

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

Country Level Evaluation

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***The opinions expressed in this document represent the authors' points of view,
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Status and versions of the document

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LAYOUT OF THE REPORT

The report consists of 2 volumes:

- Final Report (about 60 pages)
- Annexes (about 200 pages)

The Final Report is a synthesis of the evaluation comprising:

- ❖ Evaluation Framework – a brief background and purpose of the evaluation, which sets out the evaluation questions and introduces the methodology
- ❖ Country Context – introduction, overall political, economic and social situation in Mozambique, objectives, strategies and programmes of EC support and notes on regional programmes of support
- ❖ EC support to Mozambique – summary of previous EC cooperation, current EC objectives, strategies and programmes
- ❖ Conclusions – based upon the detailed findings for each evaluation question as set out in Annex E (Forms of Evaluation Questions, Judgment Criteria, Indicators and Analysis)
- ❖ Recommendations – based upon the conclusions
- ❖ Overall Assessment – based upon answers to evaluation questions, findings and conclusions noted above, this is a mixture of overall conclusions and transferable lessons, which may be applicable to other countries.

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LIST OF ACRONYMS

ACP	Africa Caribbean Pacific	EMP	Environmental management plan
AFD	French Development Assistance	EP1	1st level primary education (Grades 1-5)
AfDB	African Development Bank	EP2	2nd level primary education (Grades 6 & 7)
AMODER	Associação Moçambicana para o Desenvolvimento Rural (Mozambican NGO involved in rural finance activities)	EPA	Economic Partnership Agreement
ANE	Administração Nacional de Estradas (National Roads Administration)	EQ	Evaluation question
ART	Anti-retroviral Treatment	ESAN	National Food Security and Nutrition Strategy
AU	African Union	ESAF	Enhanced Structural Adjustment Facility
BADEA	Arab Bank for Economic Development in Africa	EU	European Union
BCI	Banco Commercial de Investimento	EWS	National Early Warning System
BCM	Banco Commercial de Mozambique	FAO	Food & Agriculture Organisation
BIM	Banco Internacional de Mozambique	FCM	Fundo Comun de Medicamentos
BL	Budget line	FCP	Fundo Comun Provincial
BoM	Bank of Mozambique	FE	Fundo de Estradas
BOQ	Bill of quantities	FS	Food security & agriculture
BS	Budget Support	FSIS	food security information systems
CBO	Community Based Organization	FSNS	Food Security and Nutrition Strategy
CCLJ	Conselho de Coordenação da Legalidade e Justiça (Council for Coordination of Legality and Justice)	G20	Platform of CSOs aiming to promote and improve their inputs into to policy processes, in particular in the Poverty Observatory.
CDC	Canadian Development Cooperation	GAPI	rural finance institution
CFMP	Cenário Fiscal de Médio Prazo (Mid-term Fiscal Framework)	GAS	Gabinete de Assessoria e Supervisão (MOPH)
CIS	Consolidated Information System	GATE	Gabinete de Assistência Técnica de Estradas (MOPH)
CIDA	Canadian International Development Association	GBS	General Budget Support
CIRESP	Comissão Interministerial da Reforma do Sector Público (Interministerial Commission of Public Sector Reform)	GDP	Gross Domestic Product
CNCS	National Council for the Fight against HIV/AIDS	GG	Good Governance
CTA	Confederação das Associações Económicas de Moçambique (Network of Mozambican Economic Associations)	GMD	Grupo Moçambicano da Dívida (Mozambican Debt Group, a Mozambican NGO involved in the discussion and monitoring of debt issues)
CSO	Civil Society Organization	GoM	Government of Mozambique
CSP	Country Strategy Paper	GT-SWAP	Grupo de Trabalho - SWAP
DANIDA	Danish International Development Agency	HDI	Human Development Index
DEN	Directorate of National Roads	HE	Health
DEP	Provincial Department of Roads and Bridges	HIPC	Highly Indebted Poor Country
DER	Directorate of Regional Roads	HIV/AIDS	Human Immuno-deficiency Virus/Acquired Immunodeficiency Syndrome
DFID	UK Department for International Development	HLF	High Level Forum
DNEP	Direcção Nacional de Estradas e Pontes (National Directorate of Roads and Bridges)	HPI	Human Poverty Index
DPC	Department of Planning and Cooperation (MISAU)	HSSP	Health Sector Support Programme
DPOPH	Provincial Directorate of Public Works and Housing	I	Indicator
DPPF	Direcção Provincial do Plano e Finanças (Province Directorate of Planning and Finance)	IAF	Survey of Family Units
DS	Desk study	ICT	Knowledge Based Economy Programme
EC	European Commission	IDA	International Development Association
ECA	Agricultural Marketing Strategy	IDS	Demographic & Health Survey
EIA	Environmental Impact Assessment	IDPPE	Instituto Nacional de Desenvolvimento da Pesca de Pequena Escala (National Institute for Small Scale Fisheries Development)
EIB	European Investment Bank	IFAD	International Fund for Agricultural Development
EIDHR	European Initiative for Democracy and Human Rights	IFMIS	Integrated Financial Management Information System
EIRR	Economic Internal Rate of Return	IFPRI	International Food Policy Research Institute
EDF	European Development Fund	IIAM	Instituto de Investigação Agrária de Moçambique (Agricultural Research Institute of Mozambique)
		ILO	International Labour Organisation
		IMF	International Monetary Fund

INE	Instituto Nacional de Estatística (National Institute of Statistics)	NGO	Non-Governmental Organisation
IPAJ	Instituto de Patrocínio e Assistência Jurídica (Public Institute for legal advise)	NORAD	Norwegian Agency for Development Cooperation
IPC	Interim Payment Certificate	NSA	Non-State Actors
IRSS	Interim Road Sector Strategy	OC	Overall Conclusion
ISCOS	Istituto Sindicale per la Cooperazione allo Sviluppo	ODAMOZ	Official Development Assistance to Mozambique Database
IVA	VAT	OE	Orçamento do Estado (State Budget)
JAR	Joint Annual Review	OP	Observatório da Pobreza (Poverty Observatory)
JC	Judgement Criteria	OPEC	Organization of Petroleum Exporting Countries
JDG	Joint Donor Group	PAF	Performance Assessment Framework
JICA	Japanese International Cooperation Agency	PAMA	Programme of Access to Markets (Programa de Apoio aos Mercados Agrícolas)
Km	Kilometres	PAP	Programme Aid Partnership
LB	Labour-based	PARPA	Plano de Acção Para a Redução da Pobreza Absoluta (GoM's Programme for Reduction of Poverty)
LDH	Liga dos Direitos Humanos (Human Rights League)	PEE	Roads Strategy
LFM	Logical Framework Matrix	PES	Plano Económico e Social (Economic and Social Plan)
LOLE	Lei dos Órgãos Locais do Estado (Local State Organs Law)	PESS	Strategic Plan for the Health Sector
LSMS	Living Standards Measurement Survey	PEN	National Strategic Plan covering the period 2000-2003 (HIV/AIDS)
MADER	Ministério da Agricultura e Desenvolvimento Rural (Ministry of Agriculture and Rural Development)	PEPFAR	President's Emergency Plan for AIDS Relief
MAFSP	Ministry of Agriculture Food Security Programme	PFM	Public financial management
MAP	Multi-Country AIDS Programme (WB)	PIP	Project implementation plan
ME	Macro-economic Support	PLWHA	Persons living with HIV and AIDS
M&E	Monitoring and Evaluation	PMU	Project Management Unit
MEBS	Macro-economic Budget Support	PPE	Pro-poor expenditure
MCC	Millennium Challenge Corporation	PPFD	Decentralised Planning and Finance Programme
MDG	Millennium Development Goals	PRGH	Poverty Reduction and Growth Facility
MF	Ministério de Finanças (Ministry of Finance)	PRISE	Programma Integrada do Sector de Estradas
MINAG	Ministério da Agricultura (Ministry of Agriculture)	PROAGRI	National Programme for Agricultural Development
MISAU	Ministério da Saúde (Ministry of Health)	PROSAUDE	Fundo Comum de Apoio ao Sector da Saúde, Common fund for budget support to Health sector
MONASO	Rede Moçambicana de Organizações contra a SIDA	PRBS	Poverty Reduction Budget Support
MOPH	Ministério das Obras Públicas e Habitação (Ministry of Public Works and Housing)	PRSP	Poverty Reduction Strategy Paper
MoU	Memorandum of Understanding	PSIA	Poverty and Social Impact Assessment
MP	Member of Parliament	PSRC	Poverty Reduction Support Credit
MPD	Ministério da Planificação e Desenvolvimento (Ministry of Planning & Development)	QA	Quality assurance
MTC	Ministério dos Transportes e Comunicações (Ministry of Transport and Communications)	RADP	Relatório Anual Distrital da Pobreza
MTEF	Medium-term expenditure framework	RAP	Relatório Anual da Pobreza (Annual Poverty Report)
MTFF	Medium-term fiscal framework	RBMP	Roads & Bridges Management and Maintenance Project
MTN	Metical novo (MZM)	RE	Relevance
MTR	Mid-term Review	RENAMO	Resistência Nacional de Moçambique (Mozambican Nacional Resistente, a Mozambican official opposition party)
NAIMA+	Umbrella organisation of international NGO that initially grouped NGOs active in the field of HIV/AIDS/TB/malaria, but recently broadened its mandate to include all NGOs active in the health sector	RG	Reference Group
NDF	Nordic Development Fund	RIFF	Regional Integration Facilitation Forum
NEPAD	New Partnership for Africa's Development	RIP	Regional Indicative Programme
NFSNS	National Food Security and Nutrition Strategy	ROM	Results Oriented Monitoring
NIP	National Indicative Programme	ROSA	Rede de Organizações para a Soberania Alimentar (National Food Sovereignty Network)
		RSA	Republic of South Africa
		RSD	Road Sector Donor
		RSDSG	Road Sector Donors Support Group
		RSP	Regional Strategy Paper (EC)
		RSP	Road Sector Programme

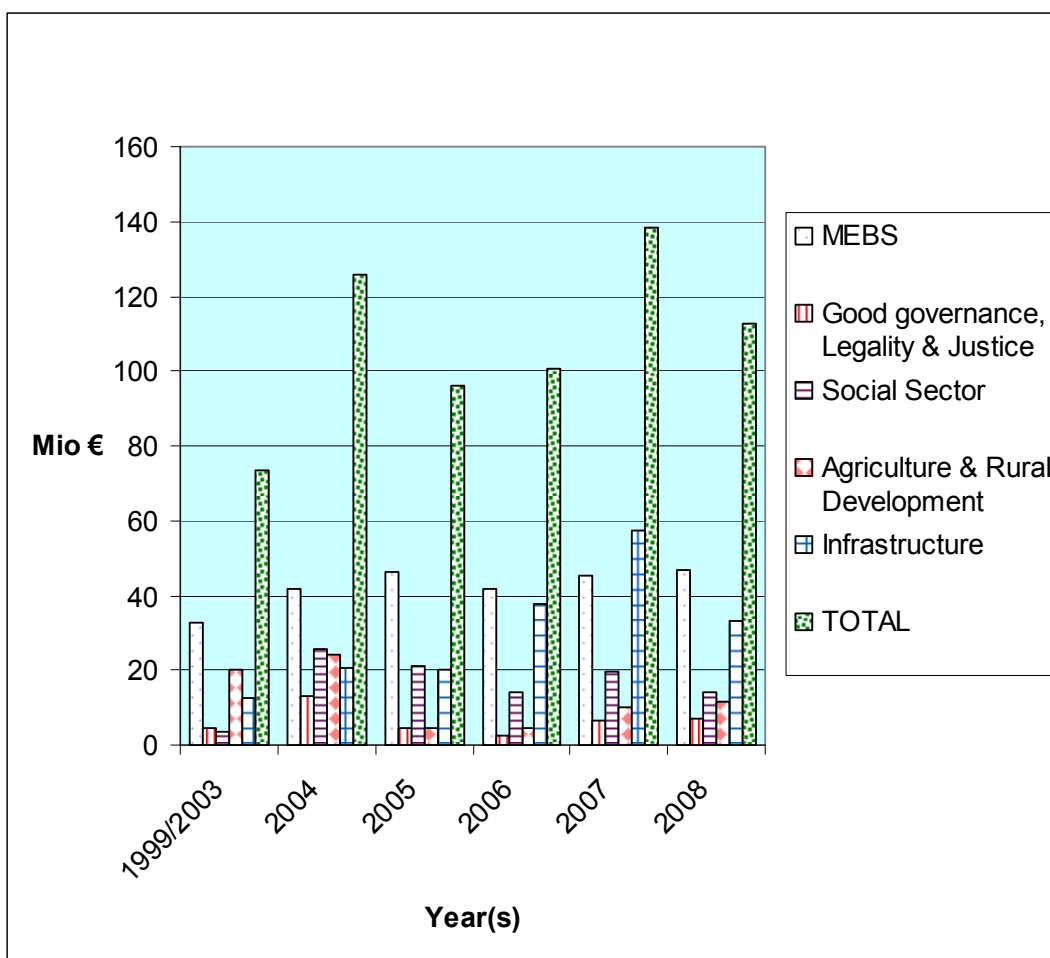
RSPI	Road Sector Performance Indicators
RSS	Roads Sector Strategy
SADC	Southern Africa Development Community
SAP	Structural Adjustment Programme
SBS	Sector Budget Support
SENCAP	Co-ordination Structure of Food Security and Early Warning Information Systems
SETSAN	Food Security and Nutrition Technical Secretariat (Secretariado Técnico de Segurança Alimentar e Nutricional)
SIDA	Swedish International Development Cooperation Agency
SISTAFE	Sistema de Administração Financeira do Estado (Comprehensive reform of the public expenditure management system)
SIU	Social Impact Unit
SNJ	Sindicato Nacional dos Jornalistas (National Trade Union of Journalists)
SSATP	Sub-Saharan Africa Transport Programme
STD	Sexually Transmitted Disease
STI	Sexually Transmitted Infections
SUE	Unified Extension System
SWAP	Sector Wide Approach
TA	Technical Assistance
TAP	Treatment Acceleration Programme (WB)
TB	Tuberculosis
TBT	technical barriers to trade
TEIA	Forum Nacional de ONGs Moçambicanas, National Forum of Mozambican NGOs
TOR	Terms of Reference
TR	Transport Infrastructure
UEM	Universidade Eduardo Mondlane
UN	United Nations
UNAC	União Nacional dos Camponeses (National Farmer Association)
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
USAID	United States Agency for International Development
USD or \$	United States Dollar
USG	United States Government
UTRESP	Unidade Técnica de Reforma do Sector Público, Technical Unit of Public Sector Reform
VOC	Vehicle Operating Cost
VPD	Vehicles per day
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation
WTO	World Trade Organisation

1. EXECUTIVE SUMMARY

1.1 Objectives of the Evaluation

The main objectives of the evaluation are to provide an overall independent and accountable assessment of the European Commission’s cooperation relations with Mozambique during the period 2001-2007, to identify lessons learned from past cooperation and thus provide an aid for implementation of the current strategy and preparation of future strategies. Given the timing of this evaluation, recommendations are focused on implementation issues for the remaining period of the 2001-2007 country strategy and the 2007-2013 country strategy. During the period 2001-2007 disbursements totalled some € 680 million.

Figure 1: Summary of disbursement 1999-2006 and commitment 2007-2008



- 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. MEBS: Macro-economic Budget Support
 4. Agriculture & Rural Development include fisheries
 5. ‘Social sectors’ include Education and Health
 6. ‘Infrastructure’ includes Transport, Energy and Water + Sanitation
 7. Data for BL following tenders 2003 not included
 8. EIB loans not included

1.2 Country Context

With an area of about 800,000 sq km and a population of some 20 million, 80% of whom are located in rural areas, the Republic of Mozambique has one of the lowest rates of urbanization in the world, although urban migration is increasing. Despite a tripling of agricultural production between 1994 and 2004 and significant advances in human and social development in recent years, Mozambique remains in the lowest 5% of countries worldwide as measured by the HDI (Human Development Index). After independence in 1975, the civil war and political instability raged until 1992. Since then, Mozambique has achieved among the fastest rates of growth in Sub-Saharan Africa, but is nevertheless still highly dependent upon foreign assistance. Privatisation, liberalization, rationalization and divestment of state owned enterprises have progressed, but there continues to be a heavy burden of bureaucracy. Since the first elections in 1994, Mozambique has enjoyed improving political and social stability with two further elections and a change of Head of State.

1.3 Methodology

The evaluation methodology follows the approach recommended by the EC, which starts with the reconstruction of the intervention logic to identify prioritised cooperation objectives and intended effects. Derived from the Logical Diagrams, Evaluation Questions (EQs) were proposed, comprising Judgment Criteria (JCs), each of which is assessed based on qualitative and quantitative Indicators.

Among the evaluation tools applied were the examination of some 230 documents and publications, interviews with over 125 persons, plus 5 focus group discussions and 8 case studies, augmented by 11 project visits and detailed reviews of 57 other projects in focal and non-focal sectors out of 227 projects covered by the period of the evaluation.

1.4 Conclusions

1.4.1 Overall Assessment

Overall, the evaluation found that **EC development cooperation in Mozambique is of high quality**. The **effectiveness of the EC Delegation as a partner of government** supporting national poverty reduction policies (PARPA) **has improved significantly during the period 2001-2007**. The development landscape in Mozambique is congested with many donors, funding agencies and other development practitioners, but **EC has made significant efforts to maximise coordination among donors**, although in these circumstances complementarity can be difficult to achieve.

1.4.2 Main Conclusions

- 1. General Budget Support (GBS) has a positive effect in increasing the proportion of public expenditures subject to the national budget.** GBS has furthermore contributed positively to macro-economic management and has increased the volume of resources available (and made them more predictable) in the national budget; all this contributing to more transparency of public expenditure.
- EC contributed substantially to **major national road network which is near to completion. So emphasis is passing to lower category roads** (with little traffic) **and to maintenance** (which continues to be deficient with major periodic maintenance backlog). Unless appropriate maintenance is carried out soon, significant sections of major routes will seriously deteriorate to the point of jeopardizing serviceability and thus require more extensive and expensive treatments of premature periodic maintenance and/or rehabilitation.

3. There is **strong EC support for human rights in Mozambique, but in practice enforcement is weak** or absent, especially regarding performance of justice, courts and prisons.
4. The **absence of an explicit decentralization policy by the government is a major obstacle** to strengthening the participatory planning process at local or district level and to make public sector decisions more transparent and accountable. EC support to the establishment of decentralized democratic structures is not sufficient.
5. The **rate of disbursement during the last NIP has been impressive**. A large proportion of the sums are disbursed through Budget Support (BS) and major infrastructure interventions. **EDF cumbersome procedures do not facilitate programming and implementation** of project interventions and are most unwieldy for smaller contract values.

1.5 Recommendations

A total of some 60 recommendations are presented. They are directly based upon conclusions, prioritized and structured in clusters on the strategy, the implementation and the cooperation sectors.

Main Recommendations

Some recommendations are considered to be of especial significance for continuing EC support to Mozambique.

1. **EC, as a major donor in the justice sector, should play a strategic coordination role** in involving other donors and stimulating policy dialogue on justice reform.
2. The Commission should increase the **support to an 'envisaged model' of democratic decentralization**, since it is crucial for the development process. And decentralization should be considered as a cross-cutting issue in future EC portfolios.
3. **Continue moves towards increasing proportions of General Budget Support and Sector Budget Support (SBS)** and consider increased co-financing and use of common funds for future EC support portfolio.
4. **The EC should support the Government of Mozambique in the preparation of a national capacity development policy** covering, inter alia, institutional structures, human resources development, training needs analysis, conditions of service, pensions and health.

Recommendations on sectors

Macro-economics

5. **Support Government of Mozambique (GoM) in a process of how to achieve growth with equity**. GBS in Mozambique is aimed to support the government poverty reduction programme and the improvement of the living conditions. This has been partly achieved; however, efforts are mainly targeted to increase service delivery to poor (health, education, water, etc.) without having a real strategy for promoting economic growth for the poorer and especially for the rural population. Whilst the overall economic growth is satisfactory, especially in telecommunication, tourism and industrial sectors, the agriculture growth especially of small-holder agriculture (which is occupying 85% of the working force) remains low.

Food Security and Rural Development

6. Continue to support institutional reforms of the agricultural and food security sector, but **give specific attention to training and capacity development at provincial and district levels**. Advocate more dialogue with the **private sector**, especially in rural development and income generation.

Transport

7. In dialogue with other road sector partners and GoM **advocate greater attention to real delegation of powers and responsibility to provincial levels** for maintenance programming and works.
8. Complete current and planned capital works support. For further investment **consider prioritization of support to backlog maintenance** before further capital investment.
9. In dialogue with road sector partners and GoM EC should **advocate urgent preparation of policies and strategies for management and resource allocation for unclassified roads**. Continue (through SWAP and SBS) support to rural-based small scale 'spot improvement' works with emphasis on drainage structures and small bridges in rural areas of all provinces.

Health

10. Health should be **maintained as a non-focal sector with a similar amount of funding as in previous EDFs**. The decision to join the CNCS (National Council for the Fight against HIV/AIDS) common fund is endorsed under the condition that it is used as a means to actively assist in the enhancement of the absorption capacity. EC should **continue its active participation in the health SWAP and common fund**. The decision to abandon project-based support is fully endorsed.

Non-State Actors

11. In support to an envisaged model of democratic decentralization EC should **consider interventions for strengthening NSA involvement at local level** (e.g. Conselhos Locais) - the new support programme to Non-State Actors in Mozambique could be an adequate mechanism to support these interventions.

2. EVALUATION FRAMEWORK

2.1. Brief Background to the Evaluation

EC has requested the EuropeAid Evaluation Unit to evaluate EC cooperation strategies with Mozambique and their implementation for the period 2001 – 2007¹ as a component of the 2006 evaluation programme as approved by the External Relations Commissioners.

The Commission's cooperation strategy for Mozambique is set out in the Mozambique-EC CSP & NIP for the period 2001 – 2007 dated February 2002 to be financed from the 8th and 9th EDF and EC budget. This document is drawn up in line with Annex IV of the ACP-EU Partnership Agreement signed in Cotonou in June 2000.

PRSPs are the point of departure for CSP & NIPs. In 2001, GoM approved PARPA I 2001 – 2005, which seeks to substantially reduce the level of absolute poverty over a 10-year period; the CSP & NIP 2001-2007 responds to this poverty reduction strategy. PARPA II extends and continues the scope of poverty reduction efforts for the period 2006 – 2009.

2.2. Purpose of the Evaluation

In a context of increasing coordination and concentration of external cooperation and focus upon results-oriented approaches, the main objectives of this evaluation are:

- To provide relevant external cooperation services of the EC and the wider public with an overall independent and accountable assessment of the Commission's past and current cooperation relations with Mozambique
- To identify key lessons learned from the Commission's past overall cooperation 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 future strategies and programming

2.3. Evaluation Questions

The evaluation has a 'skeleton' of 10 Evaluation Questions (EQs) that seek to explore the major facets of EC strategy for Mozambique. These EQs have been drawn up based upon the analysis of the intervention logic and discussed with the RG and key informants. The EQs primarily cover the DAC criteria *relevance*, *impact*, *effectiveness* and *efficiency*. Additionally, the 3Cs (*complementarity*, *coherence* and *coordination*) are covered as transversal issues. Other evaluation criteria, like *sustainability*, are also covered, but to a lesser extent.

Relevance – EQ1 (**RE**) explores to what extent the EC CSP & NIP respond to the needs of GoM, in particular the level of responsiveness to the key determinants of poverty and intervention areas described in PARPA.

Effectiveness & Impact – EQs 2-7 assess how well the results of focal and non-focal sector interventions have contributed to sector and overall targets and whether these results were as expected. EQs 2-4 cover focal sectors (EQ2 (**ME**): Macro-economic support; EQ3 (**FS**): Food Security and Agriculture; EQ4 (**TR**): Transport Infrastructure). EQs 5-7 cover non-focal sectors (EQ5 (**GG**): Good Governance; EQ6 (**HE**): Health & HIV/AIDS; EQ7 (**NSA**): Support to NSAs).

Transversal Issues – EQ8 (**3Cs**) covers donor relationships and coordination (especially among Member States) and identifies any added value that EC brings to donor coordination and dialogue with GoM against a backdrop of EC global and regional cooperation objectives and policies. EQ9 (**EF**) looks at cooperation frameworks and implementation mechanisms. EQ10 (**X - Cross-cutting**) examines EC support to capacity development across all sectors and its impact on service delivery.

¹ During this period four NIPs were active – 6th, 7th, 8th & 9th EDF plus SAF/DBS and BL interventions.

Table 1: Coverage of Evaluation Criteria

		EVALUATION QUESTIONS									
		1 (RE)	2 (ME)	3 (FS)	4 (TR)	5 (GG)	6 (HE)	7 (NSA)	8 (3C)	9 (EF)	10 (X)
1	Relevance	X							X		X
2	Impact		X	X	X	X	X	X		X	X
3	Effectiveness		X	X	X	X	X	X		X	X
4	Efficiency		X	X	X					X	
5	Sustainability	X			X	X		X			
6	Complementarity		X		X		X		X	X	X
7	Coherence	X	X		X		X		X	X	
8	Coordination		X		X		X		X		
9	Equity	X		X		X		X			X
10	Cross-cutting	X	X	X	X		X				X

Primary coverage X, secondary coverage x

N°	EVALUATION QUESTION	EVALUATION CRITERIA and concerned sectors
1 (RE)	To what extent are EC cooperation objectives and development policies, as manifested in the CSP & 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 CSP 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 general 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 policy 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 CSP & NIP?	<i>Transversal</i> Efficiency Cooperation framework & implementation mechanisms
10 (X)	To what extent has EC support to capacity development improved service delivery in focal and non-focal sectors?	<i>Transversal</i> Cross-cutting Capacity development

2.4. Evaluation Methodology

The evaluation assesses the following criteria:

- **Relevance, coherence and complementarity** of the Commission's cooperation strategies for the period 2001 – 2007
- **Consistency between programming and implementation** for the same period
- **Implementation** of the Commission's cooperation focusing upon **effectiveness** and **efficiency** for the period 2001 – 2005 and on intended effects for the current programming cycle 2001 – 2007
- **Overall cooperation framework** with the country including the main agreements and other commitments between EU and Mozambique

A number of relevant evaluations have previously been carried out at regional and country levels plus global thematic evaluations relating to Mozambique and evaluation of instruments. These were important reference materials. Points already covered in these evaluations were not taken up again, but were used in the analyses for this study. Outcomes of the *Results Oriented Monitoring* (ROM) of projects in Mozambique were also considered².

In particular, the evaluation focused on the following cooperation areas:

- a) Macro-economic support
- b) Food security and Agriculture
- c) Transport infrastructure
- d) Good Governance
- e) Health and HIV/AIDS issues of relevance, 3Cs, cross-cutting issues and sustainability.

The CSP & NIP 2001-2007 covers EC-Mozambique cooperation for EDF, Stabex, SYSMIN, structural adjustment facilities and EIB 'Investment Facility'. Programmes funded through other envelopes such as Budget Line (BL) support to food security, good governance, human rights and democracy, NGO co-financing, environment and forests were also considered.

² All references are listed in Annex D, Bibliography

3. COUNTRY CONTEXT

3.1. Introduction

With an area of about 800,000 sq km and a population of some 20 million³, 80% of whom are located in rural areas, Mozambique has one of the lowest rates of urbanization in the world, although urban migration is increasing. Despite a tripling of agricultural production between 1994 and 2004 and significant advances in human and social development in recent years, Mozambique remains in the lowest 5% of countries as measured by the HDI⁴.

3.2. Overall Political, Economic and Social Situation in Mozambique

3.2.1. Political Context

The civil war, which raged for most of the period between independence in 1975 and 1992, ended with the signing of the Rome Accord. Since the first elections in 1994, Mozambique has enjoyed improving political and social stability with two further elections and a change of Head of State.

However, political dialogue continues to be threatened by mistrust in parliament, exacerbated by lack of experience and appreciation of democratic procedures. RENAMO (Resistência Nacional de Mozambique, Mozambican official opposition party) does not function as an opposition party in the conventional sense. In some parts of the country, the mistrust between GoM and RENAMO has been intensified by the exclusion of RENAMO-supporting areas from development and reconstruction investments. This alienation has been augmented by improving living standards in the south of the country. Government and opposition are addressing this climate of political mistrust by continuing reform and strengthening of political institutions - in order to maintain stability and to consolidate and to stabilize the democratic process as necessary. That having been said, the second municipal elections were held in 2003 with RENAMO participation for the first time⁵.

The Five-Year-Programme of the GoM has defined consolidation of peace, national unity, justice, democracy and good governance, and administrative decentralization as key elements for the development of the country. PARPA reinforced this by setting good governance as one of the six main intervention areas. The program document states that good governance is one of the fundamental pre-conditions for reducing poverty. It also recognizes the vital role of deconcentration, administrative and financial decentralization. Donors and members of an independent civil society are seen as very important stakeholders in the reinforcement of democracy and investor's confidence.

Policy dialogue was seen as very important because of the fragile democratic process, weak political culture and risks of conflict and political tension, even with the continued strong wish for peace. The judiciary system and law enforcement institutions were weakened by a lack of resources, with serious implications for rule of law and the integrity of human rights. The relationship between Government, independent civil society organizations and the private sector was also weak, despite Government attempts to improve dialogue. NSAs should participate in all cycles of PARPA but appropriate monitoring systems to assess the quality of the NSAs participation still have to be developed and put in place. An effective, independent civil society platform not only at national level, but also at provincial and district levels is not in place. Civil society organizations, especially at the local level, were still weak.

Central state institutions were hugely under-resourced in terms of human, financial and physical assets. This resulted in limited absorption and implementation capacity that represent an impediment to development.

³ Population growth is estimated at 2.4% in 2000. 1.9% in 2004 and 2005 Source: World Development Indicators database, April 2006.

⁴ 168 out of 174 countries; lowest of 14 SADC countries

⁵ RENAMO boycotted the 1998 municipal elections.

Decentralization strategies notwithstanding, central budget control and control of management have not been relinquished in some sectors. Resource deficits at provincial and district levels slow down the improvement of local service delivery. Regional imbalances not only remained, but even increased in central areas of the country.

Corruption, whilst not on the scale of some neighbouring countries, is thriving due to low public sector salaries and payment delays⁶. Reforms started in 1997 were meant to strengthen public financial management and procurement in order to increase accountability and transparency. Recent legislation covers protection of 'whistle blowers', new obligations for audits and access to the justice system. However, significant challenges remain. The Anti-corruption Unit in the Attorney General's Office has maintained a low profile.

Freedom of the press, instituted by the 1990 (wartime) constitution, has resulted in increasingly open media reporting. However, the murder of investigative journalist Carlos Cardoso in Maputo in 2000 was a major set back.

3.2.2. Economic Situation

Mozambique started a first move towards market economy in 1983, before joining the World Bank and IMF in 1984 and receiving its first structural adjustment loan in 1987. Since then and compared to the 1992 post-war rock bottom level of economic activity, there has been impressive progress in economic development.

Since the signature of the peace agreement in 1994, and despite the flooding in 2000/2001⁷, Mozambique's rates of economic growth have averaged over 8% over the past 10 years (Table 2) and are among the highest in the world. Growth in Mozambique is mainly related to post-war reconstruction, large scale donor assistance and some mega-projects implemented by big international foreign consortiums, however, little has been done to achieve general growth or create more competitive production capacities. Although mega-projects have contributed to diminish the commercial deficit of Mozambique, they have only marginally contributed to increase employment and tax-incomes; in fact, most of these projects have benefited from tax exemption and other benefits and are capital intensive. Thus, the basic imbalances of Mozambique's economy are still in place, the pro-capita income is still between the lowest in the world, and more than half of the population can be considered as poor or extremely poor. Furthermore, it should be remembered that the income of about 85% of the rural population depends directly on the agricultural sector, and the major percentage of this population belongs to the smallholder sector, thus experiences only limited economic growth.

Privatisation, liberalization, rationalization and divestment of state owned and para-statal enterprises has progressed, but there continues to be a heavy burden of bureaucracy, onerous procedures for establishment and management of businesses (e.g. Labour Law) compounded by lack of infrastructure, skills and under-capitalisation. Mozambique remains bottom of ACP classifications in issues related to competitiveness and flexibility of labour markets⁸. However, despite these constraints there has been major investment in industry (e.g. MOZAL aluminium smelting⁹, Moma heavy sands

⁶ Many Mozambican and international institutions consider corruption as a serious problem in Mozambique. (See e.g. Agenda 2025, Visão e Estratégias da Nação. Comité de Conselheiros. Maputo 2003, pg. 69, 68 ff.; PARPA II, 2006, pg. 75 and 76; República de Moçambique, Programa Quinquenal do Governo 2005-2009. Maputo 2005, pg. 59 and 60; Republic of Mozambique, Anti-Corruption Strategy, General Guidelines, 2005-2009, Maputo, September 2005, pg. 5; G20, Annual Poverty Report 2005. Maputo, 2006: 27/28; IMF, Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding, Washington, D.C., October 2006). According to the National Baseline Survey on Governance and Corruption carried out in 2004, corruption in the public sector was considered one of the major obstacles to the country's economic development. The effects of corruption at the social, political and economic level cause significant harm to the fight against poverty and constitute the major obstacle in the ongoing Mozambican nation building process. Corruption in the public sector is seen as a symptom of the failure of governance in the country (Anti-Corruption Strategy, General Guidelines, 2005-2009, Maputo, September 2005, pg. 8; República de Moçambique, Estratégia Global de Reforma do Sector Público 2001-2011, Maputo 2001 (Comissão Interministerial da Reforma do Sector Público, CIRESPP), 13 ff., 54 ff., 79 ff.)

⁷ Rates of economic growth were temporarily affected. Annual growth was 2.1% in 2000.

⁸ World Bank doing 'business classification'

⁹ Mozambique has shown a negative trade balance with EU for over 20 years but MOZAL has reversed this situation. Mozambique now has a positive trade balance with EU accounting for ~70% of exports with aluminum representing ~80% of exports to EU.

extraction), transportation (ports and road transport), commerce (banking and insurance), tourism, agriculture, energy (e.g. Pande gas fields) and fisheries, although it is arguable to what extent these investments benefit the country or local people by way of employment or processing¹⁰.

Most of the economic indicators developed in a highly positive way during the last decade:

- In the war years, trade was severely curtailed, but since 1994 not only have volumes of imports and exports expanded dramatically, but also there is an accelerating expansion of trade within SADC countries, especially RSA. This expansion is due in part to closer integration with neighbouring SADC countries¹¹, but arguably more as a result of the post-war re-establishment of the various corridors giving access to ports for neighbouring countries¹². Mega projects influenced in a very positive way the commercial balance. Thus in 2003, the exportations of aluminium (Mozal) - responsible for 50% of the total of exports of the country – increased by 40%. Thus the commercial deficit is estimated to have dropped from 13,1% in 2003 to 6,9% in 2006 (Source: World Bank)
- As government expenditure accelerated after the signature of the peace agreement the deficit on the government's budget grew up to 23% of GDP in 1994 and remained rather high in the following years. As the difference was not entirely made up by external grants and loans, accumulated external debt had reached 170% of GDP in 1997. Significant external support facilitated in the following years a reduction in the current account deficit (~50% over 15 years), but this deficit remains unsustainably high, although mitigating the gap in investment savings (but domestic savings are unlikely to improve much). The country thus continues to be highly dependent upon external aid. Although Mozambique has qualified itself for debt relief under the HIPC initiative and MDRI, and resulting budgetary savings are reallocated to poverty reduction efforts under PARPA, the implications of these initiatives are not yet clear. From a budgetary standpoint, debt forgiveness will only have a gradual long-term impact on balance of payments.
- Public expenditure management policies, supported by external aid, which furnishes 50% of budgetary needs, have generally contributed to macro-economic stability, whilst financial management continues to be improved and strengthened in such issues as programming, budgeting, accounting, transparency, audit and reporting. The Public Finance Law enacted in 2002 covers inter alia budget classification (and off-budget expenditure), accounting standards, cash management, closure of accounts and quarterly budget execution reporting. Adoption of PARPA has focused minds on these reforms, and policy dialogue (G19/GoM) has led to better coordination of donor support. The Public Sector Reform is the core element to strengthen the institutional capacity of the Government at central and local levels to define, implement and monitor sound policies aimed at promoting economic growth and reduce poverty. The outline of a plan for reform addresses a wide range of problems, including salaries, capacity, corruption and policy coordination.
- Inflation, which averaged 47% between 1988 and 1996, has been brought under control, to below the IMF target of 11% in 2004, but at the cost of high real interest rates. Inflation, currently running at 12%, is predicted to drop to 5% by 2014. At the end of the last decade a policy of medium/long term economic growth, stable exchange rate and low inflation was threatened by loss of control over monetary aggregates thus adversely impacting upon price and currency stability. These trends were aggravated by increased oil prices and the 2000/2001 flooding, which caused shortages, while the concurrent liquidity and solvency problems of government-owned banks aggravated the situation still further¹³. Thus the Government's actual monetary and financial policies aim at promoting a sound financial system, based on a more independent role for the Central Bank. At a regional level, Mozambique, as a member of the Southern African Development Community (SADC), signed

¹⁰ The older 'mega-project' Cahora Bassa does not as yet generate significant returns as tariff reform remains mired in political wrangling.

¹¹ RSA, Swaziland, Zimbabwe, Zambia, Malawi and Tanzania although trade flows across the Rovuma river border between Mozambique and Tanzania are negligible.

¹² Major land corridors include: Maputo Corridor – RSA; Beira Corridor – Zimbabwe, Zambia, Malawi; Nacala Corridor - Malawi

¹³ resulting in significant fiscal costs, reducing availability of resources for priority sectors

a Trade Protocol that became effective in 2000, and whose main objective is the establishment of a SADC Free-Trade Area. Finally, the Cotonou Agreement establishes preferential trade and aid links with the EU. Most-favoured nation (MFN) import duties range from 2.5% to 30% ad valorem, and the simple average applied MFN tariff rate is 13.8%, among the lowest in southern Africa.

The main objective of the present macro-economic, financial and trade policies is to maintain macro-economic stability and create conditions conducive to promote private sector-led growth, with exchange rate stability and low inflation in the context of a more open economy, whilst allocating more budget resources to poverty reduction activities. Increasing domestic revenue collection over the medium term is a priority for the Government to correct fiscal imbalances and to finance increasing expenditures and service delivery in key sectors of the PARPA, with a view to reducing dependence on external financing.

PARPA objectives are to maintain a high and sustainable rate of growth oriented towards poverty reduction, macro-economic stability and improved public services (67% of public expenditure is to be allocated to the six areas of intervention). Revenue has increased to ~15% of GDP, exceeding the PARPA targets.

The base scenario of PARPA II projects economic growth of 7% until 2009 and 6.5% thereafter. However, although the Government has made satisfactory progress in the implementation of PARPA and has succeeded in stabilizing macro-economic stability there are still some weaknesses especially related to the efficient use of budget funds destined for social expenses and the eliminations of obstacles for the development of the private sector. Development partners established a dialogue with the authorities of Mozambique related to priority areas which are: fiscal management, reform of the public and financial sector, improvement of the enterprise environment and modernization of justice.

Table 2: Macro-economic Indicators and Budget Policy

Macro-economic indicators	2002	2003	2004	2005	2006	2007
GDP growth rate (% annual change)	8.2	7.9	7.5	7.7	7.9	7.0
GDP per capita USD/pa	198	222	235	292	285	306
Average inflation (% consumer prices)	9.1	13.8	12.6	6.4	9.5	8.0
Exchange rate USD (annual average)	23,005	27,690	26,920	31,537	32,585	NA
Budget Policy						
Total revenue as % GDP	13.3	12.8	12.6	13.8	14.5	15.3
Total expenditures as % GDP	NA	25.39	24.4	22.6	27.8	28.3
Deficit (excluding grants) as % GDP	-20.1	-12.59	-12.0	-8.9	-13.4	-13.4
Debt as % GDP	24.8	25.2	25.2	19.7	21.0	20.9

3.2.3. Health

During the period 1980-1990, after independence and when the country was suffering from civil war and economic isolation, Mozambique ranked continuously among the countries with the worst health indicators in the world. With peace, economic stability and the large influx of development support, the health situation has substantially improved, but still remains problematic:

The mortality rate among children under 5 years was reduced from about 330/1,000 during the eighties to 217/1,000 in 1997 and 178/1,000 in 2003 (Table 3). Similarly, maternal mortality rate was reduced from more than 1,000/100,000 births (1065 in 1995) to 408/100,000 in 2003, measles immunisation coverage increased from 58% to 77% and births attended by skilled health personnel from around 40% during the nineties to 48% in 2006. Although these improvements appear impressive, many of the health indicators are still among the worst in the world. In addition, some health indicators do not show any signs of improvement. The number of reported malaria cases continues to be high and is even on the increase (4.4 million reported cases in 2004 vs. 2.3 million in 1999) and malaria continues to be the biggest killer among children. The HIV/AIDS epidemic is still on the rise and subsequently, also the number of tuberculosis cases. HIV/AIDS is expected to further increase the mortality rate among young adults and to reverse the positive trend in life expectancy. Demographic projections predict that it might fall as low as 35 years by 2010 (compared to 42 years in 1997), unless there is significant positive behavioural change in the sexually active population, more effective prevention programmes, and a massive rollout of anti-retroviral therapy.

Table 3: Key Health Indicators

Indicator	1997	2000	2001	2002	2003	2004	2005	2006
Child mortality rate ‰	217				178			
Infant mortality rate ‰	147				124			
Maternal mortality rate per 100,000 live births	±1000				408			
Institutional maternal mortality rate per 100,000 live births		175				182	178	190
Institutional delivery coverage rate %		40.3	41.2	43	45.1	46.9	50	48.4
Measles immunisation coverage %	57.5				76.7			
Annual number of reported malaria cases in millions		2.3				4.4		
Life expectancy in years	42.3	40.6*	40.0*	39.3*	38.7*	38.1*	37.6*	37.1*

* Estimates based on demographic projections taking into account the effect of HIV/AIDS

The national strategy for improving health is described in the *Strategic Plan for the Health Sector* (PESS) that covers the period 2001-2010 and of which for the period 2001-2005 a more detailed plan was developed (PESS I). The strategy is based on a few key guiding principles: (1) efficiency and equity, (2) flexibility and diversification, (3) partnerships and community participation, (5) transparency and accountability, and (6) integration and coordination. The plan puts an emphasis on (i) the improvement of the health care services through expanding geographical coverage, gender equality, quality assurance, integrated supervision and essential health packages; (ii) health advocacy through inter-sector collaboration, partnership development, community participation and collaboration with community health providers; (iii) strengthening the provision of medicines; (iv) developing a financing strategy, including the development of 'common fund' mechanisms; and (v) institutional development through decentralization, deconcentration and institutional capacity development, in particular with regard to human resources, communication, maintenance and management. Three health programmes were defined as priority programmes: HIV/AIDS, community health and communicable diseases. The implementation of the PESS encompasses important reforms in the health sector. The management of funds is being decentralised to the province and district levels and new systems for financial management are being introduced (SISTAFE).

MISAU is now developing the second phase of the PESS covering the period 2008-2012, taking into account the 'Health Policy Declaration' of 2005 and the recommendations of annual evaluations and the mid-term evaluation of 2005. It is expected that the principles and priorities of the PESS I will be maintained.

The health sector is heavily dependant on foreign development aid. WHO estimates that in 2005, 70% of total health expenditure was financed from external sources. While in the past external aid in the health sector was very fragmented and almost exclusively project-based, at the end of the 90's there was a shift towards strengthening the sector as a whole ('sector-wide approach' or SWAP) and to adhering to national policies. In 2001, most partners in the health sector signed the Kaya Kwanga Code of Conduct¹⁴, committing themselves to base their support on the strategic plans of the health sector, to adhere to the MISAU policies and guidelines and to use the same monitoring, reporting and auditing systems.

Three common funds for budget support were created, one general national fund (PROSAUDE), one provincial-level fund (FCP), and one fund for drugs and medical supplies (FCM). All development agencies participating in one of the common funds signed in 2003 a "Memorandum of Understanding" (MoU) with MISAU¹⁵. The MoU has recently been reviewed and the common funds PROSAUDE, FCM and FCP will be joined in one fund.

The proportion of development support that is channelled through the common funds increased substantially during the past years. A recent analysis showed that in 2005 about 206 million US dollar

¹⁴ Development agencies that signed the Kaya Kwanga code of conduct comprise: WHO, DFID, The Netherlands, the Swiss Agency for Development and Cooperation, NORAD, the World Bank, Denmark, Finland, France, Italy, UNFPA, CIDA, Ireland, the EC and Norway.

¹⁵ Development agencies that participate in support of PROSAUDE comprise: DFID, Ireland, Norway, The Netherlands, the Swiss Agency for Development and Cooperation, Denmark, Finland, the Canadian International Development Agency, the Flemish Government, France, UNFPA, the Global Fund and the EC.

was attributed to the health sector of which 44% (90 million) through the common funds and 56% (116 million) through specific projects managed either by MISAU, NGO or UN agencies.

Coordination among development agencies and between MISAU and the international development community has received more attention over recent years, thereby improving substantially. Development partners that participate in budget support meet monthly with MISAU in a SWAP working group (GT-SWAP). Biannually, there is a coordination meeting with all development partners, presided over by the Minister. In addition, technical working groups were created to discuss specific technical issues, such as M&E, medicines, investments, human resources, maternal and child health, large endemics, finances and audits, gender, emergencies, and health systems development. Development agencies and international NGOs meet also twice a month without the presence of MISAU in so-called 'pre-SWAP' meetings. A specific pre-SWAP working group was created for the coordination of all support to the fight against HIV/AIDS and tuberculosis.

Among civil society organisations (CSOs) several networks exist. NAIMA+ is an umbrella organisation of international NGOs that initially grouped NGOs active in the field of HIV/AIDS/TB/malaria, but recently broadened its mandate to include all NGOs active in the health sector. MONASO is a network of national NGOs active in the fight against HIV/AIDS and the 'Inter-religious council' groups faith-based organisations in the fight against HIV/AIDS.

Within MISAU, the Department of Planning and Cooperation (DPC) is responsible for the coordination with external agencies, such as international development agencies, technical agencies, CSOs and the private sector. The capacity of DPC is, however, limited and MISAU still has no complete overview of all activities that are being implemented in the health sector, in particular by CSOs. Representatives of NAIMA+ and MONASO are invited to the SWAP working group and the technical working group meetings, but no formal mechanisms exist to coordinate CSO activities with MISAU apart from an annual MISAU-NGO meeting. MISAU recognises the problem of weak coordination with civil society and has recently taken steps to improve it. A code of conduct was developed for NGOs working in the health sector. However, many NGOs feel that they are not fully considered as equal partners but merely as an extension of the public health services, on which MISAU wants to strengthen its grip.

3.2.4. HIV/AIDS

Mozambique is situated in Southern Africa, the epicentre of the HIV/AIDS pandemic, and is one of the countries in the world most heavily affected. Since the appearance of the first AIDS cases in 1986, the prevalence rate among pregnant women gradually increased to an estimated 11.0% in 2000 and 16.2% in 2004, the last year, for which data are available (Table 4). The prevalence rate among the general adult population is not known because no population-based survey has ever been conducted, but is expected to be slightly lower than the rate among pregnant women.

The number of people living with HIV/AIDS (PLWHA) in the country was estimated to be around 920,000 in 2000 and to have increased to 1.7 million in 2006, of which roughly 270,000 would be in need of anti-retroviral therapy. The number of yearly deaths due to HIV/AIDS was estimated to be around 50,000 in the year 2000, rising to 123,000 in 2006 and accounting for about one quarter of all deaths in the country. The number of estimated AIDS orphans increased from 110,000 in 2000 to 380,000 in 2006.

The evolution of the HIV/AIDS epidemic shows important differences in the different regions of Mozambique. The central region was the region first affected and is still the region with the highest prevalence rate (with a peak of 26.5% among pregnant women in Sofala province), but the epidemic appears to be stabilising. The prevalence rates in the southern and northern regions are still rising. The southern provinces of Gaza, Maputo-Province and Maputo-City have now reached a similar prevalence rate as the central provinces. In four provinces, the rate of increase appears to be significantly slower than in the other provinces - these are the three northern provinces of Nampula, Cabo Delgado and Niassa, and Inhambane province in the south. The reasons for this remain unclear, but different socio-cultural characteristics and the almost universal practice of male circumcision in these provinces are considered as possible contributing factors.

Table 4: Key HIV/AIDS Indicators

Indicator	2000	2001	2002	2003	2004	2005	2006
HIV prevalence rate %	11.0	12.7	13.6		16.2		
N° of PLWHA in thousands	924	1,058	1,195	1,327	1,450	1,560	±1,700
N° of people in need of ART in thousands	119	142	166	192	218	244	270

N° of deaths due to AIDS in thousands	50	61	72	87	94	110	123
N° of AIDS orphans in thousands	112	144	182	225	273	326	380

The national response to the HIV/AIDS epidemic followed a similar evolution as in other African countries. Initially the response was guided from within the Ministry of Health, where a National Programme for the Fight against HIV/AIDS and STI was created. Most of the activities during the nineties focused on information, education and communication, condom promotion and distribution, blood safety and STI control. At the end of the nineties the focus shifted towards a multi-sector approach with the development of a first National Strategic Plan covering the period 2000-2003 (PENI) and the creation of a National Council for the Fight against HIV/AIDS in 2000 (CNCS). In 2004 a second National Strategic Plan was developed covering the period 2005-2009 (PENII). The focus of the activities shifted towards voluntary counselling and testing, prevention of mother to child transmission, AIDS care and anti-retroviral therapy (ART), and impact mitigation. In particular the universal access to ART has received more political attention over recent years and has become a national priority.

While the CNCS is responsible for the overall coordination of the national response by all sectors of society, MISAU remains responsible for the response in the health sector, i.e. for all health facility-based interventions. In practice, this means that CNCS mostly coordinates and funds the non-health sector interventions, such as by civil society, the private sector and the public sector other than MISAU. MISAU coordinates all health-based interventions mostly independent from CNCS and developed its own National Strategic Plan to combat HIV/AIDS and STI for the period 2004-2008 (PEN-Saúde).

Mozambique has received strong support from its development partners in its attempts to combat the HIV/AIDS epidemic. In recent years, the increase in HIV/AIDS funding made available to Mozambique was substantial:

- USD 52 million from the Global Fund to Fight AIDS, Tuberculosis and Malaria for the first 2 years of a 5-year USD 141 million agreement (USD 98 million of which is for HIV/AIDS)
- Another USD 48 million from the Global Fund approved from Round 6 for HIV/AIDS and malaria, out of a lifetime budget of USD 113 million
- USD 55 million from the Multi-Country AIDS Programme (MAP) of the World Bank over a 5-year period (2004-2009)
- USD 22 million from the three-year Treatment Acceleration Programme (TAP) of the World Bank
- USD 37 million in 2004 and USD 57 million in 2005 from the President's Emergency Plan for AIDS Relief (PEPFAR) of the United States' government
- Additional funds from bilateral development partners (Ireland, Denmark, Sweden, United Kingdom and Canada) through the Common Fund of the CNCS
- Additional funds raised by the Clinton Foundation from bilateral development partners like Norway, Ireland (USD 60 million for the period 2003-2007) and Canada
- Additional funds from bilateral and multilateral development partners for CNCS, MISAU, other government institutions or non-governmental, independent civil society and private organisations

Both MISAU and CNCS developed in 2002 separate proposals for the second round of the Global Fund to Fight AIDS, Tuberculosis and Malaria. The Global Fund agreed to provide USD 141 million to MISAU for a 5-year period of which USD 98 million for HIV/AIDS, USD 14 million for tuberculosis and USD 28 million for malaria. The approved funding for the first 2-year phase was respectively USD 30 million, USD 9 million and USD 12 million. In 2004, when the first instalment was made, it was agreed to integrate the Global Fund into both, the health SWAP and the health common fund, rather than setting up a separate management structure. This decision is without precedent and can be considered as a pilot for other countries.

The CNCS proposal was initially rejected, but after revision an agreement was made to provide USD 8 million for a first 2-year phase. For the 6th round of the Global Fund, a proposal was submitted in 2006

of which USD 48 million was agreed to be provided for a two-year period, 23 million for HIV/AIDS and 25 million for malaria. The principal recipient of these funds is still to be defined.

The World Bank's MAP comprises funds for (1) community and civil society initiatives, (2) capacity development for the civil society HIV/AIDS response, (3) the government multisector response, (4) the strengthening and scaling up of health sector services for HIV/AIDS, and (5) institutional development for programme management. All funds are managed by CNCS, with the exception of component (4) that is managed by MISAU. Initially a separate system was set up within CNCS for the management of MAP funds, but recently it was agreed to integrate the funds in the CNCS common fund. The TAP funds are partially managed by MISAU and partially by three international NGOs and are used for the rollout of ART.

PEPFAR funds are managed by either CDC or USAID. They finance activities implemented by MISAU as well as by CSOs, mostly American and local NGOs. About 40% of the funds are used for strengthening prevention interventions, voluntary counselling and testing, home-based care and care for orphans and vulnerable children. The remaining 60% is used for HIV/AIDS care, with the objective of expanding ART to at least an additional 30,000 people.

The CNCS common fund was established with the objective of harmonizing the country's external support to the fight against HIV/AIDS. Most of the funds are used to finance grants submitted by CSOs. Some of the HIV/AIDS support is channelled through other common funds, in particular MISAU's PROSAUDE. The PROSAUDE common fund finances a large part of the MISAU HIV/AIDS activities, including the funding of international non-governmental partners.

In addition, many bilateral and multilateral development partners finance separate HIV/AIDS projects mostly implemented by CSOs, but also by MISAU, CNCS or other government institutions.

The coordination of all HIV/AIDS-related interventions in the country is a responsibility of CNCS. The council comprises members of all government ministries that are crucial in the fight against HIV/AIDS, of civil society and of the private sector. It is chaired by the Prime Minister with the Minister of Health as vice-president. Coordination with the international community is done through a Partners Forum that meets monthly and comprises the donor agencies that are most important in the funding of the fight against HIV/AIDS and representatives of international NGOs. Also CNCS developed a code of conduct that established the rules for collaboration between CNCS and international development partners. Partners participating in the CNCS common fund also signed a MoU.

In practice, however, CNCS coordinates mostly those activities that are funded through CNCS and most of the meetings of the council and the Partners' Forum concentrate on issues around the management of those funds. Most of the energy of the CNCS secretariat is used for a correct grant management, at the cost of their responsibilities in national coordination and policy development. For this reason the management of CNCS grants is now being outsourced to an external agency. It is expected that this will enhance the capacity of CNCS as a coordination body. MISAU continues to coordinate separately all HIV/AIDS activities implemented within the health sector (see above).

3.2.5. Agriculture and Rural Development

Mozambique has a high potential for agricultural production, which, however, is actually not adequately exploited; although 45% of the total surface (789.800 km², which cover several climatic zones) could be devoted to agriculture, only 12% is cultivated. The agricultural sector GDP is growing at 5-7% annually, but at a lesser rate than the overall economy, and the share of agricultural GDP is gradually decreasing. In fact, although the agricultural sector is the main source of income for 85% of the population it is contributing with only about 23% to GDP (on average during the period 2000/2004.).

Overall growth in the agricultural sector in recent years was essentially related to growth in cash crops, with cashew nuts, tobacco, sugar cane and tea outstanding with growth rates of 142.7%, 33.9%, 19.0% and 5.7% respectively, whilst growth rates of the smallholder sector were low. Growth in smallholder production in the past decade was largely a result of a re-establishment of low productive subsistence production to a pre-war level, and the significant increase of cultivated land.

Outstanding growth in the sugar sector was mainly related to protective trade regime that privileged national production and preferences given by the European market (Everything but Arms, Sugar Protocol). Today, the sector represents about 9% of the total value of agriculture production and about 11% of the total export earning in agriculture. More importantly to the rural economy, the sector is one of the major employers in agriculture, engaging more than 21,000 workers in the milling factories and

cane production. More recently, the sugar industry is increasingly relying on small and medium farmers for the production of cane, becoming a catalyst for local economic development.

This makes evident that agriculture is of crucial importance for achieving the MDG goals related to poverty reduction; targeted GDP growth rate and the poverty reduction rate in particular can only be achieved, if smallholder agriculture continues to grow at a significant rate.

Thus agriculture and rural development play a key role in the strategy for poverty reduction and economic growth and *Agriculture and Rural Development* is one of the six focal sectors of the PARPA. The two main pillars of the GoM's strategy are (1) to empower the agricultural producers to increase their productivity, and (2) to transform public services into facilitators and supporters of the producers, through the provision of essential extension services.

Weaknesses hampering growth in the overall agricultural sector are mainly related to:

- Lack of infrastructure and involvement of the private sector: the 17-year conflict destroyed the basic infrastructure and institutions that were created during the colonial period (irrigation schemes, rural roads, bridges etc.).
- The dismantling of state-owned organizations that provided agricultural inputs and bought and marketed production has created a vacuum that has not yet been filled by the private sector which is still not widespread and finds that reaching out to rural areas is hardly cost effective and profitable. Furthermore colonial Mozambique did not train an adequate number of people and after the war many who were trained left the country.
- Predominance of the smallholder sector: The farming system used today imposes physical limits on the area that can be cultivated and yields that can be generated: Mozambican agriculture is today characterized by smallholders (average size of cultivated land per family is 1.2 hectare) using manual labour and hand tools with only minimal use of improved varieties, chemical inputs, or farm machinery. Almost all production is rain fed. Inputs used are mostly acquired through the informal economy and without access to financing. In many cases, the lack of access to the markets (due to distance, lack of transport and adequate road system, etc.) discourages production. The lack of legal registration (identity cards) of the rural population hampers the acquisition of legal personality of farmers' associations, as well as their access to land titles and financing. The smallholder sub-sector accounts for about 95% of the area under production and produces almost all the food crops, such as maize, cassava, rice and beans. Within this sector only a small group of emergent commercial farmers exists, who use some agricultural inputs and sell their products on local markets.
- Low numbers of small and medium-sized private companies: Small and medium private companies represent the commercial sub-sector (about 6% of cultivated land); they have some technological know-how, use agricultural inputs, generally have access to credit and, particularly in the south of the country, have access to irrigation. They are an important source of employment and notably contribute to technology dissemination and transfer. Their production is directed to supplying national markets, the agro-industries and for exportation. The main export crops are cotton, cashew nuts, sugar cane, tobacco and tea.
- The relatively high prevalence of HIV/AIDS among adults is impacting family composition and working power in the agricultural sector and may affect negatively production and productivity.
- Institutions in Mozambique are weak, lack capacity, and were largely shaped by its history. The war, colonialism, and socialism dictated the types of institutions and their thinking - during the socialist era, colonial farms became state farms, para-statal were established to supply inputs and market outputs, and smallholders were considered constraints to modernizing agriculture. Actually, the Ministry of Agriculture has been reorganized and formulates policies and regulations, and the private sector should supply inputs and markets. Further to the difficulty for many public employees to understand their new functions and responsibilities, a major issue for many public sector entities is the lack of trained personnel.

However, although the promotion of the agricultural sector is one of the key elements mentioned in PARPA, GoM agriculture expenditures are about 4% of the total national budget only and composition of expenditures is heavily skewed towards salaries. There are no subsidy payments or other transfer payments, donor funding dominates expenditure and about 50% of the expenditures in the sector are off-budget.

The main Government Programme for the agricultural sector is PROAGRI, which has recently started to implement its second phase:

- (1) PROAGRI I (1999-2005) was supported by 8 (originally 10) donor institutions including EC by a SWAP. Although PROAGRI I has provided some satisfactory results in changing the nature of aid relationships and introducing new systems and procedures which have later been mainstreamed in other parts of Government, there has been a certain level of criticism for having concentrated a main share of its efforts in ministerial reform, capacity development and institutional strengthening. However this is not the position of all sector development partners as some donors continue to support MINAG through sector budget support.
- (2) PROAGRI II (2005-2009) proposes to overcome these limitations by emphasizing the importance of the commercial farming sector, including the large-scale producers and the need to reinforce farmer's access to markets, to credit, natural resources and technologies, with the objective to develop integrated, competitive, diversified and sustainable agriculture.

3.2.6. Food Security

Food security in Mozambique is improving. Since the end of the civil war in 1992, Mozambique has made impressive gains in restoring food production; at national level the country is virtually self-sufficient in terms of food grain production, with the exception of wheat and rice. Over the past five years, poverty has declined and food production has increased. The country produced in 2006 2.3 million metric tonnes of cereals, including carryover stock, compared with a national requirement of 2.6 million tonnes (WFP).

Actually food production in Mozambique can be considered as sufficient for covering national consumption needs. However, the country is highly vulnerable to natural disasters, which destroy food production and cause occasional local food shortages. Despite local needs, food aid can usually be bought in-country.

Food security in Mozambique depends largely on food production and availability from a large and heterogeneous smallholder agricultural sector, and a small, unevenly distributed and incomplete marketing network (including deficient and incomplete road network. The percentage of food-production that reaches the market is low, except for a few regions in the country where surpluses exist and where the marketing network is more operational. Own food production covers about 70% of food needs in rural areas (and thus local food shortage affects families directly). In the urban areas, this estimate is only about 17%, with the remaining 83% covered by market purchases.

Acute malnutrition has declined (under 5% of children under 5) indicating that emergency responses have likely been effective and that there are not widespread and large swings in staple food availability. However, chronic malnutrition remained during recent years always at the same level (35.9%). This may be attributed to distributional factors (national averages often hide regional, inter and intra-household variability) and due to other factors related to food consumption and absorption (food habits, quality of water, illnesses such as diarrhea, malaria, respiratory infections, measles and HIV/AIDS).

Furthermore, there exists a national *Food Security and Nutrition Strategy*, which was defined in 1998 with an inter-ministerial character. Its main aim is to link food security to rising production and diversification of food crops, better and more diversified sources of non-farm income, and improved knowledge of appropriate technologies for food production and conservation. The strategy has been evaluated in 2005 with positive results. The government has started revising the strategy on food security and nutrition in the second semester 2006. The new strategy will be ready beginning 2007. Given the improvement of the food security situation during the last years, it is expected that the new strategy will focus on reducing chronic malnutrition.

3.2.7. Gender

Gender equality is included in the Constitution and GoM has committed to promote gender equality, but there are still huge barriers to womens' human rights such that Mozambique is ranked 140 among 144 countries in the UNDP HDI.

Although women¹⁶ are identified in PARPA as a particularly disadvantaged group and GoM is committed to implementation of the 'Post-Beijing Action Plan' to reduce gender discrimination, inequalities with accentuated regional/urban/rural differences remain as summarized below:

- Though the incidence of poverty fell from 69% in 1996/97 to 54% in 2002/2003, poverty in Mozambique continues to be widespread, but is felt particularly by women, children, the old and disabled people.
- Low participation of women in access and control of natural resources.
- Imbalances in power sharing between men and women reflected at the domestic level and high incidence of domestic violence.
- The estimated illiteracy rate is 56% among men and 67% among women.
- The average school drop-out rate among boys is 62% compared to 80% amongst girls; disparities (noted mainly in the Central and Northern regions of Mozambique) in education show that in EP1 55% are boys compared to 45% girls and in EP2, 41% are boys compared to 60% girls.
- Given the overload of social and domestic roles rural women are not visible and their labour is not valued in economic terms.
- A majority of rural women does not have rights to land despite being the main players in the agriculture sector at the family and subsistence level.
- Environmental degradation directly affects women as they depend largely on the environment for their main source of numerous inputs at the household level.
- Only 65% of rural women receive prenatal care.
- In rural areas, more than half the girls below the age of 14 are forced or encouraged to go into early marriages and to have children; maternal mortality is estimated at 408 per 100,000 live births.
- The level of women's participation in decision-making bodies at national and local levels is low.
- Poor families are often women-headed (women head about 16% of Mozambican families). They often live under marginal conditions, exploiting poor soils, using poor or no irrigation systems with inadequate agricultural inputs and equipment, having poor or no access to credit.
- Nutrition levels continue to be relatively weak with indicators pointing to the prevalence of malnutrition among vulnerable population groups (especially women and children) despite the rapid economic growth. Contributing factors include: constraints associated with public health conditions, poor sanitation, insufficient access to potable water, and the prevalence of diseases such as malaria¹⁷.
- The majority of the rural population does not have access to hospitals and clinics, as these are mainly available in urban areas, outside the reach of the rural population and more especially of poor rural women.
- A large proportion of both men and women are not sensitized on questions of health and sexual and reproductive rights. Diseases such as malaria, diarrhoeas, respiratory infections, sexually transmitted diseases and HIV/AIDS cause high mortality. Sexual violence contributes considerably to health related problems, reproductive health, premature pregnancy, illegal abortion, sexually transmitted diseases and/or HIV/AIDS. Economic and social dependency of women further reduces women's ability to negotiate for safe sex with their partner.

¹⁶ Women comprise 52% of the population.

¹⁷ Nutrition depends not only on the pattern of consumption by the family unit, but also on conditions in the community as a whole. Children between the ages of 6 and 24 months are the most vulnerable to malnutrition as that is when they start eating solid foods. Improvements in the knowledge and practice of methods of proper feeding for children in that age bracket are important, but do not automatically accompany gains in consumption by the family unit. This situation calls attention to the need to make mothers the central focus of food policy and programmes.

More recently new family legislation addresses some issues of discrimination, de-facto marriages and adoption but attitude and behavioural change has barely commenced. National authorities have an increasingly proactive attitude to gender issues but further action is required to identify gaps in policy, strategy and implementation programmes.

3.2.8. Environment

Mozambique is highly vulnerable to natural disasters¹⁸ (as most dramatically evinced by the 2000-2001 flooding). Over the past 40 years, each decade has averaged a major cyclone, two droughts and three floods, resulting in reduced or reversed economic growth, loss of agricultural production, loss of life and damaged infrastructure. As agriculture is a major factor in the national development plans, conservation of the environment is crucial for national development but policy response continues to be an externally funded action rather than planning.

PARPA recognizes the essential contribution of natural resources to economic growth and poverty reduction plus the need to reduce environmental pressures on agricultural land, environmental impacts of exploitation of non-renewable energy sources (such as the Pande gas fields) and to protect environmental resources (to ensure continued economic benefits – e.g. coastal areas for tourism). Rational use of resources and maintenance of economic balance are essential and the following measures are being taken:

- improved regulatory framework for environmental institutions (regulation for the National Council on Sustainable Development; environmental standards, CFCs and marine pollution; territorial planning and zoning; environmental crimes)
- capacity development in environmental management at local levels to ensure participation of communities and local authorities in national resource management (capacity development prioritising rural and urban areas at greatest risk)
- environmental protection (control and combat of uncontrolled bush fires and deforestation; waste management)
- environmental inspection and compliance with environmental regulations (training of environmental agents and initiating programmes of inspection)
- territorial planning [promotion of planned land occupancy and usage; mitigation of risks; development of territorial plans (regional, urban and development of rural settlements)]

3.2.9. Transport

The national public road network in Mozambique comprises classified roads¹⁹ (primary, secondary, tertiary and vicinal) with National Roads Administration (ANE) management responsibility and unclassified roads²⁰ that appear to be the responsibility of urban authorities and districts.

Ministry of Transport and Communications (MTC), Ministry of Finance (MF) and Ministry of Public Works and Housing (MOPH)²¹ are all involved in the transport sector of which MOPH has overall responsibility for policies and strategies for management for all public roads. Provincial Governments have responsibilities for provincial planning and prioritisation of provincial road maintenance programmes. With increasing resources being made available to districts, their involvement in management of the unclassified road network may be expected to increase. Other stakeholders include the Road Sector Donors Support Group (RSDSG) currently comprising 14 agencies²².

¹⁸ Source – CSP & NIP 2001 – 2007, pp 13 & 16

¹⁹ Approximately 30,000km

²⁰ Realistically estimated at between 20,000km and 30,000km

²¹ The Inter-Ministerial Committee appears to meet infrequently these days.

²² WB, EC, African Development Bank (AfDB), DFID, Asdi, Italian Cooperation, JICA, Millennium Challenge Corporation (MCC), USAID, KfW, AFD, Danida, Norwegian Agency for Development Cooperation (NORAD), Irish Aid, Nordic Development Fund (NDF) & International Fund for Agricultural Development (IFAD). Other agencies that have been active in the sector or are considering investment include BADEA, IDB, Organisation of Petroleum Exporting Countries (OPEC), United Nations Capital Development Fund (UNCDF)

The most recent assessment of classified road conditions was based upon site inspections and interviews with provincial personnel in April 2006²³ and presents the classified road network length (Table 5) and conditions (Table 6), respectively.

Table 5: Classified Road Network Length (km)

Class	Unpaved	Paved	Total
Primary	1,407	4,459	5,866
Secondary	3,983	809	4,792
Tertiary	11,645	516	12,161
Vicinal	6,500	30	6,530
Total	23,535	5,814	29,348

Table 6: Road Network Conditions

Condition	Paved		Unpaved						TOTAL	
	FT ²⁴		FT		ST		I			
	km	%	km	%	km	%	km	%	km	%
Good	3,698	65	3,648	15	507	2	66	-	4,221	17
Fair	1,302	23	6,801	28	1,432	6	268	1	8,501	35
Poor	649	11	3,311	14	5,371	22	2,914	12	11,596	48
Total	5,649	100	13,760	57	7,310	30	3,248	13	24,318	100

Notes: FT - Fully transitable; ST – Semi transitable; and I - Intransitable

This situation marks a significant improvement in condition and all-year transitivity over the past decade, with accelerating impact since 1992.

There are no national policies or strategies for the transport sector as a cohesive whole covering all transport sub-sectors (i.e. rail, road, air, maritime, fluvial)

Classified roads

The new National Roads Policy that 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'²⁵, which was aimed at a situation of emergence from conflict. The new policies link maintenance and optimisation of investment in the classified road network to the poverty reduction objectives of PARPA II through accessibility to development 'poles'. Deconcentration to local levels will also be pursued, subject to technical orientation by an adequately resourced and empowered ANE (which is currently undergoing another institutional change). Involvement of national firms in the road sector will be encouraged and road classification will be reviewed in accordance with usage and strategic value. More specifically, the policy will address issues of:

- *Agriculture & commerce* – prioritised rehabilitation and improvement of tertiary and vicinal roads to encourage greater agricultural and commercial production (especially small scale producers)
- *Industry, energy and national ports* – prioritisation of roads serving energy, industry and ports
- *Tourism* – environmentally sensitive use of local resources to access development of tourist areas
- *Generation of employment* – maximization of the development and use of national consultants and contractors, labour based methods of maintenance and construction where appropriate
- *Road safety & traffic regulations* – engineering for safety, enforcement of traffic regulations, ratification of regional and international protocols
- *Axle weight control* – targeting of axle load control as a major factor in premature deterioration of road pavements

²³ Source for both tables is RSS 2007-2011. A slight discrepancy in totals will be noted.

²⁴ All paved roads are fully transitable.

²⁵ Resolução nº 50/98 de 28 de Julho

- *Urban roads* – reorganization of responsibilities of local authorities for management of urban roads
- *Finance* – improved financial management, increased funding for maintenance through 'Fundo de Estradas'²⁶ (FE), increased revenues ('user pays-principle'), continued donor assistance for capital works, backlog maintenance, institutional capacity development and reform
- *Procurement* – establishment of a specialized central procurement unit with increased efficiency and transparency
- *Environmental protection* – reinforcement of measures to protect the environment, health, quality of life and well being
- *Social impact* – HIV/AIDS continues to be a major consideration; increased women's participation in works through quotas
- *Private sector* – greater participation of national consultants (through partnership with foreign firms), revised TORs and contract documents, concessioning
- *Institutional reform* – organizational change of ANE, increased Monitoring and Evaluation (M&E) role of FE, long term planning
- *Development of HR* – national capacity development and transfer of technology, improved M&E of service contracts
- *Regional cooperation* – cooperation with neighbouring countries and countries of southern Africa

The Roads Sector Strategy 2007-2011 is complementary to the Road Sector Policy for a medium to long-term perspective. The overall thrust of the strategy is consolidation and strengthening of improvements to date, covering such new issues as *asset preservation, enhanced transitability and maintainability* whilst continuing with issues from the previous Road Sector Strategy (RSS) such as *sustainability, connectivity and accessibility*. Key elements include sustainable asset preservation, transitability, selective upgrade and rehabilitation, balanced investment, rational allocation of investment resources, improving road sector management, development of true capacity, and rationalization of sector finance, innovation and change.

Whilst the RSS objectives are consistent with PARPA II and RSS aims to achieve broad social objectives including poverty alleviation, environmental protection, control and mitigation of impacts of HIV/AIDS and promotion of opportunities for women, it is noted that RSS states that 'although poverty alleviation *per se* is not ANE's mandate, it is an essential criterion for resource allocation'.

Unclassified roads

There is not yet an approved policy on management of unclassified roads²⁷ but preparation of a draft is in progress and the following points are apparent:

- MOPH is responsible for all roads in Mozambique – classified and unclassified.
- ANE is responsible for classified roads only.
- FE funding responsibility for unclassified roads is not clear.
- Provincial Governments are the responsible authority for unclassified roads, with District Administrations as executing authority.

Considering that 80% of the population is located in rural areas and, despite increasing urban poverty, that poverty is also predominantly to be found in rural areas, the role of unclassified roads (which must link to fully transitable tertiary and secondary roads) in accessing markets, facilities and transport services is critical to efforts to alleviate poverty.

²⁶ Road Fund

²⁷ Although the 2003 reclassification of roads identified about 5,000km of unclassified roads, this is a gross underestimate. Accurate data is not available but unclassified roads are estimated at between 20,000km and 30,000km ie approximately half of the national road network.

3.2.10. Poverty Analysis and Prospects of Achievement of MDGs in Mozambique

Poverty as defined by PARPA I is *'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'*.²⁸

During the period 07/1996-03/2002, national poverty incidence was reduced from 69% to 54% with the goal of reduction to 45% by 2009. The poverty gap also declined from 29% to 20% in the same period, although 80% still live in rural areas where poor infrastructure and services are the norm rather than the exception (however, urban poverty - due to low wages and unemployment - should not be discounted, as some 60% of the urban population are also below the poverty line). Thus, not only has the percentage of the population below the poverty line fallen but also the average consumption of those remaining below the poverty line has increased. However, severe poverty persists nationwide with all provinces containing significant numbers of poor persons. Whilst Inhambane is now the province with the worst incidence of poverty (81%), the large populations of Zambezia and Nampula provinces mean that poverty reduction efforts in those provinces are crucial for national impact even though their incidence of poverty is better at 45% and 58% respectively²⁹.

PARPA identifies 8 cross-cutting topics – gender, HIV/AIDS, environment, food and nutritional security, science and technology, rural development, natural disasters and demining (the threat presented by land mines has been significantly reduced but not extinguished).

The following paragraphs explain the current state and the prospects of achievement of Mozambique MDGs³⁰:

- **Goal 1: Eradicate extreme poverty and hunger** - The incidence of poverty fell to 54% in 2002/2003 against 69% recorded in 1996/1997. It is hoped that Mozambique will be able to meet this MDG, if it continues to grow at an average annual rate of 8%, as has happened in recent years.
- **Goal 2: Achieve universal primary education** - The net school attendance rate in the 1st level primary education (EP1) in 2004 was recorded as 76% compared to 44% recorded in 1999. These gains are undermined, however, by dropout rates reaching 21% in 2004; and a majority of the population is illiterate.
- **Goal 3: Promote gender equality and empower women** - Efforts are aimed at eliminating huge gender disparities in access to education. In 2003, 43% of pupils in EP1 and 40% in 2nd level primary education (EP2) were girls.
- **Goal 4: Reduce child mortality** - The 1997 Demographic and Health Survey (IDS) indicates that child mortality, reflecting the probability of dying before the age of five was 219 per 1,000 live births. A series of actions by the health sector particularly the extension of vaccination coverage, has resulted in a reduction in deaths in this age group to 178 per 1,000 in 2003 (although Mozambique continues to be ranked by WHO as one of the most unequal countries globally in terms of 'equality of child survival').
- **Goal 5: Improve maternal health** - Maternal mortality rate, which indicates the number of maternal deaths for each 100,000 live births was 1,000 in 1997. However, latest data on record from the Household Survey (IAF) of 2003 indicated a very significant reduction with the ratio falling to 408 per 100,000. This improvement is a result of improved access to obstetric

²⁸ PARPA II defines poverty as *'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'*. Other definitions include: Absolute poverty in terms of income – *'lack of income necessary to satisfy basic nutritional and non-nutritional needs'*; Relative poverty – *'lack of sufficient income to satisfy the essential nutritional and non-nutritional needs according to the average income in the country'*; Human poverty – *'lack of basic human capabilities such as illiteracy, poor nutrition, reduced life expectancy, poor maternal health and incidence of preventable disease. This definition is related to indirect measurement factors such as access to goods, services and infrastructure necessary to achieve basic human capacities – sanitation, potable water, education, communications, energy etc'*, PARPA II.

²⁹ These imbalances are more or less reflected in life expectancy, health, education, under-five mortality (mainly due to malaria and chronic malnutrition), unequal income distribution and lack of reconstruction and development effort.

³⁰ Various sources but especially 'Mozambique National Human Development Report, 2005' UNDP

care – the proportion of births attended by health personnel increased from 44% in 1997 to 48% in 2003.

- **Goal 6: Combat HIV and AIDS, malaria and other diseases** - The spread of HIV and AIDS remains a very worrying reality in Mozambique, and there are still no signs that allow us to see any reversal of this picture. In 1999, AIDS killed 41,000 people, and it is estimated that this figure continued to grow in the following years. The HIV prevalence rate among people between 15 and 49 in 2004 reached 16.2% with higher levels of infection among women than men³¹. According to 'Instituto Nacional de Estatística' (INE) data, there were probably more than 225,000 new infections each year³², and it is estimated that some 1.7 million Mozambicans are now living with HIV/AIDS. This considered, in general, actions to fight against the pandemic have proved ineffective and, if unchecked, will create ever-increasing family vulnerability and increasing burdens upon the already woefully deficient health services. Economic impacts will increase and the effects of resource deficiencies will be aggravated.
- **Goal 7: Ensure environmental sustainability** - The conditions of extreme poverty, in which the majority of Mozambican people still live, are expressed in enormous pressure on natural resources, since these are the main resources for the survival of most households. At the same time, a growing and uncontrolled expansion of the urban centres results in the continual degradation of the living conditions of their inhabitants, including in terms of sanitation and access to clean drinking water. Indications show a worrying reduction in the percentage of people with access to piped drinking water inside their homes, in the neighbourhood, from public standpipe, or from a protected well. In 2001 about 67% of the urban population had access to safe drinking water but this figure dropped to 58% between 2003 and 2005³³. This fact reflects great population pressure on urban areas, due to the phenomenon of migration from countryside to the cities.

In overall terms, Mozambique is likely to meet MDG goals related to poverty, child mortality, maternal health and malaria; other MDG goals, which are unlikely to be achieved, include hunger, education, gender, HIV/AIDS, water and sustainable development.³⁴

3.2.11. GoM Development & Poverty Reduction Strategies (PARPA I & PARPA II)

GoM's overarching policy and strategy objectives all aim at reduction of poverty. The 5-year plan (February 2000) identified four policy objectives:

- Reduction of the incidence of absolute poverty
- Broad-based rapid sustainable growth
- Regional economic development
- Consolidation of peace and national unity, justice and democracy

The plan was effectively 'overtaken' as the government's major policy document by PARPA I 2001 – 2005 (despite some 'loose ends between the 5-year plan, annual budgets and MTEF). This made it necessary for the EC to use the new document as a framework for its development cooperation³⁵.

PARPA I targets are very ambitious (i.e. reduction of absolute poverty from 70% in 1997 to less than 60% by 2005 and less than 50% by the end of the decade).

At the same time, PARPA also raises significant challenges and risks:

- Need for improved financial regulation and management, especially regarding management of BS in technical line ministries

³¹ Men between 20 and 24 have an infection rate of 7.2% whilst women of the same age group have an infection rate of 21.9% - source 'Plano de Acção para a Redução da Pobreza Absoluta 2006-2009'.

³² Although there is some ambiguity in available statistics, earlier predictions of a drastic fall in population growth do not appear to have been realized.

³³ INE, 2005

³⁴ See also Annex M which gives greater detail on targets and progress towards meeting MDG goals

³⁵ Source – CSP & NIP 2001 – 2007, page 8

- Huge shortages of qualified, experienced human resources and generally weak civil service capacity (in some cases 'hog-tied' by bureaucracy)
- Lack of enabling environment for private sector and regional integration
- Fragmented planning and budget instruments
- Few performance indicators (and these are not particularly relevant or enlightening)
- No defined programmes in some sectors
- Little monitoring capacity
- Need for improved reform programmes for public sector and public expenditure management

In essence, **PARPA I** aims at reducing poverty through private sector development coupled with increased public expenditure for the delivery of pro-poor public services. At the same time, PARPA mentions the huge imbalances between provinces and the regionally limited employment effect of mega projects. The document concludes that 'the poor do not benefit automatically from good macro-economic statistics'.

PARPA I identified eight determinants of poverty:

- 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

The determinants necessitate a focus on six issues:

- *Good governance, legality and justice*, including deconcentration and decentralization to provincial and district levels and strengthening institutional capacity at all levels (through the Public Sector Reform Programme) – issues include salary levels, redundancy, capacity, resources, management and corruption.
- *Macro-economic, financial and trade policies*, aiming at maintenance of macro-economic stability, low inflation, exchange rate stability, facilitation of private sector led growth, increased domestic revenue collection leading to increased expenditure in the six main areas, whilst concurrently reducing dependence upon external funding.
- *Education*, including expanded access (especially for girls), improved quality and efficiency, reduced costs, stamping out corruption and sexual harassment, improved capacity (institutional and human resources) and increased numbers of teachers (especially in unattractive rural postings).
- *Health*, prioritising the improved wider delivery of health services through decentralization to provinces of responsibility for local delivery of services in accordance with national policies, thus linking better health to improved household incomes and reduced vulnerability. A SWAP has been prepared and BS (by pooled donor funding) is managed at provincial level. However, the shadow of HIV/AIDS impacts upon all sectors, and the National Strategy Plan (PEN) led to the establishment of CNCS (National Aids Council), which coordinates all AIDS-related activities.
- *Agriculture*, which is the activity of 80% of the population (i.e. most rural dwellers), whereas some 80% of the rural population is below the poverty line. PARPA aims at empowering agricultural producers thus increasing productivity and improving extension services. Food

security is a key issue with MADER being responsible for management of response³⁶, aiming at improving food security by increased production, diversification of crops and non-farm employment, encouragement of appropriate technology for food production and storage. Rural development is also linked to agriculture by way of coordination of multi-dimensional action by state, NSAs, NGOs, donors and private sector linked to decentralization.

- *Infrastructure development (transport, energy and water supply)*, which is seen as crucial in facilitating broad-based growth leading to poverty reduction³⁷. Thus, PARPA calls for basic transport infrastructure linking rural areas to markets and basic social services. A RSS and 10-year plan³⁸ called for expansion of the maintained and maintainable tertiary road network (to benefit rural populations), improved secondary roads linking poles of economic activity, tourism, provincial and district capitals to the national road network, which itself should give good access to ports and railways. Private sector involvement is also encouraged in construction, management and concessioning whilst government adopts the roles of policy maker, regulatory body, supervisor and controller. Energy infrastructure policy aims at expanded access to energy, promotion of new renewable energy sources, increased private sector activity and reduced negative environmental impacts. Water infrastructure policy concentrates upon expansion of water supply, wastewater and sanitation management, integrated water resource management³⁹ and economic value of water services.

PARPA II (2006-2009) was drawn up as a result of large consultation efforts and contributions of working groups, recognizes the multi-dimensional nature of poverty and spends considerable space in discussing indicators and measurements of poverty, based upon household surveys carried out in 07/1996 and 03/2002. There is an expectation that growth of the economy and reduction of poverty will continue at the same very strong rates as enjoyed during 1996-2003. The document identifies four pillars of development, each with a number of themes:

- *Macro-economics and poverty*: Macro-economic growth and stability, systems of monitoring and analysis of poverty and management of public finance
- *Governance*: Public sector reform, decentralisation and reform of judicial sector
- *Economic development*: Including development of the financial sector and the private sector with a focus on agriculture and rural development and infrastructure (roads, telecommunications, ports, railways, energy)
- *Development of human capital*: Health, education, water and sanitation

In addition, **PARPA II** identifies eight cross-cutting issues:

- HIV/AIDS
- Gender
- Environment
- Science and technology
- Food and nutritional security
- Reduction of impact of natural disasters
- Demining
- Rural development

³⁶ under FSS, PROAGRI (National Programme for Agricultural Development) and NISNS (National Food Security and Nutrition Strategy)

³⁷ Quantifying the impact of investment in transport infrastructure in terms of poverty reduction is elusive. The infrastructure does not in itself generate employment (except for short term employment during construction and considerably less long term employment for routine maintenance); it simply facilitates or promotes other activities and investments that may themselves generate employment.

³⁸ which is hugely under funded

³⁹ e.g. Zambezi River Basin Authority

3.3. Development Partner Interventions in Mozambique and Coordination of Development Assistance

The development landscape in Mozambique is congested with many multi- and bi-lateral donors, funding agencies, NGOs and other development practitioners, although EC continues to be the largest donor overall⁴⁰. Coordination of development effort has been a perennial problem, and the EC strategy was developed taking into account interventions of other donors and developing country frameworks. A Joint Donors Group (JDG) comprising 9 members (some EC Member States and other countries) and more recently the Programme Aid Partnership (PAP) were established (2004) to support poverty reduction⁴¹. General budget support represents the major part of this programme aid.

The overall objective of PAP is to support implementation of PARPA by means of:

- Policy dialogue on PARPA, MTFP (Cenário Fiscal de Médio Prazo – CFMP), Plano Económico e Social (PES) and Orçamento do Estado plus PAF monitoring of progress.
- Financing general budget support for poverty reduction – this modality is intended to improve aid effectiveness, increase national ownership, reduce transaction costs, improve efficiency of public spending and predictability of aid flows, increase efficiency of financial administration, strengthen accountability and improve monitoring and evaluation.

Under the MoU, GoM commits to parameters of accountability based upon PAF whilst the PAPs commit to providing continued support in accordance with the *Rome Declaration* on harmonization of development aid and the *Paris Declaration* on aid effectiveness. Specific initiatives on country level harmonization include:

- Development policy support
- Capacity enhancement and technical assistance
- Sector/programme approaches
- Analysis and work sectors
- procurement
- Non-financial reporting and monitoring
- Financial reporting and monitoring
- Donor cooperation
- Environmental and social impact assessments

An annual and biannual review process follows the GoM planning, budget and monitoring cycle 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).

A matrix overview of development partner aid to Mozambique (areas of intervention) is included in Annex I.

4. EC SUPPORT TO MOZAMBIQUE

4.1. Previous EC Cooperation

Preceding EDFs mirror closely the stages of Mozambique's recovery from civil war:

- 6th EDF - conflict coming to an end
- 7th EDF - post-conflict recovery and rehabilitation
- 8th EDF - transition from recovery and rehabilitation to development

⁴⁰ WB provides a greater (though diminishing) monetary value under a mixture of grants and loans.

⁴¹ now G18 comprising multi- and bi-lateral agencies

- 9th EDF - consolidation of national capacity development and sector management

EC supports PARPA through a number of different instruments: Main instrument is the macro-economic budget support to Mozambique to help maintain the continuity of nationally-owned reforms and the timely and consistent implementation of the country-owned poverty reduction programme⁴². The EC also supports efforts to improve cohesion between policy documents that are complementary to PARPA and to better integrate sector approaches into the overall strategy. This support has been extended into the roll-over of PARPA I into PARPA II (2006 – 2009), which has benefited from widened consultation with stakeholders⁴³, improved linkages to MTEF, measures to improve public finance management and greater weighting to engines of growth (nationally, regionally and provincially).

Table 7: EDF Sector Distribution for Mozambique before and after Midterm Review (MTR)

Sector	Combined 6 th , 7 th , 8 th EDF (% of budget)	Initial allocation 9 th EDF (% of budget)	Allocation after MTR
Macro-economic budget support	33	45-55	49.5
Transport infrastructure	34	25-35	34.8
Health	7	6-9	8.8
Good governance	7	3-4	
Rural development	7	-	
Water & sanitation	5	-	
Other	6	1-2	
Food security & agriculture	(BL)	0-15	7

EC continued to be the lead donor overall⁴⁴ with aims of contributing to *poverty reduction* and of increasing the focus upon *macro-economic* and *sector budget support*. Policy dialogue and donor coordination has matured over time as the PAPs (G18) increased their engagement with GoM.

Following the peace accord in 1992, EC support to *transport infrastructure*⁴⁵ concentrated on the rehabilitation of transport links. However, low governmental capacity at national and provincial levels, and capacity shortcomings in the EC Delegation led to implementation difficulties and subsequent programme delays, which ultimately limited overall impact. The lack of institutional managerial capacity (network management, maintenance planning and delivery quality) became a key issue⁴⁶, in particular, as funding shortfalls for maintenance were increasingly being removed. EC also continued to be a major development partner in *Food Security, Agriculture and Rural Development*.

EC support to the agricultural and food security sector was one of the first interventions in Mozambique under a sector-wide approach (SWAP), having been decided before some of the public sector reforms took place. In the past, EC support to rural development had been characterized as following a 'scatter-shot' approach. Although this was perhaps understandable in the immediate post-war recovery years, the EC approach still lacked consistency in the late 1990s. Strategy, institutional linkages, ownership, needs assessment or even poverty focus as a plethora of independently-minded NGOs bypassed and displaced (admittedly barely functional) state institutions

The *Health* sector has been another major field of NGO endeavour with similar results. Efforts to improve and consolidate GoM service delivery have become focused on a *Sector Wide Approach* with accompanying policy dialogue. EC has not been a major funding partner, but has become involved in sector-wide dialogue between sector donors and GoM.

The EC provided support to general elections in 1994, 1999 and 2004 as well as local elections in 1998 and 2003, but has not been a major partner in this sector.

⁴² About 60% of GBS funds are expected to be spent on better service provision (and mainly education and health sectors).

⁴³ defined as government bodies (central, provincial, district), National Assembly, NSAs, CSOs, private sector, donors

⁴⁴ although WB provides a greater value of support under a mixture of grants and loans (IDA)

⁴⁵ EC continues to be the biggest sector donor as WB sector support diminishes.

⁴⁶ Many '1st generation' reconstruction projects from the 90s are prematurely deteriorating; lack of adequate maintenance is at least a factor in this premature loss of serviceability.

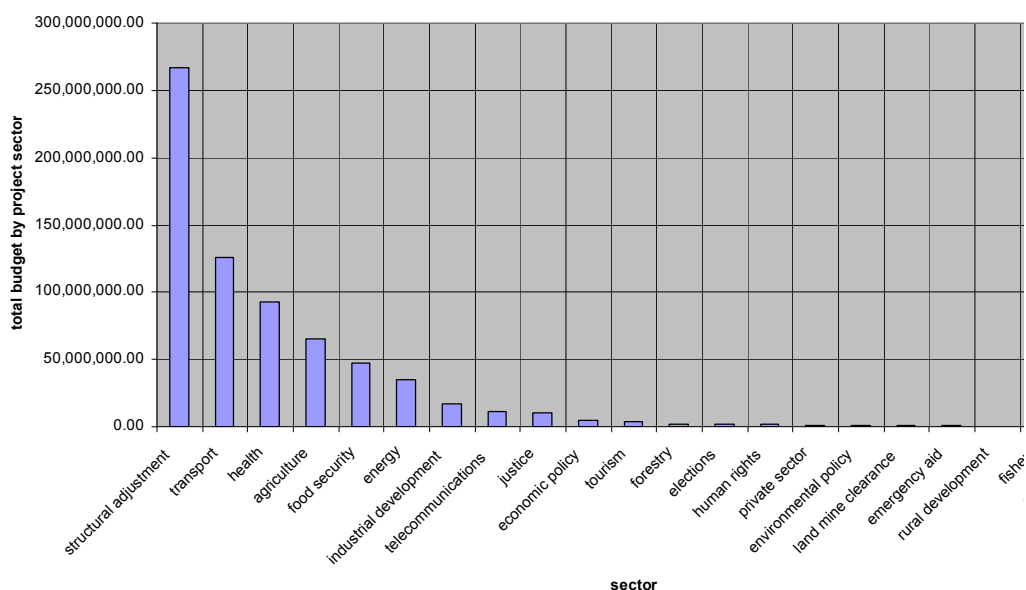
EC support to *Education*, although small in comparison with other donors, has a similar history of NGO implementation in a context of limited institutional capacity, absorption capacity and service delivery at local levels.

The EC has not been active in *Energy* nor in *Water* until more recent involvement in the Beira Sanitation Project (7th EDF and now 9th EDF) and support to the Zambezi Basin Authority (8th EDF), although this support has now expanded to include various interventions under the Water Facility (9th EDF) and Maputo Water Supply and Sanitation Project (9th EDF).

Table 8: EDF Sector Budget Distribution for Mozambique

SECTOR	TOTAL BUDGET/€	N° 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



4.2. Current EC Objectives

4.2.1. EC Development Policy

EC support to Mozambique is designed to be in accordance with Article 177 of the *Amsterdam Treaty* that defines development policies as:

- Sustainable economic and social development in favour of developing countries with particular emphasis upon the most disadvantaged countries
- Progressive and harmonious integration of developing countries in the world economy
- Fighting poverty in developing countries

This treaty calls for EC and Member States to consult and coordinate policies on development cooperation.

Following the signature of the Cotonou Agreement on ACP–EC Partnership (2000), the November 2000 Declaration of the EC Development Policy confirmed the EC concentration on limited areas of support intended to reduce poverty – linking trade to development, institutional capacity development, good governance, rule of law and equitable access to social services (health and education), plus mainstreaming cross-cutting themes such as gender, environment, institutional development and capacity development.

Table 9: Agreements relevant to EC interventions 2001-2007

AGREEMENTS RELEVANT TO EC INTERVENTIONS 2001-2007		
EVENT	YEAR	EDF
LOMÉ III <ul style="list-style-type: none"> • Human rights • Investment guarantees • Policy dialogue • Food security • Tourism • Maritime transport 	1986 - 1991	6 th
LOMÉ IV - 1 st Protocol	1991 - 1995	7 th

AGREEMENTS RELEVANT TO EC INTERVENTIONS 2001-2007		
EVENT	YEAR	EDF
<ul style="list-style-type: none"> Structural adjustment (social dimension) 		
LOMÉ IV – 2 nd Protocol <ul style="list-style-type: none"> Democracy Human rights Respect for rule of law Liberalised economic and political environment 	1996 - 2000	8 th
COTONOU – 1 st Protocol <ul style="list-style-type: none"> Political dimension Civil society, private sector, NSAs Poverty reduction Economic and trade cooperation frameworks Rationalisation of financial instruments Rolling programmes 	2001 - 2007	9 th

The main objectives of EC support to Mozambique as stated in the CSP are:

- Further consolidation of democracy
- Improvement of human rights
- Reduction of poverty

This support is intended to be focused, targeted, effectively delivered and accompanied by:

- Political and policy dialogue especially in constitutional matters (such as decentralization and electoral process)
- Rule of law and
- Conflict prevention

These elements are meant to effect policy change in the six areas of intervention identified by PARPA⁴⁷, which are intended to address eight key determinants of poverty⁴⁸. The main principle of the CSP is to support PARPA in the alleviation and the eventual eradication of poverty.

4.3. EC Strategies and Programmes for Mozambique

The CSP proposes three focal areas of EC support to Mozambique:

- Macro-economic support 45-55% (49.5%)⁴⁹
- Transport infrastructure 25-35% (34.8%)
- Food security and agriculture 0-15% (7%)

Other programmes (non-focal sectors – 10-15%) (8.8%) include:

- Good governance
- Support to NSAs
- Health and HIV/AIDS

Apart from health, the CSP does not propose any support to social sectors on the grounds that the EC neither has past experience nor a comparative advantage⁵⁰.

⁴⁷ Good governance, legality and justice, health, financial and trade policies, education, agriculture and rural development and infrastructure

⁴⁸ Poor basic health services, HIV/AIDS, slow economic growth, low education and training levels (especially women), low agricultural productivity (especially smallholders), lack of employment opportunities, high household dependency levels, weak infrastructure (especially rural areas). However, the linkage is not rigorously stated in PARPA.

⁴⁹ (%) allocation after MTR

4.3.1. Macro-economic Budget Support

CSP 2001-2007 commits a very high percentage of the NIP to macro-economic support (45-55%; 49.5% after MTR). It justifies this concentration of support with the need to:

- Sustain the macro-economic stability of the country (also taking into account possible losses of revenue from trade-related taxes in the context of the SADC regional integration)
- Ensure, through efficient budget expenditure allocation, that the economic growth of the country would benefit the poorer sectors of the population
- Include the adoption of a set of performance-based indicators in the PARPA priority sectors, which will allow to measure the impact on macro-economic and sector policies in terms of financial and human resource management
- Strengthen financial accountability and ensure the implementation of sound public expenditure management reforms in order to improve economic governance and fight corruption

Furthermore, the CSP indicates that macro-economic budgetary support would facilitate implementation of the HIPC initiative, to which the EC has made a major contribution. It also indicates clearly to seek a balanced, complementary and coherent support to Mozambique's own development efforts. In this context, co-financing operations with the international institutions and other donors have been envisaged.

The EU, together with many funding agency partners (G18), has signed a Memorandum of Understanding with the Government of Mozambique on macro-economic budget support aligned with Government cycle that includes a set of indicators to monitor performance in a harmonized and predictable way.

Following the MTR, MEBS continues in accordance with the 2004 MoU, PAP and PAF. The EC supports a results-oriented budget support strategy, in particular in health, education and public finance management (i.e. variable tranches).

Three Poverty Reduction Budget Support programmes have been implemented in Mozambique under the previous Country Strategy Paper (PRSB I, 2001-2003, €65.7 million; PRBS II, 2002-2005, €184.4 million; PRBS III, 2006-2007, €140 million, currently ongoing).

Meanwhile, a €50 million new intervention designed to bridge the transition period between the 9th and 10th EDF has been prepared and a rider has been drawn up in which PRBS covers 2006-2008 (€ 137.992 million).

4.3.2. Food Security and Agriculture

One of the key objectives of the EC in Mozambique is to support the Government's poverty reduction strategy (PARPA) and to contribute to the alleviation and eventual eradication of poverty. This implicitly requires the selection of the food security and agriculture sector as a focal sector as no poverty reduction can be achieved without considering the rural and agricultural sector.

EC has a long tradition in supporting FS and Agricultural Sector in Mozambique. In fact EC has supported a Food Security Programme (FSP) since 1986 under the Food Security Budget Line (FSBL) and shifted from 1996, onward from food aid and rehabilitation projects to budget support programmes and projects implemented by non-state actors (NGOs, private sector and rural finance institutions).

The EC confirms in the CSP 2001-2006 its willingness to support Government's policies in the FS sector, but proposes that a more pronounced poverty reduction effect could be achieved by targeting household poverty. The CSP also stresses the need for institutional reform to complement the move towards a sector-wide approach. Considering the weaknesses of the institutions working in the agricultural sector and their past experiences under the socialist system, there was a need for institutional reform and redefinition of tasks and functions.

The EC strategy for the food security and agriculture sector is composed by a package of support measures composed by sectoral budget support linked to policy dialogue in agriculture and trade, and field operations implemented by NGOs, private companies and rural finance institutions. The aim of

⁵⁰ Although there is an assumption that macro-economic budget support for poverty reduction will result in some funds being channeled to social sectors.

the programme has been to reduce poverty and to establish sustainable food security within a market economy.

EC support combines different instruments to support agriculture and food security in Mozambique. Project and budget support are complementary to the extent that they target different actors and purposes that reinforce each other:

- (1) Sector Budget support to PROAGRI: This is essentially a process of institutional reform in order to support MADER to assume the new established core functions, which transform public services into facilitators and supporters of the producers through the provision of essential extension services. EC contribution for financing PROAGRI is extremely important with the EC having financed in the period 1999-2005 an 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%).
- (2) Food Security Programme (MAFSP): Activities of the food security programme of the European Commission in Mozambique are concentrated in two broad strategic areas: (1) Strengthening and reform of key state institutions, to improve public service delivery efficiency in a market environment, with particular emphasis on decentralisation; (2) Civil society organisation and private sector development while addressing food security constraints in a decentralised fashion and linking activities with district level authorities.⁵¹

In the period under review the EC continued/undertook the implementation of:

- More than 10 projects proposed under the 1999 Call for Proposals, and which continued to be implemented over the 2000-2003 period; a number of them had even extensions into 2004, and two had extensions into early 2005.
- Food Security Programme 2000-2002: TA projects for FS policy formulation; consolidated information system (CIS); National Early Warning Systems (EWS).
- Multi-annual food security programme (2003-2005) in an amount of €48 million. About 1/3 of this sum has been allocated to other components (Ministry of Industry and Commerce; Institute of Meteorology; producers' associations).⁵²

4.3.3. Transport Infrastructure

At the time of preparation of CSP and NIP, the national road sector policy was the 'Política e Estratégia de Estradas', a policy that was primarily meant to address the emergence from conflict in the 1990s. At that time, the IRSS that was meant to cover the period from 2001 – 2010 was still under preparation, but was eventually not adopted. The RSS for the period from 2007 – 2011 was eventually only completed in October 2006. Still, there are no national policies or strategies for the transport sector as a whole⁵³.

In this situation, the EC decided to support: a) improving the coverage and quality of roads and bridges; b) improving road transport safety; c) strengthening the country's capacity to manage and administer the road sector effectively and transparently with sustainable and efficient institutional arrangements; and d) establishing financing mechanisms to ensure sufficient, timely, stable and secure flows of funds for road maintenance. Secondary objectives were to incorporate HIV/AIDS prevention activities and increase female employment.

The NIP sought to help create economic opportunities in rural areas, by promoting greater access to markets and services (especially in areas of high population density and high agricultural potential), improving Mozambique's access to neighbouring countries, maintaining principal national and coastal links for promotion of tourism and national unity, supporting to rehabilitation and maintenance of feeder

⁵¹ The former is covered basically by budget support and specific technical assistance, while the latter are addressed through projects executed by NGOs, agro-industrial companies and producers associations.

⁵² Support to MADER/PROAGRI phase II (15M€); Support to the institutional reform of MIC/INAM (4M€); Support to the reform of human resources in MADER/MIC/INAM (4,5M€); Support to IAM,INCAJU, GPSCA (3M€); Technical assistance in management and commercialization to MIC (2M€); Credit programme in support to agricultural commercialization (2M€); Outsourcing of activities at provincial level (several activities in a total value of 11 M€); Support to producers associations (M€ 4); Studies, technical assistance, audits, evaluations and seminars (M€2,5)

⁵³ i.e. covering all modes of transport (rail, road, air, maritime, fluvial)

roads, supporting activities to reduce the spread of HIV/AIDS, reducing traffic accidents, helping to promote gender equality by encouraging employment of women and increasing females access to transportation, improve governance and public administration by establishment of more transparent and accountable institutional frameworks, foster private sector participation in rehabilitation and maintenance and strengthening decentralized road planning and management.

Following the MTR an additional €87.9 million was allocated to the sector, which now includes the following major (capital works) interventions – Caia Bridge (Zambezi), co-financed (parallel financing) with SIDA and Italy as continuing EC policy of support for national and regional communication routes.

4.3.4. Good Governance

The EC recognizes political stability and good governance as a prerequisite for poverty reduction and sustainable economic and social development in Mozambique; Governance is a key component of policies and reforms for poverty reduction, democratization and global security⁵⁴. It is also recognized that the chance of meeting the MDGs depends on good governance within each country⁵⁵. The *Monterrey Consensus* of Heads of States implied that good governance is essential for sustainable development, and fighting corruption at all levels is a priority. The *Cotonou Partnership Agreement* recognized the role of and the potential contribution of the Non-State Actors to the development process.

The EC seeks to deepening cooperation with Mozambique in the context of broader development and implementation of the European external policy. In this context, a range of instruments can be used for interventions such as good governance, human rights, election observation mission, peace keeping, investment climate and regional integration (COM (2006) 278 final).

The objectives and principles of EC development policy and the Mozambican national policy agenda were the starting points for the CSP. The document sees improved political stability and cohesion, public sector reform (decentralization, public enterprise sector, public financial management) and reform of the judiciary and legal system as crucial for the development of Mozambique.

The EC also participated in the dialogue with GoM and NSAs to discuss the implementation of NSA actions within the focal areas, in order to enhance the involvement of an independent civil society. This dialogue will take place within SWAPs and will be a component of a more general discourse on general budget support. The EC has experience in facilitating such a dialogue in food security issues, and the CSP proposes leveraging this experience to other sectors (e.g. rural roads). Capacity development of NSAs was meant to be supported (in line with the *Cotonou Agreement*); hence, increased capacity should permit greater NSA participation in design, financial control, audit, monitoring and evaluation of projects, as EC steps back from such direct monitoring involvement⁵⁶.

4.3.5. Health and HIV/AIDS

At the time of the development of the current CSP & NIP it was noted that the EC neither has a comparative advantage nor a telling past experience in health or HIV/AIDS. On the other hand, it was recognised that both fields remain high priority areas. In the context of concentrating the EC support on a few focal areas, it was agreed to streamline interventions in the health or HIV/AIDS sector, though without creating a gap in terms of funding. It was, therefore, proposed to support health and HIV/AIDS as a non-focal area under the 9th EDF. Between 10 and 15% of the funds, or about € 39 million, would be used for the non-focal areas, of which approximately € 25 million for health and HIV/AIDS under the 9th EDF (and € 50 million under 8th EDF and 9th EDF together).

The EC support in health and HIV/AIDS was to be implemented within the framework of the *National Health Strategic Plan* and the *National Action Plan to fight HIV/AIDS*. In accordance with the new national health strategy, the EC support would move towards a sector-wide approach and budget support. Support to the already existing basket funding mechanism for medicines was specifically mentioned, but also to other common funds that at that time were being developed by MISAU in the context of the SWAP. Similarly, support in the field of HIV/AIDS would focus on a multi-sector

⁵⁴ COM (2003) 615 final; EU 2005

⁵⁵ UN Millennium Declaration, 2000:4

⁵⁶ Although the logical linkage of 'Support to NSAs' (and to 'Good Governance') to constitutional reform (other than for decentralization) and thus to 'political stability' is not clearly stated in the CSP.

approach, and in particular on participating in the budget support mechanisms that were being developed at the National AIDS Council (CNCS). No specific performance indicators were defined for the EC support in health and HIV/AIDS, but the health and HIV/AIDS indicators of the PARPA were adopted.

The 8th EDF, operation (with a value of € 25-30 million) was to complete the on-going infrastructure projects in Zambezia province, as part of an exit strategy, to continue ongoing HIV/AIDS prevention and care interventions and to support the development of the health SWAP with particular emphasis on capacity development at central and provincial levels.

The CSP & NIP recognised the weaknesses of the government in ensuring a correct management of the budget support and emphasised the need for institutional strengthening. An assumption was that for the duration of the NIP transparent procedures would be developed and accountability improved.

4.3.6. Cross-cutting issues (Capacity development)

Lack of institutional capacity is a feature of all sectors and at all levels of society in Mozambique (especially affecting women). Institutional capacity in many sectors is inversely proportional to the distance from Maputo, thus jeopardizing the effectiveness of decentralization and resulting in weak service delivery, especially but not only in health and education at provincial and district levels, whilst at central level programme planning and implementation and public financial management have been weak.

Analysis of the situation led EC to attempt capacity development as a mainstreamed cross-cutting theme of all sector interventions but with particular focus on transport infrastructure⁵⁷ (€ 4 million), support to civil society (NSAs - € 4 million), good governance, rule of law and food security.

GoM actions for public sector reforms⁵⁸ are aimed at strengthening not only management at central and local levels but also to improve monitoring and feedback⁵⁹. However, decentralized financial management at provincial level continues to inhibit effective decentralization.

Overall, limited absorption capacity and implementation capacity constraints represent a threat to effective implementation of PARPA and, as EC has used PARPA as the framework for development cooperation with Mozambique, addressing this issue should be a significant component of EC interventions. Of particular significance is GoM's capacity to handle the increasing amounts of budget support for implementation of PARPA poverty reduction efforts; this in turn is dependent upon generation of adequate institutional capacity⁶⁰.

4.3.7. Cross-cutting Issues (Gender and Environment)

EC strategy⁶¹ aims to mainstream gender and environmental issues into all areas of cooperation although these aspirations are not detailed in all intervention sectors.

In transport infrastructure gender equality is to be promoted by encouraging employment of women at all levels and capacities in the road sector⁶², whilst increasing female access to transportation⁶³. Also

⁵⁷ Institutional capacity of the transport infrastructure sector (rail, road) has been insufficient for some years involving network management, operational and maintenance issues. Also national contractor development has been difficult, compounding the effects of ineffective maintenance on rural road serviceability and passability, especially at provincial levels.

⁵⁸ GoM plans to address, inter alia, salaries, redundancy, capacity, corruption, policy and strategy issues.

⁵⁹ Education continues to suffer from major lack of capacity, especially teachers in rural areas; to a lesser degree health services are also adversely affected by capacity constraints although a programme of provincial capacity development is in progress.

⁶⁰ CSP notes that the impact of structural adjustment funds upon poverty may have previously been muted for this reason.

⁶¹ in line with Article 20 of the *Cotonou Agreement*

⁶² The usual target is 25% women's participation in LB works although this target is usually only achieved in special circumstances.

⁶³ No details are given as to how this is to be achieved.

in this focal area, environmental concerns shall be explicitly considered by preparation of EIAs and EMPs in accordance with national and international practices for all capital works⁶⁴.

In other focal and non-focal sectors, although there are some references to needs (e.g. women (and children) having particular health vulnerabilities; agricultural environmental pressures; women's disadvantaged yet crucial place in smallholder agriculture), there are no detailed proposals for addressing these issues.

4.3.8. Coherence with Regional Programmes

Support for regional integration and cooperation is one of the limited areas of support identified in EC development policy, and regional economic development was identified as one of the central policy objectives of the GoM⁶⁵. Thus, EC's response strategy identifies potential benefits of macro-economic stability (resulting from macro-economic budget support) as potentially contributing to SADC regional economic integration and promises complementary support to Mozambican negotiations on SADC and WTO trade protocols.

In transport infrastructure, the strategic importance of the 'corridors' is noted, and proposed monitoring includes indicators intended to capture measures of cross-border transport.

In food security, reference is made to a sub-regional approach incorporating international lessons learned, cross-border interactions, early warning systems, crop marketing studies and negotiation of commodity-specific bilateral trade agreements.

Otherwise there is little reference to the EC RSP and RIP.

4.3.9. Coherence with EIB interventions

Mozambique continues to be a major user of EIB funds (in fact one of the largest EIB portfolios in ACP) 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 CSP macro-economic support is thus of major relevance and cohesion.

4.3.10. Regional and International Issues

In accordance with Article 28 of the *Amsterdam Treaty* 'EC cooperation shall provide effective assistance to achieve the objectives and priorities where the ACP countries have set themselves in the context of regional and sub-regional cooperation and integration'. In this context cooperation support includes:

- Gradual integration of ACP states into the world economy
- Accelerated economic cooperation and development both within and between regions of ACP states
- Promote free movement of persons, goods, capital services, labour and technology
- Accelerate diversification of economies
- Coordinate and harmonise regional and sub-regional cooperation policies
- Promote and expand inter and intra-ACP trade

Articles 29 and 30 of the *Cotonou Agreement* 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

⁶⁴ Similar plans and assessments are normally not required for other road works (routine and periodic maintenance or minor works), although good engineering judgment should cover these issues anyway.

⁶⁵ including regional transport links – Mozambique has transit corridors linking RSA, Swaziland, Zimbabwe, Zambia and Malawi to Mozambican ports.

countries in negotiation with EU 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 (and the collapse of the Zimbabwe economy has had negative impacts upon the Mozambique economy, especially along the Beira corridor).

Mozambique plays a strong role in regional and pan-African issues being instrumental in establishment of AU and establishment of various AU initiatives⁶⁶. Mozambique has hosted the AU summit (holding the Presidency at the time), the Summit of Heads of ACP State & Governments and African World Economic Forum. Mozambique is one of the NEPAD countries participating in the peer review mechanism.

Mozambique is a member of SADC and has observer status at the Regional Integration Facilitation Forum (RIFF). The EC RSP and RIP for SADC (2002-2007 – 9th EDF) has targeted two focal areas:

- Regional integration and trade (35-45%)
- Transport and communications (35-45%)

Complementary activities outside these focal areas cover institutional capacity development and conflict prevention (up to 20%).

Although HIV/AIDS is identified as a major constraint to economic development, no specific measures are identified. The involvement of NSAs is noted as essential for successful implementation of the RSP.

Specific interventions impacting upon Mozambique in the RSP & TIP 2002-2007 include support to:

Regional Integration and Trade

- Trade liberalization (customs procedures and computerization)
- Technical barriers to trade (implementation of WTO TBT agreement, management of technical regulations)
- Trade facilitation (customs bond guarantee system, common road transit charges)
- Cross-border payment and settlement system
- Regional capital market development
- Preparation of EPAs
- Cooperation with other regional organizations

Transport and Communications

- Policy and regulatory frameworks
- Investment in Malawi/Mozambique Milanje – Mocuba (Quelimane corridor)⁶⁷
- Knowledge based economy programme (ICT)
- Capacity development and control of surface water (PCN14) for joint integrated basin management
- MYCOS phase II

Other programmes

- Conflict prevention and other issues relevant to Berlin Initiative
- Regional drug control
- HIV/AIDS

⁶⁶ Pan-African Parliament (2004), Peace and Security Council, Economic and Security Council, African Cultural and Legal Court, African Charter of Women's Rights, African Monetary Fund, AU Commission

⁶⁷ although it is hard to see likely economic justification for major investment in this 'corridor'

- Gender
- Capacity development

5. CONCLUSIONS

The Conclusions are organised by clusters so as to provide an overall assessment of EC strategy for Mozambique. The EQs cover Relevance (EQ1-RE), Effectiveness and Impact (EQ2-ME, EQ3-FS, EQ4-TR, EQ5-GG, EQ6-HE, EQ7-NSA), Transversal Issues (EQ8-3Cs, EQ9-EF, EQ10-X [Capacity development]). Strategy is thus assessed against these criteria and develops answers to EQs and responses to JCs as set out in Annex E.

Conclusions deal firstly with relevance of the strategy in response to GoM needs, followed by assessment of impact and effectiveness of the three focal areas (macro-economic support/ poverty reduction budget support, food security and agriculture, transport infrastructure) and non-focal sectors (good governance, health & HIV/AIDS, support to NSAs). Transversal issues are then discussed – 3Cs and donor coordination, cooperation frameworks and implementation mechanisms and cross-cutting issues (capacity development).

Some conclusions arise from more than one EQ and these wider scope or cross-cutting conclusions are brought together under the appropriate thematic cluster.

Please refer to Annex E – Forms of Evaluation Question, Judgment Criteria, Indicators and Analysis for detailed findings on each evaluation question, upon which conclusions are based.

5.1. Conclusions on Relevance of Strategy

EQ1 (RE): To what extent are EC cooperation objectives and development policies, as manifested in CSP & NIP 2001-2007, relevant to GoM development policies and strategies, in particular in addressing the 'key determinants of poverty' as identified in PARPA?

Summary assessment and answer to Evaluation Question

EC cooperation and development policies are highly relevant to GoM policies and strategies as identified in PARPA. 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 & 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.

Please refer to Annex E 'Relevance (R)' for more information, upon which conclusions are based (pp. 51-57).

Conclusion 1.1 (based on JC 1.1) – The sectoral distribution of EC support is clearly justified by comparison with PARPA 'areas of intervention' and 'key determinants of poverty'. 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 CSP and NIP, EC support also touches on other areas of interventions identified in PARPA (e.g. fisheries, tourism, employment, business development and communications).

Conclusion 1.2 (based on JC 1.4) - EC interventions have not 'mainstreamed' cross-cutting issues or articulated strategies for mainstreaming although some sector interventions have taken gender and environmental issues into account. Without actually identifying capacity development as a cross-cutting issue, EC support to capacity development across all focal and non-focal sectors comes closest to mainstreaming. Most EC supported interventions have a major component of capacity development even though there is little attempt to coordinate such efforts between sectors or link HRD or institutional support methodologies in different locations.

Conclusion 1.3 (based on JCs 1.1, 1.2, 1.3, 1.4) - Although quantification of impacts of EC support upon poverty reduction is not clear, there is evidence of continuing improvement in national poverty indices (which has been directly linked to robust GDP growth). There is evidence that MEBS (to which EC is a major contributor) has contributed to continuing macro-

economic stability but growth has been linked to mega-projects more than other factors. However, poverty reduction has been linked to GDP growth, which leads to fears that any reduction in the optimistic projections of continuing GDP growth may have consequential results of diminishing poverty reduction trends.

5.2. Conclusions on Effectiveness and Impact

5.2.1. Macro-economic Budget Support

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?

Summary assessment and answer to Evaluation Question

GBS in Mozambique can be considered a successful case of donor-government collaboration. Without GBS, the Mozambican economy would not have achieved such high levels of macro-economic growth and stability and good results on strengthening the planning and budgeting systems and public finance management in general. Furthermore, GBS has permitted a significant increase in the proportion of the public expenditure subject to the national budget and has strengthened the governmental systems. It would not have been possible to achieve the same or similar results under a project approach and without donor harmonisation and permanent dialogue with the GoM. Thus it can be concluded that EC's macro-economic budget support strategy delivered good levels of efficiency, effectiveness and impact compared to other possible support measures; it is doubtful whether the same results would have been achieved by using other forms or support measures.

Please refer to Annex E: Impact & Effectiveness – Macro-economic Budget Support (ME) for more information, upon which conclusions are based (pp. 58-70).

Conclusion 2.1 (based on JC 2.1) - The economic environment has improved considerably in the last decade: however, there are still a number of issues, which hamper foreign investments (reforms related to judicial and regulatory environment have lagged).

Although substantial progress remains to be achieved, the Commission's interventions effectively participated in the reduction of the macro-economic 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. However, other essential reforms are still outstanding. 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.

Conclusion 2.2 (based on JC 2.1 - Without GBS the Mozambican economy would not have achieved such good levels of macro-economic growth and stability. GBS has contributed to reduce the costs of budget finance by making new and free financial resources available.

GBS is highly relevant to the national context, has upgraded the role of MPD and of MOF in coordinating with sector ministries on policies and poverty focus - the jointly agreed PAF consisted of policy actions and performance indicators drawn up for the GoM's poverty reduction strategy and from dialogue with line ministries about indicators that are relevant for their sectors (however, line ministries continue to receive in parallel sector-wide support and programme support, which makes them more interested in direct dialogue with donors than with the Ministry of Planning and Finance). GBS has brought more donor funds on-budget, and thus has contributed to increase transparency.

Conclusion 2.3 (based on JC 2.1) - EC's support to the reform agenda of improved public finance management is highly relevant, improves reliability of the budget and will show direct effects in form of improved budget execution rates and/or efficiency of public expenditure in the medium term run.

EDF budget support programmes have a continuous focus on the situation and the reform agenda in public finance management. Improvements were/ are an essential condition for continued budget support, and dialogue and monitoring (in particular through an assessment using the PEFA methodology, but also through a mission by the European Court of Auditors). Budget support learning processes have been

strong in relation to the flow of funds, institutions and policies; their conclusions have contributed to the establishment of a well-structured dialogue on policies, increased donor harmonisation and improved alignment of the budget support partners and the Government. Donors support to improved PFM and especially SISTAFE is highly relevant and it increased reliability of the budget as a policy document. However, direct effects in form of improved budget execution rates and/or efficiency of public expenditure can only be expected in the medium term run.

Conclusion 2.4 (based on JC 2.2) – EC is supporting an effective Government-driven poverty reform programme.

EC is supporting through GBS the GoM's poverty reduction strategy PARPA. GoM's priorities are fully included in the Joint Programme that is in force since 2002. The jointly agreed PAF is composed of indicators drawn from the GoM's poverty reduction strategy PARPA or are the result of proposals made by the respective line ministries; at the same time indicators reflect the priorities of the donor community. The joint elaboration and agreement of the PAF should assure full ownership of GBS by the GoM (but there are continuing doubts about how much this process is still donor driven). The permanent dialogue between the GoM and the donor community contributed to widen the poverty focus and to improve policies. The variable tranche mechanism used in EDF budget support programmes permitted focus of dialogue on results in predetermined areas based on Government defined indicators and targets. Important progress has been made over the last strategy period in terms of increasing short-term predictability of budget support, while medium-term predictability still needs further progress.

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, so it is not possible to be sure exactly, how funds have been spent (fungibility issues).

Conclusion 2.5. (based on JC 2.3.) GBS had had excellent effects on harmonisation and alignment (which would not have been achieved without GBS)

GBS has promoted highly efficient donor coordination and permanent policy dialogue between the donors group and the GoM. The high volume of funds provided to the GoM through GBS has given importance to the dialogue between GoM and the donors and has thus influenced - up to a certain degree - policies and reforms. GBS has a moderately positive effect on the development of sector policies. However, the big number of working groups and coordination meetings to be attended (especially in the case of EC, which is an important donor) and the highly technical content of the working groups may have created an overloading of sector specialists. Attendance at all relevant groups, if more than simply a spectator, requires considerable time and effort on the part of sector specialists, who also are responsible for management of a portion of the portfolio.

5.2.2. Food Security and Agriculture

EQ 3 (FS): To what extent has the EC support to the Agriculture sector and Food Security impacted upon agricultural production and food security?

Summary assessment and answer to Evaluation Question

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. 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 development 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.

Some general improvement of 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. 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.

Please refer to Annex E: Impact & Effectiveness – Food Security & Agriculture (FS) for more information, upon which conclusions are based (pp. 71-84).

Conclusion 3.1 (based on JC 3.1) - Institutional reform has not yet been completed and needs further support in order that Provincial and District representations fulfil their assignments in a better way. The decentralization process is ongoing; however, there still exist limitations in planning and fund delivery/utilization, which need to be corrected under PROAGRI II. PROAGRI I has distributed important assets to the provincial and district levels (computers, cars), but it seems that no full regulation of how to use and maintain these assets has been established.

However, it should be remembered that the concentration of efforts of PROAGRI I in institutional reform and capacity development was necessary, considering institutional weaknesses (after the war and the socialist period) and the necessity to adapt and redefine core functions and make them compatible with a market economy. PROAGRI I was mainly based on the assumption that the private sector could complement public services in agriculture. But experience showed that the private sector has up to present developed little interest and capacity to assure service delivery in rural areas, especially for smallholders. Furthermore, GoM defined decentralization and deconcentration modalities only after the design of PROAGRI, therefore related institutional strengthening and capacity development at provincial and district level will have to be tackled under Programme PROAGRI II.

Conclusion 3.2 (based on JC 3.2) - Food security has improved but not all districts have the potential to be self-sufficient in food; in those districts, which have less agricultural and livestock potential, other income generating activities have to be promoted. Food security can only be achieved by an intersectoral approach, combining efforts in the educational, health, agricultural and transport sector. The next stage of PROAGRI is intended to be more active in districts instead of institutional change. However, the challenges are immense given the widely different food security situations across the country. A key factor is difficulty of communication due to poor road transport, which prevents movement of food to market and of surplus to deficit areas.

Conclusion 3.3 (based on JC 3.1 and 3.2) –The strategies for promotion of growth with equity and integrating smallholder subsistence farmers in the market economy seem to be still weak. Smallholder agriculture and food security are perceived by many governmental officials as a “social service” that has to be rendered in order to diminish the poverty indices and assure food security. Thus, there is still little reflection about how to promote rural development through a multi-sector approach (transport, agriculture, banking/commerce, gender issues, interior, education, health) in order to eliminate barriers and limitations for development, and how to incentivate cooperation between commercial enterprises and smallholders. However, it seems that this vision has been corrected and that PROAGRI II will make more efforts in inserting smallholder subsistence farmers into the market economy.

Conclusion 3.4 (based on JC 3.3) – **Service delivery at field level has improved only slightly.** Efforts during PROAGRI I in terms of reinforcing public service delivery were not sustainable at field level, so improvements are scarce. However, some good but geographically punctual results have been achieved through outsourced projects.

Conclusion 3.5 (based on JC 3.4) – **GoM’s capacity to assess the food security status of rural and urban households has slightly improved,** but the results are hampered by institutional constraints. SETSAN has received support from EC/FAO and has the capacity to assess the food security status of the rural and urban households. However, lack of budget, adequate staffing and difficulties in data collection at field level affect the results and their sustainability. The current SETSAN’s mandate is compromised by its location in MINAG. It should be granted adequate powers to fulfil its mandate and be located under a different institutional ‘home’ (e.g. Prime Minister Office).

5.2.3. Transport infrastructure

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?

Summary assessment and answer to Evaluation Question

EC support continues to contribute to management capacity support, particularly at central rather than provincial levels, but the institutional situation continues to constrain sector managers. The current recruitment campaign for virtually all senior posts in ANE (HQ and provinces) probably implies paralysis of decision making for the coming year or so whilst potentially more technical assistance may be requested to support the new management team. However, there is little evidence of long term, sustainable capacity development actually having been delivered by many years of technical assistance to sector institutions, especially ANE.

Accessibility (national and regional) is improving, but rural areas (home to 80% of the population and 80% of the poor) continue to suffer impaired or denied accessibility. Any improvement in accessibility does intuitively make a contribution to poverty reduction, but measurement of such sector impacts has been partial and unconvincing.

Please refer to Annex E: Impact & Effectiveness – Transport Infrastructure (TR) for more information, upon which conclusions are based (pp. 84-98).

Conclusion 4.1 (based on JC 4.1) - **Continuing serious capacity deficits in ANE (HQ and provincial levels) with continuing central control, slow response and little real delegation of powers to provinces. New appointees to senior ANE positions will require some time to become effective and all current technical assistance to ANE (funded by WB, EC and ASDI) ended in July 2007. ANE will thus have only limited effectiveness for some time to come in the 1st year of the very ambitious PIP.** Most of the senior posts in ANE currently are filled but an ongoing (and delayed) recruitment campaign for all senior posts in Maputo and provinces gives no guarantee that those incumbents will remain in place (in the case of the DG he will be replaced). Thus, there is little current incentive for decision making of any kind in an organization not noted for speed of reaction anyway. All technical assistance currently in place finishes shortly and the large multi-donor technical assistance under PRISE has, as yet, not been mobilized.

Conclusion 4.2 (based on JC 4.1) - **Whilst technical assistance is certainly needed in certain functions for MOPH, FE and ANE, prioritization is necessary as maintenance programmes are drifting and the hugely ambitious PIP has not yet started.** Certain functions of ANE are of higher priority including maintenance, contract management and procurement. These skills are essential for the ambitious capital works planned for PIP 2007-2009.

Conclusion 4.3 (based on JC 4.1) - **Much more needs to be done on technical auditing and monitoring plus streamlining financial management and procedures in sector agencies.** Given the lingering doubts about the sector management ability to transparently handle financial management and technical audit capacities are highly relevant. Unqualified audits are essential for SWAP and eventual SBS (via pooled funding) and financial audits undertaken to date have been delayed.

Conclusion 4.4 (based on JC 4.2) - PIP represents a huge leap of faith in the current circumstances, for which sector donors and GoM are responsible. It is unlikely to be achieved in the specified time period but may be feasible over a longer time period (perhaps 5 years instead of 3 years). Most capital investment impacts will thus be delayed but not denied. However, maintenance delays could have serious negative impacts upon network condition. PIP would be hugely ambitious in terms of absorption capacity in the most propitious circumstances requiring an annual expenditure double the previous best achievement. Given the current institutional management problems, this programme is highly unlikely to be undertaken on time. Donors and GoM appear to have suspended their critical facilities to have signed off on such a time scale.

Conclusion 4.5 (based on JC 4.4) - Sector PAF is seriously compromised due to lack of baseline data, changed methodologies and credibility of available indicator data (at least in the short term). 10 of 21 indicators have no baseline data, and for many indicators data may only become available in the specified form after the results of the 2007 national census are published.

Conclusion 4.6 (based on JC 4.5, JC 4.6) - Given the strategic nature of capital investment projects on major national routes, EIRR cannot be the sole justification criteria for investment. There is little motorized traffic on even major roads outside urban areas, especially in the northern and central provinces. EIRR calculation is the conventional means of economic justification of capital works, but on such roads this process does not deliver such justification on roads of <200vpd (depending upon the scope of works proposed). But, for strategic routes, such justification is not necessary.

Conclusion 4.7 (based on JC 4.7) - Only certain aspects are practical within sector support such as road safety audits of designs. Other enforcement efforts such as axle load control are notoriously difficult, involving issues of corruption, management and liaison with other bodies (e.g. police, alfandega, port authorities). Enforcement of traffic regulations is patchy and characterized by venal tendencies and opportunism. Attempts to control such activities have been faced with huge difficulties in many Sub-Sahara-African countries and should be addressed through dialogue whilst concentrating on more easily controlled and transaction cost-effective aspects (such as road safety).

Conclusion 4.8 (based on JC 4.8) - Whilst the condition of the classified network is important, the unclassified network is of greater day-to-day relevance to the 80% of the population living in rural areas. Some 50% of roads in Mozambique are unclassified without any responsibility for funding, maintenance or management having been defined. Given that <10% of the population lives within 2 km of a classified road, the critical importance of such roads (almost entirely unsurfaced, un-engineered earthen tracks) to the everyday life of rural dwellers is obvious. But to address this issue is very complicated and needs are huge.

5.2.4. Good Governance

EQ5: To what extent has EC support contributed to promoting good governance at all levels of society?

Summary assessment and answer to Evaluation Question

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. 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, especially regarding 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. 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.

Please refer to Annex E: Impact & Effectiveness – Good Governance (GG) for more information, upon which conclusions are based (pp. 99-104).

Conclusion 5.1 (based on JC 5.1) - **EC support to elections and constitutional reform was relevant and contributed to improved stability and better conditions for democratic society.** The most recent national elections were generally perceived as being acceptable despite predictable complaints of partiality or other irregularities from losing candidates and the noting of some procedural shortcomings by the electoral observers. Elections are planned for provincial assemblies shortly and the organization of this exercise will be logistically complicated. A stronger political dialogue is needed in order to find a consensus on appropriate measures for improvement of electoral system and procedures.

Conclusion 5.2 (based on JC 5.3) - **In general, citizens' access to justice is still low. The implementation period of some projects is short, so that impact can not be assessed yet. Despite widespread perceptions of a dysfunctional and corrupt law enforcement system there has been little real action. Denial of legal redress is the norm and parallel, informal, resolution measures have developed in some situations.** Proposals to establish district courts are, in principle, a major step in taking justice to the people (customers), but these courts have to be effective. There is a concurrent huge shortage of trained and qualified jurists, magistrates, judges, clerks of court and other court officials.

Conclusion 5.3 (based on JC 5.3) - **Initial delays in implementation and management capacity constraints of the pilot project in justice sector were due to lack of clear definition of the role of the involved institutions and the complex nature of the sector.** There is evidence that the pilot project has started to contribute to the creation of conditions for the improvement of justice sector services but there are still delays. CCLJ is crucial for integration of justice sector structures and therefore for improving the capacity of justice administration and 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, but the "Conselho Constitucional" (established in 2006) is still not involved in the CCLJ. 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 recognizing alternative resolution mechanisms and revising outdated codes such as the penal code). There is also a need of broader dialogue between GoM, NSAs and donors on the current challenges of justice sector. Whatever the causes of delay in start up and implementation, there does appear to be an exceptional degree of institutional inertia to be overcome in this sector (the level of which was perhaps not recognized at project design stage). Certainly, serious dialogue between sector stakeholders is needed, hopefully leading towards culture change.

Conclusion 5.4 (based on JC 5.3) **There is not enough exchange of experiences and best practices amongst different institutions (including CSOs) involved in justice sector.** There is particular need in the CSOs acting in the sector (e.g. in the justice sector several initiatives of national and international NGOs could be strengthened), also in terms of use of exchange of experience and best practices to improve their performance (e.g. vulnerable older people organizations, cooperation between national and international NGOs in the area of human rights protection).

Conclusion 5.5 (based on JC 5.3) **EC is the biggest donor amongst the few donors in the justice sector** (EC, DANIDA, Italy, Netherlands, Portugal, UNDP, UNICEF). Several donors stated that they expect that EC assumes the lead role amongst the donors in the policy dialogue and in the coordination of efforts to establish an improved modality of support to the justice sector. Some donors stated that, if necessary, EC should also assume the position of delegated cooperation partner for such donors, which are interested in supporting the justice sector, but not directly. An improved aid mechanism may be necessary in the near future, but, due to the specific patterns of the justice sector, the steps towards new aid modalities require good planning and discussion with partners (including a previous assessment of the quality of the Integrated Strategic Plan and mission for preparation of a joint programme), so that all institutions/stakeholders can be on board. In a more general context, dialogue linked to governance issues does not appear to have developed to anything like a satisfactory level of understanding between sector stakeholders.

5.2.5. Health & HIV/AIDS

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?

Summary assessment and answer to Evaluation Question

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 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 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 absorption capacity.

Please refer to Annex E: Impact & Effectiveness – Health & HIV/AIDS (HE) for more information, upon which conclusions are based (pp. 104-113).

Conclusion 6.1 (based on JC 6.1) - Despite the fact that health is a non-focal sector, the EC is currently one of the principal donor agencies of the sector, both by the size of financial contribution and by active participation in policy dialogue. Having health and HIV/AIDS as non-focal sectors implies that only a limited proportion of the total EC funding is used for these sectors. During the past CSP-NIP about 10% was set aside for health/HIV/AIDS. However, in absolute terms it still represents an important amount of funding and it is still substantially higher than the contribution of most other donor agencies. In addition, the EC currently plays an important role in the health sector, not only because of the size of its financial contribution but also because of its active participation in the SWAP dialogue. There appears to be no need to further increase funding to the health sector and the decision to continue to have health and HIV/AIDS as non-focal sectors is, therefore, endorsed.

Conclusion 6.2 (based on JC 6.1) - Although there appears to be sufficient funding available for the fight against HIV/AIDS and the main challenge is increasing the absorption capacity, there is a rationale for the EC joining the CNCS common fund for strategic reasons and because there appears to be a demand. The EC did not initiate its planned support to the CNCS, because of problems with the CNCS' absorption capacity, but it intends to do so during the next EDF. While there is no doubt about the importance of continuing the provision of funding to the MoH, it is less clear if there is a need to start funding the CNCS. The main arguments for participation in the CNCS common fund are that the absorption capacity is now expected to improve as a result of outsourcing of the grant management, and that, although there is a large amount of funding available for the fight against HIV/AIDS in the country, only a small proportion of that is channelled through CNCS such that there is a need of extra funding in particular for civil society initiatives. These arguments are not fully accepted. Firstly, it still has to be proven that the absorption capacity will improve with the outsourcing of the grant management. The problem of limited capacity at CNCS in the coordination, planning and monitoring of the epidemic is still very real and, more important, the huge lack of implementation capacity in Mozambique is still not resolved. Secondly, it is not true that there is currently insufficient funding available for civil society initiatives. Apart from the grants offered through CNCS, there is a large amount available through other channels, such as for example PEPFAR. All funding sources face the same challenge: identifying capable partners that can implement quality HIV/AIDS interventions in the field. The original stance is therefore retained i.e. there is currently sufficient funding available and the main challenge is increasing the absorption capacity. However, the argument of the EC that, in order to participate in the dialogue on how to improve the implementation capacity it is necessary to contribute with funds, is understood. In addition, all partners met during the evaluation encouraged the EC to join the CNCS partners' forum. For these reasons, the decision to initiate participation in the CNCS common fund is supported.

Conclusion 6.3 (based on JC 6.2) - The SWAP and common fund support continue to be the most logical approach for the EC to support the health sector, in particular considering the

serious problems past projects within the MoH faced. It is without doubt that the introduction of the SWAP and common fund mechanisms greatly improved the external support to the health sector. They enhance a common approach, avoid duplication, improve planning and policy development, ensure a more equal and sustainable distribution of the means, and reduce the burden put on the MoH by projects, among other benefits. More and more partners are, therefore, joining the approach. The EC has decided to completely stop providing project-based support in the health sector. Considering the important amount of problems that past health projects have faced, this decision is fully endorsed by all partners, including the evaluation team.

Conclusion 6.4 (based on JC 6.2) - The EC continues to fund project-based support in the health sector through the provision of grants to NSA from budget lines. However, NSA projects have their limitations and problems, which are currently being addressed in a dialogue between the MoH and NGOs. The biggest challenge is a lack of a clear vision of the role of NSAs in the health sector. NSAs have currently an important added value and it is essential to continue providing funding to them, but coordination between the support provided to NSAs and the support to the health SWAP needs to be improved. These NSA projects also have their limitations and problems, which are currently being addressed in the dialogue between the MoH and NGOs. On the one hand, the MoH needs NSAs to ensure the provision of quality health services, in particular in the context of the rapid expansion of HIV/AIDS services, and on the other hand, the MoH has difficulties in accepting the particular nature of NSAs, their independency and variety.

Conclusion 6.5 (based on JC 6.3) - The Mozambican public sector is faced with enormous lack of institutional capacity, in particular with regard to human resources. The SWAP addresses these weaknesses mostly through a policy dialogue and the development of adequate strategies to tackle the major problems. This is, however, a long process and it has limited means of ensuring that the strategies are correctly brought into practice. The institutional strengthening support to the MoH is not foreseen to be replaced by another specific capacity development component. Although the SWAP is a better way to provide sector support than project-based support, it contains a high risk of limited impact because of the weaknesses inherent to public services in a country such as Mozambique. The institutional capacity of the MoH is slowly improving, but is unfortunately also challenged by the impact and demands of the rapidly spreading HIV epidemic. For example, it is feared that the progress made in accelerating health staff training will be annihilated by the increasing staff needs and the equally increasing mortality rate. The EC has been providing specific capacity development support under the 8th EDF HSSP I, by a combination of technical assistance and the funding of capacity strengthening activities, such as management training and improved planning. Although the support was faced with a delay in the availability of funds from the cost estimates, and although the provision of technical assistance is more and more contested and has important threats, the support was generally well received by the MoH that even requested an extension of some of the TA contracts. The TA component will end this year, and is not foreseen to be replaced by another specific capacity strengthening component. The decision to abandon the project funding approach is supported, but not the decision to abandon specific institutional strengthening components.

Conclusion 6.6 (based on JC 6.4) - There is a great sense of optimism with regard to the trends of health indicators; some important progress has been achieved. However, the overall success is still limited, and conditioned by the quality of some of the data and the misinterpretation of some trends. Also to be considered are the 'bounce back' effect, where it might be difficult to achieve further improvement, and the impact of the HIV epidemic, which is still to be fully felt. First, there is still a big problem in the quality of some of the data and the interpretation of trends. There appears to be a bias towards positive trends by neglecting the negative ones. Second, there is clearly a 'bounce-back' effect, where it might be relatively easy to climb to the current level (which is the level of an average Sub-Saharan African country) but more difficult to improve further. Third, there is the impact of the HIV epidemic, which still is to be fully felt.

Conclusion 6.7 (based on JC 6.4) - The health situation in Mozambique would be much worse if there had not been the support of the international community in general, including specific EC support.

5.2.6. Support to NSAs

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

Summary assessment and answer to Evaluation Question

EC interventions in support of NSAs should increase NSA involvement in dialogue and monitoring. The role and development of NGOs acting mainly as service providers in the focal areas is increasing. The provision of capacity development 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 regarding dialogue with government and monitoring and evaluation.

There is little evidence of a broad consultation of NSAs in preparation of CSP/NIP 2001-2007. However, 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. 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 further supported by EC.

Please refer to Annex E: Impact & Effectiveness – Support to NSAs (NSA) for more information, upon which conclusions are based (pp. 113-119)

Conclusion 7.1 (based on JC 7.1) - Given the current constraints of the Mozambican NSAs, the ‘watchdog’ role of NSAs in financial management might be more appropriate in the future. In the meantime NSA involvement in formulation and implementation of national development policies and strategies is increasing whilst space for participation of NSAs in dialogue on different aspects of governance is growing. There is not much interest shown by NSAs at present in involvement in financial and budgetary issues, although this attitude is conditioned by their lack of experience and expertise (as with their own financial management capacities) and also by a ‘missing link’ in their perceptions of exactly what issues they, as NSAs, should and could engage in dialogue.

Conclusion 7.2 (based on JC 7.1) - Outsourcing of the programme management - 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. Individual NSAs, whilst valid targets of support are arguably not the best primary targets as they have very diverse interests, capacities and areas of expertise (sectoral and geographical). Umbrella organizations could thus represent a more effective target on the principle of ‘training of trainers’.

Conclusion 7.3 (based on JC 7.2) - Although there is little evidence of NSA involvement in preparation of CSP 2001-2007 there is increasing involvement of NSAs in the implementation of CSP/NIP and review processes. 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 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. NSAs have begun to understand their potential roles and value in dialogue on programming and implementation of programmes.

Conclusion 7.4 (based on JC 7.2) - The future role of “Observatório de Pobreza” could be crucial, but there are some doubts on the representativeness and functionality of OP just now. NSA involvement remains a challenge. As the major source of ‘poverty data’, OP is a crucial focal point in assessing effectiveness and impact of poverty reduction efforts nationwide. However, OP cannot fulfill this role in isolation. It depends on inputs from NSAs and other bodies.

Conclusion 7.5 (based on JC 7.3) - It is not accurate to use the term ‘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. EC support to NSAs is certainly not mainstreamed at present although it is a feature, to a

greater or lesser degree, across most sectors of EC support, but without any intersectoral linkages or synergies being developed or common approach to NSA involvement or capacity development.

Conclusion 7.6 (based on JC 7.3) - There is room for improvement in terms of promoting dissemination of best practices amongst the NSAs in the sectors and across the sectors as the capacity of the Mozambican NGOs is still weak. CSOs need support in order to strengthen their capacity for an effective involvement in budget processes at national, provincial and district levels. All possible tools (e.g. workshops, publications, and internet) do not appear to have been mobilized in dissemination of best practices. EC does not appear to have attempted mobilization of international NGOs operating in Mozambique to assist such dissemination effort.

5.3. Conclusions on Transverse Issues

5.3.1. 3Cs

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?

Summary assessment and answer to Evaluation Question

EC support is coherent (in itself), it is complementary to other donors' support as a result of coordination arising from EC membership of PAP and thus is closely aligned to GoM needs and priorities as expressed in PARPA. It 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.

Please refer to Annex E: Transversal – 3Cs: Complementarity, cohesion & coordination (3C) for more information, upon which conclusions are based (pp. 120-127).

Conclusion 8.1 (based on JC 8.1) - EC support is clearly coordinated with that of other donors and by agreeing to the common framework with dialogue and joint reviews, EC has strongly committed to aid coordination and harmonization with better quality of CSP & NIP as a result. The evaluation finds that donor coordination has been a feature of EC strategy for some years at technical and policy levels through participation in many working groups. EC has consulted widely in preparation of CSP & NIP for 10th EDF (less so for 9th EDF).

Conclusion 8.2 (based on JC 8.1) - CSP & NIP have a high level of coherence with EC global and regional policies although some inconsistencies in these policies and some changes during the course of NIP have produced programming, procedural and management stresses in the Delegation. There has been steady improvement in applying coherence, complementarity and coordination over the period 2001-2007 and there are coordination mechanisms with other donors in most intervention sectors. Coordination is weaker between sectors in the Delegation and where issues between EC Services in Brussels and the EC Delegation in Maputo cause programming dislocation.

Conclusion 8.3 (based on JC 8.1, JC 9.2, JC 9.3) - As the EC portfolio is now fixed for the period 2007-2013 any negotiations on joint programming could only impact after 2013. There is little evidence of 'division of labour'. The EC 'Code of Conduct on Complementarity and Division of Labour in Development Policy' advocates increasing participation in joint multi-annual programming based on partner countries' development strategies and use of the EU joint programming framework including a medium to long-term perspective of synchronization of programming schedules. Whilst the Code of Conduct provides a clear mandate for EC to lead harmonization efforts of Member States, the consensual nature of relations between EC and Member States will make progress towards limiting each member state to three sectors and a maximum of 5 member states in any sector very difficult (not even considering the possible difficulties arising from new member states or Delegation staffing constraints). Thus, preparation of a joint strategy for all member states would probably be practical even if joint programming was impractical at present (but could be a longer term goal). EU initiatives on better division of labour aim at strengthening country ownership and capacities to take over responsibility for donor coordination.

Conclusion 8.4 (based on JC 8.1) - **A repetition of a problem of late operationalisation of EDF funds (for 10th EDF) would be seriously detrimental to Mozambican budgetary stability and to EC credibility.** Should there be any delay in actioning funds under 10th EDF then there would be serious consequences for predictability and programming, the more so because of the large proportion of GBS, which is delivered by EC funding.

Conclusion 8.5 (based on JC 2.3, JC 8.2, JC 9.2, JC 9.3) - **Joint dialogue and review processes are improving the quality of reviews and becoming a learning process (for GoM in improving performance and donors) whilst informing the reform process, for which donors are gradually relinquishing ownership. However, there are no signs of GoM taking up this ownership by grater engagement, direction or management of the PAP processes. Some donors have retained a conditional tranche system of disbursement (to mitigate the risk of reduced donor flexibility under the PAP).** The PAP MoU between GoM and donors has set out transparently the obligations and responsibilities of all parties whilst reducing risks of duplication (between donors) and wasted effort. However, there has been some reduction of donor flexibility as a result. The process has been and continues to be donor driven and GoM shows no signs of assuming the responsibility for management of donors as set out in the MoU or in directing upcoming renegotiation of the MoU.

Conclusion 8.6 (based on JC 8.3, JC 9.2, JC 9.3) - **Without abandoning the concept of retention of project interventions as a major proportion of its support portfolio, EC cannot rise significantly above the present PAP rating due to oddities of the PAF indicators; thus, results of PAF must be read carefully to take into account shortcomings in indicators and assessment regimes.** Having retained a large component of project interventions, as well as increasing percentages of budget support, the present PAF indicators do not permit EC to be more highly rated although EC may deliver good predictability for substantial proportions of donor funding.

Conclusion 8.7 (based on JC 8.3) - **There is no evidence that the often repeated assertion that the consensual structure of EU governance and dialogue between Member States has resulted in EC possessing singular skills that should bring special value to donor coordination and dialogue with GoM. Clearer statements of EC position would be appreciated by development partners.** Despite the efforts of EC to be widely involved in working groups, there is continuing comment on the relative lack of substantive contribution to some sectors. That being said, perceptions of EC contribution are more positive than was the case a few years ago, although there is a sense that EC should and could play a more significant role among donors.

Conclusion 8.8 (based on JC 8.4) - **The long-running issue of IVA /VAT requires resolution as increasing moves towards BS (GBS and SBS) cast doubt upon the relevance of this exemption.** With moves by other donors to waive exemption, EC is in danger of becoming isolated if the present position is maintained. In the perspective of debt relief and increasing budget support, continued exemption appears to be more a relic of past times than a meaningful contribution to modern development cooperation. EC is participating in dialogue with G19 and GoM on this issue.

5.3.2. Efficiency

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 CSP & NIP?

Summary assessment and answer to Evaluation Question

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 favorably 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.

Please refer to Annex E: Transversal – Efficiency EF) for more information, upon which conclusions are based (pp. 128-135).

Conclusion 9.1 (based on JC 9.1) – There have been some examples of EC implementation policies changing during the course of the EDF implementation period, which have been detrimental to the ongoing programmes, but use of procedures other than EDF will be permitted under 10th EDF thus paving the way for SBS, pooled funding and co-financing. Changes during the course of an implementation cycle can negatively impact on management and rates of disbursement. Subsequent restitution of the original systems leaves partners pondering EC consistency and there is lingering uncertainty over the position of EC services in Brussels regarding use of common funds and joint financing agreements. However, moves towards sector budget support via pooled funding are endorsed as facilitating disbursement, although national institutional capacity to transparently and accountably handle this modality has yet to be proven in some sectors.

Conclusion 9.2 (based on JC 9.1) - The non-programmed instruments are a significant source of funding, for which little is possible by way of planned management over a longer term whilst only very limited tailoring of Delegation management is possible to meet local needs. Given the recent decentralization exercise, it is curious that equivalent authority was not 'delegated' to Delegations to alter their staffing structure to best meet local requirements. The widespread use of non-programmed instruments is a major headache for Delegation management, especially as a number of these instruments demand specialist inputs and management.

Conclusion 9.3 (based on JC 9.1, JC 4.3) - Some other donor procedures are less complicated than EDF whilst others are of comparable complexity. However, some other agencies are perceived as having a more proactive and positive approach to problem-solving than EC. Delays may or may not be a result of the EDF procedures themselves, but of local interpretation and weak application of these procedures. That there are frequent delays in application of EDF procedures is undisputed. Whether these delays are the product of complications inherent in the procedures and whether maladministration of these procedures is the root cause, is open to argument. Whatever the reason, EC is universally perceived as being more bureaucratic than almost all other donors. Pooled funding or BS modalities offer a chance to side step at least some of these complications (and perhaps offer a degree of discipline on EC to ensure more timely resolution of problems).

Conclusion 9.4 (based on JC 9.2, JC 9.3) - Risk of Delegation staff being out of touch with field (district) situation given the general reservations about monitoring quality. Given the generally poor quality of monitoring data, it is important that management decisions are taken on the basis of the best quality information available. First hand experience is the best possible basis for such decision taking.

Conclusion 9.5 (based on JC 9.4) - With the exception of the recommendations of this evaluation (which are too late for input into preparation of CSP & NIP 2007-2013), recommendations were timely and relevant to ongoing programmes and interventions. There have been a series of evaluations, reviews and reports during recent years, which have studied most aspects of the EC support portfolio and implementation of NIP. All sources consulted show evidence of relevant recommendations being implemented by Delegation.

5.3.3. Cross-cutting (Capacity development)

EQ10 (X): To what extent has EC support to Capacity development improved service delivery in focal and non-focal sectors?

Summary assessment and answer to Evaluation Question

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

Please refer to Annex E: Transversal – Cross-cutting issues (X) for more information, upon which conclusions are based (pp. 136-143).

Conclusion 10.1 (based on JC 4.7, JC 5.2, JC 10.1) - In many cases the scope of existing legislation, regulation and policies would be adequate for at least some improvement in sector management, if implemented or enforced effectively. The result of partial reform has been indifferent impact and results. In most institutions and sectors there is a body of regulation or

legislation, which, whilst not ideal, could deliver considerably more impact if there were greater effectiveness in application of those norms. Thus, institutional change is not necessarily the cure for all poor performance. Institutional management effectiveness is a key issue and continuing lack of effective management is a reason why the results of reforms are often disappointing and protracted.

Conclusion 10.2 (based on JC 10.1, JC 10.3) - **Work carried out by CIRESPP could be a starting point for preparation of a national HRD and capacity development policy.** There is no functional national HRD or capacity development policy despite lack of capacity being highlighted in PARPA as a key constraint to national development. Key issues include institutional support and development, capacity development, staffing, HRD, career paths, redundancies, needs analysis, salaries and condition of employment, pensions, right of association and representation. CIRESPP was established in 2000 with a PMU (UTRESPP) supported by multi-donor funding from 2003, but there appears to have been little recent progress.

Conclusion 10.3 (based on JC 10.1, JC 10.2, JC 10.3) - **Improvements in the quality of monitoring information are much less than would have been expected from considerable efforts to improve monitoring procedures and increase the input of monitoring information into decision making. A longer term issue is ensuring that there are adequate structures for monitoring and scrutiny of public sector management.** Monitoring is perceived by GoM as clearly a donor-driven process, in which the results of monitoring are seen as an end in themselves rather than as a stage in a process delivering management information to be used as a basis for informed decision making. Culture change is necessary. Given the political nature of some sectoral prioritization, adequate monitoring and scrutiny is also a significant governance issue.

Conclusion 10.4 (based on JC 3.1, JC 6.3, JC 10.2) - **There are commonalities between different sectoral capacity development needs such that harmonization and better coherence regarding the different sectors' support to institutional strengthening, capacity development and HRD could bring cross-sectoral benefits. There is some limited evidence of improved capacity, but the scale of capacity shortfall is such that capacity deficits remain in most sectors. As a consequence, there is continuing reliance upon technical assistance in significant areas of support. There continues to be huge capacity deficits at province and district level with qualified personnel reluctant to go to the provinces and districts.** Capacity development appears to be a 'Cinderella' among cross-cutting issues. It is recognized as a common feature across all sectors and yet it is addressed almost entirely as an individual sector issue. All sector interventions have a considerable component of capacity development such that in the EC portfolio this issue is probably the nearest any issue comes to being truly mainstreamed, almost by default.

6. RECOMMENDATIONS

Recommendations are directly based upon the Conclusions and are prioritised (P1 – immediate action; P2 – priority for dialogue, consultation and/or consideration; P3 – action during specified period [usually 10th EDF programming period 2007-2013]).

6.1. Recommendations on Relevance of Strategy

Recommendation 1.1 (P3) (based on conclusions 1.1, 1.2) - **Continue present sectoral distributions of support in future EC programmes in response to the pillars and themes of PARPA II (including cross-cutting issues as identified in PARPA II).** PARPA II is continuing the overall objectives of PARPA I regarding poverty reduction and growth of GDP. Previous assessments of EC CSP & NIP 2001-2007 have concluded that this strategy has responded to GoM needs, that the rate of commitment and disbursement has shown that there is, on the whole, adequate national absorption capacity and this opinion is endorsed by this evaluation. Also, EC Delegation has demonstrated increased capacity for management of these sectoral interventions accompanied by substantive dialogue with GoM and other donors. EC support, by continuation of previous sectoral commitments, corresponds to the pillars and themes of PARPA II (which itself continues the themes of PARPA I's key determinants of poverty (albeit in a slightly different presentation).

Recommendation 1.2 (P2) (based in conclusion 1.2) - **Review future EC support programmes to ensure, wherever possible, that support is directed to the most disadvantaged populations and geographical areas (but make allowance for greater logistical and managerial challenges by accessing these areas).** EC support to sector interventions under NIP 2001-2007 has concentrated

on relatively disadvantaged areas without such concentration having been articulated as strategy in CSP. In dialogue with GoM on budget support issues, it should be advocated that GoM prioritises allocating funds on the basis of such disadvantage whilst the diminishing number of directly administered project interventions should continue to be targeted in this way.

Recommendation 1.3 (P1) *(based on conclusion 1.4)* – **In dialogue with GoM and other donors review indicators, monitoring frameworks and procedures to improve data availability and quality.** The paucity and poor quality of data, in some cases dubious monitoring practices, compounded by incomplete analysis, topped off with patchy reporting and dissemination of results continues to be a worrying feature of development activities. As a basis for decision-making the available information does not instill confidence and thus it is often not used other than as a historical record or as a basis for measurement of conditionalities for disbursement of tranches. Further, the whole process is often perceived as a donor-driven exercise. Improving data quality and availability is a necessary first step. Improving management of decision-making processes must follow. However, it is accepted that EC cannot achieve this result alone as even EC-supported interventions are subject to higher-level indicators and monitoring frameworks (e.g. PARPA, PAF, sector-wide monitoring). Advocacy for review is thus recommended in dialogue with GoM and other donors.

6.2. Recommendations on Effectiveness and Impact

6.2.1. Macro-economic Budget Support

Recommendation 2.1 (P2) *(based on conclusion 2.1)* – **Promote growth and economic development by supporting reforms. E.g. justice sector reform, fight against corruption and liberalisation of the employment legislation are key issues to be addressed by the GoM.** Although these issues are within the remit of other EC support, they are issues of direct relevance to public administration and thus to poverty reduction efforts.

Recommendation 2.2 (P2) *(based on conclusion 2.1)* - **Continue to support the reform agenda of the GoM in the public finance sector, however, also advocate other reforms (e.g. public sector reform) to be implemented in the short-term. Support training/capacity development to staff at provincial and district level.** Effects of important reforms in the PFM etc. are hampered by the lack of an appropriate human resource development and remuneration system in the public service, which results in the public service losing more qualified staff to the private sector. This limits the effects of training and capacity development measures. Employment at provincial and district level is not attractive for qualified staff, thus in parallel to the decentralization efforts an incentive system for staff working outside the capital should be elaborated and implemented.

Recommendation 2.3 (P1) *(based on conclusion 2.5)* - **Review the Delegation staff availability and expertise in special subjects to be addressed in the different working groups. Due to its high level of financing, EC is expected to play a leading role in several working groups, which might make an increase of staff necessary, dedicated to follow up GBS. The foreseen decentralization process will make additional travel to province and district level necessary.** High levels of funding result in EC playing a leading role in several working groups and policy dialogue. Participation in and preparation of working groups - especially if complex technical aspects are addressed - is time-consuming and makes an increase in Delegation staff necessary. Thus it is recommended to increase the number of staff following PGBS at the Delegation.

Recommendation 2.4 (P3) *(based on Overall Conclusion 2)* - **Continue to support GoM through GBS. However, considering that results of GBS will not be immediate and that focussing on the most vulnerable segments of the population is difficult continue to work in parallel with sector and programme support. At the same time, the GoM should be encouraged to increase sources of income generation and financial discipline in order to avoid excessive dependence on donor financings.** The Commission's budget support programmes have contributed to the objective of improving the macro-economic framework and public finance management system and contributed to high levels of PPE. Especially improvements have been observed in the macro-economic situation and in public finance management. Furthermore, donor harmonization and alignment has permitted that G18 has an important voice in policy dialogue and can thus influence GoM's policies. Thus, it is recommended that these efforts be pursued but the GoM should be encouraged to increase its own sources of funding (e.g. fiscal discipline) in order to diminish progressively excessive dependence on donor funding.

Recommendation 2.5 (P1) *(based on conclusion 2.5)* - **Support GoM in a reflexion process of how to achieve growth with equity; or how to promote higher rates of growth for the rural/agricultural sector.** GBS in Mozambique is aimed to support the GoM's poverty reduction programme and the improvement of the living conditions of the Mozambican population. This has been partly achieved; however, efforts of the poverty reduction programme are mainly targeted to increase service delivery to poor (health, education, water, etc.) without having a real strategy for promoting economic growth of the poorer segments of the population and especially the rural population. Whilst the overall economic growth is satisfactory, growth is highly uneven: growth rates are especially noted with the telecommunication, tourism and industrial sectors, whilst growth in agriculture and especially smallholder agriculture (which is occupying 85% of the working force) remains low.

6.2.2. Food Security and Agriculture

Recommendation 3.1 (P2) *(based on Overall Conclusion 3 and conclusions 3.2, 3.5.)* - **Continue to support institutional reforms of the agriculture and food security sector, but give specific attention to training and capacity development at provincial and district level.** Improvement in agricultural production and food security can only be achieved by working with the rural population. Thus, support of EC should concentrate at the district and provincial level and especially on improvement of service delivery at field level. This is planned under PROAGRI II. Considering the difficulties to recruit and maintain qualified staff in the public sector, especially at district and provincial level, EC should advocate to MINAG in order to define a clear human resource policy, which emphasizes the retention of qualified and trained staff. Furthermore, it should be assured that new core functions of the Ministry of Agriculture (at all levels) are understood by all staff and final beneficiaries; training and capacity development at provincial and field level should be promoted.

Recommendation 3.2 (P2) *(based on conclusion 3.3)* - **Support the GoM in a reflexion process of how to achieve higher rates of growth for the rural/agricultural sector and to assure food security at the level of all districts.** An intersectoral working group on agricultural/rural development and food security should be created and the elaboration of a study (master plan) should be promoted; identifying comparative advantages of different regions/districts and possible markets as well as infrastructure needs (stocking centers, roads,...). Difficulties of the agricultural sector can only be addressed by using an integrated vision (education, training, health, production, road/transport etc).

Recommendation 3.3 (P2) *(based on conclusion 3.4)* - **Advocate for more dialogue with the private sector especially on rural development and income generation.** Promote pilot activities, which involve the private sector directly in service delivery (e.g. giving incentives to the private sector working/servicing subsistence farmers; promoting dialogue between farmers' associations and commercial farmers. Include representatives of the private sector in working groups and in discussion with donor groups and GoM.

Recommendation 3.4 (P2) *(based on conclusion 3.5)* - **Facilitate/promote the legal establishment and strengthening of farmers associations, as having a legal personality is a precondition for having title (to land) and for having access to financing.** A major obstacle seems to be the lack of identity cards of many members of the farmer's associations; thus, a campaign for registration of the population and emission of identity cards will be a precondition for promoting farmers' associations.

Recommendation 3.5 (P2) *(based on conclusion 3.6)* - **Advocate to GoM the necessity of a relocation of SETSAN in the GoM's organigram and for the attribution of sufficient means for undertaking its functions.** The availability of accurate data concerning food production and availability is crucial; thus, EC has supported under a project approach SETSAN in the past; however, results are hampered by institutional constraints (staffing, budget) of the institutions.

6.2.3. Transport Infrastructure

Recommendation 4.1 (P3) *(based on conclusion 4.1)* - **In dialogue with sector donors and GoM advocate greater attention and urgency to real delegation of powers and responsibility to provincial levels for maintenance programming and works.** Given the size of Mozambique, it is not possible to exercise adequate central management and control over an activity such as maintenance, for which local knowledge of road conditions and materials sources is essential. BOQs and tender documents can only be prepared with local inputs and supervision of works is, or at least should be, a hands-on issue.

Recommendation 4.2 (P1) (based on conclusions 4.1, 4.3) - **Extend existing EC supported technical assistance for as long a period as possible, preferably until initiation of the PRISE technical assistance programme. EC should have input into preparation of manuals for procurement and financial management currently being prepared by FE and ANE.** The departure of all technical assistance to ANE and MOPH at present, when ANE is drifting managerially due to considerable delays in recruiting all senior management, is most unwise. The eventual start up of PRISE PIP, even if delayed, will bring huge work loads over and above the current levels, and the technical assistance planned under PRISE will take time to mobilize.

The manuals are under preparation in ANE and FE for administration of eventual sector budget support. Given that EC is likely to be one of the early supporters of this modality (although EDF procedures do not and should not be used), there should be reasonable confidence that the procedures, correctly applied, encompass acceptable levels and accountability and control. The Finance and Contracts section of the Delegation should have a wealth of specialist skills and experience to offer.

Recommendation 4.3 (P1) (based in conclusion 4.2) - **Review prioritization of PRISE technical assistance programme (subjectively urgent support is necessary to maintenance management, procurement and contract management) and review TORs for technical assistance to specify more clearly the balance between line function capacity development, skills upgrading, advisor or implementer.** There are certain functions essential for PRISE, which undoubtedly require reinforcement of available capacity in sector institutions. Also, the exact role of technical assistance and 'balance' of their input requires review.

Recommendation 4.4 (P3) (based on conclusion 4.4) - **In dialogue with sector donors and GoM, advocate review of the PIP programme and give priority to implementation of maintenance components.** PIP is a mixture of routine maintenance, periodic maintenance, technical assistance, capital works and other functions (such as weighbridges) but there is a continuing backlog of periodic maintenance resulting from deficient routine maintenance such that unnecessary deterioration of the road network is continuing.

Recommendation 4.5 (P1) (based on Overall Conclusion 4) - **Complete the current and planned capital works but for further investment consider prioritization of support to backlog maintenance before further capital investment.** EC is committed to capital works on the Mocuba – Milange road and on sections of the Beira Corridor. These are well justified investments but looking further ahead and given the substantive completion of the major road network rehabilitation and upgrading, backlog periodic maintenance can offer very high rates of return.

Recommendation 4.6 (P1) (based on conclusion 4.5) – **Propose case studies of design standards (including actual and estimated traffic figures and axle loading) durability, maintenance regimes and needs, construction standards proposing standards for better value for money for future capital works.** Routine maintenance is not providing the service necessary to retain adequate serviceability of the network and maintenance management is an issue that demands urgent attention. However, the construction standards adopted for rehabilitation and reconstruction are basically 'lightweight' solutions that have an intrinsically higher need for timely routine maintenance. Considerable whole life cost savings could be available by pragmatic adoption of designs that are more resistant to maintenance neglect.

Recommendation 4.7 (P2) (based on conclusion 4.6) - **Review indicators, monitoring frameworks and procedures for sector PAF to improve data quality and availability.** The sector PAF cannot give a real measure of progress at least in the short term, and baseline data is not available for many indicators.

Recommendation 4.8 (P3) (based on conclusion 4.8) - **Support enforcement efforts including dialogue with GoM but concentrate support on 'in-house' aspects (e.g. road safety.** Enforcement aspects have proven to be notoriously difficult and it is thus suggested to concentrate on proven low-cost, high-gain activities such as road safety investments (signing, junction layout, road geometry, guard rails, etc.), whilst other enforcement issues should be addressed through dialogue with GoM

Recommendation 4.9 (P3) (based on conclusion 4.9) - **In dialogue with sector donors and GoM advocate urgent preparation of policies and strategies for management and resource allocation for unclassified roads. Continue (through SWAP and SBS) support to rural-based small scale 'spot improvement' works with emphasis on drainage structures and small bridges. Expand to rural areas of all provinces. Establish and/or enhance cross-sectoral coordination within the EC Delegation (in this case between rural development, agriculture, food security and roads**

infrastructure). Unclassified roads play a major role in rural life and the condition of this network is bad. Access is denied in rains, with high impacts on social and economic activities in these rural areas. Increasingly poverty reduction efforts will demand better rural access and the linkage of road infrastructure (not necessarily for motorized traffic) with other activities and services (e.g. agriculture, health facilities).

6.2.4. Good Governance

Recommendation 5.1 (P3) *(based on conclusion 5.1)* - **A prerequisite of further EC support to elections at all levels (general, provincial and municipal) should be improvement of the electoral system and decentralization policy. However, it is important to ensure a more systematic approach for interventions towards the strengthening of capacity development of national institutions.** An activity barely mentioned in CSP, EC support to elections is a major contribution to governance in Mozambique. Reports on electoral processes have highlighted some issues, which should be addressed before upcoming provincial elections. Some strengthening of the capacity of the Election Commission is desirable. Governance profile needs to be properly discussed among GoM and other donors; wide dissemination and discussion of governance profile among other key stakeholders such as Mozambican NSAs and Parliament is strongly recommended. An appropriate means of support could be the establishment of a system of personal identification, which could also be used for voter identification purposes.

Recommendation 5.2 (P2) *(based on Overall Conclusion 5)* - **EC should use dialogue at all levels and all for a, e.g. high level in the country (Ambassadors and Heads of Mission / EC Delegation and Ministry of Justice, Ministry of Interior, President of Supreme Court, General Attorney plus technical discussions and working group meetings; in international fora such as EC Brussels and UN) to stress the need of increasing the effectiveness of implementation or enforcement of measures in the area of human rights, although one of the prerequisites for successful policy dialogue is a greater level of consensus among Member States. EC should support the efforts to improve Monitoring and Evaluation capacities of Mozambican actors in the area of protection of human rights.** Despite the high profile given to human rights in the Constitution, implementation is once again a shortcoming (e.g. in some police activities or prison conditions). Information on detainees and conditions in detention centers is incomplete and systems of inspection are poor.

Recommendation 5.3 (P3) *(based on conclusion 5.3)* - **EC should also strengthen support interventions towards increased implementation of informal mechanisms for conflict resolution.** Given the limited access to the judicial system available to a large proportion of the population and procedural delays in the system, alternative systems of dispute resolution are being developing. These 'parallel' processes can offer resolution of certain situations in a timelier and cheaper way. Some investigation of possible 'parallel' processes could be desirable, at least as a short term measure.

Recommendation 5.4 (P3) *(based on conclusion 5.4)* - **EC as a major donor in the justice sector should play a strategic role in involving other donors and stimulating policy dialogue on justice reform. CCLJ still needs substantial support through qualified personnel and adequate financial resources. This will support the linkage between political and technical levels in the justice sector and will enhance the coordination, monitoring and evaluation capacity of CCLJ. EC should continue the support of GoM efforts to strengthen the performance in the justice sector.** Continuing support to the sector is necessary but progress has been disappointing and there appears to be little engagement by GoM in pushing reforms. Further effort is necessary for EC and other donors in dialogue with GoM.

Recommendation 5.5 (P3) *(based on conclusions 5.5)* - **Based on the lessons learned of the pilot project and other projects in the justice sector (e.g. DANIDA project), EC and other donors should initiate a discussion on improvement of aid modalities (e.g. Common Fund, with focus on supporting processes). An independent assessment of the quality of the Integrated Strategic Plan of the Justice Sector and a mission for preparation of a joint programme are recommended. The EC support should maintain a holistic approach, supporting GoM, Courts, General Attorney and NSAs. Moves towards a SWAP and eventual SBS are proposed, but this move must be preceded by substantive progress in dialogue. Exchange of experiences and best practices between actors with interventions in the justice sector and human rights should be promoted (workshops, publications, etc.).**

6.2.5. Health & HIV/AIDS

Recommendation 6.1 (P3) *(based on conclusion 6.1)* - **Health should be maintained as a non-focal sector with a similar amount of funding as in the past EDFs.** Health represents a major challenge to poverty reduction efforts. Sector absorption capacity is reportedly increasing, hopefully accompanied by improving effectiveness of activities.

Recommendation 6.2 (P3) *(based in conclusion 6.2)* - **The decision to join the CNCS common fund is endorsed, under the condition that it is used as a means to actively assist in the enhancement of the absorption capacity.** If EC initiates its participation in the CNCS common fund, it strongly puts efforts in developing a policy dialogue on how to increase the implementation capacity in the field. Lessons should be learned from experiences and approaches of other partners, such as USG that attempts to develop capacity among local NGOs and CBOs by developing partnerships with larger NGOs.

Recommendation 6.3 (P1) *(based on Overall Conclusion 6)* - **The health staff of the EC Delegation should be more actively involved in the mainstreaming of HIV/AIDS sector wide.** The EC continues to mainstream HIV/AIDS in other support, but it puts more emphasis in supporting the mainstreaming of HIV/AIDS across all sectors. For example, EC could more strongly support the mainstreaming of HIV/AIDS in the Ministry of Agriculture, by the further development and the implementation of the HIV/AIDS policy and strategy of that ministry.

Recommendation 6.4 (P3) *(based on conclusion 6.4)* - **EC should continue its active participation in the health SWAP and common fund.** The decision to abandon project-based support to the MoH is fully endorsed. The move towards SWAP and common funds is a major step forward towards broader programming and service delivery.

Recommendation 6.5 (P3) *(based on conclusion 6.5)* - **EC should continue the funding of NSA from budget lines in the field of health or HIV/AIDS. The selection, supervision and monitoring of health or HIV/AIDS projects implemented by NSA should involve EC staff, who coordinates the SWAP support, and possibly also MoH.** There is evidence of good effectiveness from NSA interventions in this sector and an increasing role for non-governmental service delivery for the foreseeable future.

Recommendation 6.6 (P2) *(based on conclusion 6.6)* - **EC should further focus policy dialogue on issues of institutional strengthening, such as the development and implementation of the human resource development plan and broaden dialogue to include innovating strategies to enhance the capacity on a short term. Further, 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. EC should introduce ideas such as a clearer and more important role of NSA in health service delivery and the possible outsourcing of certain management and administrative tasks.** EC further focuses the policy dialogue on issues of institutional strengthening, such as the development and implementation of the human resource development plan. The planned division of tasks among development partners, where each of the partners participates only in the policy dialogue of those areas where it has a comparative advantage, is fully endorsed.

Recommendation 6.7 (P3) *(based on conclusion 6.6)* - **EC should consider, how it can provide specific capacity strengthening support, in addition to the policy dialogue. The provision of TA should be reconsidered until valid alternatives are identified. The issue of the provision of TA and the modalities of how TA should be provided should become part of the policy dialogue.** EC broadens the policy dialogue to include innovative strategies to enhance the capacity on a short term, in particular in the context of the rapid expansion of HIV/AIDS services. It is recommended that EC introduces ideas, which are currently not considered, but which may prove to be necessary, such as a clearer and more important role of NSA in health service delivery, the possible outsourcing of certain management and administrative tasks, etc. The outsourcing of the grant management of the CNCS can be seen as a precedent.

6.2.6. Support to NSAs

Recommendation 7.1 (P3) *(based on Overall Conclusion 7)* - **Involvement of NGOs as service providers in sectors and implications of development of credible NGOs in Mozambican society should be systematically assessed so that their space for influencing government policy can be expanded. Long term focus should be on advocacy and capacity development, such that**

some NGOs could shift from pure service providers to advocacy/pressing organisations in order to maintain and expand the participation of the NSAs in policy dialogue and decision-making in the sectors. EC should emphasize support to strengthening NSA interventions, which can widen the NSA involvement in advocacy, monitoring and evaluation of policies. GoM relies upon non-governmental organizations for service delivery and they are active in various sectors under BL interventions. Some EDF funding may also be available for such organizations in sector management.

Recommendation 7.2 (P3) *(based on conclusion 7.2)* - **The involvement of CSOs in the Joint Review and discussion on relevant development issues should be strengthened through support to the CSO networks on national and local level. The involvement of CSOs in the development process should be on the agenda of regular meetings of EC Delegation and GoM in the context of policy dialogue. EC support to CSOs should target the strengthening of the active involvement of CSOs in the formulation, monitoring and evaluation of government policies at national, provincial and local levels.** After a slow start and extensive discussions with GoM, EDV support to NSAs initiated activities in 2006. However, during the period 2001-2007 there was increasing involvement of CSO groups in monitoring PARPA I and the groups also had input into preparation of PARPA II. Extension of this function into other GoM policies, especially regarding local impacts, could be very beneficial for increased transparency.

Recommendation 7.3 (P2) *(based on conclusion 7.3)* - **EC and GoM should reassess the adequacy of the management mechanisms of the NSA Support Programme and take appropriate measures to ensure the effective implementation of the programme.** Lessons learned from activities to date should be reviewed and themes for further NSA involvement should be defined more clearly (e.g. human rights, corruption, election monitoring, district planning) and the influencing tendencies of political parties could be issues, which need more attention.

Recommendation 7.4 (P3) *(based on conclusion 7.4)* - **A broad range of available tools (workshops, publications, internet, etc.) should be fully and effectively used, in order to guarantee an effective involvement of NSAs, including improved dialogue between EC and NSAs.** Linked to broader dissemination of information, there should be a more comprehensive programme of contacts between EC and NSAs including use of international NGOs active in Mozambique.

Recommendation 7.5 (P2) *(based on conclusion 7.5)* - **In the context of support to democratic decentralization and deconcentration EC should assess appropriate interventions for strengthening the NSA involvement at the local level (e.g. in “*Conselhos Locais*”). The new Support Programme to Non-State Actors in Mozambique could be an adequate mechanism to support these interventions.** Decentralization continues to make small, not necessarily coordinated steps but the identification by GoM of the district as the key administrative unit for poverty reduction is a major move. Given the current lack of capacity and resources at this level (recent initiatives of decentralized planning and budgetary allocations notwithstanding), greater efforts by GoM and other service providers at district level imply a correspondingly increased level of NSA activity at these levels.

Recommendation 7.6 (P3) *(based on conclusion 7.6)* - **EC should ensure that the provision of 10th EDF can be implemented taking into account the need of improving NSA capacity.** A risk inherent in continuing support to NSAs is that GoM has a sufficiently strong commitment to increased NSA activity and governance in general. A conditional tranche modality for pooled funding (BS) may contribute to reduction of this risk.

Recommendation 7.7 (P3) *(based on conclusion 7.7)* - **EC should support interventions for dissemination of information and best practices among the NSAs across all sectors including strengthening of NSA financial management, accountability and institutional reform, which has been found to be a long and complicated process to be supported further by the EC.** Although a component of the original support to NSAs, there is not reported to be widespread dissemination of such practices and thus little take up of these techniques.

Recommendation 7.8 (P3) *(based on conclusion 7.7)* - **The Support Programme to NSAs should consider the provision of support to selected CSOs in order to strengthen their involvement in budget processes.** At present, few CSOs have the interest or potential capacity for involvement in budget processes. Further sensitization is necessary to demonstrate the place of budgetary considerations in the project cycle including monitoring (local level grants).

6.3. Recommendations on Transverse Issues

6.3.1. 3Cs

Recommendation 8.1 (P3) *(based on conclusions 8.1, 8.4)* - **Continue coordination efforts with other donors (especially but not only G19). Participate in continuing dialogue on joint programming with the aim of preparation of a joint strategy for all Member States.** The 2004 MoU signed by GoM and PAPs is the basis for all coordination efforts and is the main forum for policy dialogue. This framework appears to be working well and harmonization of donor efforts is progressing.

There has been consultation but because of the different programming cycles of Member States this has not been actioned. However, whilst for the time being there is no progress, and individual states are continuing to prepare their own country strategies for development cooperation with Mozambique (and their own evaluations of past programmes) it does appear feasible to consider preparation of a joint strategy document for all Member States, even if programming was continued over further years. Progress should also be reviewed during the next MTR.

Recommendation 8.2 (P2) *(based on conclusion 8.2)* - **Establish and/or enhance cross-sectoral coordination within the Delegation. Discuss fully with the appropriate sources in EC Services in Brussels, policy and stance on especially sectoral issues before making pronouncements of EC position before donors and GoM.** Coherence between EC Services, Brussels and Delegation, and between different sectors is important and to some extent has been lacking. Although the Delegation must operate in accordance with the various EC international and regional policies, the best possible outcome should be local control of local implementation of NIP.

Recommendation 8.3 (P3) *(based on Overall Conclusion 8)* - **Consider decentralization as a 'local' cross-cutting issue in future EC support portfolios.** With increasing emphasis on districts, local service delivery or decentralized planning, decentralization has become an issue relevant to all sectors. Indeed, the themes of decentralization – capacity at local level, power and subordination – have commonalities to most sectors.

Recommendation 8.4 (P3) *(based on conclusion 8.6)* - **Do not retreat from the current position of retaining a substantial proportion of support portfolio as non-budget support without clear indications of effectiveness of other modalities of support delivery.** Movement towards BS (GBS and SBS) seems to have preceded evidence of management capacity for that modality. Disbursement, technical assistance and capacity development are concurrent activities such that this situation is a considerable financial risk at GBS level. At sector levels, it is suggested that capacity is even less and risks are thus higher.

Recommendation 8.5 (P3) *(based on conclusion 8.6)* - **In dialogue with GoM press for indications of greater GoM engagement, management and control of donors and aid flows.** Partner country leadership and ownership is a key principle to the EU approach to complementarity in development policy. This leadership is not manifested in Mozambique, and EC with other donors, should promote assumption of this responsibility by GoM.

Recommendation 8.6 (P3) *(based on conclusion 8.7)* - **Propose donor-specific PAF indicators, which allow donors to measure progress against their own institutional constraints as well as in comparison with other donors.** Shortcomings in the PAP PAF indicators have been discussed. Donors may be moving towards the targets for PAP as a whole but constrained by their own procedures and regulations. Thus, individual targets, perhaps of 'sub-indicators' could allow monitoring of individual donors against their targets for change as well as against all other donors i.e. this could allow a more obvious 'business plan' approach to change.

Recommendation 8.7 (P3) *(based on conclusion 8.8)* - **EC Delegation should more actively action the EU Code of Conduct on Complementarity and Division of Labour in Development Policy especially regarding concentration on limited number of sectors (as regards participation in working groups), delegated cooperation/partnership and, in the absence of GoM leadership and ownership, promote such GoM engagement.** This Code of Conduct was only formally adopted in May 2007 although the provisions have been published as part of EU policy previously. Some experiences are to be discussed at the HLF on Aid Effectiveness III in 2008. Mozambique, as one of the pilot countries for the initiatives on EU coordination of policies and harmonization of procedures should have input into that forum.

Recommendation 8.8 (P1) *(based on conclusion 8.9)* - **Consider waiving exemptions to IVA and consider measures for payment of arrears and budgetary implications.** EC runs the risk of isolation from other donors. The background to this situation is clear. Continuation of what is arguably an anachronism will not benefit development cooperation. EC should participate in ongoing discussions with G19 and GoM such that there may be development of improved procedures for reimbursement and budgeting for IVA, in parallel with donor review of position on IVA.

6.3.2. Efficiency

Recommendation 9.1 (P3) *(based on Overall Conclusion 9, conclusion 9.2)* - **Continue moves towards increasing proportions of BS and SWAPs. Consider increased co-financing and use of common funds for future EC support portfolio.** Arguments for reduction of transaction costs, greater national ownership, faster disbursement, predictability of aid flows and budgetary stability are accepted albeit with reservations about the degree of inherent risk associated with capacity deficiencies in financial and programmes management. Assuming adequate support to PFM and sector institutional capacity development, these risks can be mitigated. Use of such instruments as co-financing and common funds should be clarified by EC Services, Brussels. In terms of donor coordination and harmonization, co-financing has an increasing role (whether or not it is called parallel funding or some other euphemism) in facilitating large investment (e.g. Caia Bridge), which might otherwise be inaccessible. This donor cooperation can also be a measure of discipline upon a donor to maintain the agreed disbursement time scale.

Recommendation 9.2 (P3) *(based on Overall Conclusion 9)* - **Continue with direct control of large capital interventions only, but do not abandon concepts of small scale, local interventions (such as Zambezia rural bridges programme), which should be administered through SBS. Continue dialogue with sector agencies, especially regarding 'local impact' interventions.** EC structure and EDF procedures do not facilitate small scale local interventions or programmes with multiple small value contracts. These interventions should be increasingly 'taken over' by sector management through SWAP and SBS modalities and/or BL interventions as a transitional arrangement. Larger scale capital projects are better suited to EDF programming and management procedures. However, these 'local intervention' projects can have very valuable impacts and are well suited to be complementary to moves towards district level service delivery and poverty reduction efforts. (This recommendation may also be valid for local level interventions in sectors other than transport).

Recommendation 9.3 (P2) *(based on conclusion 9.3)* - **Discuss fully with the appropriate sources in EC Services in Brussels, policy and stance on Delegation staffing and organigram. Review the management and staffing implications of current non-programmable instruments.** Effective management of NIP can best be delivered by having an appropriate management structure, fully staffed, in the Delegation. Not all countries have the same needs and thus the staffing and organigram needs will differ. There is some resonance with the debate on decentralization in Mozambique.

By definition non-programmable instruments are difficult to manage, let alone plan for, but there should be some provision for ad hoc recruitment or secondment of appropriate personnel to manage, what in some cases has become a significant programme.

Recommendation 9.4 (P1) *(based on conclusion 9.4)* - **Undertake routine training of practitioners of EDF procedures (including sector agencies, consultants, contractors, PMU, etc. and Delegation personnel as needed) for all sector interventions subject to EDF rules.** EDF procedures are not straightforward and delays occur. These delays and complications could certainly be reduced if practitioners/users of EDF procedures were better informed. Thus, clear understanding of the procedures themselves, time scales, financial and reporting requirements plus, preferably, trouble-shooting advice should be made available.

Recommendation 9.5 (P2) *(based on conclusion 9.5)* - **Review budgets for field visits and prepare a rolling programme of visits for Delegation staff.** As a matter of principle, Delegation staff needs to get as close as possible to the targets of EC support. Depending upon the sector and nature of support, this implies regular visits to provincial and district levels (country wide, not only day trips to Maputo or Gaza provinces).

Recommendation 9.6 (P1) - **Advocate preparation of national 'aid policy'.** This issue is a logical outcome of the PAP process and will condition the form of donor coordination, complementarity and development support. Short/medium term goals are vaguely stated in PARPA and MTEF (e.g.

sustainable high rates of broad-based economic growth), and longer term sustainability and reduction in aid flows are not discussed in detail.

6.3.3. Cross-cutting (Capacity development)

Recommendation 10.1 (P3) *(based on conclusions 10.1, 10.4)* - **Consider targeted technical assistance for implementation and/or enforcement of legislation. Consider technical assistance in change management. Review TORs for technical assistance to specify more clearly the balance between line function, capacity development, skills upgrading, advisor or implementer.** Poor application and enforcement of existing regulations and norms is a feature of most sectors. This technical assistance would specifically advise on line function.

The role of technical assistance (which can be very different in different institutions) is not clear. Monitoring of technical assistance performance has not been carried out to any great extent and should be measured against targets for transfer of technology and time-bound measures of uptake by the recipient institution. An exit strategy should be defined.

Recommendation 10.2 (P1) *(based on conclusion 10.2)* - **Advocate preparation of national capacity development policy covering, inter alia, institutional structures, capacity development, staffing, HRD, career development, training needs analysis, redundancies, salaries, conditions of service, pensions, health, rights of association and representation.** The basis for this advocacy should be the analysis on strengthening capacity development in 2006, which was intended as a contribution towards coordination of capacity development, although this recommendation suggests going further in linking HRD, capacity development, conditions of service and staffing policies.

Recommendation 10.3 (P3) *(based on conclusion 10.4)* - **Consider capacity development as a 'local' cross-cutting issue in future EC support programmes and establish and/or enhance cross-sectoral coordination on capacity development within the EC Delegation. Review JAR 2005 recommendation for establishment of untied fund for coordinated technical assistance and longer term programme for staff development.** Internal cross-sectoral linkage has already been identified as weak and in this case of capacity development there has been little linkage. A starting point could be some level of standardization of TORs and monitoring procedures.

Recommendation 10.4 (P3) *(based on Overall Conclusion 10)* - **Training of trainers is recommended for NSA support. Intermediary actors should be trained in order to improve their M&E systems. EC Delegation should conduct an assessment to find out appropriate partners, interventions and instruments to reinforce and widen EC Support to NSAs with impact at local level. In this context EC should strengthen the support to the decentralization efforts in Mozambique.** 'Training of trainers' is a recognized technique, which can maximize coverage and dissemination of information. In this case moves towards greater decentralization and concentration of effort at district level demand greater penetration than present efforts are delivering.

7. OVERALL ASSESSMENT

Overall, the evaluation found that **EC development cooperation in Mozambique is of high quality**. The **effectiveness of the EC Delegation as a partner of government** supporting national poverty reduction policies (PARPA) **has improved significantly during the period 2001-2007**. The development landscape in Mozambique is congested with many donors, funding agencies and other development practitioners but **EC has made significant efforts to maximise coordination among donors** although in these circumstances coherence and complementarity can be difficult to achieve.

The **Overall Conclusions (OC)** have been drawn from the answers to EQs together with some **Transferable Lessons (TL)**, which may be applicable in other countries.

Relevance of Strategy – OC1

Overall Conclusion 1 (based on EQ1) - There is a high degree of compliance with national poverty reduction objectives and EC interventions are directly relevant to a majority of the 'key determinants of poverty'. EC international and regional cooperation objectives have contributed towards support of poverty reduction whilst EC support has, on the whole, been directed towards remediation of regional development imbalances.

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 CSP and NIP. 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.

Effectiveness & Impact – MEBS – OC2/TL1

Overall Conclusion 2/ Transferable Lesson 1 (based on EQ2) - GBS permits stability in public expenditure on PPE.

GBS contributes to reducing the costs of budget finance by inserting new sources available to the budget and by allowing Government to spend according to its own priorities. This can contribute to strengthening governmental systems and leadership. In general, it can be concluded that GBS contributes to support services and targets and permits stability in levels of PPE and thus creates an important pre-condition for achieving MDGs. However, it does not necessarily increase available funds but shifts off-budget funds (project funds) on-budget.

Effectiveness & Impact – Food Security & Agriculture – OC3

Overall Conclusion 3 (based on EQ3) – EC support contributes to implementation of GoM policies and to set the bases for a more efficient institutional set-up in the agriculture and food security sector. Furthermore it contributes to the definition of core functions of line ministries.

EC support to the agriculture and food security sector and GoM's sector policies can be important and permits setting the basis for reform of the institutions involved in the sector; thus it can contribute to setting the basis for a future better performance. However, the process is still ongoing and thus results at district level are still incipient only. Studies and reviews undertaken as well as reforms drafted up to present are useful but strong government ownership of these reforms will be needed in order to achieve real staff development and training at all levels as well as sound management systems (financial, MIS, assets etc). The core functions (regulatory and control functions) of the Ministry of Agriculture have been redefined but due to the weakness of the private sector in rural areas and transport and communication problems small farmers continue to face

problems to establish themselves in the market economy. Especially the policy to withdraw the public sector from the provision of agricultural inputs and services created problems with the access to inputs for the majority of farmers.

Effectiveness & Impact – Transport Infrastructure – OC4

Overall Conclusion 4 (based on EQ4) - The major national network is nearing completion in terms of restitution of condition and so emphasis is passing to lower category roads (with little traffic) and to maintenance (which continues to be deficient with major periodic maintenance backlog). Unless appropriate maintenance is carried out soon, significant sections of major routes will seriously deteriorate to the point of jeopardizing serviceability and thus require more extensive and expensive treatments of premature periodic maintenance and/or rehabilitation.

The condition of the national road network has improved overall due to the capital works programme carried out over the past decade. However, each km of new or rehabilitated road asset also represents a km of maintenance liability. Maintenance continues to be deficient in terms of quality, coverage and timeliness. Premature deterioration of the recently completed major road network is inevitable in these circumstances. Also, as attention turns to lower category roads whose lower standards of construction leave them more vulnerable to deterioration due to maintenance neglect, there is a similar need to ensure rational conservation strategies for these roads

Effectiveness & Impact – Good Governance – OC5

Overall Conclusion 5 (based on EQ5) - 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. 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 although a National Human Rights Commission has not yet been set up.

Implementational inertia is noted as a constraint to progress. Donor advocacy for institutional or legislative change, in this case the establishment of the Human Rights Commission, is only the first step. Empowerment and initiation of activities of that body is dependent upon GoM action (or inactivity).

Effectiveness & Impact – Health & HIV/AIDS – OC6/TL2

Overall Conclusion 6/Transferable Lesson 2 (based on EQ6) - Mainstreaming HIV/AIDS can never be a substitute for a specific HIV/AIDS support. Mainstreaming of HIV/AIDS in EC projects appears to be correctly done but mainstreaming in sector-wide EC support appears to be more difficult.

EC is currently contributing to the fight against HIV/AIDS by attempting to mainstream it in its other support. For example, road infrastructure projects have to include activities to sensitise and educate road construction workers on HIV/AIDS. This appears to be correctly done, although the question can be asked if the sensitisation of road construction workers is best achieved by mainstreaming it in a particular construction project or by developing workplace-based policies and strategies. Mainstreaming HIV/AIDS in sector-specific budget support, such as in the agricultural sector, is more difficult. The Ministry of Agriculture is mainstreaming HIV/AIDS in its activities, but there was little indication that EC support plays an important role in it. Although mainstreaming HIV/AIDS remains important, it can never be a substitute for a specific HIV/AIDS support

Effectiveness & Impact – Support to NSAs – OC7

Overall Conclusion 7 (based on EQ7) - The weaknesses of the State and NGOs as well as the co-option of NGOs through political parties need to be addressed in an appropriate way. The positive effects of a clear distinction between State Actors and Non-State Actors can be in danger in the future because of the “instrumentalisation”.

Political interests have attempted to ‘co-opt’ and or politicize NGOs and NSAs whilst there is certainly pressure, real or imagined, being felt by such organizations, which are involved in service delivery in the various sectors.

Transverse issues – 3Cs – OC8/TL3

Overall Conclusion 8/Transferable Lesson 3 (based on EQ8) - Decentralization issues are quasi-cross-cutting or overarching issues. The absence of an explicit decentralization policy is a major obstacle to strengthening the participatory planning process at local or district level to make public sector decisions at that level more transparent and accountable. Support to establishment of decentralized democratic structures is not enough. Increasing support to an envisaged model of democratic decentralization is crucial for the development process.

Although EC is now making efforts to address decentralization more comprehensively, there is still little intersectoral coordination on this issue. There are many examples internationally of decentralisation or deconcentration of responsibilities without corresponding delegated powers and resources to address those responsibilities.

Transverse issues – Efficiency – OC9

Overall Conclusion 9 (based on EQ9) - The rate of disbursement during NIP has been impressive but the large sums disbursed through BS and major infrastructure projects are a large proportion. However, EDF procedures do not facilitate programming of project interventions and are most unwieldy for smaller contract values or multiple interventions even when programme estimates are used. Moves towards increasing proportions of GBS and SBS are thus endorsed.

Considering that Mozambique NIP is subject to the same procedures as other ACP countries the reasons for the relatively better implementation performance (which might make an interesting and informative case study) have to be sought in the absorption capacity of the country, intervention sectors, degree of facilitation or otherwise offered by government policies, EDF procedures and quality of portfolio management. Although MEBS and major capital works (infrastructure) certainly assist disbursement, the policy landscape in some sectors is not especially facilitating and delays were recorded in programming (at least some of which were blamed on the unforgiving nature of EDF procedures) such that perhaps portfolio management can be assumed to be a (the) major factor.

Cross-cutting issues – Capacity Development – OC10/TL4

Overall Conclusion 10/Transferable Lesson 4 (based on EQ10) - Capacity development of CSOs and NSAs could have a very high potential gearing or multiplication effect as the NSAs propagate their acquired knowledge and capacity at provincial and local levels.

Capacity development of CSOs and NSAs is proving to be a slow business but concentration on networks or key facilitators could prove a powerful vector for onward propagation of best practices. Potential impacts on independent civil society involvement in public life are very extensive but there is room for improvements in order to increase the effectiveness and impact of EC support to NSAs.