC Hydro-geological Mapping Project (SADC)	0.9	Project N°?
	Economic Accounting for Water Use (SADC)	1.0	Project N°?
	ZAMCON – Development of IWRM Strategy for Zambezi Basin	1.1	Project N°?
	ACP Energy Facility		Budget? Project N°?
	ACP-EU Infrastructure Partnership	60.0	9 <sup>th</sup> EDF??
	ACP-EU Infrastructure Partnership	5600.0	10 <sup>th</sup> EDF??
	GREEF – Global Energy Efficiency & Renewable Energy Fund		??

SECTOR	TOTAL BUDGET/€	Nº INTERVENTIONS	SECTOR	TOTAL BUDGET/€
Transport	196,112,784.00	9	Structural Adjustment	267,117,670.00
Agriculture	30,880,000.00	5	Transport	126,066,454.00
Economic Policy	2,388,173.00	5	Health	92,800,000.00
Health	35,420,390.00	5	Agriculture	65,562,000.00
Human Rights	18,080,860.00	5	Food Security	47,600,000.00
Industrial Development	35,013,521.00	4	Energy	35,373,982.00
Elections	172,781,318.00	3	Industrial Development	16,825,711.00
Food Security	31,910,029.00	3	Telecommunications	11,092,689.00
Justice	74,000,000.00	3	Justice	10,081,737.00
Structural Adjustment	14,487,937.00	3	Economic Policy	4,500,000.00
Civil Society	15,013,521.00	2	Tourism	4,000,000.00
Energy	35,373,982.00	2	Forestry	1,587,232.00
Fishery	10,838,157.00	2	Elections	1,507,475.00
Telecommunications	70,066,454.00	2	Human Rights	1,505,000.00
Tourism	4,000,000.00	2	Private Sector	982,226.00
Emergency Aid	38,157.00	1	Environmental Policy	882,774.00
Environmental Policy	982,226.00	1	Land Mine Clearance	760,000.00
Forestry	66,454.00	1	Emergency Aid	740,939.00
Land Mine Clearance	4,000,000.00	1	Rural Development	197,361.00
Private Sector	0.00	1	Fishery	59,929.00
Rural Development	13,521.00	1	Civil Society	0.00
Total	751,467,484.00	61		

Total budget per sector 2001-2007



### Number of projects by sector 2001-2007





## **Annex M     Key Health Indicators**

Indicator	Baseline	Target 2005	2001	2002	2003	2004	2005	2006
<b>PARPA I Indicators</b>								
Child mortality rate	200‰ (2000)	<190			178‰			
Infant mortality rate	147‰ (1997)	<130			124‰			
Maternal mortality rate per 100,000 live births (institutional deliveries)	175 (2000)	<170				182	178	190
Rate of low birth weight (institutional deliveries)	12.2% (2000)	<11.5%			10.1%	9.7%	10.5%	11.5%
Malaria-related mortality rate in children <5 (amongst children in rural hospitals)	34% (2000)	<18%	No information					
HIV prevalence rate (estimate)	11% (2000)		12.7%	13.6%		16.2%		
Number of people reached by information and sensitization campaigns on HIV/AIDS	No information	4 million by 2003	No information					
% of children <1 with complete vaccinations (DPT3)	88% (2000)	>90%	83.9%	87%	91.1% <sup>1</sup> 56.9% <sup>2</sup>	91.5%	83.6%	100%
Institutional delivery coverage rate	40.3% (2000)	>46%	41.2%	43%	45.1%	46.9%	50%	48.4%
Inhabitants per health unit- levels I and II	14,345 (2000)	<11,000	No information					
Percentage of households with mosquito nets in priority areas	70% (2000)	80%	No information					
Number of preventive measures	No information	2,310,000 people	No information					
Free distribution of condoms for people with HIV	No information	4,500,000 people	No information					
<b>PARPA II Indicators</b>								
Utilization rate - consultations per inhabitant per year			0.85	0.83	0.94	0.94	1.0	1.0
# and % of HIV+ pregnant women and neonates receiving PMTCT prophylaxis <sup>3</sup>	0 (2000)			253	877	3,182	7,690	12,150
	0% (2000)			0.2%	0.7%	2.3%	5.1%	7.4%
# and % of people with advanced HIV infection receiving antiretroviral therapy	0 (2000)					7,500	19,000	44,100
	0% (2000)					3.4%	8.0%	16.4%
Amount of funds disbursed by CNCS-SE to CSO and public and private institutions (in M USD)					2.5	4.7	7.5	12.3

**Annex N      Compromissos dos Parceiros de Apoio Programático para  
2008**

## DOSSIER DE IMPRENSA

### Confirmação dos Compromissos dos Parceiros de Apoio Programático (PAPs) para 2008

Hoje, 24 de Maio, a Cerimonia de Confirmação dos Compromissos de apoio orçamental em 2008 tem lugar no Ministério da Planificação e Desenvolvimento (MPD). A Cerimonia será presidida por S. Excia o Ministro Aiuba Cuereneia e vários ministros assim como representantes de 19 Parceiros de Apoio Programático (PAPs).

Os cometimentos para 2008 baseiam-se sobre o *Aide Memoire*, documento que contem as conclusões da Revisão Conjunta 2007 sobre a implementação do PARPA II em 2006. Em consideração do desempenho avaliado, a maioria dos parceiros decidiram de mais **manter o mesmo nível de ajuda** do ano passado, ao invés de aumentar como previsto. O apoio directo ao orçamento é de USD 385,8 milhões.

Os montantes são em moeda original e o taxa de câmbio considerado na conversão em dólares americanos é o mesmo que foi utilizado para o Orçamento do Estado 2007.

DOADOR	MOEDA ORIGINAL	2007	2008	VALOR AJUSTADO EM DOLAROS AMERICANO
Alemanha	EURO	10 000 000	12 500 000	14 204 545
Áustria	EURO	novo	1 600 000	1 818 182
BAD	BUA	20 000 000	20 000 000	28 985 507
Banco Mundial	USD	70 000 000	70 000 000	70 000 000
Bélgica	EURO	3 000 000	3 000 000	3 409 091
Canada	CAD	5 000 000	7 500 000	6 147 541
Comissão Europeia	EURO	43 130 000	46 500 000	52 840 909
Dinamarca	DKK	60 000 000	60 000 000	9 345 794
Espanha	EURO	3 000 000	5 000 000	5 681 818
Finlândia	EURO	5 000 000	7 000 000	7 954 545
França	EURO	2 000 000	2 000 000	2 272 727
Holanda	EURO	18 000 000	18 000 000	20 454 545
Irlanda	EURO	9 000 000	10 000 000	11 363 636
Itália	EURO	3 800 000	3 800 000	4 318 182
Noruega	NOK	140 000 000	160 000 000	24 132 730
Portugal	EURO	1 320 000	1 320 000	1 500 000
Reino Unido	GBP	36 000 000	41 000 000	70 689 655
Suécia	SEK	300 000 000	350 000 000	44 585 987
Suiça	CHF	8 000 000	8 000 000	6 106 870
TOTAL				385 812 267

Mais informações estão disponíveis no sítio [www.pap.org.mz](http://www.pap.org.mz) e no da ODAMoz [www.odamoz.org.mz](http://www.odamoz.org.mz).

**Contacto:** Secretariado do PAP, Embaixada Real da Noruega

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Barbara Bendandi – Oficial de Comunicação  
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Cell. 82 5302952

Discurso – da Confirmação dos Compromissos dos PAPs para 2008, 24 de Maio de 2007

Sua Excelência, Ministro da Planificação e Desenvolvimento,  
Todos os Ministros presentes,

Membros do Governo da República de Moçambique,

Caros colegas do Corpo Diplomático,

Minhas Senhoras e Meus Senhores:

Tenho a honra de representar o grupo de 19 dezanove Parceiros de Apoio Directo ao Orçamento do Estado, o grupo PAP. Estamos todos empenhados em contribuir para o desenvolvimento do País conforme as estratégias definidas no PARPA II. Gostaria, desde já, de salientar alguns valores essenciais para a nossa parceria e colaboração: Confiança, diálogo aberto e progresso.

A 30 de Abril de 2007, tivemos a cerimónia de encerramento da Revisão Conjunta, na qual nos comprometemos a fazer a entrega do nosso envelope financeiro ao Governo de Moçambique, na base do desempenho em 2006.

Houve resultados bons em algumas áreas já identificadas, mas em outras áreas o fraco desempenho é preocupante. Durante a revisão conjunta as áreas que carecem de atenção especial, foram identificadas, tais como: a reforma legal, a produtividade no sector agrícola, a prestação de serviços públicos, o combate à corrupção, entre outras. A fim de manter a nossa relação baseada na confiança, precisamos de resultados e dum diálogo aberto em torno dessas questões – quer sejam políticas ou económicas.

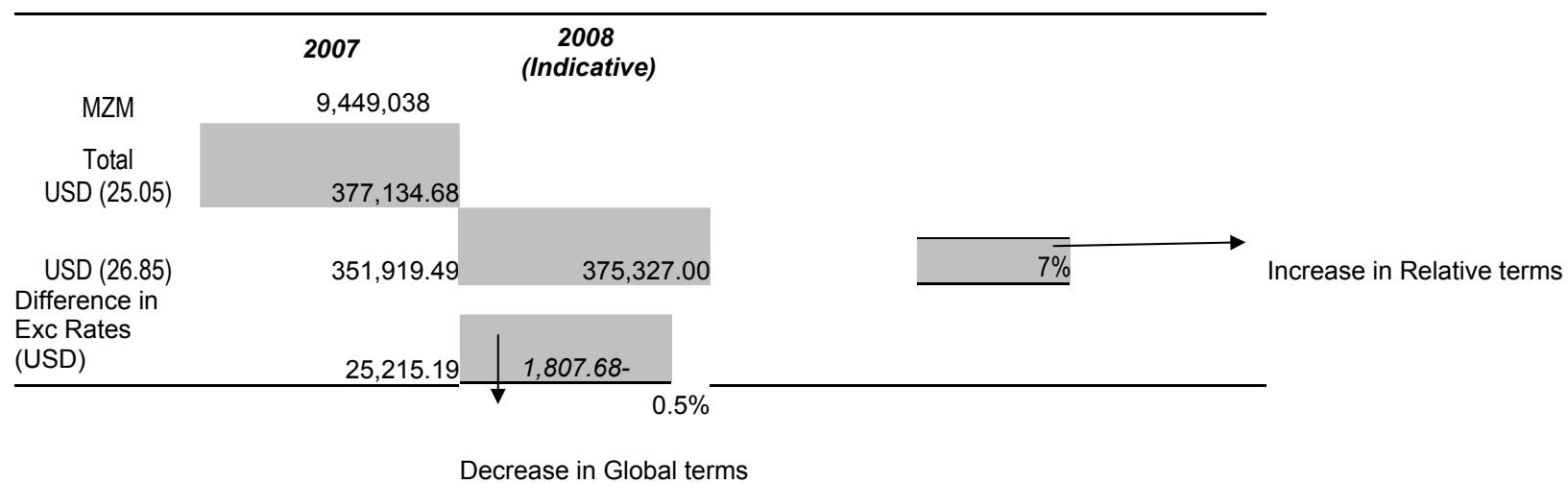
Os PAPs tinham previsto um aumento no apoio orçamental para 2008. Este aumento não se realizará por parte de alguns parceiros, em virtude do fraco desempenho. A Revisão Conjunta concluiu que, apesar de algumas reservas, o progresso alcançado em 2006 permite aos PAPs, manter o nível de apoio ao Orçamento do Estado.

Finalmente, salientar que os PAPs querem fazer a diferença na luta contra a pobreza em Moçambique. O nosso compromisso de hoje, é a maior contribuição

para o desenvolvimento deste país. Contamos com o Governo na elaboração de planos correctos e um orçamento adequado para reduzir a pobreza em 2008. Mãos à obra e muito obrigado.

## GBS - Moeda Original

Country/Agency		Currency			
		Figures in 2006 (Moeda Original)	Figures at 21/05/2007 (*)	Variacao%	USD ( ODAMoz Exch Rate As of 21/05/2007)
ADB	BUA	20,000,000.00	20,000,000	0%	20,000,000
AUT	EUR		1,600,000		1,818,182
BEL	EUR	3,000,000.00	3,000,000	0%	3,409,091
CAN	CAD	5,000,000.00	7,500,000	50%	6,147,541
DIN	DKK	60,000,000.00	60,000,000	0%	9,345,794
EC	EUR	43,130,000.00	46,500,000	8%	52,840,909
FIN	EUR	5,000,000.00	7,000,000	40%	7,954,545
FRA	EUR	2,000,000.00	2,000,000	0%	2,272,727
GER	EUR	10,000,000.00	12,000,000	20%	13,636,364
HOL	EUR	18,000,000.00	18,000,000	0%	20,454,545
IRL	EUR	9,000,000.00	10,000,000	11%	11,363,636
ITA	EUR	3,800,000.00	3,800,000	0%	4,318,182
NOR	NOK	140,000,000.00	160,000,000	14%	24,132,730
POR	EUR	1,500,000.00	1,500,000	0%	1,704,545
SPA	EUR	3,000,000.00	4,000,000	33%	4,545,455
STWZ	CHF	8,000,000.00	8,000,000	0%	6,106,870
SWD	SEK	300,000,000.00	350,000,000	17%	44,585,987
UK	GBP	36,000,000.00	41,000,000	14%	70,689,655
WB	USD	70,000,000.00	70,000,000	0%	70,000,000
					<b>375,326,759.87</b>



### Compromissos para o 2008 dos Parceiros para o Apoio Programático Moeda Original

País /Agencia		Moeda		GBS		PROAGRI		FASE		PROSAUDE		UTRAFE		HIV
				Montantes em 21/05/2007	USD (Taxa de Cambio da ODAMoz em 24/05/07)	Montantes em 21/05/2007	USD (Taxa de Cambio da ODAMoz em 24/05/07)	Montantes em 21/05/2007	USD (Taxa de Cambio da ODAMoz em 24/05/07)	Montantes em 21/05/2007	USD (Taxa de Cambio da ODAMoz em 24/05/07)	Montantes em 21/05/2007	USD (Taxa de Cambio da ODAMoz em 24/05/07)	Montantes em 21/05/2007
ADB	BUA			20,000,000	28,985,507									
AUT( *)	EUR			1,600,000	1,818,182	1,000,000	1,136,364							
BEL	EUR			3,000,000	3,409,091		-					1,000,000	1,136,364	
CAN	CAD			7,500,000	6,147,541	5,000,000	4,098,361	5,000,000	4,098,361	4,000,000	3,278,689			2,000,000
DIN	DKK			60,000,000	9,345,794	16,000,000	2,492,212	2,000,000	311,526	22,000,000	3,426,791	14,000,000	2,180,685	7,000,000
EC	EUR			46,500,000	52,840,909	16,900,000	19,204,545			5,900,000	6,704,545			
FIN	EUR			7,000,000	7,954,545	4,000,000	4,545,455	4,500,000	5,113,636	5,000,000	5,681,818			
FRA	EUR			2,000,000	2,272,727					3,000,000	3,409,091			
GER	EUR			12,500,000	14,204,545			19,045,168	21,642,236					
HOL	EUR			18,000,000	20,454,545			20,000,000	22,727,273	4,240,964	4,819,277			
IRL	EUR			10,000,000	11,363,636	2,000,000	2,272,727	6,500,000	7,386,364	16,500,000	18,750,000			1,750,000
ITA	EUR			3,800,000	4,318,182									
NOR	NOK			160,000,000	24,132,730					43,200,000	6,515,837	10,000,000	1,557,632	10,800,000
POR	USD			1,500,000	1,500,000			250,000	250,000					
SPA	EUR			5,000,000	5,681,818			2,000,000	2,272,727	3,000,000	3,409,091			
STWZ	CHF			8,000,000	6,106,870					4,000,000	3,053,435			
SWD	SEK			350,000,000	44,585,987	37,000,000	4,713,376					10,000,000	1,273,885	12,000,000
UK	GBP			41,000,000	70,689,655			4,500,000	7,758,621	3,700,000	4,352,941	1,750,000	3,017,241	1,300,000
WB	USD			70,000,000	70,000,000					6,600,000	6,600,000			11,500,000
				<b>385,812,267.12</b>		<b>38,463,039.20</b>		<b>71,560,744.19</b>		<b>70,001,515.65</b>		<b>9,165,808.12</b>		

(\*) Ainda por assinar o acordo bilateral

#### Resumo

**GBS 385,812,267.12**

PROAGRI 38,463,039.20

FASE 71,560,744.19

PROSAUDE 70,001,515.65

UTRAFE 9,165,808.12

HIV/SIDA 21,617,324.31

ROADS 24,017,085.13

ASAS 6,250,000.00

**241,075,516.60**

**GBS + Apoio P 626,887,783.72**