

# **Anexo D da Avaliação da Declaração de Paris: Estudos de caso – Saúde e Agricultura**

## **Joint Evaluation of the Paris Declaration, Phase 2**

### **Mozambique: Sectors Tracer Study – Health and Agriculture**

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## Acronyms

Acronym	Portuguese	English
<b>PD</b>	<b>Declaração de Paris</b>	<b>Paris Declaration</b>
<b>MISAU</b>	<b>Ministério da Saúde</b>	<b>Ministry of Health</b>
<b>GoM</b>	<b>Governo da República Moçambique</b>	<b>Government of the Republic of Mozambique</b>
<b>GBS</b>	<b>Apoio Directo ao Orçamento</b>	<b>General Budget Support</b>
<b>SBS</b>	<b>Apoio Directo ao Orçamento do Sector</b>	<b>Sector Budget Support</b>
<b>GFTAM</b>	<b>Fundo Global contra o HIV/SIDA, a Tuberculose e a Malária</b>	<b>Global Fund to Fight AIDS, TB and Malaria</b>
<b>SISTAFE</b>	<b>Sistema de Administração Financeira do Estado</b>	<b>State Financial Administration System</b>
<b>PAF</b>	<b>Quadro de Indicadores de Desempenho</b>	<b>Performance Assessment Framework</b>
<b>PARPA</b>	<b>Plano de Acção</b>	<b>Poverty Reduction Strategy Paper (PRSP)</b>
<b>ACA</b>	<b>Avaliação Conjunta Anual</b>	<b>Yearly Joint Evaluation</b>
<b>MADER</b>	<b>Ministério da Agricultura e Desenvolvimento Rural</b>	<b>Ministry of Agriculture and Rural Development</b>
<b>MINAG</b>	<b>Ministério da Agricultura</b>	<b>Ministry of Agriculture</b>
<b>PAAO</b>	<b>Plano Anual de Actividades e Orçamento</b>	<b>Annual Work Plan and Budget</b>

## **1 – Introduction and Context**

This sector level study is part of phase two of the evaluation of the Paris Declaration. The requirement for independent evaluation was built into the original Declaration. The first phase of the Evaluation ran from March 2007 to September 2008 and aimed at providing information on the “HOWs and WHYs” of the early implementation process of the Paris Declaration, looking at inputs and early outputs. The second phase of the Evaluation is running from the 3rd High Level Forum in 2008 up to the 4th High Level Forum in Korea in 2011. This phase will emphasize outcomes and results and offer answers to the critical policy question of whether the intended long-term effects of the Paris Declaration are being achieved or advanced. (Generic Terms of Reference for Country Evaluations, Joint Evaluation of the Paris Declaration, Phase 2)

The Generic ToRs for the Evaluation defined that every selected country should do an evaluation of its Health sector and optionally another sector. In Mozambique, the Agriculture sector was chosen.

Phase 2 has three core questions for the evaluation, each with several sub-questions. This sector level study is mostly concerned with core question 3 (“Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?”), and in particular with sub-question 3a (“Were results in specific sectors enhanced through the application of the PD principles?”). The main guideline for the production of this document was the Operational Matrix for Country Evaluations and in particular, its annex C – Guidance to Sector Tracer Study. This study was based on a literature review and on interviews of key governmental and donor figures.

This document is structured as follows. The main two sections (2 and 3) correspond to each of the sectors. For each one, a narrative of the situation before the Paris Declaration is presented. Then, the post-Paris Declaration picture is depicted, where the main division is between its impact on aid effectiveness and on development results.

## **2 – Health sector**

### **2.1 – Before Paris Declaration**

The different armed conflicts happening in Mozambique since 1962 and which lasted until the 1992 peace accords provoked the destruction of much of the infrastructures of the country. The Health system, which before independence was very frail outside of the main cities and towns, where the majority of the Portuguese settlers lived, suffered tremendously at the hands of the warring parties.

Also, with independence, there was a drain of qualified medical staff out of the country due to fears about the new regime. This was a particularly serious challenge for the new administration as most of the departing staff members

were medical doctors and senior administrators, whose skills were quite valuable.

With the peace agreements, aid money started pouring into the sector. The very fragile and unbalanced state of the health system then also had to deal with very diverse approaches from different donors which further fragmented the sector, as some would take up to their responsibility whole provinces. Their lack of coordination, together with a very weak Ministry of Health (MISAU), led to an increase in the regional differences in the sector. Furthermore, the preferred aid modality at the time was project-based which made it impossible for the Government of Mozambique (GoM) to coordinate their implementation as they numbered by the dozens (Martinez, 2006).

To deal with this state of affairs, donors and the government started to produce arrangements to increase the harmonisation of the development partners, but also to increase the ownership of the government. As such, in 1998 a consultative technical group recommended that the health sector in Mozambique should adopt a sector wide approach and MISAU signed a declaration stating its intention to move in that direction. A Sector Coordination Committee (CCS) was then formed.

Different common funds were set up for several areas of focus in the health sector (Common Fund for Pharmaceuticals, Provincial Common Fund, a common fund for the development of the Health Strategy, etc). In 2000, the Kaya Kwanga Agreement was signed and it established the code of conduct for the government and the development partners to guide the SWAp process in the Health sector. Joint technical groups for the SWAp were created and a sector strategy was developed in 2001 which guided the sector until 2007. This, together with the quasi-simultaneous release of the Action Plan for the Reduction of Absolute Poverty (PARPA), increased the credibility of the GoM and in 2003 the Health Common Fund PROSAUDE came into existence. In 2004, Mozambique becomes the first country in the world where the Global Fund to Fight AIDS, TB and Malaria (GFATM) channels its funds via the sector common fund.

While this process was leading the way of SWAp reform in the development field, some serious criticism emerged. The strategic plan and the discussions on the coordination mechanisms agreed in Kaya Kwanga tended to be too broad and unspecific in the range of topics discussed so that the definition of a policy direction was problematic and progress in the field could not be clearly assessed. Also, these were usually discussed in abstract terms at a very central level, with a very limited participation of provinces. In part to address these problems, sub-sector and provincial plans were drafted. However, these tended to be too abstract as well and with varying degrees of political commitment. A mid-term 2005 review of the MISAU concluded that there were too many plans in the government side of the health sector.

Furthermore, the SWAp working groups, explained in Box 1 were seen as a good way of sharing information and building consensus but were found to have no enforcement capabilities, which limited their impact. Some donors, would in practice backtrack against their commitments on aid modalities and MISAU

would also not implement decisions taken on those forums, mostly due to lack of leadership and clear implementation channels.

The big success of SWAp process in the health sector in Mozambique up to 2005, has probably been the increase of the public expenditure on the sector and the increased proportion of aid channelled via national systems, namely the PROSAUDE common fund (see table 1 in next section).

## **2.2 – After Paris Declaration**

The present document is trying to assess the impact of the Paris Declaration on aid effectiveness and its results on the Health and Agriculture sectors. However, for both sectors one faces two serious conceptual problems. Firstly, in both cases, Paris Declaration type interventions started being developed and implemented in the mid- to end-90s which makes it hard to establish a breaking point with the “previous” status-quo. Secondly, a new government took power in 2005, which coincides with the Paris Declaration. The new cabinet, headed by President Emílio Guebuza changed the approaches followed by the government, assuming a more independent and forceful stance, in contrast with the previous consensus-building government of Joaquim Chissano.

In sum, it is hard to identify a linear causal chain of events. One has to focus instead on a general direction of change and maybe do loose associations between the Paris Declaration process and possible consequences.

### **2.2.1 - Impact of Paris Declaration on Aid Effectiveness**

#### **2.2.1.1 – Country Ownership over Development**

##### ***Ownership***

Mozambique has from the start been at the forefront of new approaches and experiences on the development field. The continued support of the donors to the Mozambican health system confirms the credibility the government has gained next to the donor community. The willingness the GoM has displayed on taking over the development agenda and engaging with the development partners has to continued to enthrall them to a certain extent. Mozambique's health sector is still a donor darling in the region.

The Memorandum of Understanding for PROSAUDE, which was first signed in 2003, was revised in 2005 and further revised in 2008 in order to integrate two other existing off-treasury common funds (Provincial Common Fund and Pharmaceutical Common Fund). This has been a display both of the government's leadership, as it needed to better integrate the different common funds, but also of the trust that the donor community put on the capabilities of the GoM. Of all the common funds that exist in Mozambique, PROSAUDE is the

one which resembles “pure” sector budget support the most, in a similar fashion to GBS. PROSAUDE utilizes the same financial and procurement systems as the government. All funds are disbursed directly to the Treasury and then considered as MISAU funds. However, depending on the wishes of the donor, funds are either considered as external funds (balances of each year stay with the sector) or internal funds (balances are returned at the end of the year to the general budget). This is the main difference with “pure” SBS. In that case, all funds are written as internal. The only “condition” for those funds is that they need to be consistent with sector plans, the State Budget and the annual Economic and Social Plans. The main yearly assessment document is the evaluation of the Economic and Social Plan (*Balanço do PES*), which is made every year and taken to approval by the Parliament.

#### Box 1: Coordination fora in the Health sector

- **The Sector Coordination Committee (CCS):** which meets twice in a year, is chaired by the health minister and comprises his/her cabinet, selected provincial health directors (on a rotating basis) and the representatives from development partners active in health. The forum endorses key reports and recommendations (such as those emerging from the joint annual reviews of the Strategic Plan), informs development partners of significant issues or decisions relating to health sector policy, especially focusing on MISAU Annual Operation Plans for the following year;
- **The Joint Coordinating Committee (CCC):** replaced the former SWAP MISAU Partners Working Group, provides a good opportunity for a small group of representatives from MISAU and the community of external partners to deal with some critical issues in a more informal manner.
- **SWAP-related thematic working groups:** Working groups (and ad-hoc task groups) which provide an opportunity for development partners and the MISAU to jointly review or oversee specific areas of health policy where a more in-depth analysis is required prior to their adoption or consideration by the broader Joint Coordinating Committee. All of these have their own jointly agreed ToRs.

Nevertheless, there are wider SWAp structures of communication and dialogue, mainly between the GoM and the development partners (and to a smaller degree civil society). Box 1 lists the main mechanisms which are currently in place. In all cases, the government chairs the meetings. They have been mostly intact for the decade which attests to their success in linking the sector stakeholders.

#### Alignment

Table 1: Health Financing by Source (Mln US\$)													
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Government Budget	70	82	96	105	104	108	127	132	132	142	184	184	184
Common Funds	17	20	37	63	106	99	125	85	80	85	77	46	34
Vertical Funding	75	75	75	85	130	141	150	308	376	398	265	227	132
<b>Total Expenditure</b>	<b>162</b>	<b>177</b>	<b>208</b>	<b>253</b>	<b>340</b>	<b>348</b>	<b>402</b>	<b>525</b>	<b>588</b>	<b>625</b>	<b>526</b>	<b>457</b>	<b>350</b>

Sources: Mozambique Taking Stock Report 2008 (for figures up to 2007); PROSAUDE Development Partners Group (for figures starting in 2008 and estimates for the period 2011-2013)



Table 2: Vertical Funding by Source						Total (Mln US\$)
	GFTAM	USA (HHS/CDC)	USA (HHS/HRSA)	USAID	Other	
2007	0,0%	13,0%	0,0%	56,5%	30,5%	150
2008	16,4%	11,4%	0,6%	47,6%	24,1%	308
2009	9,4%	18,9%	0,3%	48,5%	22,9%	376
2010	22,8%	17,0%	0,0%	31,6%	28,6%	398

Source: PROSAUDE Development Partners Group

Public expenditure on the sector has grown considerably. Between 2005 and 2010, that source of funding grew by 37%, as can be calculated from table 1. However, the Health system is still very dependent on external assistance. From

Table 3: Funding for PROSAUDE common fund				
	2007	2008	2009	2010
Canada (CIDA)	2,9%	6,7%	8,3%	9,4%
Denmark (DANIDA)	2,7%	5,2%	5,6%	8,4%
Finland	4,6%	8,6%	10,0%	6,1%
Flanders (FICA)	2,3%	3,5%	5,0%	3,4%
France (AFD)	0,0%	5,2%	5,0%	5,1%
GFTAM	34,8%	0,0%	0,0%	0,0%
Irish Aid	17,3%	28,5%	24,7%	23,6%
Italy	0,0%	0,0%	2,3%	1,3%
Netherlands (DGIS)	6,1%	5,7%	5,8%	11,8%
Norway	11,5%	9,1%	0,0%	0,0%
UK (DFID)	6,2%	14,6%	13,1%	13,1%
UNFPA	0,0%	0,1%	0,6%	0,6%
UNICEF	0,0%	0,0%	1,5%	1,4%
Switzerland (SDC)	3,8%	4,4%	4,4%	4,1%
EU	7,8%	8,5%	13,5%	11,8%
Total (Mln US\$)	125	85	80	85

Source: PROSAUDE Development Partners Group and MISAU

a level of dependence of around 70% in 2007, it rose to 77% in 2010. Of more interest though is to note that after a period of growing importance of the common fund, from 2005 onwards one observes a stark increase of importance of project-based aid while the resources for the pooled arrangements decrease from 31% in 2005 to 13.6% in 2010. This however, is mostly due to a stepping up of the aid effort by US government institutions and the Global Fund which together account for more than 70% of bilateral projects aid in terms of volume (Table 2, unofficial figures at time of production of report).

Still, the common fund displays 13 partners, which represents almost half of the main sector partners (Table 3). Furthermore, the proportion of projects to be on-budget is said to have increased very much in the recent years, like the amount of projects processed via the Treasury channels, i.e. on the Single Treasury Account (*Conta Única do Tesouro*). Nonetheless, those projects channelled via the Treasury sometimes come with

conditions and are not totally under control of the Ministry. In particular, in the HIV-AIDS subsector, partners want to make sure funds are used to that end. Despite these dual increases, most project aid is still not processed via the Treasury.

Why don't some donors use national systems? In the case of the US, their position was stated in the U.S. Action Plan on Harmonization<sup>1</sup> (which predates the Paris Declaration), in bold letters, that "the call for harmonization is not a call for increasing reliance on budget support." In 2009, only about 1.7% of total U.S. foreign assistance was provided as direct budget support.

In other cases, there's a need to show that something is being delivered as

### **Box 2: UN agencies in the common fund**

In the common fund the only UN agencies are UNICEF and UNFPA. However, this is extraordinary given that UN agencies are usually implementing organisations. It's not common in the region, or anywhere in the world, to have UN agencies participating in common funds. While most of their funds are still funded to bilateral projects, they commit a part of their resources to the PROSAUDE common fund. With respect to UNICEF, in the next year there should not be many changes. Being part of the common fund is important to leverage the position of a donor within the community and the GoM, as well facilitating the participation on the coordination mechanisms. Nevertheless, it is unlikely that UNICEF will increase its contribution given that UNICEF can only use its own funds for that purpose (not its donors'), and also given that every UNICEF National Committee wants the iconic photo op of the UNICEF's flag next to the health centre in the destitute village (for in the end that's a more secure way of knowing that money has been well-spent).

earmarked in the country of origin, so that the original contributors know that their money is being spent on the source of their concern (eg. child nutrition) and also that it's being well-spent (weak government public management). Also, for many multilateral institutions, their own guiding principles mandate that they work on a specific field (eg UNICEF – children) and therefore it's harder to for example pool resources with other donors. In this type of circumstances, PD has more to do with institutional effectiveness than aid effectiveness (and for that end, also more than development effectiveness).

Furthermore, the traditional donors are not only more aligned in the sense that they use the common funds but also with respect to the main policy directions in the sector strategy and also from the dialogue with the GoM. For example, currently donors have been asked not to invest in infrastructure anymore, which they are starting to comply with.

As far as the development of the national systems and procedures are concerned, large steps have been given, particularly after the reform of the public financial

<sup>1</sup> See "U.S. Action Plan on Harmonization," at <http://www.oecd.org/dac/effectiveness/actionplans>.



management system SISTAFE. It's very easy to obtain the funds from the Treasury. In accordance with the disbursement plan, when funds are put on the Forex account, they go directly to the Single Treasury Account and then are available to the Ministry. Also, in accordance with the 2008 MoU, in the health common fund, audits are regular and made by the Administrative Court. In the past, these tended not to be approved by partners, but now they are. Outside of the common fund, each bilateral government does its own auditing of the government's management.

With respect to the provision of technical assistance, in the 80s there were many bilateral agreements with certain countries from the communist sphere of influence (China, URSS, Vietnam, North Korea, etc). As time went by, with the

exception of Cuba (specialist medics) and Nigeria, most bilateral projects in that context ended (recently, this type of historical support recommenced with North Korea and Vietnam).

**Box 3: Stories of leadership of the government in the provision of technical assistance**

In 2009, there was some public outcry against the GoM's decision to refuse 13 American doctors their working visas. The issue was that the US were imposing that they would be program leaders (not medics) and that was not what MISAU was in need of. USAID backtracked and supplied 13 medics instead to work on a clinical level.

Another case is the trip of Maputo Central Hospital's director to North Korea to make sure that the candidates to work in the hospital speak Portuguese. Previously, it was common that medics couldn't speak the language and had to be sent back to North Korea.

A final situation refers to a given country, which supplied a technical adviser for a province with a monthly salary of 13 thousand USD, and in the end the GoM rejected that offer as it would be too costly for the sector resources (the donor expected the common fund to take part in the payment).

As for traditional donors, they are the ones who mostly push for technical assistance. There are quite clear differences within MISAU. For example, for clinical health matters MISAU does not ask for or even allow external help. (That also highlights a weakness on the partners' side on this field, as perceived by the interviewed stakeholders). However, on planning and public financial management issues they welcome external support. Plus, given that bilateral aid seems to be increasing, and project aid usually requires much more technical assistance, then one can infer that probably technical assistance is indeed growing.

Big issue is to do with the current staff cuts. MISAU doesn't have enough staff to deal with donors.

Indeed, the last Sector Coordinating Committee recommended that working groups should be reduced in size. However, it used to be much worse in the past when SWAp structures were much weaker.

## 2.2.1.2 – Building more Inclusive and Effective Partnerships for Development

### Harmonisation

Despite the increase in bilateral funding shown in the preceding subsections, most stakeholders recognise that there has been a considerable improvement on coordination among donors. On top of the traditional donors which participate on the common fund, many others (namely USAID and the Global Fund) take part on the SWAp arrangements. MISAU staff members acknowledge that the paper workload has decreased substantially on recent years due to the harmonisation of procedures among donors. The big exception is the relationship with the Global Fund, which by its own nature requires very different procedures than the ones followed by the GoM (Box 4) and has even led to the hiring of advisors to assist MISAU on its relationship with it.

The development partners have made use of their comparative advantage only

#### **Box 4: Case Study - Global Fund to Fight AIDS, Tuberculosis and Malaria**

The Global Fund to Fight AIDS, Tuberculosis and Malaria poses a heavy administrative burden to the GoM. The public financial management reform program (Sistafe) doesn't agree with the Global Fund rules.

The Global Fund is a solely a financing source. It takes in bids which are in line with the sector strategic plan. There are yearly rounds to apply for funds to which any organisation can apply to, including the GoM itself. These are overseen by the country coordination mechanism.

The Global Fund joined the health common fund in 2005, which was a first in the world. In 2008 though, it did not sign the Memorandum of Understanding and it left the common fund. The decision was made by the Minister of Health because the Global Fund was and still is a considerable part of the Health budget and its procedures, which are very different from the ones in the common fund, led to untenable delays in obtaining the funds. Currently, there are around 9 contracts between the GoM and the Global Fund and each has about 15 pages.

Monitoring and Evaluation is of utmost importance which is translated into specific M&E reports every 6 months for each contract, which in turn determines the disbursement of the following tranche. All funds are channelled via the Treasury.

to a small degree. The main difference occurs between implementing and financing agencies. For auditing and financial management issues, bilateral donors are stronger and more present. As for clinical matters, specialised organisations like UNICEF (leader of big epidemics/endemics working group) have a larger role. With respect to geography some of the divisions are: USAID more located on the northern provinces, Italy in Sofala, the Netherlands in Nampula and Ireland in Niassa.

There has been some movement of development partners in the sector. Some left the sector to focus in other ones (eg. Norway, Finland) as

many donors adopt a maximum number of sectors (around 3 most commonly) to work on; and some redirected their attention within the sector (eg Denmark increased focus in Tete province in infrastructures).

For *silent partnerships*<sup>2</sup> the only known case is that of the Clinton Foundation which put Ireland in charge of its contribution to the health common fund.

With respect to accountability frameworks, for all in the common fund, the same Administrative Court audits are presented so that funds for the following year are released. Also, as far as the reports produced by NGOs are concerned MISAU is currently producing a standard reporting tool to address the existing heterogeneous formats.

In terms of disbursements predictability, processes have been improving. Relatively accurate comments are made in July. In November, the program plans are concluded. The department assigns to each staff member a geopolitical area to work with. In general, the common fund used to face many problems as disbursements happened very late in the year, but nowadays as the donors disbursements take place earlier, execution rates are quite high. As far as bilateral projects are concerned, most of those are institutional support and technical assistance which by their own nature (i.e., simpler expenditure procedures like payment of salaries) tend to have an high execution rate. However, the values in the Middle Term Expenditure Framework are well above actual disbursements. For 2011, values are still provisional because the 2008 audit to the fund has not been concluded and presented by the Administrative Court. There are disbursement plans throughout the year, but their quality and credibility varies tremendously between different donor countries. Some donors do try to coordinate among themselves to guarantee a tranche every quarter. The Ministry however prefers disbursements in January which nowadays are more common.

For monitoring purposes, all financial contributions, either on- or off-budget would ideally be recorded in the national “ODAMAZ” aid monitoring database which however has proven not to be a very reliable source of information. This seems to be partly due to some information technology problems of the actual program but also due to a lack of usage by the donors, particularly on the making sure of its updated status.

### **Managing for results**

As far monitoring and evaluation is concerned, the main framework for assessment common across all stakeholders. Most donors, like the government, use the same indicators from the Performance Assessment Framework (PAF), which are updated yearly (after agreement between the GoM and partners) and base themselves in the national PARPA and the yearly Economic and Social Plan. It relies on the health information system and it has served as the basis for joint annual and biannual reviews.

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<sup>2</sup> The concept was first elaborated by the Swedish Cooperation agency (Sida 2002): “being a silent partner means that Sida channels its support via another like-minded donor agency and that the partner country in question only needs to have contact with one party instead of two.”

The Yearly Joint Evaluation (Avaliação Conjunta Anual, ACA) – which informs the Sector Coordination Committee – is where these PAF indicators are reviewed. ACA is a very old process, which started well before the Paris Declaration Process. It takes place in March and the Minister and the donor community are present. Three provinces are chosen and there an assessment of the sector progress is made with respect to the common fund and all other partners with the exception of the Global Fund, the Clinton Foundation, USAID and vertical funds. In these cases, the donors are in charge of the implementation and have their own evaluation procedures. Of importance, stakeholders have mentioned that funding is given for results, and not the other way around. In practice, it's not results (the PAF indicators) which determine future funding.

### **2.2.1.3 – Delivering and Accounting for Development Results**

#### **Mutual accountability**

Monitoring and Evaluation is carried out using Government instruments and existing Government-donor processes (discussed above), both within and outside the common fund. As mentioned before, the exception is the Global Fund which requires its own M&E reports every 6 months. The common fund assumes that disbursements for year n+1 depend on n-1 audits. There have been some problems with the Administrative Court due to delays on the conclusion of the audits. For example, on the last National Council Against HIV/AIDS, donors did not specify how much they would contribute as the Administrative Court hadn't produced yet the audit of the previous year. Key documents are shared with the media within press releases.

As far as the evaluation of donors' performance, there is a donor assessment framework (Castel-Branco et al, 2009) linked with the GBS arrangements. It has been in place since 2004, and every year it provides an assessment of the development partners' performance (aid predictability, conditionality, alignment with government procedures, untied aid, program based approaches, etc.). However, assessment per sector is not pursued.

### **2.2.2 – Impact of Paris Declaration on Development Results**

#### ***Main results of the sector since 2005***

Before having a look at the results of the health sector in the last five years it is worthwhile to note that a direct link between Paris Declaration processes and results is not possible. For many donors indeed, what they see as PD is more about reducing costs, having more available money and less staff. Emphasis is not at all Development results, i.e. PD as means to reach the end goal of economic and social development. Not only it is hard for people to pin down the effects of PD on results but even if one were to run statistical regressions it would be enormously difficult to disentangle the sole effect of PD. What one can do is see

plausible correlations between trends in the PD process (previous section) and the sector results (current section).

Probably, the chief and most basic indicator of the development of the health sector is the distance to the nearest primary healthcare facility. Looking at the Household Surveys of 2002/03 and 2008/09 one sees a large improvement on the number of families that are now in close distance to such a facility. This has been more noticeable on rural areas and in the northern provinces. There, 69.5% of households can now reach the nearest healthcare facility within 45 minutes on foot while on 2002/03 this indicator marked 31.5%. Indeed, the target for the construction of those facilities was well exceeded. While the target for 2008 was 141, a total of 442 primary healthcare units were built.

As for access to health services for the most vulnerable strata of the population, access for children have improved considerably on the last 5 years. The severe health deprivation indicator is the proportion of children under five years of age that have never been immunised or those that have suffered from a severe episode of Acute Respiratory Infection (ARI) that was not treated. Severe health deprivation among children fell between 2003 (Demographic and Health Survey) and 2008 (Multiple Indicator Cluster Survey), from 18 per cent to 12 per cent. Rural children are more likely to experience severe health deprivation (14 per cent versus 7 per cent for urban children). Nevertheless, deprivation levels have decreased significantly for rural children while remaining fairly constant among urban children. Provincial levels of health deprivation range from five per cent in Maputo city to 19 per cent in Zambezia and Nampula provinces. Niassa province showed a strong improvement, with deprivation falling from 32% in 2003 to 9%. By contrast, severe health deprivation increased significantly in Maputo province, from 4 per cent in 2003 to 11 per cent in 2008 (Kelly, 2009).

In the maternal health subsector, the proportion of healthcare centres with maternal facilities increased to 58%, most of it due to improvements in rural areas. From 15% of district capitals with those facilities in 2005, in 2008 the proportion was 75%. Still, in the same subsector, the number of healthcare centres with capacity to deliver prevention medicines for vertical transmission of HIV increased considerably, from 96 in 2005 to 774 in 2008.

While this is not an extensive description of the achievements of the sector (those can be reached on the PARPA II Evaluation and its matrix of indicators, targets and results) it highlights a very clear and positive trend in the sector in the last 5 to 7 years. Access to health services seems to have increased quite dramatically. The PARPA II Evaluation paper further states that the development of policies improved considerably in the period of interest. Also of note is the introduction of reproductive and child health fields in the national agenda, the production of the Integrated Plan for the Achievement of the MDGs 4 and 5, of the Plan for Human Resources Development.

Some challenges remain and some new ones are beginning to pose themselves. The coverage of the health system is still limited and there are still many shortcomings with its logistics (as an example very recently there was some public condemnation on the decision of MISAU to extend the validity of certain medicines – without any public health study to back it- which were in excess due

to bad planning and delays on their delivery). Human resources are insufficient, both at the clinical and administrative levels, which has been aggravated by the large staff mobility of the staff within the public system and also moving out to the private sector. There is still a very large mismatch of the sector needs and its resources. The government targets aren't very ambitious for fear that donors reduce their funding. There is a lack of routine statistical data about the activities pursued by the Ministry.

### ***Impact of Paris Declaration on the prioritisation of the poorest and most vulnerable***

Already in the making of PARPA I (2001-2005), there was an expressed concern about women and children in particular as they have very specific needs within the general population. However, these corresponded just to two out of four sub-programs on the field of the primary healthcare, the remaining two targeting the fields of adolescence healthcare and nutrition. Mention of the gender issues or reaching to the most disadvantaged or vulnerable was not made on the remaining five considered fields (with the exception of HIV/AIDS patients which at the time was already one of the main fields of action).

PARPA II (2006-2009), published in May 2006, gave much more emphasis to those groups at risk. The health sector strategy was made in charge of serving firstly the needs of the poor, particularly in the most disadvantaged areas. "In order to guarantee that the most disadvantaged strata and vulnerable groups are reached by the planned interventions, sector strategy must be based on a specific approach to poverty reduction" (PARPA II). This language was reflected on the formulation of the yearly Economic and Social Plans. Given that the poor had little access to primary healthcare, this was made the number one priority of the government for the sector. Furthermore, attention was put to the part of the vulnerable population with one or more of the following incapacitating diseases: malaria, tuberculosis, leprosy, HIV/AIDS, parasitosis, and epidemic diseases like cholera, dysentery, and meningitis. With respect to gender, paragraph 352 states that "Gender will also receive particular attention, not only as regards the promotion of the rights of women in the health care sector, but also with respect to specific interventions that are needed in order to eliminate existing barriers and promote gender equity in access to services". Indeed, there is a Strategy for Gender Inclusion developed during the PARPA II period.

With respect to the results, as mentioned on the subsection above, substantial strides were made on the fields of children and women healthcare.

### ***Impact of Paris Declaration on institutional capacities and social capital***

The alignment of a large part of the development partners with the national systems and procedures has led to a substantial improvement of MISAU capabilities in dealing with large sums of funds in a more transparent way as shown on the previous section. It has also developed a routine of regular and established assessment of progress mechanisms which would otherwise be harder to create if aid was channelled in a more fragmented and parallel way. Also, forums for consultation with civil society and the development partners



have become entrenched in the planning and budgeting cycles of the government.

However, what it is not clear is whether this improvement is sustainable. Critics claim that it simply perpetuates a beggar-thy-neighbour system where government undergoes a number of changes in order to please the donor community but without a real lasting change of behaviour.

A point of discussion among the donor community is whether one should support the government or civil society. Most traditional donors have linked the Paris Declaration with support to the government which might be the most efficient way of doing business. If one is looking onto support to civil society and NGOs, then its range of implementation may be smaller as civil society is a much more fragmented entity.

### ***Impact of Paris Declaration on the evolution of the aid modalities mix***

As shown on the previous section, on-budget aid has increased considerably. Donor and government officials in the sector reckon that the vast majority of aid is indeed on-budget even though accurate figures are hard to collect. Furthermore, one has observed the emergence of pooled funds as an important source of financing. From a very incipient beginning in 2001, it reached an impressive 31% of the expenditure on the sector. However, since then, its importance has decreased substantially, despite continuing to grow. Currently it stands at around 13.6% of the total funds for the sector.

The previous Minister of Health used to say that he was not the Minister of Health in fact, but the Minister of Health projects. This seems to have changed according to MISAU sources. Indeed, while vertical funding has increased markedly it seems that fragmentation has decreased because most of the bilateral projects funding is restricted to a few very large donors, in particular US government organisations (49% in 2010) and the Global Fund to Fight AIDS, TB and Malaria (23% in 2010).

It seems that funds that are channelled via the common fund are much easier for MISAU to manage, procedures are simpler and the GoM can fulfil its plans. The common fund allows the disbursement to happen in one go, which decreases the transaction costs. It also gives more visibility to the partners included. The big downside is that it does not allow donors to identify where the resources are going (for example since UNICEF needs to showcase its impact to its donors – not N.Y. headquarters – it is a serious impediment against pooling more funds). On the other hand, there is some recognition that vertical funds are better in the sense that a specific field is chosen and therefore it's easier to measure impact. At the same time though, these might lead to adverse sector imbalances. For example, the treatment of Malaria and nutrition are intrinsically related. However, while currently Malaria gets large amounts of resources from the Global Fund, the nutrition subsector is very poor.

## **3 – Agriculture sector**

Agriculture is a very specific and particular sector among the functions of the government. Issues ranging from its financing to its implementation are quite distinct from the other governmental areas of activity, particularly the social sectors. There are mainly two aspects to note.

Firstly, the Paris Declaration process feeds itself from experiences mostly on Education and Health. These two sectors in the majority of developing countries (and for that matter, in most countries) are principally funded and implemented via the State apparatus. Indeed, in Mozambique, public expenditure accounts for most of the financing of education and health services. In contrast, the role of the government in Agriculture tends to be much smaller.

Secondly, and closely related, Education and Health account for a clear and large proportion of what the general populace sees as the role of a government. In contrast, it is much less clear and indeed more of an ideological stance the degree of intervention of the government in the Agriculture sector should be. In most developed countries, governments take more of a regulatory and sponsoring posture. However, concerns about food security have lead a movement of mainly developing nations to take a very interventionist approach in this sector, not only funding but also implementing production programs. Currently, this is in the case in Mozambique.

As such, in line with the two previous paragraphs, if one agrees that a big part of the Paris Declaration concerns the relationship between donors and the government, then one needs to take into consideration the scope of action of the government (regulatory vs interventionist) in the analysis of sector support. As a matter of fact, in Mozambique for a long time the role of the State in the sector has been a source of contention among the donor community itself (Ludin, 2004) and the government due to very different sensitivities.

### **3.1 – Before Paris Declaration**

The liberation struggle and particularly the civil war destroyed a big part of the productive infrastructure of Mozambique. Since the end of the hostilities in 1992, agricultural production has been recovering. Nevertheless, it is still below pre-independence (1975) levels in *per capita* terms.

#### **Figure 1: Evolution of Agricultural Production – Gross Production Index<sup>3</sup> Per Capita, 1961-2005**

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<sup>3</sup> The FAO indices of agricultural production show the relative level of the aggregate volume of agricultural production for each year in comparison with the base period 1999-2001. They are based on the sum of price-weighted quantities of different agricultural commodities produced after deductions of quantities used as seed and feed weighted in a similar manner. The resulting

*Source: FAOSTAT (from Cabral, 2009a)*

The development of this shattered sector faced another bottleneck with the imposition of structural adjustment policies in the 1990s by the Bretton Woods institutions. The ongoing policy advice at the time suggested that governments should retreat from productive sectors, namely agriculture. Fragile states like Mozambique, very dependent on external assistance, did just that. For most of the 90s the Ministry of Agriculture and Rural Development was in fact rather dried up of funds.

This lack of resources (and capacity) coupled with a large aid inflow and development organizations into Mozambique created a situation where despite many fragmented activities happening on the ground led by donors and NGOs, there was no clear national sector strategy and there was very little coordination between donors themselves and the government.

To deal with this, by mid-1990s, PROAGRI started being developed. The initial goal was to capacitate MADER so that a streamlined Ministry could take the leadership of the development process in the agriculture sector with a reduced set of core functions (Cabral 2009a). Phase I started in 1998 and lasted until 2005, after a review and extension in 2003.

PROAGRI was the first Sector-Wide Approach experience in agriculture in the world. Such novelty contributed to an institutional birth without a clearly stated sector policy framework and without clear/consistent political leadership (Evans et al 2007). In fact, in the beginning PROAGRI was more of a mechanism of coordination between donors and government, attached to a pooled fund than a real program to support a sector strategy. Nevertheless, it was attached to a master document with some basic principles which to a certain extent came to replace the 1987 Agricultural Policy and Implementation Strategy (PAEI) which focussed mostly on food security concerns. The newer guiding document put more emphasis on the role of the government as a facilitator and coordinator of the sector which lead to a big proportion of funds to go to capacity building of

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*aggregate represents, therefore, disposable production for any use except as seed and feed. (<http://faostat.fao.org>)*

MADER in order to enhance the quality of its policies and dialogue capabilities with all stakeholders.

However, the prominence of resources allocation to internal managerial processes in the government turned into the chief criticism against PROAGRI. Institutional development activities absorbed on average more than 35% of overall resources of the sector programme (Cabral 2009a). Despite a strong increase on the quality of bureaucratic work produced by MADER and an increased sense of ownership by the government, a general feeling emerged among the donor community, and also in the media, that funds were being diverted from service delivery towards the administrative machinery with no attributable impacts on the ground.

### **3.2 – After Paris Declaration**

#### ***A new policy direction***

Starting in 2003, a discussion of the new strategic plan for the sector to support PROAGRI II got under way. It was a very consultative process and a very thorough and detailed plan emerged out of it. As in the master document for PROAGRI I, the role of the government was limited to one of guidance and coordination with a very narrow part on actual production. However, the 2005 new government of Mr. Guebuza took a very different stance on agricultural policy – the government became main player in the sector with a very considerable scaling up of its direct activities in production. Actual production is still undergone by farmers but since then the state contributes with many inputs to production (eg. seeds, equipment). This reflected a growing concern about food security but also the previously mentioned feeling of lack of results on the ground. As such, the new Ministry of Agriculture (MINAG) became a much more implementing agent than previously. Targets for crops production were introduced and all levels of government became co-responsible for the achievement of those. The role of the private since then has become very unclear.

Against this background, most large donors have expressed their disapproval of the new policy direction. Indeed, two big contributors (USAID and the World Bank) to the PROAGRI fund left that mechanism in 2006 due in part to this policy choice. Furthermore, since 2005, reforms seem to have stagnated. Aid has also become more fragmented (Cabral 2009a). Nevertheless, while the new sector strategy never got to be approved, a new memorandum of understanding for the second phase of PROAGRI was signed in early 2007 and it has since then ruled the relationship between donors and the government.

#### **3.2.1 – Impact of Paris Declaration on Aid Effectiveness**

##### **3.2.1.1 – Country Ownership over Development**

## **Ownership**

During the first phase of PROAGRI, consultation and coordination mechanisms were developed. Since then those have remained broadly the same (Box 5).

### **Box 5: Coordination Fora (2007 MoU)**

**Agriculture Joint Review Meeting** (2<sup>nd</sup> quarter of every year) – MINAG presents the donors with an implementation report of the previous year and also the sketch for the next Annual Work Plan and Budget (PAAO). Donors reveal their planned commitments for the following year.

**Agriculture Mid-Year Review Meeting** (3<sup>rd</sup> quarter of every year) – Donors confirm their commitments for the following year.

**Fórum de Concertação** (every 3 months) – Chaired by the Minister of Agriculture. It is the principal forum for dialogue on policy and strategic direction for PROAGRI II. Senior staff of MINAG, MPD and MoF as well as donor representatives are present.

**PROAGRI working groups** (at least every month) – these groups are divided by area of expertise and gather knowledge from leading specialists from both the government and donor sides. Their mandate is to investigate specific issues the sector faces and propose operational solutions. These groups are lead and coordinated by the PROAGRI coordinator who is a MINAG staff member.

These have to a large extent contributed to a strong sense of ownership and leadership by the government, particularly in comparison with the situation in the mid-1990s. However, in contrast with phase one, PROAGRI II has left out civil society and the private sector out of the coordination mechanisms, which underscores the new unilateral interventionist stance of the government as expressed in the Green Revolution Document, produced in 2007, and the Food Production Action Plan (PAPA), produced in 2008. These documents have brought under direct control of the government the direction of the sector. They can be seen as a pragmatic reaction from the government against the lack of visible results under PROAGRI I as well as the cyclical food crisis. Conversely, and despite the continued existence of coordination bodies, the ownership of PROAGRI has been weakened on the donor side as the GoM has frequently taken policy decisions with little consultation.

Closely linked to the above, a problem arises from the perceived small number of people at the Ministry in charge of planning and the big demands on them, which makes it harder for them to have time for dialogue and procure assistance with the development partners. Furthermore, participation from the side of the government in the working groups is very limited. Only PROAGRI related staff members and the Economy Directorate participate. In turn, many partners participate (and the number of partners has been increasing substantially). This has led to very unbalanced groups.

This new approach by the government has led some donors to pull out of the common fund (USAID in 2006 and World Bank in 2007) and has been part of the explanation of the increase in aid fragmentation since 2005 (other main reason being the entrance of non-PD aligned players like emerging countries (eg. Brazil, China) and global development institutions (eg. Clinton Foundation, Millenium Challenge Account)). This in turn has made it harder for the government to pursue its plan since a larger part of aid is now out of its control and these new partners are less familiar and less integrated with SWAp mechanisms. As we can see on Table 4, PROAGRI common fund (planned resources) went from a peak of 64% in 2005 to a low of 32% of recorded total sector funds in 2009. The government had to increase the internal financing to offset this very considerable drop of support to the common fund. Simultaneously, we detect an increase in off-budget external grants to an estimated level of 15% of sector funds.

In sum, as for the management of the resources under its control, the GoM has clearly stepped up its ownership of policy making and implementation, the amount of external resources under its control has decreased.





## ***Alignment***

Improvement of national procedures and systems was one of the initial goals of PROAGRI I. Basic principle number 3 “Good Governance – Transparency, Accountability and Participation” stated that PROAGRI should lead to a more transparent financial management and also to agriculture services using most cost-effective delivery mechanism. This would then be a prelude to donors channelling their funds via the State apparatus. As shown in table 4, until 2005, this was indeed the case. The level of aid increased considerably and the value of off-budget known projects came to zero while the amount of funds channelled via the PROAGRI common went up from 24% 1999 to 64% in 2005. There was so much institutional capacity building that the Ministry of Agriculture became a victim of its own success. As the Ministry of Finance led a reform of the State Financial Management System, SISTAFE, many staff members of MADER (and MINAG) were relocated to Ministry of Finance due to their expertise with internationally accepted financial management and procurement systems.

In the common fund, two aid modalities have existed since the beginning though. They differ on the degree of earmarking and traceability. One, particularly since the 2007 MoU, is similar to real sector budget support (with the same characteristics of general budget support) where is impossible to earmark or trace funds and there’s no distinction between internal and external funds. The other allows for an allocation at a sub-sector level, to specific areas. Nonetheless, both modalities abide by similar procedures which have increased their alignment with the GBS planning cycle and procedures since 2007. The PROAGRI procurement manual was replaced by the government procurement code. Also, the 2007 MoU states that the two yearly meetings should be coordinated in function and timing with the Joint Review and Mid-Year Review cycles of the GBS arrangement (Cabral 2009a). The products from those meetings are used to inform the GBS arrangements.

Despite this operational improvement, for the reasons mentioned previously in this document, usage of national systems has actually decreased since 2005 due to strategic differences between the GoM and some development partners. While before, most partners were behind the sector-wide approach to agriculture on the basis of PROAGRI I, the second phase never got its strategic plan approved and the plethora of documents produced since by MINAG haven’t been backed by some important donors. In 2005, over three quarters of the main agriculture development partners were in the common fund while nowadays less than half are so, according to rough estimate by a donor official. This is not due to partners exiting the fund. As table 5 shows, in terms of the number of donors, in 2010 there is only one less donor than in 2005 (the World Bank and USAID left and Austria joined in). However, as mentioned before, there has been a large increase on the number of non-traditional donors, which then explains why the proportion of partners in the common fund has decreased markedly.

The main reason that explains why some donors are pulling out of government systems is not so much to do with the suitability of the financial management procedures but instead with the notion that aid to the sector is not necessarily better funneled via the government. Here, again one is discussing the role of the

private sector. Some development partners started to allocate most of their resources to the private sector, farmers associations and/or NGOs (eg USAID). Now, more than ever, given that the private sector is virtually out of the plans of the government, some donor agencies are moving into that area to fill the gap. A

discussion is currently happening between the European Commission (which

was the largest donor to the common fund in 2010 representing almost 30%) and the GoM but it seems that they will also pull out of the common fund. So far, the only information available is that they might support a Local Economic Development program which includes Agriculture. The current perception is that the number of agricultural projects managed outside the PROAGRI framework (and often outside the structures of MINAG) is on the rise and that the common

funding arrangement is becoming less important in donor agricultural policy and practice in Mozambique (Cabral et al. 2007).

Also, it is worthwhile to mention that while a few donors claim that their exit from PROAGRI arrangements reflect a steering of funds and focus towards GBS, the global budget figures don't seem to back that argument.

With respect to capacity building of governmental structures, the 2003 mid-term review of PROAGRI concluded that the SWAp had been successful in making them robust to deal with large inflows of aid money and streamline their application. The integrated planning framework and the common fund enabled the Ministry to get back in control of resource allocation for a significant proportion of development assistance to the sector (Cabral 2009a). However, as already referred the focus on internal management issues led to criticism about the lack of results on the ground. Since 2005, policy focus shifted to agricultural services provision while capacity building remained an important pillar of PROAGRI.

Agencies still have capacity building programs where the government takes more of a passive stance in accepting suggestions (eg. the European Commission has programs for support on financial systems and human resources as well on forests' management).

### **3.2.1.2 – Building more Inclusive and Effective Partnerships for Development**

#### ***Harmonisation***

The PROAGRI mid-term review stated that “a high degree of co-ordination, openness and confidence [had] been achieved, both among donors and between the Government and the donors”. Before PROAGRI, an abundance of projects (in excess of 50) represented the rule in the sector. Ninety per cent of the public expenditure on the sector was channelled via those (Compton 2000). Donor harmonisation was one of the key goals of PROAGRI since the beginning. To ensure it, a discussion group, which meets at once monthly and encompasses all the PROAGRI partners, was created to guarantee the coordination among the development institutions. This group, the PROAGRI Partners Group (PPG), has the explicit objective of ensuring that different partners follow common approaches with respect to the dialogue with the government (plus, promoting a common voice on the donors' side).

Also, there seems to be a division of labour among development partners. As far as the PROAGRI working groups are concerned, on average donor participation is limited to three or four representatives. In general, bilateral agencies are more present in planning and financial management groups while specialized organizations (eg. FAO) tend to participate mostly on technical working groups.

Outside the working groups, different aid agents seem to follow their comparative advantage and/or preferences both in terms of technical and geographical areas. Whether this is a result of coordination is unlikely though.

For instance, the Netherlands are supporting the development of a Bio-fuels market with bilateral projects via the Treasury. The World Bank is promoting smallholders' farm development in the Zambeze valley and irrigation in Manica and Sofala. Ireland's area of activity is very concentrated on the provinces of Inhambane and Niassa. The World Food Program has a local produce purchase program. The Japanese aid agency, JICA, supports mostly projects related to irrigation and rice.

Furthermore, in the spirit of PD, some partners are leaving the sector so that they can specialise on a reduced number of sectors (up to 3 is the ongoing mantra). Denmark is leaving in 2011 because it wants to focus on the employment creation field. Ireland will be leaving the common fund after 2011.

For the reasons mentioned on the previous subsections, since 2005, aid is believed to have become more fragmented. In effect this implies that there was a certain level of stepping back in the harmonisation agenda. Nevertheless, some of the donors who pulled out of the PROAGRI common fund continue to be part of the PROAGRI working groups as well the PROAGRI Partners Group. Their participation might not be as active as before but there is still a level of coordination among partners as most recognise that harmonisation is important.

In fact, the alignment of the donor planning and budgeting cycle with the government via the pooled fund has among other things increased predictability as commitments tend to cover at least one year in advance (via the Harmonisation Report presented in the Joint Review Meeting) and in a few cases, a few years more. However, since there's no sector strategy, multi-year commitments are not common practice. Some exceptions are the credits of IFAD, which do long-term financing and the Finish Forests' program which lasts until 2014. Nevertheless, the common funding mechanism has given the Ministry of Agriculture a more comprehensive picture of resource availability and absorption capacity. Until 2009, there was an improvement in disbursements in terms of dates of disbursement (they've been occurring earlier in the year). 2010 was a peculiar year due to the transition to a new elected government, which disrupted to a certain extent the planning and budget timelines.

A word about global funds and programs. The feeling among the traditional donor community is that they seem to take up a lot of attention from the governmental officials due to their parallel procedures and so far haven't really coordinated with the rest of development partners. The main ones currently are the Millennium Challenge Account (MCA), Alliance for a Green Revolution in Africa and The Comprehensive Africa Agriculture Development Programme.

### ***Managing for results***

The 2001 MoU stated that donor disbursements were to be based on the existence of approved PAAOs and quarterly disbursement forecasts, a successful annual review and audit and would be triggered by a formal request from the Ministry approved by the Financial Management Committee (Cabral 2009a). Results on the ground were not being assessed and linked in any way to the disbursement of funds.

This changed with the second phase of PROAGRI. Results-based management came to the forefront of the discussion between donors and the GoM. The three agriculture indicators present in the General Budget Support Performance Assessment Framework were extracted and constituted the first PROAGRI Performance Assessment Framework. Later on, it increased to 23 indicators to better reflect the diverse features of the sector. Ideally the sector indicators should be based on the sector strategy but this is yet to be approved (probably before the end of 2010). While the targets for most of those 23 indicators haven't been met, there has been a general improvement.

This process though, was lead by the donors, which led to the development of a feeble link between MINAG (particularly its departments') activities and the indicators. Hence, the matrix has never become a priority in guiding the action of the different departments in the Ministry. As a matter of fact, those indicators are not part of the annual activity plans (Cabral 2009a). Notwithstanding, in accordance with the 2007 MoU, the evaluation of the previous year determines (or influences) the funding for the following year. So, MINAG does care about those 23 indicators for they influence disbursements from donors. However, it's own structure is not streamlined to achieve them and responsibilities within the Ministry are not clear.

One extra issue concerns the quality of the data available. The Ministry is still developing its statistical systems. Currently, the Early Warning System (Sistema de Aviso Prévio) and the National Agricultural Survey (Trabalhos de Inquérito Agrícola) provide very inconsistent values. Field experts are now basing their work mostly on the latter, which in some measures of production halves the estimates of the former.

As far as results themselves are concerned, during PROAGRI I, the focus was on capacity building of the governmental structures and results on the ground were not being assessed. Since 2005, the government has fully shifted the focus towards service delivery and indeed the central structures of GoM have been allocating funding directly to service delivery. While this highlights a concern about producing results, the interventionist and quasi-unilateral approach raised objections from many donors as already mentioned.

### **3.2.1.3 – Delivering and Accounting for Development Results**

#### **Mutual accountability**

In Mozambique, civil society is not yet very developed and critical of the government or the way aid is employed. As such, mutual accountability really restricts itself to the relationship between the GoM and the donor community. Within the donor community, accountability towards the GoM and Mozambican society is also essentially limited to the PROAGRI partners that contribute towards the common fund. The 2007 MoU includes a section on donor commitments where signatory partners commit to provide timely information to GoM on their financial support to PROAGRI in order to improve predictability of external funding and strengthen GoM's resource allocation process (Cabral



2009a). Partners outside the PROAGRI common fund are mostly accountable to their home parliaments and governments. As mentioned on the correspondent subsection of the Health sector study, with respect to donors general performance, there's a general assessment framework, which however doesn't make a distinction per sector.

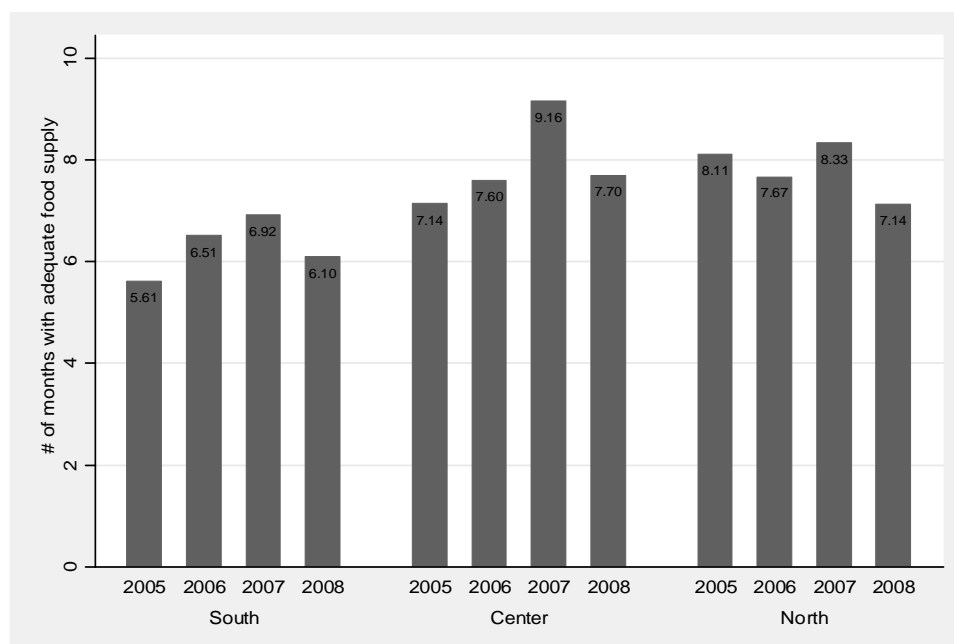
As for the action of the government, particularly with respect to the financial management of the PROAGRI common fund (as for PROSAUDE), the key audit which happens every year is done by Mozambique's Administrative Court. As displayed on the previous subsection, as far as are results on the ground are concerned, the PAF indicators are the main review tool for donors and civil society.

### 3.2.2 – Impact of Paris Declaration on Development Results

#### *Main results of the sector since 2005*

The agriculture specific study from the PARPA Evaluation document draws some strong conclusions from the data analysis. Its sources are the quasi-yearly National Agricultural Surveys. Figure 2 displays the average number of months each household reported to have a sufficient food supply from own production of the main staple crop. With the exception of 2007, on average, Mozambican families had less than 8 months of adequate food supply. The study shows that this is particularly acute in southern provinces. One can then deduce, from these results, that food security has not been achieved on the last 5 years.

**Figure 2: Mean number of months with adequate staple food supply from own production**



Source: Cunguara and Kelly, 2009

As for rural incomes, according to the PARPA II Evaluation document there is no evidence of an increase on those. It further states that it is likely that income inequality may have risen between 2005 and 2008. However, given that production is very much dependent on weather conditions (particularly rainfall), this gap widening may be due to different regional rain patterns. This is further exacerbated by the fact that only around 5% of Mozambican farmers use irrigation. Data from the National Agriculture Surveys, cited in the evaluation document, show that maize production increased while the same crop per capita seems to have decreased. Utilisation of new technologies remains low and access to agricultural inputs look as if it has decreased.

Nevertheless, three out of five agriculture indicators (initially seven) in the PARPA II matrix were achieved. The stated factors that contributed to the successes of the sector were three: the increase in investment in the sector since 2007 (namely via the Investment Fund for Local Initiatives – Orçamento de Investimento de Iniciativa Local), the implementation of PAPA which is said to have increased the range and availability of services provided by the government, and finally the enhancement in the communication between the central and provincial governmental structures which improved the response time frames to the needs of the farmers.

However, according to the same Evaluation document, despite the existence of many guiding documents (PARPA, Green Revolution Document, Action Plan for Food Production, among others), their implementation has still been limited due to: a lack of qualified human resources, external financial dependence, delays on the disbursements of funds a lack of inter- and intra-institutional coordination.

Cabral (2009a) does a strong critique of the results in the sector linked to budgetary support. She cites Foster et al. (2001) who warned about the dangers of this aid modality to a sector like agriculture where the role and size of the government should be smaller than in other sectors. “The most important government roles in supporting agriculture are not about public expenditure at all but about policy making and regulation”. In this view, the funds spent by the GoM on the sector on the last five years are well above its needs. Indeed, as referred throughout this study, there’s a general feel of disappointment over lack of concrete results after the hefty investments in developing MINAG’s capacity.

To conclude this subsection, a telling result is presented on the sector specific study (Kelly, 2009) of the PARPA II Evaluation. Maize production was regressed on four main factors that could have influenced it. Those were: technological progress, adoption of improved agronomic practices, expansion (or reduction) of cropped area, and rainfall distribution. The author drew the conclusion that rainfall was the driving force behind differences in maize production. Critically, “adoption of improved agricultural practices and improved technologies has been fairly constant” over the period of PARPA II, in other words, little progress in those variables. The study concludes that PARPA II did not have the desired impact on cereal production in Mozambique.

### ***Impact of Paris Declaration on the prioritisation of the poorest and most vulnerable***

Both PARPA I and II, acknowledge the extreme importance of agriculture to the reduction of poverty, particularly in rural areas. PARPA II, however, on its wording seems to pay much less emphasis to the high association between small-farmers and poverty incidence.

PARPA II prioritizes agricultural development to increase rural incomes, as rural small farming is usually associated with higher levels of poverty and vulnerability. Ninety-nine per cent of the number of farms are smallholdings where mostly subsistence farming is pursued. Farmers are very exposed to agricultural shocks, usually due to weather conditions (droughts and floods). However, for the past 5 years, for the reasons evoked in this document, the new policy direction, which increased the focus on the delivery of results on the ground, nullified the debate around the links between agriculture and extreme poverty. While this link is usually implicit, public discussion has restricted most of its focus to production and productivity figures.

One way to assess whether agricultural policy is benefiting the poorest and most vulnerable is to see what is happening with respect to chronic malnutrition. This is relevant from a food security perspective (are sufficient food products being produced?) and from a farmers' income perspective (are farmers' incomes sufficient to cover basic food necessities?). Furthermore, malnutrition is by nature inherently associated with the poorest and most vulnerable sections of the population which is openly the focus of the current government. Chronic malnutrition showed a reduction from 48% in 2003 to 44% in 2008. Still, those are shockingly high values. A number of policies and strategies were implemented in fields, other than agriculture, related to the causes of malnutrition (health, food security, social security, public works). However, no prioritisation of chronic malnutrition has been made.

### ***Impact of Paris Declaration on institutional capacities and social capital***

The large investments in institutional capacity building has improved MINAG's competencies in areas such as policy and law making. Cabral et al. (2007) refers that in the final evaluation of PROAGRI I the land reform process for the simplification of procedures in land allocation had been a success. Furthermore, strides have been made in the financial management system of the sector and the way it relates with the Ministry of Finance.

However, since 2005, due to a lack of results on the ground, it may be argued that PD has actually contributed to a decrease of institutional capabilities of the government. The SWAp arrangements and the "excessive" spending in institutional development were regarded as closely linked by many stakeholders. As such, the change on policy direction led to a disregard for institutional development which may have damaged attained achievements. This is also not desirable.

### ***Impact of Paris Declaration on the evolution of the aid modalities mix***

As referred before, from Table 4 one sees that PROAGRI common fund (planned resources) halved from 2006 to 2009. The government had to increase the internal financing to offset the fall. Off-budget external grants also grew to an estimated level of 15% of sector funds.

These trends need not be regarded with gloom. The Agriculture SWAp in Mozambique has been a testing ground and as such it has evolved. Current understanding of different comparative advantages seems to point out that common fund arrangements are ideal for supporting the government (land issues, research, extension services, epidemiology but not for production). As far as support to private sector is concerned, a project-based approach may be ideal. EC tried to earmark funds for farmers associations via the PROAGRI common fund and the experience failed.

Also, bilateral projects are preferred for processes which require more dynamism and obey to strict deadlines (eg. Agricultural census). Furthermore, when the development of procedures and systems in the State bureaucracy are concerned, projects are better at making it happen. In addition, this is the preferred method to support the private sector. National procedures fit well into established routines, particularly recurrent expenditure, where innovation is not crucial.

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