



Evaluation of the Mozambique Country Programmes 2001-2006

A Value for Money Review



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Ireland has been providing support to Mozambique since 1995, and Mozambique has been a priority country for Irish Aid since 1996. Ireland is firmly committed to continue this support under its present cooperation policy, which has the reduction of poverty, inequality and exclusion in developing countries as its absolute priority.

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This report contains the views of the evaluation team, which do not necessarily reflect those of Irish Aid or the Government of Mozambique.

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Acronyms and abbreviations

ABP	Area-Based Programme	OECD	Organisation for Economic Cooperation and Development
CIDA	Canadian International Development Agency	PAEG	Programme Appraisal and Evaluation Group
CSO	Civil Society Organisation	PAF	Performance Assessment Framework
CSP	Country Strategy Plan	PARPA	Poverty Reduction Strategy Paper
DAC	Development Assistance Committee (of OECD)	PEN Saude	HIV / AIDS Strategic Plan for Health Sector
DANIDA	Danish International Development Assistance	PES	Provincial Economic and Social Plan
DFID	Department for International Development (UK Government)	PESS	Health Sector Strategic Plan
DPAC	Provincial Departments for Support and Control	PFM	Public Financial Management
DPPF	Provincial Departments for Planning and Finance	PGBS	Partnership General Budget Support
ESSP	Education Sector Development Plan	PROAGRI	Agricultural Sector Public Expenditure Programme
GBS	General Budget Support	PROSAUDE	Ministry of Health Sector-Wide Approach fund
GDP	Gross Domestic Product	SIDA	Swedish International Development Assistance
GTZ	German Development Cooperation	SISTAFE	Public Financial Management Accounting and Reporting System
HAART	Highly Active Anti-Retroviral Therapy	SWAp	Sector-Wide Approach
JAR	Joint Annual Review	UNDP	United Nations Development Programme
NCS	National AIDS Council	UNFPA	United Nations Population Fund
MAPS	Multi-Annual Programme Scheme	UTRESP	Technical Unit for Co-ordinating Public Sector Reform
MF	Ministry of Finance		
MOH	Ministry of Health		
MPD	Ministry of Planning and Development		
MSF	Médecins Sans Frontières		
NGO	Non-Governmental Organisation		
ODA	Official Development Assistance		

Executive Summary

Background

Methodology and approach

The purpose of this evaluation of Irish Aid's support to Mozambique is to review implementation of the Country Programme and also to undertake a value for money review for the period 2001-2005 against the programme's objectives (as set out in the Country Strategy Plans covering the period 2001-2006). Furthermore, the evaluation informs the next Country Strategy for 2007 and beyond.

The evaluation is focused on strategic issues, which means that no detailed analysis is made of specific interventions supported by Irish Aid. Hence, the evaluation questions concentrate on relevance, effectiveness and efficiency, in addition to cross-cutting issues. Particular attention is paid to the choice of aid modalities for different types of interventions and the appropriateness of the mix of modalities applied by Irish Aid in Mozambique. To probe these issues in depth, a 'vertical slice' of the health sector is examined, while other sectors are analysed in less detail.

As a result of this concentration on strategic issues, an important part of data collection took place in Maputo, but in addition, visits to two provinces (Inhambane and Niassa) allowed the evaluation team to grasp the reality of implementation in the field. The evaluation team visited Mozambique for a two-week period in February 2006. Prior to this, a short visit was paid to Irish Aid headquarters.

During the evaluation process some methodological constraints had to be overcome. With the benefit of hindsight, more time should have been spent in the inception phase to work out the methodology and scope of the evaluation in more detail. This is a lesson to be taken into account for future country-level evaluations.

Key characteristics of Irish Aid's support to Mozambique

Mozambique has been a priority country for Irish Aid since 1996. The parameters for Irish Aid support were first laid out in a three-year plan for 1998-2000, followed by plans for 2000-2003 and 2004-2006. Although these successive strategic plans were adapted on the basis of new insights from interim evaluations, the approach of Irish Aid in Mozambique has not undergone any major changes over the last five years.

Ireland has increased its bilateral budget to Mozambique from €20 million in 2001 to €31 million in 2005. Other Irish Aid assistance (including funding to Non-

Governmental Organisations and HIV/AIDS-related activities) went up from €2.4 million in 2003 to €8 million in 2005. Despite this increase, Irish Aid is still a relatively small donor in Mozambique. The share of Ireland's Official Development Assistance that went to Mozambique went up from 2 % in 2001 to 4 % in 2004.

Irish Aid has used a full range of aid modalities, from Project Aid to General Budget Support. During the last three years, the distribution of total Irish Aid over the different modalities has not undergone any major changes. Sector Support (for health, education and agriculture) and support for Area-Based Programmes in two provinces (Inhambane and Niassa) each account for about 30 % of the budget, followed by General Budget Support which accounts for 20 % of the annual Irish Aid budget to Mozambique.

Overall performance assessment

Relevance and the strategic framework

The relevance of Irish Aid support to Mozambique, in terms of correspondence with the overall policy objectives of Irish Aid and Mozambique's development policy, is rated as satisfactory. The priorities and interventions are all clearly aligned with Mozambique's Poverty Reduction Strategy (PARPA) and reflect general Irish Aid policies.

The Country Strategies indicate a clear choice for agriculture, health and education, but pay less attention to private sector development and macro-economic and financial policies. The criteria underlying these choices are not spelled out in the strategy documents.

Irish Aid's engagement at provincial level through Area-Based Programmes has been very relevant. Irish Aid has worked through provincial government plans and hence aligned its activities with provincial policies. Irish Aid's involvement at provincial level is specifically relevant with respect to: (i) promoting poverty reduction; (ii) better service delivery; and (iii) generating and feeding back valuable experience at sub-national level to the national-level policy dialogue. In practice, however, the strategic approach of these programmes is still underdeveloped, which hampers the possibilities of exploiting the full potential of these programmes.

Partnership is an important element in the second Country Strategy. Government officials in Mozambique

express their appreciation of Irish Aid's contribution to the development efforts of the Mozambican government. Irish Aid is considered to be 'a first mover', a 'mediator', and a 'partner who wants to get things done'. It is perceived as a truly cooperating partner with a balanced approach towards aid modalities, and one that provides valuable inputs into a number of national-level working groups (e.g. PARPA monitoring and HIV/AIDS). However, this good partnership does not translate into shared ownership of the Irish Aid Country Strategy by the Mozambicans. The Irish Aid Country Strategy is perceived by Mozambique as an internal Irish document.

At present, Irish Aid is involved in various sectors at national level and a relatively large number of sectors at provincial level, while also the cross-cutting themes represent separate areas of intervention. So far, there has been no discussion on the required degree of concentration of Irish Aid assistance to Mozambique.

Over recent years, Irish Aid has developed some general policy documents that should be fed into the Country Strategies. Some of these policy documents are relatively limited in scope and provide little guidance, while they are also sometimes outdated. Particularly in the area of General Budget Support, the lack of clear policy guidance is manifest. Although general guidelines are issued for this modality, they do not give a systematic analysis of the benefits and drawbacks of General Budget Support. The decision to devote a figure of 20% to General Budget Support was not underpinned by systematic analysis. Moreover, the share of 20% of General Budget Support in the total budget of Irish Aid to Mozambique is based neither on a clear analysis of the appropriate level of funding nor on perceived progress.

Effectiveness

The overall assessment of effectiveness for the various modalities is rated as satisfactory. However, the assessment of effectiveness varies from one sector and modality to another.

Irish Aid's contribution to General Budget Support has been effective in terms of partnership, ownership and improved management systems. The government's ownership of the reform agenda and the Performance Assessment Framework for General Budget Support has steadily improved over time. Moreover, tangible improvements in Public Financial Management systems and processes have been achieved. Progress in these areas can be related to Irish Aid as one of the first (and smaller) donors to become engaged in General Budget Support. It is still too early to assess the contribution of General Budget Support

to poverty reduction. Hence, the analysis so far of the effectiveness of General Budget Support must necessarily be limited to process outputs and outcomes.

For the sector-wide funding arrangements, the assessment of effectiveness is more or less similar to that for General Budget Support. In the health sector, donor coordination and the policy dialogue between the government and donors have benefited considerably from the ongoing processes of the Sector-Wide Approach. The field visits to the provinces allowed light to be shed on the constraints of this approach. There is evidence that the sector approach emphasises institutions and processes over investments and service delivery, especially in the provinces. Irish Aid was aware of these general constraints at an early stage, and this is one of the main reasons for being directly involved in two provinces in order to bridge this gap.

The assessment of effectiveness for the Area-Based Programmes in Niassa and Inhambane provinces is also satisfactory, since they are able to provide the funding for activities and schemes that the Sector-Wide Approach (and General Budget Support) is not yet able to fund and implement. An encouraging development has been the move of Irish Aid to bring funds at the provincial level 'on budget', although most Irish Aid funds are still regarded as 'off budget'. This change has had several positive outcomes. First, it has stimulated dialogue between Irish Aid and the provincial administrators; secondly, it has strengthened the capacity of the provincial planning departments; and thirdly, it has given the partners (both government and Irish Aid) a valuable learning experience in applying the principles of using donor funds on-budget at provincial level. Nevertheless, Public Financial Management (PFM) systems at provincial level remain weak; problems with rates of budget execution are reported, and evidence on the effects for the population is still weak. Moreover, a systematic exchange of lessons learnt at sub-national level among donors, and with the government, has not yet taken place.

The effectiveness of Project Aid is variable. During the past five years, between 8.5 and 15.8 % of the Country Strategy budget has been spent on projects in the areas of public sector reform, governance and HIV/AIDS. The results of Irish Aid-Mozambique's governance activities have been very mixed. Most of the interventions have only begun during the past three years, and therefore it is too early to judge their effectiveness in depth. The diversity of the governance portfolio and a lack of strategic vision have made it difficult to develop adequate technical capacity within Irish Aid-Mozambique to effectively implement and monitor the

activities. For HIV/AIDS, positive results are reported (see performance of support for the health sector).

Efficiency

The overall assessment of efficiency is mainly satisfactory.

Actual expenditures did not deviate significantly from the planned budgets, and the overall execution rate for the period under review was 99%, which is remarkably high. Only one clear deviation did occur in 2001 when the execution rate for Project Aid was nearly 60 %.

The staff of Irish Aid in Mozambique – including those locally recruited – is highly dedicated, hardworking and knowledgeable, and this is clearly recognised by other donors. It should, however, be noted that the number of international staff is relatively low in relation to the budget. Irish Aid human resources in Maputo are stretched because of the relatively large number of sectors and activities that Irish Aid is involved in. Moreover, donor coordination for General Budget Support and Sector-Wide Approaches involves a large number of meetings in Maputo, which leaves little time for guidance and monitoring of the Area-Based Programmes in the two provinces. As a consequence, these programmes end up being managed predominantly by liaison officers, with limited supervision from development specialists stationed at the Embassy.

Monitoring

Monitoring reports are issued on a regular basis, but do not indicate progress on specific indicators. This is partly because of the absence of clearly defined qualitative and quantitative indicators and progress benchmarks or targets. Furthermore, the unique experience of Irish Aid's involvement in the provinces is not captured systematically for feedback to working groups at the central level. This limits the 'learning capacity' of the organisation and the possibilities for informing future strategies. The stretched human resources in relation to the high workload in the Embassy is one explanatory factor.

Cross-cutting issues

Irish Aid has made serious efforts to mainstream a number of so-called cross-cutting issues (gender, HIV/AIDS, governance and environment). Irish Aid has been least active in the area of environment, although recent efforts have been made to put this issue on the agenda. Governance is seen as an important issue, especially in the context of public sector reform. Irish Aid was co-chair of the Gender Working Group in 2005. Its participation in this group has been valued by many Cooperating Partners

and government officials. Government and civil society partners have been unanimous in recognising that Irish Aid has been very active in promoting the issues of HIV/AIDS treatment and prevention as both a 'sector' and cross-cutting issue. The inclusion of HIV/AIDS in the national education, agriculture and health plans and strategies, as well as in the PARPA, can be partly ascribed to the active involvement and persistent pressure of Irish Aid staff.

Performance of support for the health sector

For the health sector, the focus has been on strategic health policy and systems development at both national and provincial level. More particularly, Irish Aid's objectives in this sector have been to: (a) focus on support for the Ministry of Health to implement its strategy; (b) raise the profile of HIV/AIDS in the country; (c) ensure the Ministry of Health's participation in the public sector reform process; and (d) support capital investments in Niassa and Inhambane provinces.

Irish Aid's support for the health sector has gradually moved away from earmarked funding of specific pools towards jointly approved plans and budgets. In this process, Irish Aid has advocated strengthening the linkages between the Directorate of Planning and Cooperation and other Ministry of Health directorates. At the central level (Ministry of Health), significant progress has been made in these areas, but to date there are still obstacles to be overcome at provincial level.

Irish Aid's decision to make use of the full range of aid modalities in this sector is considered to be relevant and appropriate for the health sector. The Pooled Funding arrangements at national level are combined with support to two provinces – both 'on budget' and 'off budget' – and are further strengthened with HIV/AIDS project support (Global Fund and the Clinton Initiative). In this way, the shortcomings at national level are counterbalanced by the support through the Area-Based Programmes, which allow direct investment at the provincial level, and the HIV/AIDS interventions.

Support for the health sector has brought about the important benefit of inter-donor coordination and alignment with the government's sector strategy. These arrangements have allowed Irish Aid to promote policy alignment, while using safeguards to maintain accountability for its financial support. Clear progress has been made in terms

of the policy process and strengthening of institutions at national level and also at the provincial level, where planning systems have improved and new partnerships built. At the provincial level, health centres have been rehabilitated or newly built, while two hospitals have also been rehabilitated. Furthermore, health staff have been trained and, the support for the health sector therefore is considered to be fairly effective despite the lack of evidence on improved service delivery. Equity though still seems to be a major problem.

Through its early support for the Clinton Foundation and its AIDS-specific expertise, Irish Aid has contributed directly to the elaboration and implementation of the national AIDS strategy. Irish Aid has also been very active in raising awareness of HIV/AIDS treatment. Moreover, in Niassa Province, Irish Aid has directly supported the only centre providing Highly Active Anti-Retroviral Therapy (HAART) treatment in the region.

Recommendations

Based on the findings and conclusions, we now present three types of recommendations. The first group of recommendations is based on the assessment of the modalities and informs the programming of a new strategy for Mozambique. The second group covers cross-cutting issues and offers suggestions on how to deal with these, either in a future strategy for Mozambique or in other country programmes. Finally, we present a number of recommendations on the monitoring arrangements for the strategy.

Recommendations related to Programming of the New Strategy:

1. Irish Aid should continue its engagement with Mozambique.

The overall assessment of relevance, effectiveness and efficiency presented above leads to the recommendation that Irish Aid should continue its operations in Mozambique in the same manner and with similar instruments as it is currently using.

2. Irish Aid should consider reducing the number of sectors it is involved in.

At present, Irish Aid is involved in various sectors at national level and a relatively large number of sectors at provincial level. In view of further donor harmonisation and alignment, concentration on a more limited number of sectors should be considered. At provincial level, Irish Aid best concentrates its efforts on capacity building and PFM issues, to stimulate the

process of transforming its involvement into Budget Support at provincial level. At national level, Irish Aid could consider withdrawing from either education or agriculture. The choice of sector should be based on clear criteria such as volume of Irish Aid support in the past, relative importance of Irish Aid's contribution to that sector, needs assessment of the sector, performance in the specific sector, experience with a mix of aid modalities per sector, and progress with SWAps. If Irish Aid would want to opt out of a specific sector, an exit strategy should be developed and implemented.

3. Policies for all potential areas of intervention should continue to be developed, with clear objectives and targets.

Shared experiences in the sectoral or thematic areas between Headquarters and relevant Embassy staff should enhance a common understanding and commitment to Irish Aid policies and the development of appropriate policies. Policy documents and strategic documents should be more precise in making a distinction between overall and specific objectives. A logframe approach could be considered to make the policy and strategy documents more operational.

4. Irish Aid is encouraged to continue its multi-modality approach.

The multi-modality approach is especially relevant in those areas where there is not enough evidence that General Budget Support or Sector-Wide Support is delivering services and outputs at local levels. At present, we conclude that this evidence is not yet available.

General Budget Support

5. Increase the share of Irish Aid support in the form of General Budget Support if progress is made on a specific set of performance indicators.

It could be relevant to bring a larger share of Irish Aid's financial resources 'on budget' if sufficient progress is made. Therefore, Irish Aid needs to decide on a specific set of performance indicators for General Budget Support, linked to already existing PFM and PARPA indicators. On this basis, Irish Aid can then decide on the appropriate share of General Budget Support in its total budget for Mozambique.

6. Develop a brief risk assessment framework for General Budget Support.

The fiduciary risk assessment framework should translate the outcomes of the joint review into lessons for Irish Aid strategy towards budget support and other aid modalities.

7. Strengthen capacity building in PFM and public administration at central, sectoral and provincial levels.

Government capacity in execution, accounting, procurement and reporting is weak, especially at sub-national level, and financial management risks continue to exist. Bottlenecks in financial management at all these levels should be identified. On this basis, solutions to overcome these problems can then be developed. The action plan that the Government of Mozambique is currently developing on the basis of the recent outcomes of the Public Financial and Accountability Framework Assessment, as well as the public sector reform strategy, is a good basis for the development of a capacity-building initiative.

Sector Support

8. Continue the present multi-modality approach in the health sector and develop criteria to decide on gradual modality change in the future.

For the time being, it is recommended that Irish Aid remains involved in ongoing infrastructure projects until the government's financial and technical mechanisms give proof of their ability to deliver at the peripheral level. Involvement in infrastructure investment at the provincial level is recognised as an effective but risky and resource-consuming activity. It is recommended that Irish Aid moves away from such an area only if sufficient evidence exists that central-level funds are able to deliver large-scale investment at the provincial level. Careful risk management is required in this field.

9. Pay more attention to health outcomes, healthcare outputs and quality of data.

Through its above-average technical expertise in health and HIV/AIDS, as well as its access and influence in policy fora, Irish Aid is considered to be well positioned to monitor closely the evolution of health outcome and output indicators. At present, attention is mainly paid to process indicators for health rather than output and outcome indicators. Irish Aid could monitor specifically the execution of funds, transparency of procurement and allocation of funds to the peripheral level. This would enable Irish Aid to evaluate the effectiveness of such funding arrangements, and would also give an insight into possible future developments for its own programme, through understanding the weaknesses and potential dangers of the current arrangements.

Area-Based Programmes

10. Continue the support to the two provinces through Area-Based Programmes.

The Area-Based Programmes should take into account the present deficient functioning of Sector Support at

provincial level, and Irish Aid's comparative advantage in working at provincial level. However, the focus of the provincial programmes needs to be redefined to improve their effectiveness.

11. Promote a more systematic exchange of the lessons learnt from the Area-Based Programmes.

Irish Aid should take the lead in establishing an institutionalised forum to exchange and learn from local experiences, allowing the informing and influencing of better central policies. The decentralisation working group is one such forum where this could be done.

Recommendations related to cross-cutting issues

12. Strengthen Irish Aid's internal capacity regarding cross-cutting issues.

Irish Aid's internal capacity in Maputo and in the provinces needs to be further strengthened, in order for it to address and advocate cross-cutting issues.

13. Further improve the HIV/AIDS interventions.

This could be done through: (i) disseminating the assessment of the province facilitators' projects in provincial meetings; (ii) supporting research at local level to determine cultural habits, economic issues and other factors affecting behavioural change; (iii) analysing the need for, and convenience, of increasing Irish Aid direct support to some specific initiatives in the education sector to mainstream HIV/AIDS and gender in schools' development planning.

Recommendations on Monitoring and Evaluation of the Irish Aid strategy

14. Strengthen the monitoring, evaluation and lesson-learning capacity of Irish Aid.

This could be done through a process of formalising reporting modules, and by improving the indicators and other variables on which monitoring reports are based. This should allow Irish Aid to monitor how sector-wide and General Budget Support funds reach the service delivery points.

15. Build strategic performance monitoring and evaluation, and establish transparent links between the Country Strategy Paper, Implementation Plans and regular monitoring reports.

As the linkages between these documents are still weak, it is recommended that the Implementation Plan should contain the monitoring system for the strategy, with specific performance indicators, while the Country Strategy Paper should contain a basic logframe that presents the intervention logic.





Four children stand proudly in front of their future home. Catandica, Manica Province, Mozambique.

1. Introduction

1.1 Background and purpose of the evaluation

This evaluation of Irish Aid's support to Mozambique serves a dual purpose. Firstly, it is a means of independently assessing the efficiency and effectiveness of Irish Aid's programmes in the country. Thus, it feeds into the Value for Money Review exercise, which assesses the efficiency and effectiveness of all Irish government expenditure. Secondly, the evaluation informs the development of the next Country Strategy for 2007 and beyond. To these ends, the evaluation reviews programme expenditures for the period 2001-2005 against their objectives as set out in the two Country Strategy Papers covering the period 2001-2006. The Terms of Reference are presented in Annex A.

1.2 Focus and methodology

The evaluation has focused on strategic issues at national level. The evaluation questions concentrated on the relevance of the Country Strategy Plan and on the plan's effectiveness and efficiency, in addition to questions concerning cross-cutting issues.

In addition, Irish Aid indicated that attention was to be given to the issue of 'modality' (the use of Projects, Sector Aid, Pooled Funds or General Budget Support). For this reason, the evaluation team paid particular attention to the choice of modality, in terms of the effectiveness of delivering funds and services, and the mix of modalities applied by Irish Aid in Mozambique. Visits to two provinces allowed the team to review in some detail the Area-Based Programmes (ABPs).

The team applied a combination of different data-collection methods, including:

- > desk research in Dublin and Rotterdam (see Annex D for a list of documents);
- > analysis of financial information;
- > semi-structured interviews with the Irish Embassy in Maputo, the Government of Mozambique, non-state actors, and other donors active in Mozambique both at national level and in the two provinces;
- > semi-structured interviews with main actors and beneficiaries at district and community or service delivery level (see Annex B for a list of people interviewed).

1.1 Scope and implementation issues

The Terms of Reference indicated that the evaluation was to undertake a 'vertical slice' of the programme in the health sector to explore in more detail the issue of aid modalities. For this purpose, we conducted many interviews at central level (in Maputo) and at provincial level (in Inhambane and Niassa). In addition, the evaluation took into account previous reports on the sector and reviewed the ongoing work of the 'Clinton Foundation (Mozambique) Review'.

In addition to the health sector, the evaluation reviewed other sectors in which Irish Aid has been active for the past five years (mainly education and agriculture). However, these other sectors were analysed in less detail, and observations were used mainly to strengthen the health sector analysis.

To underpin the analysis of strategy implementation, attention was paid to the matter of financial analysis, for which the evaluation team received key financial data on Irish Aid's support to Mozambique, although the data did not allow a detailed analysis of all (sub-) sectors.

Irish Aid's involvement in aid modalities such as General Budget Support and Sector Aid (through common funds and pooled funds) presented the evaluation team with the challenge of attribution. Apart from the difficulty of measuring programme outputs and outcomes, there was a further issue of attributing these changes to an individual donor. Where feasible, the evaluators used proxy indicators to gauge the effectiveness of the interventions (e.g. maternal mortality rates for outcome, health sector performance in terms of outpatient visits per capita, immunisation coverage). However, discussions of linkages between observed changes in indicators and Irish Aid funding have been limited to establishing plausibility of causal relations, rather than analysing the attribution issue.

1.2 The evaluation process

Initially, the evaluation mission to Mozambique was planned for November/ December 2005. As a result of some unforeseen events, the evaluation research in Mozambique took place during the period 11-28 February 2006. In January 2006, two team members visited Dublin to discuss the scope of the mission and obtain documentation.

Towards the end of their visit to Mozambique, the evaluation team presented their preliminary findings, conclusions and recommendations to staff of the Irish Embassy and a representative of the Irish Aid Evaluation and Audit Unit (Dublin). Shortly after this, an aide-mémoire was submitted to the staff of the Irish Embassy in Maputo. Comments on the presentation and the aide-mémoire, in addition to those received on the various drafts of the report, have been taken into account in this final version of the report.

Some methodological constraints had to be overcome in the evaluation process. With the benefit of hindsight, more time should have been spent in the inception phase on working out the methodology and scope of the evaluation in more detail. This is a lesson to be taken into account for future country-level evaluations. With this report, we hope to have made a small but significant contribution to the reporting and planning process of the Mozambique Country Programme.

2. Cooperation Context

2.1 Introduction

Following a highly destructive civil war that ended in 1992, Mozambique is now a multi-party democracy under its 1990 constitution. The country has also become one of Africa's more successful examples of post-conflict reconstruction and development. However, the transition is still incomplete and tensions persist between the ruling party, Frente de Libertação de Moçambique (Frelimo), and the opposition party, Resistência Nacional de Moçambique (Renamo). Frelimo dominates political and economic life, creating resentment and facilitating corruption.¹ The process of decentralisation of this very centralised state, initiated in 1998 and strongly supported by donors, is regarded as relatively successful, having established a more accountable and efficient local administration.

2.2 Macro-economic and social conditions and indicators

Economic development

From 2000 to 2005, the country made significant economic gains, and gross domestic product (GDP) increased from US\$ 3.8 billion in 2000 to US\$ 6.5 billion in 2005. This positive development has mostly been attributed to normalisation of the local economy with the reopening of markets and channels of communication, the expansion of agricultural production, a boom in construction, and the expansion of certain manufacturing sub-sectors. With the opening of the borders, agricultural produce found its way to export markets again and tourism developed. Another factor was the country's success in attracting a number of large industrial projects.² The structure of the economy is shown in Table 2.1.

Table 2.1 Structure of the economy (% of GDP)

% of GDP	1984	1994	2003	2004
Agriculture	30.2	30.2	26.8	25.2
Industry	20.0	22.8	33.6	35.1
manufacturing	..	7.7	15.5	15.8
Services	49.8	47.0	39.7	39.7

Source: World Bank, *Mozambique at a glance*

The significant increases in GDP have been supported by the government's commitment to stabilisation and structural reforms, by debt relief and by concessional assistance (half of government expenditure).³ Mozambique is one of the largest recipients of concessional assistance in Africa (some 12-15% of GDP, accounting for half of government spending). The country is gradually offering a more private sector-friendly environment, though the picture is mixed.

There are concerns that the economy is growing at two speeds. Growth is mostly taking place in modern, capital-intensive sectors with the help of large inflows of foreign direct investment. However, these investments appear to have little direct impact on employment and on the vast majority of the population living in rural areas. Here, people are mostly dependent on smallholder agriculture and small-scale fisheries, sectors which are typified by low returns.

Poverty and socio-economic indicators

The period 1996 to 2003 showed a decline in the proportion of the Mozambican population living below the poverty line, from 69% to 54%. The mean rate of growth of consumption of people below the poverty line was also strongly positive (3.9% per year).⁴ According to the World Bank, no important region or occupation was left out of the growth process. The two text boxes below show the progress of the country in reaching the MDGs and the remaining challenges.

¹ *Mozambique, Country Profile 2005*, The Economist Intelligence Unit.

² In 2000, foreign direct investment as a percentage of GDP was 3.7; by 2005, this figure stood at 7.8.

³ In 2000, Ireland Aid spent €1.7 million in debt alleviation and an additional €2.7 million in flood-related emergency funds.

⁴ Comparing the results of the Second National Household Survey of 2002/03 with the First Household Survey of 1996/97.

Box 2.1 - Mozambique – Progress in reaching MDGs – Poverty, health and education

	1997	2000	2004
Poverty	Shows declining trend *		
Health			
Infant mortality rate (per 1,000 live births)	..	122.0	104.0
Mortality rate, under-5 (per 1,000)	..	178.0	152.0
Malnutrition prevalence, weight for age (% of children under 5)	26.0	26.0	24.0
Prevalence of undernourishment (% of population)	58.0	..	45.0
Births attended by skilled health staff (in % of total)	44.2	..	48.0
Education			
Primary completion rate, total (% of relevant age group)	25.4	16.2	29.0
Primary school enrolment (% , net)	..	56.0	71.0
Ratio of girls to boys in primary and secondary education (in %)	..	75.1	82.3

* Between 1996/7 and 2002/3 measured by both monetary and non-monetary measures. See Louise Fox, Elena Bardasi and Kathleen Van den Boreck, Poverty in Mozambique: Unraveling Changes and Determinants, World Bank Africa Region Working Paper Series, No. 87, August 2005.

(Sources: World Development Indicators Database, and Mozambican authorities)

Box 2.2 - Mozambique – Future challenges in reaching MDGs – Poverty, health and education

		Will the Goal be met?
Extreme poverty	Halve proportion of people living in extreme poverty in 1990-2015 from 69 to 34.5%	Possible
HIV/AIDS	Halt and reverse the spread of HIV/AIDS by 2015	Unknown
Hunger	Halve the proportion of people who suffer from hunger by 2015	Unknown
Child mortality	Reduce under-5 mortality by 2/3 between 1990 and 2015 (from 226/1000 to 75/1000)	Yes
Maternal health	Reduce maternal mortality by ¾ between 1990 and 2015	Yes
Access to safe water	Halve the proportion of people without safe drinking water by 2015	Possible
Education	Universal completion of primary education by 2015	Unlikely
Gender equality in education	Eliminate gender disparity in:	
	<i>I. primary education by 2005</i>	Yes
	<i>II. secondary education by 2005</i>	Unknown
	<i>III. all levels of education by 2015</i>	Unknown

(Source: International Monetary Fund, IMF Country Report No. 06/254, July 2006, Republic of Mozambique: Fourth Review under the Three-Year Arrangement under the Poverty Reduction and Growth Facility using World bank data)

Mozambique is still one of the world's poorest countries, ranking 168 out of 177 countries on the Human Development Index, and inequality in the country remains high, with a Gini coefficient of 0.42 in 2002-2003, though this is not out of line with other Sub-Saharan African countries.⁵ Also, some provinces still have a very high incidence of poverty.⁶ For example, in 1996 the poverty head count in Inhambane was 83.8% and in Niassa 69.9%. Since then, poverty indicators have improved in both provinces, although more significantly in Niassa (to 49.8% in 2002) than in Inhambane (81.1% in 2002).

Results from national demographic and health surveys suggest that the country's health status has improved dramatically between 1997 and 2003, with the notable exception of HIV/AIDS infection rates. Significant gains are visible in the area of maternal and child mortality, and some government and aid agency sources even suggest that average life expectancy may have increased in the country. This is not surprising for a country coming out of an almost two decades-long war, but the link between such gains and improved healthcare services is far from established.

The last five years have seen improvements in selected healthcare performance indicators, though these are uneven and more modest in scale in comparison to the improvements in the country's health status.

The results for HIV/AIDS treatment seem more clear-cut. Highly Active Anti-Retroviral Therapy (HAART) was introduced in 2003, and treatment targets are broadly being achieved (MISAU-DNS, 2006). Regional imbalances and the overall volume of services offered remain a concern, as only about 9% of those potentially eligible for treatment are receiving HAART, the vast majority of them in the more prosperous urban areas. An example of such imbalance is provided by the capital city, Maputo, where as many as 51.8% of those eligible are being treated.

Public Financial Management

The country is also making some progress in the area of Public Financial Management (PFM), though serious challenges remain. A 2004 report on Public Financial Management states: "the management of the economy has been quite satisfactory, but comprehensiveness and transparency of the budget is poor, medium-term planning and budgeting is weak, while budget execution

and accounting and reporting present quite serious weaknesses. The area of greatest concern, however, is external audit and accountability".⁷ The report continues with a more upbeat message: "PFM reforms are moving ahead in a very structured and comprehensive manner. The trend in PFM is therefore seen as quite positive, where successful implementation of the new financial management information system SISTAFE is intended to address many of the current weaknesses. There are, furthermore, improvements in the fields of medium-term planning and budgeting, more comprehensive and accessible reporting, and continued strengthening of the Ministry of Planning and Finance's internal inspectorate." As far as the evaluation team was able to verify, this assessment is still valid.

By the end of 2005, the situation had improved significantly, with 48% of the indicators achieving an 'A' or 'B' in 2005 compared with 32% in 2004.⁸ Furthermore, monitoring of the Poverty Reduction Strategy Paper (termed PARPA in Mozambique) has advanced, based on the Annual Statement on Economic and Social Policies, which now better reflects the actual implementation of the annual economic and social plan. Also, civil society organisations' participation in monitoring the PARPA has now been formalised, and the first participatory meetings between government, donors and civil society organisations at central, provincial and district level have taken place. It is expected that this platform has the potential to act as an important lobby in the future.

2.3 National strategies and sector policies

The 2001-2005 Poverty Reduction Strategy Paper (PARPA) has been Mozambique's overarching national development strategy targeting poverty reduction. There is broad alignment between the PARPA and Millennium Development Goals (MDGs). The PARPA strategy emphasises economic growth, public investment in human capital and productive infrastructure, and institutional reform to improve the environment for private investment. Growth is expected to come from: large-scale, capital-intensive

5 *Has Economic Growth in Mozambique Been Pro-Poor?* Robert C James, Channing Arndt and Kenneth R Simler, in IFPRI Discussion Paper 202, 2005.

6 In Inhambane Province, the proportion of the population living below the poverty line is 81%, and in Cabo Delgado it is 63%.

7 Source: *Public Finance Management Assessment, Mozambique 2004, Joint Donor Committee, Final Report*, Oslo, September 2004. The principal objective of this PFM Assessment was to provide GOM and the donors with an updated assessment of the *situation and trends* with respect to Fiduciary Risk in Mozambique. Grades range from A to D.

8 According to the PFM assessment in 2004, Mozambique scored 1xA, 9xB, 12xC and 9xD. In 2006, this improved to 3xA, 12xB, 10xC and 6xD.

projects financed by private foreign capital; productivity and value-added gains in agriculture and manufacturing; and a general expansion in internal trade, transport and services. To implement this strategy, the PARPA identifies six priority areas for action: health, education, infrastructure, agriculture and rural development, governance, and macro-economic and financial policies.

A recent IMF/World Bank Joint Staff Advisory Note highlights “that the implementation of the PARPA continued to be sound”, and is given shape by an increasing share of expenditure allocated to the priority sectors and by a sharply reduced poverty rate. The share of priority sector spending in total government expenditure (excluding interest rate payments) rose from 61.9% in 1999 to 65% in 2004, while the poverty rate fell from 69.4% in 1997 to 54.1% in 2003 (thereby already achieving the PARPA target for 2005).

An important feature of the PARPA is that it offers a platform of accord among government ministries and provides the foundation for agreement between donors and the Government of Mozambique. This agreement has facilitated the emergence of groups of donors who work through the central government on common objectives, using aid modalities such as General and Sector Budget Support. With a growing share of the national budget financed through donor funds, donors have become not only key actors in the budget, but also important partners in the policy dialogue.

Health sector strategies and funding

In Mozambique, a Sector-Wide Approach (SWAp) for health has been in existence since 2000, and has often been cited as a demonstration of all the advantages of the approach: enhanced government leadership, improved sector policy and strategic focus, more effective use of aid to the health sector and lower transaction costs. However, both government and development partners have come to recognise that the health SWAp is not a panacea for donor coordination and rapid improvement of the country's national health system.

In Mozambique, the health SWAp is not, strictly speaking, a programme with defined outputs and milestones and a predefined expenditure package or framework. Rather, it was initially defined as a ‘Sector-Wide Approach to programming’, emphasising its incremental, progressive nature and its focus on developing an open, inclusive arrangement where the Ministry of Health (MOH) and its development partners could share a set of common principles, objectives and working arrangements.

In 2001, the health sector strategic plan (known as PESS 2001-2005-2010) was formally approved by the Council of Ministers and endorsed by all development partners. The strategic plan became the reference document for government and partners to prioritise funding and interventions. The PESS put a strong emphasis on primary healthcare, the fight against endemics, the fight against HIV/AIDS, expansion of the healthcare service network, human resources development and the improvement of planning and management. The plan was drafted more or less concurrently with the PARPA. As a result of their simultaneous launch, the plan is generally consistent with the PARPA and with broader government policy.

Other instruments developed for the sector in this period are:

- > a code of conduct, setting the basic rules of engagement for the MOH and its partners (the Kaya Kwanga agreement signed in 2000 and revised in 2003);
- > a set of mechanisms and working arrangements enabling structured dialogue and consensus-building between the MOH and development partners – these include the Sector Coordination Committee, the SWAp Forum and various SWAp-related working groups on thematic areas;
- > a sector financing framework highlighting the government's expectations in relation to aid modalities and financial instruments, to be used by development partners in the health sector;
- > a set of review mechanisms to evaluate health sector progress and commitment to the objectives of the strategic plan, consisting of a joint annual review and six-monthly meetings of the Sector Coordination Committee.

Gains have been made in the establishment and consolidation of the Ministry's planning, budgeting and procurement processes, as well as in increased transparency of the existing systems. A rolling medium-term expenditure framework is being prepared in tandem with the PESS, and with annual operational plans and budgets, but the elaboration of such documents is not yet firmly institutionalised.

In spite of the importance of the PESS in developing a sector strategy, the agenda has been considered too broad or unspecific for the purposes of setting clear overall direction and for holding the government accountable on policy implementation. The strategic plan has also been

criticised for being too 'centrally focused', and for failing as a driver for policy implementation in Mozambique's provinces. To address this issue, provincial offices have drafted their own 'provincial plans', but these have often failed to provide the necessary planning framework in most provinces. The lack of a coherent policy framework at provincial level, coupled with the absence of provincial health staff in the SWAp's mechanisms for dialogue, has reinforced the impression that the SWAp has not yet succeeded in reducing the centralistic nature of the Government of Mozambique. Given Irish Aid's active involvement in funding provincial budgets, the report will return to this issue in the following chapters.

In the context of the SWAp, a number of strategic plans have recently been developed for key support areas or priority programmes in the health sector. Of these so-called vertical programmes, the most important for Irish Aid has been the HIV/AIDS strategic plan for the health sector, and the Health Sector Investment Plan. Although HIV/AIDS is a key point of the Ministry of Health's approach to the provision of services, and the Ministry has developed a specific policy on HIV/AIDS for its own staff, it has not yet operationalised the concept of mainstreaming HIV/AIDS provision in the plans and budgets of any of the ministries, including its own.

At the time the SWAp was being established, health sector financing was fragmented, and the SWAp was seen as a means to rationalise and improve the coordination of external assistance. The table below indicates the changing sources of health financing for the reviewed period. The direct objectives of the SWAp were to increase government health expenditure over time, and to increase the proportion of external funding channelled through common funding and Budget Support arrangements. In this context, the SWAp has been successful. In a few years, the health sector in Mozambique has substantially changed its health financing structure along the lines that development partners and the MOH set out in the plan. Public expenditure for health more than doubled between 2001 and 2005, thanks in particular to a spectacular increase in the volume of common funds, helped by moderately increasing government expenditure. However, by the end of this period, close to a third of total health expenditure was still provided through earmarked funds, casting a doubt on the effectiveness of the health SWAp in better aligning and harmonising sector financing in Mozambique.

Table 2.2 Selected health financing by source 2001-2005 (in millions US\$)

Selected deliverables	2001	2002	2003	2004	2005
Total expenditure	165	178	209	252	356
Government budget	70	82	96	105	112
Common funds	17	20	37	63	113
Vertical funding	75	75	75	85	130

Source: Ministry of Health, Directorate for Planning and Cooperation. NB: the 2005 figures are estimates.

In spite of the challenging issues noted above, overall opinion is that the Mozambique health SWAp has been successful in terms of aligning health financing and harmonising donor practices. This is most clearly seen in:

- > common funding arrangements which have enabled the MOH to cover resource allocation gaps on the basis of priorities that are now better reflected in annual operational plans and budgets (two instruments which have really been strengthened within the last five years);
- > the robust nature of the health financial management system and the steady progress in annual planning and budgeting procedures;⁹
- > an increased focus on more harmonised forms of procurement.

⁹ This has enabled Mozambique to be the first country in the world where resources provided by the Global Fund to Fight AIDS, TB and Malaria have been integrated within the health sector's common fund (known as the Prosaude).

2.4 Harmonisation and coordination of donor activities in Mozambique

Mozambique is one of the world's most aid-dependent countries. Aid dependence was at its highest during the civil war, reaching a high of 87% of total net official development assistance to gross national income in 1992. Since then, aid dependency has fallen to 24% by 2004. The share of bilateral assistance to total official

development assistance has stayed roughly the same, at between 60 and 70%. Mozambique remains the largest single recipient of foreign assistance in Africa. In 2001, donor support accounted for more than half of total public spending and two-thirds of public investment.

According to the Organisation for Economic Cooperation and Development (OECD), an effective dialogue exists between the line ministries and sector donor groups.¹⁰ However, this dialogue is reported to be poorly harmonised with the General Budget Support process, as overlap between sector and technical reviews occurs and not all strategies and sector plans are finalised and/or formally approved by the government (see Table 2.3).

Table 2.3 Alignment with sector programmes

Are sector systems in place?	Health	Education	Water	Transport	Agriculture
Is gov't leading in the sector?	Yes	Yes	Yes	Yes	Yes
Does a clear sector policy exist?	Yes	Yes	Yes	Yes	Yes
Is an MTEF* in place?	Yes	No	No	No	No
Is there sector co-ordination?	Yes	Yes	Yes	Yes	Yes
Is a sector monitoring system in place?	Yes	Yes	Yes	Yes	No
Are systems being harmonised?	Yes	Yes	N/A	No	Yes

* Medium-Term Expenditure Framework

Source: *Survey on Harmonisation and Alignment, Progress in Implementing Harmonisation and Alignment in 14 Partner Countries*, OECD, January 2005

A number of factors have contributed to improved donor harmonisation and coordination – above all, the use of the PARPA as a framework for development cooperation. This has promoted greater partnership between the government and donors, and has improved the policy coherence of donors' support activities. Irish Aid has also aligned its Country Strategy towards the PARPA (see next chapter).

Next to policy alignment, the alignment of donor support with government systems has had a direct effect on the choice of aid modality, and hence the degree to which the harmonisation of aid modalities and donor coordination has taken place. It is generally perceived that General Budget Support has had an overall positive effect on donor

harmonisation in Mozambique. General Budget Support is disbursed through, and therefore directly aligned with, the government's financial management and procurement systems. The formation of joint working groups on General Budget Support and Sector-Wide support, and the development of a joint harmonisation and alignment action plan have provided further opportunities for donor coordination.

¹⁰ *Survey on Harmonisation and Alignment, Progress in Implementing Harmonisation and Alignment in 14 Partner Countries*, OECD, January 2005.

3. The Irish Aid Country Strategy

3.1 Background and main objectives

Ireland has been providing support to Mozambique since 1995, and Mozambique has been a priority country for Irish Aid since 1996. Ireland is firmly committed to continue this support under its present cooperation policy, which has the reduction of poverty, inequality and exclusion in developing countries¹¹ as its absolute priority.

After a one-year pilot programme in 1997, the parameters for Irish Aid support were laid out in a three-year plan for 1998-2000. The essentials of this plan were: Area-Based Programmes in the provinces of Niassa and Inhambane; support for the development of health and education sector programmes at national level, and support for multilateral debt relief.

An interim review of the three-year plan 1998-2000 concluded that this plan continued to be relevant and appropriate to both the Mozambican context and the development policies and plans of the Government of Mozambique. Furthermore, the directions set out in the 2001-2003 Country Strategy were based on the Review of Area-Based Programmes (June 2000), the Review of Activities in the Area of Good Governance, Democratisation and Human Rights (August 2000), a socio-economic survey in Niassa Province, and a Country Planning Mission (September 2000).

The second Irish Aid Country Strategy for Mozambique 2001-2003, was to "contribute to poverty reduction by supporting the further development, implementation and monitoring of PARPA". This was translated in the following objectives:

- > Support for the provincial governments of Niassa and Inhambane and their lower levels of administration, concentrating on building local institutional capacity;
- > Support for the implementation of programmes aimed at improving the quality of health and education services delivered, with an emphasis on the prevention of HIV/AIDS and reduction of its impact;
- > Support for the productive and infrastructural sectors that assist in income enhancement for poorer people, through increased agricultural production and access to markets;

- > Support for the process of democratisation, human rights, transparency, accountability, good and efficient governance and participation at all levels;
- > Support for the general budget, to enhance revenue available to the Government of Mozambique to carry out programmes of poverty reduction and development, as well as building institutional capacity.

In chapter 4, we discuss whether these are real objectives or rather a mix of objectives and priorities for specific sectors, themes, aid modalities and geographical areas.

No evaluation was undertaken in preparing the Country Strategy 2004-2006, and the third Country Strategy Paper became a continuation of the second one, taking into account the lessons of the previous Country Strategy Papers, and ongoing policy dialogue with the Government of Mozambique and other donors. The third Country Strategy Paper, which does not differ markedly from the second Country Strategy Paper, had the following objectives:

- > Promote pro-poor economic growth in Mozambique through the provision of General Budget Support;
- > Strengthen the public sector's capacity to deliver services through support for the public sector reform programme and the development of a decentralisation strategy;
- > Promote sustainable rural development through increased economic security and improved access to markets, credit and services;
- > Strengthen the capacity of the Government of Mozambique to plan and deliver effective services in health and education;
- > Ensure that, as an integral part of all Irish Aid interventions, the issues of gender, HIV/AIDS, governance and environmental sustainability are fully addressed.

In chapter 4, we come back to the discussion on objectives, but it is important to note that a clear change in the formulation of objectives took place from the second to the third Country Strategy.

Generally, the Irish Aid Programme has a strong focus on the social sectors, rural development and infrastructure through the support of Sector-Wide

¹¹ Statement taken from the Irish Government's website, 2006.

Approaches and Area-Based Programmes. Equally important is the support for public sector reform, good governance and decentralisation, a growing interest in civil society involvement, and an increased emphasis on mainstreaming cross-cutting issues such as gender and environment. Irish Aid has also committed itself firmly to addressing the challenges of HIV/AIDS. Irish Aid support in the area of private sector development is limited to projects at provincial level, funded through the provincial budgets and through civil society organisations.

It is important to note that Irish Aid increasingly sees General Budget Support not only as a tool to support the government financially, but also as a means of engaging in a more structured policy dialogue on priorities across all levels of government.

Based on the general policy framework, each Irish Embassy develops a number of country-specific strategic documents. These comprise the Country Strategy Paper, the Project Appraisal and Evaluation Group document, and the Programme Implementation Plan. The Country Strategy Paper analyses the context in which the development interventions will be situated, and presents the rationale, strategy and objectives of Irish Aid. The Project Appraisal and Evaluation Group document uses this paper as a basis and adds a description of management arrangements and risks. Meanwhile, the Implementation Plan complements the Country Strategy Paper with an overview of key deliverables provided by the Irish Embassy, performance indicators for monitoring progress, and critical success factors and risks.

3.2 Aid modalities

In the 1990s, on the basis of various evaluations, many donors had become increasingly dissatisfied with Project Aid as a delivery mechanism. Other more programmatic approaches were being introduced in order to increase the efficiency (and to a lesser extent the sustainability and effectiveness) of donor aid. Irish Aid followed this international trend and started to disburse increasing amounts of its aid budget through: (i) Area-Based Programmes, where Irish Aid assists local communities by delivering part of its aid through local governments; (ii) Sector-Wide Approaches, where the Government of Mozambique is in the driving seat; and (iii) General Budget Support, where the direct transfer of funds from Irish Aid into the government's budget allows the government to increase public expenditure or reduce borrowing.

This shift in modalities was expected to enhance the efficiency of aid. This would be achieved both at donor level, by disbursing increasing volumes of aid through fewer channels, and at the level of recipient governments, by increasing the amount of aid passed through the national budget (and thus relieving their administrations of dealing with a plethora of projects in widely scattered areas). Through this increased use of programme-based aid modalities, Irish Aid showed its commitment to the Paris Declaration on Aid Effectiveness (OECD, 2005).¹² However, because each aid modality has disadvantages as well as advantages, Irish Aid has continued to provide aid to Mozambique in the form of projects and through civil society organisations.

General Budget Support

In the document prepared for Irish Aid's Programme Appraisal and Evaluation Group (PAEG) in relation to 2004-2006 programme aid, six key objectives are listed. The first objective reads: "Build a partnership based on frank and open dialogue on the content and progress of Mozambique's Poverty Reduction Strategy as set out in the PARPA", and the second reads "Provide programme aid to the public sector". Putting the funds in second place and the dialogue in first place shows Irish Aid's commitment to the spirit of partnership.

With General Budget Support, Irish Aid has provided an important amount of untied financial resources to the Government of Mozambique, allowing it to carry out its programmes of poverty reduction and development as well as building the capacity of its own institutions.¹³

Sector-Wide Approaches

From the mid-1990s, donors have concentrated their support in particular sectors such as education, health, water or agriculture, with a view to providing assistance in a more comprehensive and effective manner. Therefore, new modalities for Sector Support have gradually been developed. In its 2001-2003 Country Strategy, Irish Aid was not yet very explicit about such modalities for Sector Support.

Building on the lessons learned and the evolving donor agenda, the Country Strategy for 2004-2006 stated that Irish Aid was to continue "the engagement with

¹² According to a Development Finance International study, many African governments see Ireland, the Netherlands and the UK as the best bilateral supporters of government priorities, in part reflecting their policies of providing high levels of programme aid, which enables the government to finance its priorities directly through the budget.

¹³ Irish Aid has contributed about 2% of total General Budget Support funding in Mozambique.

Sector-Wide Approaches in those sectors where there had been visible momentum and progress". The sectors selected (education, health and rural development) clearly represented priority areas for the Government of Mozambique, and with the exception of rural development, there was sufficient evidence of progress regarding the changes foreseen in the PARPA.

For the health sector, the focus was on strategic health policy and systems development at both national and provincial level. More particularly, Irish Aid's objectives in this sector were to: (a) focus on support for the Ministry of Health to implement its strategy; (b) raise the profile of HIV/AIDS in the country; (c) ensure the Ministry of Health's participation in the public sector reform process; and (d) support capital investments in Niassa and Inhambane Provinces.

In the course of the five years under review, Irish Aid support for this sector has moved from earmarked funding for specific pools towards jointly approved plans and budgets. In this process, Irish Aid has advocated strengthening the linkages between the Directorate of Planning and Cooperation and other Ministry of Health directorates. At the central level (Ministry of Health), significant progress has been made in these areas, but to date there are still obstacles to overcome at provincial level.

Area-Based Programmes

Throughout the period under review, Irish Aid has continued to build on its long history of support for local development. This has helped to shape its development policy for the country and its profile with other partners (both government and other donors).

Irish Aid has repeatedly stated that direct involvement at sub-national level would give the potential to generate valuable experiences that could in turn feed back into the central dialogue, e.g. in the framework of Sector-Wide Approaches and General Budget Support.

Project Aid

Projects remain an important aid modality for Irish Aid. Projects supporting public sector and governance reforms are an example of this. Since this pattern is repeated in other programme countries, it has put Irish Aid in the somewhat paradoxical situation where on the one hand African governments praise it for its commitment to partnership and government leadership, and on the other it is seen as one of the donor countries supporting the highest level of small projects. Small projects are usually implemented through civil society schemes.

There are broadly three types of projects: those designed to support the public sector reform process, those that support the governance process, and the pooled funds for the National AIDS Council. In the area of public sector reform, donors have gradually started to combine their efforts, and Irish Aid has been a leading proponent of donor coordination in the Public Sector Working Group. The public sector reform portfolio relates to (pooled) support for the Technical Unit for Public Sector Reform, and two cost-sharing agreements through the United Nations Development Programme (UNDP) focusing on supporting decentralisation at district and central levels. The National AIDS Council is managing its own common fund to finance grants. Key donors, including SIDA (Swedish International Development Assistance), DFID (Department for International Development), CIDA, DANIDA, the World Bank and the Global Fund, are supporting this fund.

3.3 Financial resources

To realise the objectives of the two strategies, Irish Aid budgeted €68.7 million for the first period (2001-2003) and €90 million for the second period (2004-2006). Table 3.1 provides the data on an annual basis and their breakdown according to programming categories.

Table 3.1 Irish Aid assistance to Mozambique in perspective

	Total ODA of Ireland (millions US\$)	Ireland's ODA as % of ODA all donors	Total ODA of Ireland to Mozambique (millions US\$)	Ireland's ODA to Mozambique as % of total ODA of Ireland	Ireland's ODA to Mozambique as % of total ODA to Mozambique of all donors
2000	234.00	0.39 %	15.39	6.58 %	1.75 %
2001	286.53	0.48 %	18.70	6.53 %	2.00 %
2002	397.75	0.59 %	29.37	7.38 %	1.33 %
2003	503.56	0.63 %	39.90	7.92 %	3.84 %
2004	607.44	0.66 %	48.69	8.02 %	3.96 %
2005	692.02	0.59 %			

Source: OECD International Development Statistics online, databases on aid and other resource flows

Ireland is a relatively small donor in Mozambique, although there has been a significant growth in the size of development assistance to Mozambique, which reflects the global increase in Irish Aid budgets. According to the OECD, Ireland's total development aid increased from US\$ 286.53 million to US\$ 692.02 million in the period 2001 to 2005 (see Table 3.1). In real terms, this increase was almost 121%.¹⁴ In Mozambique, development assistance rose in the period 2001 to 2004 by 71% in real terms.¹⁵ Irish Aid's share of the total development support to Mozambique rose from 2% in 2001 to 4% in 2004.

Table 3.2 provides an overview of the budgeted amounts for each of the modalities in the Country Strategy Papers.

The table allows for some interesting observations. Sector Support and the two Area-Based Programmes each accounted for about 30% of the total budget, followed by General Budget Support with 20%. The share of Project Aid varied between 9.7% and 14.3% of the annual budget, with HIV/AIDS as most important area followed by capacity building and governance. Another observation is the relative stability over the five years, showing Irish Aid's commitment to being a stable partner in development. This observation is supported by a recent study by Development Finance International, where Ireland, together with the Netherlands, Sweden and the UK, is seen by Mozambique as a predictable donor.

Table 3.2 Irish Aid Mozambique Programme: modality overview budget, 2001-2005

Programme area	2001		2002		2003		2004		2005		TOTAL 2001-2005	
	€m	%	€m	%								
Budget Support	3.87	19.7	5.70	19.8	6.15	18.5	6.00	19.9	6.10	19.7	27.82	19.5
SWAp Sectors*	6.86	34.8	7.27	25.3	9.30	28.0	8.90	29.5	9.20	29.7	41.53	29.1
ABP	5.00	25.4	10.12	365.2	10.80	32.5	9.82	32.5	9.40	30.3	45.14	31.6
Projects **	2.81	14.3	2.80	9.7	3.25	9.8	3.65	12.1	4.30	13.9	16.81	11.8
Maputo administrative costs	1.14	5.8	2.87	10.0	3.69	11.1	1.82	6.0	2.00	6.5	11.52	8.1
TOTAL	19.68	100.0	28.76	100.0	33.19	100.0	30.19	100.0	31.00	100.0	142.82	100.0

* Health, education, agriculture

** HIV/AIDS, capacity building, good governance, other

(Source: Irish Aid)

¹⁴ 94% over the 2001-2004 period.

¹⁵ In 2003 prices.

Irish Aid has also supported Mozambique's development through other expenditure lines besides those of the Country Programme. Such expenditure rose from €2.4 million in 2003 to €8.9 million in 2004 and €8.0 million in 2005 (see Table 3.3). Most important has been the funds made available in the context of the partnership with the Clinton Foundation: €6 million in 2004, €8 million in 2005 and €12 million in 2006. Furthermore, Irish Aid established a Multi-Annual Programme Scheme (MAPS) in 2003, which involved three-year funding agreements between Irish Aid and five selected NGOs¹⁶ for a total of €117 million. It has not been possible to obtain the budgeted amounts intended for Mozambique, but the actual expenditures for 2003 and 2004 were €1.6 million and €1.7 million respectively.

Table 3.3 Other Irish Aid assistance (€)

	2003	2004	2005
HIV/AIDS related		6,721,102.34	7,819,742
Fellowships	81,705	61,098.00	35,639
MAPS	1,576,592	1,690,113.00	
Other (e.g. small grants)	723,743	424,867.00	144,557
Total	2,382,040	8,897,180.34	7,999,938

Source: Irish Aid

When we include all funds from Irish Aid, the overall budget for Mozambique shows an increase from about €20 million in 2001 to €42 million in 2006. It is interesting to note that in this wider context, the budgeted share of General Budget Support in the overall budget has actually declined.

Actual expenditures for the different aid modalities over the period 2001-2005 are presented in Chapter 7 in order to assess efficiency.

¹⁶ Christian Aid Ireland, Concern, GOAL, Self-Help Development International and Trócaire. Concern, GOAL and Trócaire had programmes in Mozambique during the period of the review.

4. Relevance

4.1 Introduction

The first evaluation question relates to relevance and reads: “to what extent is the Irish Aid strategy for Mozambique in line with Irish Aid development cooperation objectives and the priorities of the Government of Mozambique and its population?” Furthermore, this chapter looks at the quality of the strategic framework and the appropriateness of the modality mix.

4.2 Irish Aid development objectives

Irish development cooperation in 2000 was based on the 1996 White Paper on Foreign Policy.¹⁷ From this document emerged a policy characterised by a sharp focus on poverty reduction and the promotion of sustainable development, as well as strong support for fostering democracy and respect for human rights, gender, social equality and protection of the environment, based on the principles of partnership. Further objectives responded promptly to emergencies and contributed to building civil society and social solidarity.

Although the 2001-2003 Country Strategy for Mozambique made no explicit reference to the White Paper, the objectives and activities outlined in the strategy were clearly in line with those espoused in the White Paper. There was a clear focus on social sectors (including an explicit reference to basic health), coupled with support for economic development in rural areas (agriculture, roads and water). The Country Strategy Paper further included gender equality, environment and HIV/AIDS as cross-cutting issues.

Irish Aid also showed commitment to partnership principles when it formulated the 2001-2003 Country Strategy. Firstly, the Country Strategy Paper was the result of extensive discussions with Mozambican counterparts. Furthermore, there was direct support for and cooperation with the Niassa and Inhambane provincial authorities, and a stated intention to “participate in dialogue regarding macro-economic support”. However, taking into account the importance of partnership for Irish Aid when implementing its programmes, it is somewhat surprising that this topic did not receive more attention in the strategy document. This was amended in the strategy document for the next three-year period.

By 2004, Ireland’s policy for development cooperation had benefited from the 2002 Report of the Ireland Aid Review Committee, and the 2003 OECD/DAC Peer Review.

In addition, Irish Aid was more firmly committed to a number of policies through contributions and pledges at international fora. On the whole, the policies formulated in 1996 remained valid, but with a more prominent role for issues of governance, accountability and democracy. Also, HIV/AIDS had become a focal point for Irish Aid, in terms of both financing (Clinton Foundation¹⁸) and integrating this issue into all other programmes.

The five overall goals defined in the 2004-2006 Country Strategy reflect very well the new policy directions. The strategy also highlights the importance of applying partnership principles in all of its operations. The objectives are worked out in more detail at sector level, but remain rather abstract. Phrases like “assist the Ministry” and “increase emphasis on” abound, without providing a concrete description of what is to be accomplished with this “contribution” or “support”. Only the support for provincial governments (Area-Based Programmes) is worked out in more realistic terms, with a description of what is expected to be the (measurable) output of Irish Aid’s contribution.

4.3 Government of Mozambique’s priorities and objectives

The alignment of the Irish Aid Country Strategy for Mozambique with the PARPA (as shown in the previous chapter) and the continued dialogue between Irish Aid staff with Government of Mozambique officials on the interpretation and implementation of the PARPA has ensured the relevance of the Irish Aid Programme in terms of government priorities and objectives.

The last two Country Strategy Papers show a direct link with the PARPA, and indicate a clear choice for the sectors under the pillars of the PARPA. A diagram illustrating the validity of the various objectives of the Country Strategy Papers in terms of the PARPA is included in Annex C.

17 *Challenges and Opportunities Abroad*, Ireland Aid, 1996.

18 Under an agreement between Irish Aid and the Clinton Foundation, Irish Aid committed €40 million over five years to collaboration with the Mozambique Ministry of Health.

Moreover, Irish Aid increasingly sees General Budget Support as a tool to support the government financially, but also to engage in a more structured dialogue on priorities across all levels of government.

Over the last five years, Irish Aid has increasingly focused on good governance, decentralisation and public sector reform, combined with a growing emphasis on mainstreaming cross-cutting issues such as governance, gender and environment.

The Irish Aid Country Strategy provides limited direct support to the PARPA priorities in the area of private sector development and macro-economic and financial policies. Some support is provided to the private sector at provincial level through civil society organisations. Macro-economic and financial reforms are indirectly supported through the performance framework for General Budget Support and directly through the public sector reform programme (e.g. payroll).

Hence, Irish Aid has made explicit choices for emphasising certain policy areas and sectors that are PARPA priorities. However, it is not clear on what criteria these choices are based. The evaluation team did not find evidence of any analysis supporting these choices.

At present, Irish Aid is involved in various sectors at national level and a relatively large number of sectors at provincial level, while also the cross-cutting themes represent separate areas of intervention. So far, there has been no discussion on the required degree of concentration of Irish Aid assistance to Mozambique. The degree of concentration of aid should be analysed in relation to the capacity to manage the aid funds (see chapter 7).

From interviews with government representatives, it became clear that there is a sincere appreciation of Ireland's contribution to the development efforts of the government, and there is frequent interaction between Irish Aid staff and government representatives. However, there is no sense of sharing or 'owning' the Country Strategy. This document is seen as an internal paper to the Irish government that reflects Mozambican priorities well.

4.4 Policy guidance and the strategic framework

In the previous chapter (see Section 3.1), we described the various country strategy documents such as the Country Strategy Paper, the PAEG document, and the Programme Implementation Plan. The various strategic documents appear to be repetitive, and the key objectives contained in the Country Strategy Plan appear to be a mixture of general goals and operational objectives, which are not clearly delineated. The above point can be illustrated by looking at the key objectives for governance compared with those for health. While the key objectives for governance represent more general goals, the health objectives are quite operational in nature. In some instances, objectives in the Implementation Plan match those in the Country Strategy Paper (both general goals and specific objectives), while in others they seem to refer solely to operational objectives. Also, new objectives have occasionally been added.

It should also be noted that neither the PAEG document nor the Implementation Plan contain a detailed budget proposal for programme implementation.

In reviewing the various documents, the evaluation team concludes that not all sectors are served by up-to-date general policy documents; for instance, there are no clear policy guidelines on good governance, and only recently has an aid modality paper been prepared.¹⁹

Another area with an evident lack of policy guidance is General Budget Support. Although general guidelines were issued, the evaluation team found no papers pointing out the benefits and drawbacks of budget support in general, nor the particular country-specific circumstances for decisions on the level of General Budget Support and the potential for increasing funding over time. There has been limited policy guidance from headquarters on General Budget Support, particularly on the benefits and drawbacks of this aid modality and the appropriate level and potential for increasing funding over time. From this it appears that the decision to become involved with General Budget Support can be considered as a leap of faith. The PAEG document on programme aid indicated that 20%

¹⁹ For example, the policy guidelines document on rural roads dates back to 1998, though it is still considered valid, and that on water and sanitation dates back to 1999.

of Irish Aid support to Mozambique would be provided in the form of General Budget Support (see Section 3.3). However, this decision was taken without analysis of the appropriate level of funding and was not linked to the perceived progress in programme aid, which was outlined in the remainder of the PAEG document.

Only recently has an aid modality paper started to provide some direction and clarity on this subject. In addition, the planned broad-based discussion of this paper between Headquarters and Embassy staff, in conjunction with the findings of the OECD/DAC General Budget Support review, may provide further opportunities for refinement.

4.5 Modality mix

According to an Irish Aid internal discussion paper on aid modalities, dated November 2005, the choice of modalities is to be "determined in response to needs, agreed objectives and to the policy and institutional context of each specific country". This section looks at these issues and addresses the relevance of the choice for various modalities.

The process has been cautious and Irish Aid currently maintains a judicious mix of these modalities, providing entry points at various levels in the country and avoiding overexposure in any one of these modalities. This is based on a pragmatic approach to support the country's systems of government and to address real obstacles, including accountability, capacity building, policy, human resources and governance issues. A mix of aid modalities has also been promoted by other donors. Apart from DFID, which maintains a 65% share of General Budget Support in its overall portfolio, other bilateral donors (such as Canada, Denmark, Sweden and Switzerland) support the rationale of a more cautious approach similar to that of Irish Aid.

General Budget Support

The involvement of Irish Aid in General Budget Support has been relevant in the context of Mozambique's development agenda and international developments towards greater alignment. The overall objectives of General Budget Support and the indicators used in the Performance Assessment Framework have been clearly aligned with the focal policy areas of the PARPA I and II (draft).

In the present context of Mozambique, most donors opt for a mix of aid modalities, and the share of General

Budget Support is gradually increasing. Given the challenges that still exist in the area of Public Financial Management, and the lack of progress in moving the development agenda forward, it is still too early for a major change. There are areas (including support for non-government partners) where project instruments and sector programmes continue to be appropriate.

Although the Government of Mozambique has shown strong commitment and progress in a number of key reform areas, which has justified partial funding in the form of General Budget Support, there is still a need for deeper reforms in the areas of policy, planning, budgets and service delivery at all levels of government. In each of these areas, the quality of systems and processes is still fragile and bears high fiduciary risks.²⁰

Sector Support

Irish Aid's decision to use Pooled Funding arrangements in the health, education and agriculture sectors is relevant since it supports those sectors identified as priority sectors by the government in the PARPA, and the Pooled Funding arrangements are aligned with the sector strategies developed and led by the Mozambique Government.

Sector Support has brought about the important benefit of inter-donor coordination and alignment with the government's sector strategy. Simultaneously, these arrangements have helped to preserve control over the systems that manage donor funds, as they maintain separate monitoring, review and auditing procedures. These arrangements have allowed Irish Aid to promote policy alignment, while using safeguards to maintain accountability for its financial support.

Many Sector-Wide Approaches still suffer from some problems in functioning. While the Agricultural Sector Public Expenditure Programme (PROAGRI) has been promoted as a success story, it has focused almost excessively on intermediate and process indicators, and less so on achieving actual results at service-delivery level. In health, there has been insufficient evidence that central-level funds are able to deliver large-scale investment at provincial level, and execution rates are rather low.

²⁰ There has also been resistance from the sector ministries that have a long tradition of involvement with donor support, in particular with financing capital expenditure. Although in the long run shifting from Sector to General Budget Support promotes: (i) the integration of all resources (both domestic and foreign) into one planning and budget process, and (ii) the systematic scrutiny thereof, sector ministries perceive that they may lose out in the short run if the shift to General Budget Support is too abrupt.

Generally, opting for a shift from Sector Support to General Budget Support would require sufficient evidence – and confidence – that sector approaches and systems can deliver results in terms of capacity building and impact at service-delivery level.

Using the **health sector** as an example, Irish Aid's decision to support the health sector through pooled sector funding at central and provincial levels can be considered appropriate and relevant in light of the urgency of the HIV/AIDS epidemic, the particular underdevelopment of the Niassa and Inhambane health sector infrastructure networks, and Irish Aid's positive attitude towards the Sector-Wide Approach and cooperation with local governments. However, it should be

taken into consideration that support for institutions and aid modalities should be instrumental to the achievement of health-related goals. The present absence of any reference to specific health targets may induce the risk of focusing excessively on intermediate and process indicators within the national sector programmes.

On the issue of the sustainability of Irish Aid's support for the central Sector-Wide Approach fund (PROSAUDE), the opportunities created by the consolidation of systems and policy dialogue have to be balanced against the threats posed by low execution rates and the still incomplete monitoring and evaluation system (see Table 4.1). It is, nonetheless, believed that it is perfectly possible for Irish Aid to work on the former in order to reduce the risks posed by the latter.

Table 4.1 Identified opportunities and threats in Irish Aid's health programmes

Programme	Opportunities	Threats
Sector-Wide Approach fund (PROSAUDE)	Consolidated management for basket funds Improvement of systems Partnerships and harmonisation Visibility	Low execution rates Monitoring and evaluation Centralisation of funds Impact on infrastructures in the short term
Provincial Support	Clear deliverables Strengthens provincial capacity Irish Aid reality check A defining characteristic	High risk of corruption Less than efficient use of Irish Aid resources
NGO Support	Ground-breaking impact on HAART in Niassa Provides technical expertise Completes the Clinton Foundation portfolio	Equity Handover in 2008 Low recognition as this is seen very much as a Médecins Sans Frontières (MSF) project

Source: Evaluation team findings

Regarding the sustainability of provincial health programmes, the high risk of potential mismanagement of infrastructure projects, as well as the over-stretching of already tight Irish Aid-Mozambique provincial management capacity, has to be weighted against the opportunity to make a clear impact on the healthcare systems in Niassa and Inhambane. This is probably one area where a strategic decision needs to be taken on whether to stay in potentially risky areas and increase technical capacity to manage the risk, or leave the provincial level and put pressure on the Ministry of Health to enable the central Sector-Wide Approach funds to sooner or later deliver investment at provincial level.

Area-Based Programmes

Irish Aid's engagement at provincial level has been very relevant. Irish Aid has worked through provincial government plans and hence aligned its activities with provincial policies to ensure the greater effectiveness of their interventions. Irish Aid's involvement at provincial level has been appropriate with respect to: (i) promoting poverty reduction,²¹ (ii) better service delivery, and (iii) generating and feeding back valuable experience at sub-national level to the national-level policy dialogue.

²¹ Poverty rates in Niassa and Inhambane have been among the highest compared with other provinces since the start of Irish Aid involvement in Mozambique in 1996.

One of the objectives of Irish Aid's Area-Based Programmes was to respond to the need for support at provincial level in case the Sector-Wide Approach did not deliver sufficiently. This has indeed turned out to be the case. Evidence of weak delivery performance of Sector-Wide Approaches at provincial level is illustrated in the case of the health sector's performance. This type of feedback from the provinces is an important aspect of the Area-based programme. Through its presence in the two provinces, Irish Aid is in a position to inform national fora (at either macro or sector level) about progress 'on the ground', both on institutional issues and on issues of welfare and economic growth. However, in spite of numerous references by people interviewed at the central level, the evaluation team found insufficient evidence of a systematic approach to this important task.

An interesting and encouraging development has been Irish Aid's move to bring funds used at the provincial level on budget. This has had several positive outcomes. First, it has stimulated the dialogue between Irish Aid and provincial administrators; secondly, it has strengthened the capacity of the provincial planning departments; and thirdly it has given the partners (both Government and Irish Aid) a valuable learning experience in applying the principles of using donor funds on budget (i.e. General Budget Support).

Project Aid

Irish Aid's engagement in the area of public sector reforms has also been relevant, driven by the recognition of high, but improving, fiduciary risks involved with each of the aid modalities and the need to work more outside of government to foster domestic accountability. Providing support to civil society has been appropriate to the extent that it has strengthened capacity independent from the government to promote transparency and accountability. This involvement has been a relatively new experience for Irish Aid.

Based on interviews with Irish Aid staff and other players in this sector, the evaluation team concludes that no overall governance strategy exists, and that only a limited assessment of the potential added value of Irish Aid in this field has taken place. Irish Aid's engagement in this area has been scattered (by using the project mode), too broad and weakly prioritised. Encouraging has been the recent development of a civil society strategy, an analysis of the political and economic situation in Mozambique, and a governance review of Irish Aid activities at the beginning of 2006. The civil society support mechanism recently proposed by Irish Aid and DFID should be a new and appropriate tool in the light of donor coordination and more coherent donor support to civil society.

5. Effectiveness

5.1 Introduction

This chapter looks at the effectiveness of Irish Aid interventions in Mozambique. As in the previous chapter, the assessment is discussed in terms of the main aid modalities: General Budget Support, Sector-Wide Support, Area-Based Programmes and Project Aid. The effectiveness of health sector interventions is examined in more detail. The principle of partnership as an important determinant of effectiveness is also discussed in this chapter.

5.2 General Budget Support

The aim of General Budget Support is “to contribute to poverty reduction in all its dimensions by supporting the further development, implementation and monitoring of the PARPA”.

The conclusions of a recent multi-donor evaluation report of General Budget Support are listed in Box 5.1.

Box 5.1

Conclusions Evaluation General Budget Support – Mozambique

Main conclusion

“Our broad conclusion is that this has been a very successful case of donor-government collaboration, and that PGBS has contributed positively to conditions for economic growth and poverty reduction” (p. S11).

General, clear and strong effects

- > Strong and evolving relationship between PGBS’s design and the country context;
- > Harmonisation between a large number of partners was strongly developed and operationalised through increasing alignment on national systems;
- > PGBS has contributed an increasing proportion of public expenditure (from 3% to 17% between 2000 and 2004) going through a state budget which has itself increased by 41%;
- > PGBS has had a broad effect in strengthening planning and budgeting systems, policy processes, and macroeconomic performance.

Positive, but generally small and uncertain effects

- > Effect on service delivery is more related to developing and sustaining systems than about making specific inputs to strengthen efficiency and capacity;
- > Reduction of income poverty, though not possible to quantify or isolate from other factors;
- > Empowerment of poor people.

Weaknesses

- > Technical assistance, capacity building have never been really developed as coherent PGBS strategy;
- > Predictability of PGBS funding has been improving only since 2003;
- > Low effects on encouraging domestic accountability;
- > Weak effects on policies addressing market failure and private sector development; administration of justice and respect for human rights.

(Source: Evaluation of General Budget Support – Mozambique Country Report, May 2006)

As was already mentioned, the contribution of Irish Aid to GBS is modest in monetary terms (see Table 5.1 below). The remainder of this section is devoted to the role of Irish Aid in this instrument.

Table 5.1 General Budget Support to Mozambique

	2001	2002	2003	2004	2005
TOTAL (in US\$)	88.17	100.70	153.70	239.41	282.31
Of which Irish Aid (in EURO)	3.84	5.63	6.07	6.00	6.11

(Source: Evaluation of General Budget Support – Mozambique Country Report, May 2006, P. 24 and Irish Aid)

Although Irish Aid's contribution to General Budget Support cannot be measured in terms of poverty reduction, the established system of annual and mid-year reviews allow the government and donors to examine collective performance against agreed benchmarks set out in the Performance Assessment Framework (PAF), Provincial Economic and Social Plan (PES) and other reports.

Apart from making untied financial resources available to the government, the following paragraphs illustrate that Irish Aid's contribution to General Budget Support has been effective in terms of (i) partnership, (ii) ownership and (iii) management systems.

Firstly, General Budget Support has been an appropriate tool for promoting the principle of partnership, taking into account that the Government of Mozambique has committed itself to reforming the public sector, thereby reducing the fiduciary risks of this aid modality. This aid modality is the one most aligned with government strategies and systems. Also, donor coordination has improved substantially within the Programme Aid Partner Group, leading to only a few exceptions to the memorandum of understanding because of statutory or legal requirements of some programme aid partners.

Secondly, government ownership of the reform agenda and Budget Support's Performance Assessment Framework has improved steadily over time, from a more donor-driven process during the early years of General Budget Support towards a process where the government is now chairing the PAF coordination committee and the Performance Assessment Framework is based on government instruments (PARPA, PES, sectoral reviews). Also, the government intends to increase its own coherence in negotiation by having cross-ministerial meetings before meeting with the programme aid partners. Moreover, the burden of conditionalities imposed by donors on the government has decreased substantially

and conditionalities have become more in line with the government's own objectives. However, Budget Support also brings with it a considerable accountability and prescriptive machinery (PAF, joint reviews, studies and missions), which make it difficult for the government to set its own agenda. According to some government sources, the level of non-general budget as well as off-budget support provided by donors to some degree also undermines the effectiveness of General Budget Support.

Thirdly, the recent PFM/PEFA assessment witnesses that tangible improvements in PFM systems and processes have been achieved in a number of important areas over the past five years, such as budget credibility, linking planning to budgeting, more effective revenue collection and administration, and the PFM accounting and reporting system (SISTAFE). Compared with the situation in 2004, Mozambique has improved significantly, with 48% of the indicators achieving an A or B in 2006, in contrast to the figure of 32% in 2004. Furthermore, monitoring of the PARPA has advanced, based on the Annual Statement on Economic and Social Policies, which now better reflects the actual implementation of the annual economic and social plan. Accountability of sectoral ministries has increasingly shifted inwards to government under the leadership of the Ministry of Planning and Development and the Ministry of Finance (MPD/MF), and stronger links between planning, budgeting and monitoring of the sectoral ministries vis-à-vis the MPD/MF have been created.

Progress in most of the above areas can be related to Irish Aid's contribution to General Budget Support. Although Irish Aid is a small donor, it was among the first programme aid partners to become engaged with General Budget Support. Irish Aid is also highly appreciated in the various working groups because of its active involvement, technical capacity and strong relationships with government, and for bringing sectoral expertise into the economist-led discussions on General Budget Support – particularly through its recent sector alignment initiative. In this initiative, Irish Aid has been attempting, among other things, to align better the sector reviews and assessment frameworks with the Joint Annual Review (JAR) of General Budget Support. Irish Aid has promoted inviting sector specialists from the Government of Mozambique and donor agencies to the budget analysis and budget working groups to encourage greater mutual understanding and learning. However, more systematic involvement of all relevant sectoral and provincial/district authorities in the discussion on targets in the Performance Assessment Framework would promote greater linkages and understanding within government and vis-à-vis donors.

Irish Aid is considered a facilitator among the programme aid partners, and a lead donor in promoting harmonisation and alignment, particularly through its recent sector alignment initiative. Hence, although direct attribution of Irish Aid-Mozambique's support to the progress achieved cannot be made, there is confidence that Irish Aid-Mozambique has provided a valuable contribution to the success of General Budget Support by making good use of its specific (sectoral) knowledge and skills. Thereby, Irish Aid-Mozambique has been able, even as small donor, to maintain visibility among the enormous number of Budget Support partners.

There has been little space for reflecting on the lessons learnt from working with General Budget Support within the Embassy, and for sharing experiences with headquarters and other partner countries. Also, sharing information about the achievements/challenges of General Budget Support within the Government of Mozambique and with civil society organisations has been limited. As a result, communication on the lessons learnt about General Budget Support between Irish Aid-Mozambique and headquarters has been rather reactive to changing home constituencies (e.g. criticism from NGOs against Budget Support). Overall, General Budget Support is a relatively new intervention tool. Expectations tend to be overly ambitious, but should be tempered as it is the mix of all aid modalities that will encourage the building up of government institutions and capacity, service delivery and accountability for poverty reduction.

A number of challenges remain to be tackled to further increase the effectiveness of General Budget Support. These include: increasing the share of Irish Aid funds on budget (notably from provincial to national level), further improving ownership of the Performance Assessment Framework, and systematic sharing of lessons learnt at provincial level. Irish Aid has supported the government's efforts to include donor support in provincial budgets. So far, Irish Aid support has been included in the provincial budgets of Niassa and Inhambane, but this information has not been communicated fully between the provincial and central government authorities.

To also get central budgets to reflect donor support accurately, it is welcomed that donors are currently taking first steps to generate a common database that captures all financial information on donor support. When all these conditions are met, it might be expected that General Budget Support will in the long run have a visible impact on improved service delivery and poverty reduction. At present, any changes attributable to General Budget Support are limited to attitudes rather than to concrete

results. These attitudinal changes relate in particular to:

- > clearer targeting of government programmes on poverty reduction;
- > better alignment of external support with the government's objectives under the PARPA;
- > improved coordination of donors' conditionalities within the Performance Assessment Framework.

The basic foundations have now been laid for shared learning between the Government of Mozambique, civil society and General Budget Support partners (i.e. donors involved in providing General Budget Support). Participation by civil society organisations in monitoring the PARPA has now been formalised, and the first participatory meetings between government, donors and civil society organisations at central and provincial level have taken place. It is expected that this platform will have the potential to act as an important lobby in the future. The inclusive nature of the General Budget Support Programme reflects the confidence in the current government. Nevertheless, continued pressure for increased transparency and accountability of the Government of Mozambique is crucial, especially with respect to combating corruption and strengthening legislative scrutiny and internal/external control.

5.3 Sector Support

In Chapter 3, we presented the general objectives of Irish Aid's Sector-Wide Support for Mozambique. This section focuses on the realisation of objectives in the health sector, and sets this analysis within the larger context of Sector Support for education and rural development/agriculture. The actual expenditure of Irish Aid in the three sectors is shown in Table 5.2.

Table 5.2 SWAp Sector Support per sector, actual expenditure 2001-2005 in euro millions

	2001	2002	2003	2004	2005
Health	1.48	2.26	2.48	2.41	1.25
Education	3.45	2.88	2.99	3.51	4.41
Agriculture	2.87	3.03	3.89	2.90	2.90

(Source: Irish Aid)

Sector Support is provided within the government's policy framework of the PARPA, and aims to address the basic needs of the Mozambican population²². Support in the social sectors (education and health) is aimed at improving the quality of health and education services delivered. Irish Aid's objective in supporting rural development is to assist the government in the development and implementation of PROAGRI, and to work with it on formulating a rural development strategy at national level. At the same time, private sector development is supported through capacity building and investments in road construction and rehabilitation, water supply and sanitation at provincial level.

Health sector

Irish Aid's stated objectives for support to the health sector in Mozambique have been to: (a) focus on support to the Ministry of Health to implement its strategy; (b) raise the profile of HIV/AIDS in the country; (c) ensure MOH participation in the public sector reform process; and (d) support capital investments in Niassa and Inhambane Provinces.

For the health sector in general, the country's health status improved dramatically between 1997 and 2003, with the notable exception of HIV/AIDS infection rates (see also chapter 2). Still in the HIV/AIDS sphere, the government elaborated two successive comprehensive national AIDS strategies between 1999 and 2003; anti-retroviral therapy was introduced in the country in 2003, and about 20,000 patients are currently being treated. Both Inhambane and Niassa Provinces have shown substantial gains in terms of the planning and administration of health activities, as well as in sheer health outputs.

In terms of effects on systems at Ministry of Health level, gains have been made in establishing and consolidating the Ministry's planning, budgeting and procurement processes, as well as in increasing the transparency of existing systems. As a prerequisite for setting up the SWAp common fund, the Ministry of Health's planning department produces a new annual operational plan at the beginning of the fiscal year, bringing together the availability of funds, a plan of activities and resource allocations. Quarterly evaluation reports are now produced, with the objective of measuring the implementation of the activities planned. Financial and budget execution reports are also produced on a quarterly basis. Although still imperfect in terms of integrating the policy and financial domains, these documents are clearly seen as a step forward in creating transparency and accountability in the

management of the Sector-Wide Approach.

From the number of official meetings between donor agencies' representatives and MOH officials, and from the flow of information within the donor community itself, substantial evidence was found that donor coordination and policy dialogue with government institutions have benefited considerably from the Sector-Wide Approach process. However, centralisation of funds and lack of impact at the provincial level are still recognised as significant shortcomings. With the notable exception of the provincial Recurrent Expenditure Common Fund, all funds are managed at MOH level. It also emerges from the Ministry of Health's annual operational plan implementation documents that there is no evidence so far that the general PROSAUDE fund has been able to deliver investments at the provincial level (Ministry of Health, 2005).

Through its contribution to the health sector, it is clear that Irish Aid has contributed directly to these positive changes in systems and processes.

On the HIV/AIDS issue, it emerged from interviews with government officials and fellow donor agencies that Irish Aid is widely regarded as being instrumental in the elaboration and implementation of the national AIDS PEN Saude. The recent mid-term review of the Clinton Initiative (Irish Aid, 2006) showed that, through its early support for the Clinton Foundation initiative and its AIDS-specific technical expertise, Irish Aid helped to elaborate on the preliminary versions of the Clinton Foundation plan to scale up HIV/AIDS treatment in Mozambique, on which the PEN Saude is based. In addition, with its early financial support for the initiative, Irish Aid contributed to mobilising among the donor community the extra funds needed to implement the plan.

As one of the champions of the Clinton Foundation initiatives, Irish Aid has been very active in raising awareness of HIV/AIDS treatment and prevention in the health sector as well as in its own organisation. Specific sections are dedicated to HIV/AIDS in the Inhambane and Niassa provincial programmes as well as in the education, agriculture and health sector strategic plans. PARPA II also includes HIV/AIDS as a fundamental factor affecting poverty. In addition, explicit internal policies encourage Irish Aid personnel to undergo testing and also to support staff living with the disease. During the interviews, Irish Aid-Mozambique staff appeared to be able to speak openly and to have a thorough understanding of HIV/AIDS.

Support for non-clinical HIV activities has been given both

²² Chapter 2 includes two boxes with progress and remaining challenges in reaching MDGs for the social sectors.

through the National AIDS Council (CNCS) and directly to the district. Partners' expectations as to the future of this support differ. The community support organisations contacted by the evaluation team considered that the existing country mechanisms do not work, and so they thought that it might be too early to withdraw from direct support. But CNCS considers that direct support is valid only if coordinated through CNCS and integrated in the global plans. Irish Aid could establish a balance between these expectations by maintaining the direct support, linked with strong technical support to CNCS to ensure the information and coordination flows between districts, the province and CNCS (e.g. inviting CNCS to accompany Irish Aid supervision visits, participating in and proposing coordination meetings).

The findings show that, despite the progress made, the equity issue (uneven distribution of services among the provinces) is still not resolved. In this respect, Irish Aid could also play a pivotal role in improving the links between preventive, treatment and mitigation services in Niassa and Inhambane Provinces.

At provincial level, Irish Aid's contribution is identifiable in the expansion, rehabilitation and equipping of the infrastructure network, as well as in the training of primary healthcare personnel (see Table 5.1). It is worth noting that the rehabilitation of the provincial hospital in Lichinga (Niassa), and the upgrade of the rural hospital in Massinga (Inhambane), represent a rare example of bilateral donor agencies still getting involved directly in large-scale hospital investment in Mozambique.

Table 5.3 Selected activities sponsored by Irish Aid in Niassa and Inhambane Provinces (2000-2004)

Selected deliverables	Niassa	Inhambane
New health centres	7	10
Rehabilitation of health centres	7	4
Rehabilitation of hospitals	2	1
Training of basic health personnel (agents, nurses and midwives)	273	112

Source: Inhambane Provincial Government (2005) and Niassa Provincial Government (2004)

Concerning HIV/AIDS treatment, in Niassa Province Irish Aid has been directly supporting the only centre providing HAART in the region. In Inhambane Province, Irish Aid has not so far become involved in supporting HIV/AIDS treatment.

There is no evidence that the support provided to NGOs directly to provide HIV/AIDS treatment has undermined the provincial directorate's efforts to build up HAART capacity. The results achieved, the anticipated transfer of skills to the public healthcare system, and the low resources and risk implications for Irish Aid mean that this can be considered an experience to be repeated elsewhere, and appropriate resources should be put into this objective. However, official data suggest that the equity of current distribution of healthcare services needs constant monitoring, as the traditional imbalance between rural and urban areas has been worsened by the introduction of HAART services predominantly in Maputo and the provincial capitals.

Still at provincial level, considerable improvements are visible in the provincial planning systems, and new partnerships have been developed with provincial government and local cooperation agents.

Findings on other sectors

In line with the Sector-Wide Approach, Irish Aid has focused its interventions mainly on institution building and processes, rather than on investments. In the education sector, Irish Aid has supported the Ministry of Education in the development, implementation and monitoring of its sector plan (ESSP), and in building up capacity. Furthermore, it has provided support for the provincial directorates of education in Niassa and Inhambane. Irish Aid support for rural development shows the same pattern: capacity building at national level and capacity building and limited support for infrastructure at provincial level.

A number of findings have validity across other sectors: (i) in the education sector, there is insufficient insight into the actual functioning of the Sector-Wide Approach, and it is thus difficult to assess the 'realism' of the government's sector plans; (ii) progress in the agricultural sector investment plan (PROAGRI) has been limited, though some results have been achieved in the areas of institutional capacity, deployment of qualified staff and donor coordination; (iii) Irish Aid has actively promoted systems for monitoring and evaluation in the Ministry of Agriculture, and these efforts are beginning to bear fruit; (iv) it is not clear when donors might be willing to 'give up' on Pooled Funding arrangements and mechanisms (including monitoring, review and audit processes) before the transition to Budget Support can be made; (v) there is slow progress on the financial management plans; (vi) there may be the need for a structured platform to exchange sub-central experiences; and (vii) as with General Budget Support, a structured risk assessment

(and thus possible response mechanism) needs to be anticipated. Furthermore, the translation of gender issues into practical actions is complex, and alternative approaches need to be considered, since ministries are not always supportive over this issue.

At provincial level, Irish Aid's provision of support to the various sectors is more easily recognised and also clearly appreciated. In the case of education, the provincial department has learned from the TA experience and is now able to better articulate its TA needs. In all areas (health, education and rural development), Irish Aid has supported investments, increasingly through the provincial government's budgets.

The involvement of Irish Aid at sector level support in both education, health and agriculture has evolved in the course of two decades of involvement in Mozambique. However, it is clear that sector level support puts a heavy demand on the competence and size of the Embassy staff. In this context, and in view of further donor harmonisation, a reduction to two sectors (either by withdrawing from one sector completely, or by becoming a 'sleeping partner') would free up scarce resources at Embassy level. This issue is further discussed in chapter 8.

5.4 Area-Based Programmes

Over the whole period 2001-2006, Irish Aid has covered various sectors in its Area-Based Programmes, working primarily through the government. This support has had effects on both institution building (e.g. the improved quality of the Provincial Economic and Social Plan (PES) and annual report) and service delivery to the population. The two provinces of Niassa and Inhambane have made socio-economic progress, but continued efforts are needed in order to close the gap with relatively better-situated provinces.

Work in the provinces has enabled Irish Aid to use innovative approaches. Its work with NGOs (such as IBIS in Niassa) has been linked to building capacity at district level. Irish Aid is one of the few donors who have been very active in building capacity at provincial and district level, enabling the two provinces to cope better with the challenges of decentralisation. This includes the issue of accountability of the provincial governments to their population through public organisations and civil

society, which is still not very well developed. Through Irish Aid's long involvement it has built up a comparative advantage in the provinces and is therefore in a position to improve provincial and district capacity within an overall decentralisation framework. Potentially, Irish Aid has strengths when local experiences are combined with the central support provided to the Ministry of State Administration and the Ministry of Planning and Development on decentralisation.

Irish Aid still needs to address a number of challenges. Execution rates have not been near to 100%, though the execution rates of Irish Aid's activities have been higher than those of purely government-funded activities. It is generally considered that Irish Aid funds are more flexible, in the sense that there is less uncertainty at provincial level as to whether the funds will be disbursed (fully and in a timely fashion). The planning and budgeting system still includes the incentive to plan and budget investment projects in one year only, even if in practice completion of such projects takes longer than one year. Provincial officials pointed mostly to late disbursement from the central level, while PFM systems also remain weak.²³

Based on the field visits and interviews, the evaluation team had reasons to doubt the effectiveness and sustainability of support for agriculture and rural development channelled through the Area-Based Programmes. Funding for the provincial directorates for agriculture and rural development is mainly for the propagation of seeds and other plant materials. The evaluation team questions these initiatives, given the limited number of households benefiting from the schemes, the modest expected impact at household level, and the focus on distribution of mostly inputs at subsidised prices.

In both provinces, the education sector has made some progress in addressing the needs of girls, through specific activities and lately by studying more strategic approaches. Irish Aid has been assisting these efforts with funds, and has provided technical support. Within Irish Aid, the development advisers responsible for the Area-Based Programmes have become more active in requesting this

²³ The Inspectorate of the Ministry of Planning and Finance (IGF) has made critical remarks on both provinces' finances. In Niassa, a 2005 report indicates the flaws in the systems, but so far the province has not designed a comprehensive, long-term approach to tackle shortcomings in institutional and human resources capacity. Irish Aid-Mozambique appears to be pushing the province to take the first steps. Since the provinces have not taken systematic action so far (only ad hoc), and given the relatively lower execution rates of government-funded activities and the critical IGF reports, there are doubts about the genuine commitment of the provincial governments.

kind of technical assistance, which can be considered an achievement.

Experiences and lessons from the provinces have been used to communicate to and influence the central level. However, this has not been done in a systematic way. It tends to depend on the initiative of individual advisers as to whether such feedback takes place. There is a strong focus on day-to-day issues, and insufficient time seems to be spent on analysis, structured learning or strategic thinking. On the other hand, Irish Aid staff are aware of this and are trying to free time for a more strategic approach within their busy schedules.

5.3 Project Aid

Public Sector Reform

In the area of public sector reform, Irish Aid has supported capacity building, public administration reform efforts at the national level, and decentralisation.

Irish Aid was one of the first to support the training of civil servants through SIFAP (System for Training in Public Administration). This support has continued, and SIFAP has been integrated within Mozambique's wider public sector reform strategy. In 2000, UTRESP (Technical Unit for Coordinating Public Sector Reform) was established to act as a catalyst and coordinator for the public sector reforms. In 2003, Irish Aid, with DFID, took the initiative to set up a common fund for UTRESP. Denmark, Sweden and Norway subsequently joined this arrangement.

The common fund functions as a mechanism for providing support to UTRESP. A strategic review of the Government of Mozambique's public sector reform programme conducted in 2005 was positive about the work and capacity of UTRESP, which was deemed both relevant and effective. However, political follow-up is seen as the main hindrance. The perception of a lack of noticeable impact in public sector reform is commonly shared among donors (see below). Irish Aid has been active in the donor working group, and is considered as a leading donor in harmonising coordination and funding arrangements. Some of the main conclusions of the strategic review were:

- UTRESP is becoming a broadly effective agent for change. Its management is professional, energetic, committed and trusted by the government;
- Donor support for UTRESP is being increasingly

harmonised in approach and procedure. However, coping with multiple donor financial procedures and reporting continues to be a pressure on UTRESP. There is still a marked gap in communication between UTRESP and donors;

- There is a lack of common understanding about the scope of the reform programme. Programme activity and planning are a mix of pre-planned activities and demand-driven work in response to government requests. Reform priorities have not been clearly defined;
- There is general concern about the lack of visible impact of the reform programme to date. Programme activity has resulted in some impact, notably through 'quick wins' to reduce unnecessary bureaucratic constraints on private sector functioning.

Public sector reform is a broad area, and cooperating partners in the Public Sector Reform Working Group have recently decided to focus on three issues: a human resource database (integration of three databases, and pay reform); leadership and commitment; and anti-corruption. Irish Aid has been supportive in sharpening the focus within public sector reform, which has been somewhat lacking in the past.

To support decentralisation at national, provincial and district levels, Irish Aid has contributed to two cost-sharing agreements through the UNDP: (i) support for local government reform through the Ministry of State Administration, and (ii) central support for decentralised planning and finance in the Ministry of Planning and Development. Donor support through the Ministry of State Administration has focused, among other things, on developing participatory planning processes in districts and the preparation of district profiles to improve understanding of the districts. Decentralisation experts considered that this support would enable the participating districts to be prepared for further fiscal decentralisation to the districts, which was announced in 2005. For the 2006 fiscal year, districts will receive a lump sum transfer to be spent on investments. Irish Aid and other donors have, through the Ministry of Planning and Development, supported the development of a national strategy for decentralisation, which is expected to be finalised in 2006. Through its work in the two provinces of Niassa and Inhambane, Irish Aid is one of the few donors able to make a clear connection between central and provincial-level support.

Irish Aid's capacity development at district and provincial levels has focused on supporting the Provincial Departments for Support and Control (DPAC) and the Provincial Departments for Planning and Finance (DPPF). A 'proxy' for Irish Aid's efforts is the quality of the Provincial Economic and Social Plan. The PES for Niassa appears to be good, containing explanatory information and tables. Furthermore, assorted training and workshops have been provided, as well as enhancement of capacity at the Governor's Office. Besides working through the official authorities in Niassa, Irish Aid has supported the NGO, IBIS, in building up planning at district and community level. In addition, two focal districts (Muembe and Mavago) have been directly assisted.

Governance

The results of Irish Aid-Mozambique's governance activities have been very mixed. Most of the interventions have only started during the past three years, and hence it is too early to judge their effectiveness in depth. The diversity of the governance portfolio and a lack of strategic vision have made it difficult to develop adequate technical capacity within Irish Aid-Mozambique to effectively implement and monitor the activities.

Addressing the fiduciary risks of Budget Support requires that the funds are transparently recorded and accounted for and regularly monitored by independent actors. Irish Aid has tried to address this by focusing on strengthening accountability mechanisms within and outside government. The prime focus of the support strategy has been in building up civil society, especially organisations that promote human rights and advocate debates around corruption, and the media, and organisations that participate in monitoring the PARPA.

Support to the government in this area has focused on building the capacity of parliament and facilitating the interaction between civil society and members of parliament.

Strengthening Public Financial Management has not been at the forefront of Irish Aid support, although PFM has proved an important impediment to the effectiveness of Irish Aid support in Mozambique. Irish Aid has been monitoring developments in Public Financial Management through the working groups, and has provided support for upgrading the payroll system. Yet experiences at provincial level show that accounting and reporting capacity is still very weak and financial management risks exist. Some cases of unapproved or misuse of funds exist in Inhambane and Niassa, and have strained relationships between Irish

Aid and the provincial authorities. Slow resolution of these cases by the authorities has led in some instances to significant funding delays of sectoral activities.

Corruption is endemic in Mozambique and hence poses one of the most important governance challenges to donor support. Irish Aid has supported the local NGO ETICA since 2002 through a common fund, with the Swiss Development Cooperation being the focal donor. ETICA has managed to promote the debate around corruption through various campaigns, and a national study on good governance, corruption and service provision has been completed. This has also helped to stimulate the government to develop an anti-corruption strategy and approve an anti-corruption law, and the Anti-Corruption Unit in the Attorney General's Office has started to investigate many alleged cases of corruption. Despite these achievements, levels of corruption in Mozambique remain high, as evidenced by the Transparency International Index, the latest national survey on governance and corruption, and the Inhambane Investment Climate Survey. Concerns about the integrity and independence of ETICA, as well as its management capacity prevail, but alternative NGOs to support remain scarce.

In 2004, Irish Aid-Mozambique started to widen the scope for civil society engagement in monitoring the PARPA (see also the above section on General Budget Support). The first participatory meetings on PARPA monitoring between government, donors and civil society organisations at central and provincial levels have taken place. Although participatory monitoring of poverty is still in its infancy, civil society organisations are seen to have provided more qualitative assessments of poverty, which complement the Government of Mozambique's efforts in monitoring the PARPA based on budget execution reports (Balanço do PES). This platform is widely regarded as having the potential to act as an important lobby in the future.

In the area of democratisation, Irish Aid has supported UNESCO in implementing a media project. This project established eight community radios, of which five are considered sustainable. Community radio campaigns have managed to bring human rights and HIV/AIDS issues onto the local agenda, leading for example to an increase in voluntary testing for HIV/AIDS. However, the poor quality of journalism and limited coverage across the country remain challenges for the future. Through Irish Aid support to AWEPA, various training for members of parliament has taken place. This has helped them to better understand their role and related capacity requirements. Interaction between parliament and civil society organisations has

also been facilitated. The weak capacity of members of parliament, combined with the dominance of just two parties in parliament, poses one of the major challenges in the fight for increased domestic accountability. Ownership of the AWEPA support programme by parliament and coordination on the future support strategy among parliament, implementing agencies and donors appear to be limited at present.

In the justice sector, poor coordination, fragmentation and the highly political nature of the sector have hampered the progress of the sector reform programme. Following completion of an integrity study of the judiciary and with progress against the PAF indicators, funding for this sector has increased somewhat. However, development of a long-term vision document has been delayed. A Coordinating Council for Legality and Justice has been set up, comprising the heads of the legal sector institutions. But slow case processing and high costs in the justice sector have led to a low ratio of investigated to sentenced cases of reported incidents in the area of corruption and economic crime, and a number of high-profile cases remain outstanding.

Irish Aid's support for the justice sector is through the UNDP and the European Commission. While Irish Aid-Mozambique is seen to have contributed positively to prison reform, it has lacked visibility in the overall programme and has engaged in the technical and policy dialogue only to a limited extent. Delays in the second phase of the programme mean that Irish Aid's financial contributions for 2004 and 2005 have largely been unspent. Irish Aid's contribution to the Human Rights League has also been through a pooled fund. The results of the Human Rights League's efforts are generally perceived as positive; it advocates against human rights violations through the media, and monitors human rights in the context of prison reform. In addition, human rights have now been included in the PES, and the Government of Mozambique is currently reviewing the appointment of an ombudsman. Clear progress in the justice sector is one of the most important reform areas necessary to sustain the confidence of civil society in the capacity of democratic institutions to deliver justice and fight corruption, and hence of donors to maintain financial support.

5.4 Partnership

The principle of partnership with the recipient country and among donors has become an important element in the Irish Aid Country Programme in Mozambique since 2000. Irish Aid has been a strong performer in putting partnership approaches into practice by using increasingly aligned aid modalities such as General Budget Support, Sector-Wide Approaches/Pooled Funding and working through government at the provincial level.

A particularity of the partnership between Irish Aid and the Government of Mozambique is Irish Aid's lack of commercial and political history or self-interest. This has manifested itself in a tradition of having an untied aid programme which enables Irish Aid to build up genuine partnership relationships.

Irish Aid is praised for being a 'first mover', a 'mediator' and a 'partner who wants to get things done'. It is perceived as a cooperating partner with a balanced approach towards different aid modalities, and one that provides valuable inputs into a number of working groups (especially on gender, HIV/AIDS and PARPA monitoring) and promotes donor alignment and harmonisation (e.g. the sector alignment group). The contribution of sectoral expertise into the perspectives of the Economists Working Group on General Budget Support was also mentioned during interviews.

Irish Aid is also valued by both the Government of Mozambique and other cooperating partners for its responsiveness to changing needs and opportunities. However, it should be recognised that as a consequence of this responsiveness, Irish Aid risks spreading its resources over too many activities. It is constantly being pressured to become active in areas where it may not have a strong track record, and where there is little, if any, back-up capacity from Irish Aid headquarters.

The role of Irish Aid in the process of Harmonisation and Co-ordination

Irish Aid was one of the first donors to provide Budget Support in Mozambique, and has led proactively through various Budget Support working groups and donor coordination fora. For example, Irish Aid has been a focal donor in the education sector (2000-2003) and in the health sector (2004-2005). It set up the HIV/AIDS Partners' Forum and was a focal donor (2002-2003) for HIV/AIDS. Irish Aid has been the vice-chair of the Gender Coordination Group and is now the coordinating donor for

this group. Irish Aid also established and was a focal donor for the Health Response to HIV/AIDS Donor Group (2004-2005), coordinated the Poverty and Monitoring Systems Group (2005-2006) and currently chairs the Sector Alignment Group.

In terms of perceptions among government institutions, fellow donor agencies and the wider public, Irish Aid is regarded as a flexible partner of the Mozambican Government. Irish Aid is recognised as instrumental in the introduction of HAART in the country, as well as in the establishment of the health Sector-Wide Approach, thanks to the funds made available, knowledge of the area and lobbying activity.

At sectoral and provincial level, donor harmonisation and coordination have also been progressing significantly, and Irish Aid has been one of the donors leading related sectoral working groups. Particularly in agriculture, health and education, Pooled Funding arrangements have been established. These allow improved policy alignment of donor support activities with a sector-wide strategy, and hence a coordinated donor response. At provincial level, it is a characteristic of Mozambique that donors tend to focus their support on one or two provinces. Irish Aid has aligned its support strategy with the provincial government plans of Niassa and Inhambane and cooperates, where possible, with the Swedish Development Cooperation (SIDA) in Niassa and German Development Cooperation (GTZ) in Inhambane.

6 Cross-cutting issues

6.1 Introduction

The four cross-cutting issues considered in the Country Strategies are: gender, HIV/AIDS, environment and governance, and the main objective in both strategies is “to play a valuable advocacy role promoting cross-cutting issues in national dialogue”.

This chapter deals mainly with gender and HIV/AIDS and the challenges of finding ways to operationalise these concepts. The issue of HIV/AIDS has also been discussed in the previous chapter under the heading of health (e.g. HIV/AIDS), and the issue of governance has been dealt when discussing the effectiveness of Project Aid. The main questions related to cross-cutting issues are: to what extent have they been taken into account in the Country Strategy, and how are they addressed in practice? The issue of environment has not been discussed earlier, since it has received very little attention in terms of results and activities, and only recently have efforts been made by Irish Aid to put this issue on the agenda.

6.2 Operationalisation of cross-cutting issues

Irish Aid has developed and adopted a mainstreaming strategy and a work plan for mainstreaming activities. The first Country Strategy referred to the mainstreaming strategy, though it did not offer a concrete approach on how to deal with the issues in the context of management or implementation.

The second Country Strategy took a more realistic approach, and for each of the issues a rationale and strategy were worked out. During an internal workshop in May 2004, Irish Aid formulated six mainstreaming principles: (i) an integrated approach; (ii) policy goals must be clear; (iii) all staff are responsible for achieving goals; (iv) mainstreaming is a strategy; (v) there is a need to prioritise activities (be strategic); (vi) adequate indicators are needed; (vii) Irish Aid’s advocacy role is important.

It is clear that from this time onward, cross-cutting issues have been taken seriously by senior management, and are taken on board in designing, planning and implementing programmes and activities. In addition, much training, discussion meetings with staff and brainstorming are taking place.

Inside Irish Aid - Mozambique, the mainstreaming strategy and work plan for mainstreaming activities have been developed and adopted. This is still a very recent document (2005), so many activities were planned to take place in 2006 and its evaluation is not currently possible. However, its importance can be gauged by the creation of a group of five top-level staff, which has become known as ‘the RAPID group’. In the opinion of the chair of the group, however, “the understanding that this is a way of thinking and a way of doing things, not a specific area, not an additional activity, not an additional burden, has not been internalised by all, especially at province level”. Currently, responsibility for these issues is shared among the members of the RAPID group, but assigning responsibility to individual staff for implementing activities, commenting and submitting proposals may be more effective.

In practice, mainstreaming of cross-cutting issues needs constant attention as well as innovative approaches, so that it is understood as a “way of thinking”, and an attitude. In this regard, there is a need to find practical links between the cross-cutting issues and the activities of target groups. This calls for permanent alertness to find the best entry points. Children could be defined as a main target group as this would guarantee a solid base for the future, and Irish Aid expertise and experience could be used to facilitate the linking of cross-cutting issues with curricular subjects (not only in schoolbooks, but also in training teachers). Currently, the curriculum includes the use of 20% of the time on any subject of local interest. Included in direct support to the provinces, are technical and financial assistance from Irish Aid for cross-cutting issues.

Gender

At national level, Irish Aid has been very active in the Gender Working Group. This group brings together gender issues from various national government organisations, civil society and donors to analyse, discuss and coordinate actions to ensure that they are addressed. Since the capacity of these institutions to conceptualise and implement gender policies is generally quite low, the meetings of the Gender Working Group contribute to building capacity in the people who are responsible for ensuring that gender issues are addressed. This group, co-chaired by Irish Aid and the UN Population Fund (UNFPA) in 2005, has decided to provide ‘on-the-job’ training, aiming to place people with the capacity to discuss gender issues in a number of fora (a recent experience being the discussions on PARPA II). Irish Aid’s participation in the group has been valued by many cooperating partners and Government of Mozambique officers.

Besides sector-related interventions, Irish Aid has, since 2001, supported specific activities targeting the special needs of women and girls, or aimed at having an effect on policy recommendations. Examples include: (i) the promotion of women's rights within a national NGO; (ii) together with UNFPA, participation in a capacity-building programme for Fórum Mulher (a national network for gender) and the Ministry of Women and Social Action; (iii) study grants for girls through the Provincial Directorate of Education in Niassa; and (iv) research studies. Some lessons have been learnt from these specific activities. The main one is that unless they also address power relations, efforts to address the practical needs of women and girls may not be adequate to redress discrimination and may even reinforce it.

In its partnership with other agencies, Irish Aid is funding a World Bank-commissioned poverty gender study, which is expected to help in improving the consideration of gender issues in PARPA implementation.

The experience of the Gender Working Group shows that to achieve results in mainstreaming cross-cutting issues, it is important to be persistent, ensure continuing coaching and on-the-job training for implementation staff, and share technical information on the issues. The current Country Strategy Paper has considered these lessons, and the experiences of addressing gender have been used to prepare the strategy for the other cross-cutting issues.

Environment

Irish Aid has been participating in the environment cross-cutting issue mainly in connection with agriculture and the use of natural resources. At provincial level, the authorities' capacity to include an environmental impact assessment at the start-up phase of project design is very weak. Although Irish Aid staff in Mozambique advocate the inclusion of environmental issues in the programme, they lack the technical capacity to promote this more actively through concrete advice on actions to be taken.

HIV/AIDS

The engagement of Irish Aid staff in mainstreaming HIV/AIDS is currently recognised in the contacts with government and other civil society partners, who were unanimous in recognising that Irish Aid has been very active in promoting the issues of HIV/AIDS treatment and prevention both as a 'sector' and as a cross-cutting issue. The inclusion of HIV/AIDS in the education, agriculture and health plans and strategies, as well as the attention given to it by PARPA II (which includes HIV/AIDS as a fundamental factor affecting poverty), are felt to be in great measure because of the persistent pressure of Irish Aid staff on the issue.

The impact of HIV activities in general has been questioned because there are very few signs of any behavioural changes. One of the main explanations offered for this has been that the messages may not be adequate. Irish Aid expertise and capacity could help to tackle this situation in its Area-Based Programmes, through the monitoring and dissemination of the results of its provincial facilitator projects and researching local interests and habits in order to adapt the messages accordingly, linking with specific HIV/AIDS initiatives. Also, to avoid overload on provincial staff, the current strategy of long-term contracts with specialised, experienced NGOs with strong monitoring of activities should help to address the issues mentioned.

7 Efficiency

7.1 Introduction

This chapter addresses the question: "to what extent did the resources (human, financial and administrative) contribute to the achievement of the objectives?". The assessment of efficiency is mainly based on Irish Aid funding and more particularly on the modalities used to implement the Country Strategy. Organisational issues and monitoring are also discussed in this chapter.

7.2 Planned versus actual implementation disbursements

In the following tables 7.1 and 7.2, actual expenditure figures and execution rates for the different aid modalities are presented.

Table 7.1 Irish Aid Mozambique Programme: Modality overview - actual expenditure 2001-2005

Programme area	2001		2002		2003		2004		2005		TOTAL 2001-2005	
	€m	%	€m	%								
Budget Support	3.84	19.5	5.63	18.9	6.07	18.4	6.00	19.8	6.11	21.2	27.65	19.5
SWAp Sectors*	7.80	39.6	8.17	27.4	9.36	28.4	8.82	29.1	8.57	29.7	42.72	30.2
ABP	5.17	26.3	9.98	33.5	9.99	30.3	10.13	33.5	7.94	27.5	43.22	30.5
Projects **	1.68	8.5	2.75	9.2	3.55	10.8	3.45	11.4	4.57	15.8	16.00	11.3
Maputo administrative costs ***	1.21	6.1	3.25	10.9	3.97	12.0	1.87	6.2	1.67	5.8	11.96	8.5
TOTAL	19.70	100.0	29.77	100.0	32.94	100.0	30.28	100.0	28.85	100.0	141.55	100.0

* Health, education, agriculture

** HIV/AIDS, capacity building, good governance, other

*** Includes Forex loss

Compared with the total funds available for the Country Strategies, actual expenditures did not deviate significantly from the planned budgets (see Table 7.2). In 2001, 2003 and 2004, the budget was almost fully used. In 2002, total spending was about 7% higher than originally budgeted, while in 2005 total actual expenditure was 7% lower. Some small differences occurred, however, across spending categories.

Table 7.2 Irish Aid Mozambique Programme: Modality overview – execution rates 2001-2005

Programme area	2001	2002	2003	2004	2005	TOTAL 2001-2005
	%	%	%	%	%	%
Budget Support	99.3	98.7	98.6	100.1	100.1	99.38
SWAp Sectors*	113.7	112.4	100.7	99.1	93.2	102.87
ABP	103.4	98.6	92.5	103.2	84.4	95.73
Projects **	59.9	98.1	109.2	94.6	106.3	95.20
Maputo administrative costs***	105.7	113.2	107.6	103.0	83.3	103.85
Overall Country Programme	100.1	107.2	99.2	100.3	93.1	99.1

* Health, education, agriculture

** HIV/AIDS, capacity building, good governance, other

*** Includes Forex loss

The finding that deviation from the budget has remained very minimal is highly remarkable. Some donors suffer from considerable delays in spending their budgets, and only a few donors can be found who match this positive performance by Irish Aid regarding execution rates

Only one clear deviation has occurred. The execution rate for Project Aid was 60% in 2001. The reasons for this under-spending seem to be diverse.

In line with the growth of the overall programme, administrative costs have increased. The share of administrative costs in total expenditures varied from about 6% in 2001, 2004 and 2005 to 11-12% in 2002 and 2003. This relative peak was caused by costs related to the construction of a new Embassy building. About 76% of the expenditure is incurred in Maputo.

General Budget Support

General Budget Support has been disbursed as planned. Total spending on budget aid increased from €3.8 million in 2001 to €6.1 in 2005 and execution rates were all near 100%. This is not surprising given the predictability of this modality and the absence of major problems of a political or fiduciary nature during this period.

Sector Support

The sector-wide programmes were also executed as planned, especially in education and health. However, in 2005 the total rate for the Sector-Wide Support modality reached only 93.2% because of a relatively low execution rate in the agricultural sector.

Health

Irish Aid's health programme has expanded considerably over the period of this evaluation, growing from €5.2 million in 2003 to €12.4 million in 2005, mostly because of the Clinton Foundation's funds for HIV/AIDS. The programme currently focuses on supporting the Ministry of Health's Sector-Wide Approach fund (PROSAUDE), the Niassa and Inhambane provincial health sectors, and the NGO Médecins Sans Frontières for the provision of HAART in Niassa.

While Irish Aid has been supporting basket funds for drugs and provincial recurrent expenditures since the 1990s, in 2005 all its central support was moved to the general PROSAUDE fund, leaving to the Ministry of Health the decision on the allocation of funds across activities and areas.

Execution rates have, however, been unsatisfactory. For the funds for the Sector-Wide Approach, the latest consolidated budget data show an execution rate of 24% for PROSAUDE, 54% for the drug fund, and 13% for the provincial fund. Admittedly, such figures refer to budget execution only up to September 2005, and one preliminary report for the full year already shows substantial improvements in funds execution. However, the rate of less than 40% recorded in 2004 for PROSAUDE, as well as the spending restrictions for specific budget lines brought in by the new Ministry of Health leadership, are all factors that make a satisfactory execution rate for 2005 look unrealistic. Disbursement mechanisms and the performance of the CNCS (National AIDS Council) have improved over the period, with concurrent improvements in management, mechanisms and planning.

Area-Based Programmes

Up to 2004, execution rates for Area-Based Programmes were good. However, significant differences existed at provincial level. In Inhambane, developments in the ABP components were somewhat irregular, with expenditure on health, agriculture, feeder roads and water the dominant components. Expenditure on HIV/AIDS peaked in 2003, but subsequently declined in 2005. In Niassa, the share of the health component was relatively stable over the 2001-2005 period (on average about 18%), with education, capacity building and community development taking a more prominent role in the provincial plans. A common fund was also set up to support various departments in the province which were not supported through the other ABP components.

Project Aid

The share of project funding as a modality increased over the whole period. Projects as a modality increased their share as more resources were devoted to HIV/AIDS (CNCS), and governance and public sector reform became more prominent on donors' agendas. In these areas, only a limited number of donors combined forces and a Sector-Wide Approach emerged slowly. The execution rate of projects improved significantly, mainly because of pooling of funds and better alignment of projects with government programmes. This led to tighter discipline and greater predictability of disbursements.

7.3 Choice of modalities

As discussed earlier, the choice of modality can have important consequences for the efficiency of donors' operations. In this section, we discuss General Budget Support and interventions in the health sector to illustrate this point.

General Budget Support

Gains in efficiency can be seen in the case of General Budget Support. As a recent evaluation of General Budget Support observed, this modality "has had a moderately positive effect in increasing the efficiency of public expenditure, particularly in improving the balance of recurrent to capital expenditure".²⁴ In addition, it is expected that with an increased share of aid channelled through General Budget Support, "transaction costs arise from the costs of negotiating and monitoring an aid contract, and also during the process of implementing the activities that the aid finances (...). It is foreseeable that with a growing commitment to programme aid, many of these costs could be declining over time."²⁵

Health Sector

For the last few years, Irish Aid-Mozambique has made consistent use of the full range of modality options available in the health sector. There is recognition that the implementation of each modality in Mozambique presents opportunities as well as threats. Given the selected Country Strategy Paper objectives, there appears to be a satisfactory match between programme objectives, programme design and allocated funds.

The selection of modalities like Sector-Wide Approaches and provincial government support appears almost inevitable, given the specificities of objectives such as supporting the Ministry of Health, scaling up the emphasis on HIV/AIDS and infrastructure rehabilitation. Funds appear to follow the importance attached to the objectives of Irish Aid strategies, with the largest share of the last three years' budget devoted to supporting the general Ministry of Health strategy, inclusive of the fight against HIV/AIDS.

Despite the problems recognised in the literature on the Sector-Wide Approach modality (Sundewall and Sahlin-Anderson, 2006; Pavignani, 2001), credit must be given to the Irish Aid Sector-Wide Approach process in Mozambique for not only strengthening aid coordination,

but also for incorporating potentially vertical initiatives like the Global Fund and the Clinton Foundation. However, Irish Aid should evaluate its current involvement in the Sector-Wide Approach process by even-handedly assessing the real depth of policy changes produced under this modality, the amount of effort and funds put into it, and the potential risks of investing predominantly in such a modality.

The second point of concern concerns the apparent contradiction of supporting simultaneously a centralised Sector-Wide Approach programme and provincial governments. As emerged from interviews with Ministry of Health as well as provincial managers, certain health objectives in Mozambique still appear attainable only by working closely to the delivery point. Moreover, Irish Aid beneficiaries never regarded the support as contradictory, as the two levels of government still consider themselves to be largely separated, and Sector-Wide Approach funds are seldom managed at provincial level. As long as the sector does not guarantee the scope for achieving results on the ground by putting funds through the central level, Irish Aid-Mozambique should not regard its mix of modality as a contradiction in terms. Rather, it should be seen as a non-ideological way to bridge the gaps between different levels of government without putting health outcomes at risk.

In terms of the appropriateness of funding an NGO directly, it must be admitted that Irish Aid-Mozambique's direct support of MSF in Niassa has so far been a strategic and effective way to spearhead the introduction of AIDS treatment in rural areas in Mozambique. However, central government is showing signs of its will to redefine its terms of engagement with the NGO world in the HIV/AIDS area. New funding and legal arrangements seem to be under preparation to enable the Ministry of Health to contract NGOs and outsource HAART through international aid money.

7.4 Programme management

Over the period 1998 to 2003, the number of Irish Aid international and headquarters staff rose from 84 to 147, and has continued to grow at a modest rate up to the present day. However, for the Maputo office, this growth was translated into the additional recruitment of only one international staff member in the period 2000-2005, along with a small number of national staff. This has led

²⁴ *Joint Evaluation of General Budget Support, Mozambique Country Report*, OECD, 2006

²⁵ *Ibid.*

to a situation where the number of international staff at the Embassy is extremely modest. With only the Head of Mission, Head of Development and two additional international staff, it is clear that these staff carry a heavy burden in terms of financial responsibilities. It is only thanks to the commitment, skills and experience of the whole staff (both international and local) that their reputation among the donor community is very high.

With a growing share of the budget devoted to sector and programme support, the demands on Irish Aid skills and management have also shifted. One of the premises of Sector Support and General Budget Support was that these modalities would diminish transaction costs; given the large size of the funds, the costs per euro may well have been reduced. However, although transaction costs for the government may have reduced, the demand on Irish Aid's staff time has been substantial, and the expected benefits of the learning curve (in working on complex issues related to General Budget Support and the complexities of harmonisation and alignment) have not yet materialised. For both international and national staff of Irish Aid-Mozambique, there have been high transaction costs arising from preparing, attending and monitoring the high number of working groups in which the organisation is involved (for both General Budget Support and Sector Support). The intensive and comprehensive structures within and between the Government of Mozambique and donors involved in General Budget Support are partly responsible for this.

Increased emphasis on harmonisation and alignment and on high-level policy dialogue with development partners places different demands for capacity on Embassy staff. High-level capacity is demanded not only for technical knowledge, but also regarding analytical skills, strategic thinking ability, cultural receptivity, and language and negotiation skills.

The Head of Development, together with two development specialists and a macro-economist, is responsible for managing a wide range of activities. While the overall assessment of their work is very good, and they can rely on a strong team of local advisers, the reviewers are of the opinion that a reorganisation of responsibilities would contribute to a more effective management of their tasks. The guiding principle in assigning responsibilities should be by programme area. Public sector reform and governance should be managed by one person, and preferably be put under the brief of the adviser responsible for General Budget Support. Given the workload attached to the Area-Based Programmes, it would be more effective to have an additional development specialist responsible just for the Area-Based

Programmes. There is also a feeling among Embassy staff that the international staff attend too many meetings in Maputo and may thus become out of touch with the situation in the more isolated and poorer parts of the country.

Locally recruited staff can be described as the custodians of the Embassy's institutional memory. They bring local knowledge that international staff cannot gain easily. To avoid the risk of losing these staff, Irish Aid should consider various options that could make it more attractive for them to work for the Embassy. Options include offering long-term training packages, workplace programmes such as the current HIV/AIDS programme of activities (see Textbox 7.1) and a friendly work environment.

HIV/AIDS AND THE IRISH AID WORKPLACE PROGRAMME

Internally, Irish Aid is implementing a workplace programme with debates and theatre shows that include the family members of all workers, and its social security plans include HIV/AIDS attendance. Mostly as a result of these activities, those workers contacted appear to be able to speak openly and to have knowledge about HIV. The working environment appears to be open and comfortable, workers know each other and there are moments to socialise among workers. In general, it can be considered a positive environment to face the infection's challenges. But it must be borne in mind that its maintenance is extremely important for the retention of staff, and it needs the leadership commitment that was found by the evaluation team.

It is important that Irish Aid does not contribute to the practice of 'poaching' the best and brightest in the Civil Service. Irish Aid should follow the example of a growing number of partner countries that have signed a memorandum of understanding with the Government of Mozambique stating that they will avoid recruiting local civil servants.

On the use of Irish Aid-Mozambique's resources, the pressing commitments at central level mean that development specialists and advisers find it increasingly difficult to dedicate sufficient time to the provincial programmes. As a consequence, these end up being managed predominantly by the liaison officers, with limited supervision from development specialists stationed at the Embassy. However, the complexities of balancing time and human resource constraints, and the value attached to provincial programmes make it inevitable that Irish Aid-Mozambique should still be in the process

of finding a satisfactory balance in resource allocation between provincial and central activities. On the other hand, in certain areas (education being a case in point), Irish Aid-Mozambique is in an advantageous position because of its in-house expertise, compared with a dearth of expertise among other cooperating partners. More generally, to achieve the efficient use of human resources would call for Irish Aid to concentrate its funds in a limited number of areas. This would also improve the ability of headquarters to support and steer the local offices, which is currently not happening.

7.5 Monitoring

The monitoring of Irish Aid's Country Strategy Plan relies on regular in-year reporting and annual programme monitoring reports produced by the Embassy. The annual monitoring reports provide an overview of the political and economic situation. They focus on monitoring of the key developments in each of the intervention areas and provide an assessment of audit, financial and programme management issues, registering the level of risk to the Country Programme. But the monitoring reports focus less on evaluation of the developments per intervention area, to what extent the Country Strategy Plan's objectives have been achieved, risks addressed, and whether corrective actions need to be spelled out. This process is hampered by a lack of clarity around the purpose of the strategic documents, and the inconsistencies in objectives make it difficult to identify against which of the strategic documents programme implementation is monitored (see also Section 4.4).

The design of the Implementation Plan does, however, provide some opportunity for more systematic performance monitoring. Clear links can be found in the Implementation Plans between the objectives on the one hand and key deliverables and indicators for monitoring performance on the other hand. Also, critical success factors are identified for each objective. Yet the quality of the definition of key deliverables and performance indicators differs across the intervention areas. Some are vague and unclear as to how they will be measured. For example, Education Objective 4 aims to monitor provincial programmes and assist DPEs to move towards more comprehensive planning and budgeting for ESSP implementation. One of the indicators used to monitor performance is stated as "effective use of Irish Aid funds in both provinces". This is an outcome indicator, but it is rather unclear as to what is meant by effective use and how this will be measured. Furthermore, the governance

intervention area includes only an analysis of the situation in Mozambique, with the rationale and strategy for Irish Aid intervention, but does not spell out objectives, key deliverables, performance indicators and risks.

Moreover, performance monitoring does not make optimal use of quantitative and qualitative indicators, nor of programme and sector monitoring indicators. Undoubtedly, there should be a balance between the two. Many indicators used in the Implementation Plan contain a quantitative element (e.g. execution rates improved for the ESSP in Inhambane, or percentage of Irish Aid investment funds that go to approved projects under the health investment plans for the provinces), but lack specification of benchmarks or targets that would demonstrate acceptable progress and lead to the achievement of Irish Aid objectives.

Additionally, the Implementation Plans focus strongly on process (e.g. development of a new gender policy document within the Ministry of Health) and output indicators (a health sector financial management system compatible with SISTAFE). Few outcome indicators (especially referring to improved service delivery) are used to test whether the Country Strategy Plan's objectives have been achieved. In the case of health, a number of outcome indicators are referred to within the country situation analysis, but are not linked to the performance monitoring of Irish Aid interventions.

On the one hand, implementation of the Country Strategy Plan should ideally be monitored at the 'sector' level. This would include the monitoring of achievements and challenges in a specific sector (e.g. health, education) or a specific cross-cutting theme (e.g. governance) and hence the general goals of the Country Strategy Paper. The most suitable indicators in this context are output and outcome indicators (especially improved service delivery). Sector monitoring by nature takes place over a number of years; hence benchmarks and multi-annual targets need to be specified. For example, the "percentage of malaria-related mortality in children younger than five in hospitals" in the first year of the Irish Aid strategy could function as a benchmark, and subsequent percentage decreases be defined over a medium-term period.

On the other hand, within specific sectors, different Irish Aid Programmes are being implemented to take the sector forward. These include, for example, the development of a strategy for direct funding to civil society for HIV/AIDS activities, but also support at provincial level through the Area-Based Programmes. Indicators used in this context can range from input and process indicators to output

indicators, and can monitor the achievement of specific programme objectives. Delineating the monitoring of the two conceptual levels of objectives (sector versus programme) helps to better evaluate whether certain programme interventions by Irish Aid can be directly linked to the outcomes in a sector.

In addition, there has been a recent move towards joint monitoring exercises (at Sector and General Budget Support level). For example, a Joint Annual Review is undertaken to review progress against the Performance Assessment Framework identified under the General Budget Support operation. At sectoral level, annual sector reviews take place. Donors are currently aiming at better linking of these reviews, with the sectoral reviews feeding information into the relevant sectoral performance assessments of the JAR. For example, certain sector outcome and output indicators can easily be used and watched within the Embassy's monitoring of the Implementation Plan. This could decrease transaction costs as monitoring becomes more harmonised. So far, however, there is no evidence that the information generated during these reviews has been operationalised for the Embassy's own monitoring and evaluation system.

Moreover, it seems that the results of the regular reporting and monitoring by the Embassy feed little back into general policy-making and strategy development at Irish Aid headquarters' level. The current system certainly makes it difficult to clearly monitor trends over time and across countries. Although objectives and interventions cannot and should not be standardised across countries, improved performance monitoring would facilitate lesson learning from similar approaches and a better understanding of what the drivers and obstacles to success are. For example, experiences with the Sector-Wide Approach and General Budget Support in Mozambique may provide valuable lessons for interventions in other partner countries.



Waiting at a health clinic, Inhambane



8. Conclusions

In this chapter, we present the main conclusions of this evaluation. They are formulated in the context of the five key questions in the Terms of Reference.

To what extent were the objectives of the Country Strategy Plans compatible with the priorities of the PARPA and the policies of Irish Aid? (validity)

The overall assessment of the relevance of the Irish Aid Country Strategies for Mozambique is rated as satisfactory. The strategies reflect Irish Aid policy documents and issued policy statements. However, the linkages between the strategies and the Project Appraisal and Evaluation Group documents and Implementation Plans are not always clear. A clear distinction is not always made between overall objectives, specific objectives and the choice to support specific sectors or themes. The intervention logic is not spelt out in detail. General policy guidance from Irish Aid headquarters was found to be limited across intervention areas.

Some of the policy documents are outdated, while others appear to be repetitive or lacking internal consistency. General Budget Support is one area where a lack of policy guidance is manifest. Although general guidelines were issued, there is no evidence of papers that point out the benefits and drawbacks of General Budget Support either generally or at country level. The decision to devote a figure of 20% to General Budget Support was not underpinned by systematic analysis.

Partnership became an important element of the second Country Strategy, but this concept was not operationalised, except in the case of the Area-Based Programmes. Cross-cutting issues were gradually better developed over time.

The Country Strategy is aligned with the PARPA, which proves the relevance of the Irish Aid Programme in terms of government priorities and overall objectives. Government officials expressed their appreciation of Irish Aid's contribution to the development efforts of the Mozambican Government, but there is no sense of sharing or 'owning' the Irish Aid Country Strategy for Mozambique.

The Country Strategies indicate a clear choice of support for the agriculture, health and education sectors, while there is less emphasis on private sector development and macro-economic and financial policies. The strategies do not indicate criteria on which this choice was based.

Were the objectives, strategies and modalities (including mainstreaming effectiveness) appropriate to attaining both the programme's goal and pursuing Irish Aid policies, and were they appropriately responsive to changes (political, economic and social) that occurred during the period? (relevance)

The involvement of Irish Aid in General Budget Support has been relevant in the context of Mozambique's development agenda. The overall objectives of General Budget Support and the indicators used in the Performance Assessment Framework have been aligned along the focal policy areas of the PARPA.

The continued dialogue between Irish Aid staff and Government of Mozambique officials on the interpretation and implementation of the PARPA has not only contributed to the relevance of the Irish Aid Programme in terms of government priorities and objectives, but has also enabled Irish Aid to be continuously informed of developments in government policy and implementation.

Irish Aid's engagement in sector-level pooled funds is relevant because many Sector-Wide Approaches are still not functioning properly and fail to achieve results at service delivery level. In the health sector, there is insufficient evidence that central funds are able to deliver much-needed investments at provincial level.

Irish Aid's decision to apply a full range of aid modalities is considered to be relevant and appropriate in the present context of Mozambique. General Budget Support and Sector Support through Pooled Funding allow alignment at national level and increase ownership by the government. However, for the moment these approaches fail to contribute to the improvement of service delivery for the population. Therefore, the Area-Based Programmes and Project Aid are complementary to the funding at central level.

In the health sector, Irish Aid applies the full range of aid modalities. This is considered to be relevant in view of the urgency of the HIV/AIDS epidemic, the particular underdevelopment of the provincial infrastructure networks, and Irish Aid's positive attitude towards the Sector-Wide Approach and cooperation with local governments.

Irish Aid's engagement in Area-Based Programmes has also been relevant to address priority needs at provincial level, such as engaging in a dialogue with provincial administrators and strengthening the capacity of provincial planning departments. Furthermore, through its presence

in the two provinces, Irish Aid is in a unique position to inform national fora of the situation in those provinces.

Irish Aid's engagement in the area of public sector reforms (using the project mode) has been relevant, driven by the recognition of high, but improving, fiduciary risks involved with each of the aid modalities and the need to work more outside of government to foster domestic accountability. Providing support to civil society has been appropriate to the extent that it has strengthened capacity independent from the government to promote transparency and accountability.

No overall governance strategy exists and only a limited assessment of the value added of Irish Aid in this field has taken place. Irish Aid engagement in this area has been scattered, too broad and weakly prioritised. Encouraging has been the recent development of a Civil Society Strategy, an analysis of the political economic situation in Mozambique and a governance review of Irish Aid activities.

At present, Irish Aid is involved in various sectors at national level and a relatively large number of sectors at provincial level, while also the cross-cutting themes represent separate areas of intervention. So far there has been no discussion on the required degree of concentration of Irish Aid assistance to Mozambique. The degree of concentration of aid should be analysed in relation to the capacity to manage the aid funds.

What has been the effectiveness of the Country Strategy Plan in achieving the main objectives? (outputs and effects in relation to the objectives)

General Budget Support has been effective in terms of partnership, ownership and management systems. General Budget Support is the aid modality most aligned with government strategies and systems, and has improved donor coordination substantially. The government's ownership of the reform agenda and the Performance Assessment Framework has improved over time. The Government of Mozambique is chairing the Performance Assessment Framework coordination committee, and the assessment is now based on government instruments.

Favourable conditions seem to exist for a continuation of, and an increase in, General Budget Support to Mozambique. However, continued pressure for increased transparency and accountability of the Government of Mozambique is crucial, especially in combating corruption and strengthening legislative scrutiny and internal/external control. Moreover, each donor will base its decision to increase the share of

General Budget Support on a number of specific criteria in relation to its own policies and strategies.

In providing Sector Support, Irish Aid's focus has mainly been on institution building and processes, rather than on investments, with the important exception of the health sector where it has contributed to the building of provincial hospitals.

Some observations regarding the effectiveness of sector programmes supported by Irish Aid:

- (i) In the education sector, there is insufficient insight into the actual functioning of the Sector-Wide Approach, and it is difficult to assess the realism of the government's sector plans;
- (ii) The success of the Agricultural Sector Investment Plan seems to have been limited to improvements in institutional capacity, and deployment of qualified staff;
- (iii) There have been important improvements in donor coordination.

For the health sector in general, the country's health status improved dramatically between 1997 and 2003 (except for HIV/AIDS infection rates). Irish Aid has contributed directly to the development and implementation of national AIDS strategies, the introduction of anti-retroviral therapy in 2003, the treatment of about 20,000 patients at present, and raising of HIV/AIDS awareness. In Inhambane and Niassa, both provinces have shown substantial gains in terms of the planning and administration of health activities, as well as in health outputs. Regarding effects on systems at Ministry of Health level, gains have been made in establishing and consolidating the Ministry's planning, budgeting and procurement processes, as well as in increasing the transparency of existing systems.

However, centralisation of funds and lack of visible effects at provincial level are still recognised as significant shortcomings in the health sector. There is no evidence so far that the general PROSAUDE fund has been able to deliver investments at provincial level.

At provincial level, Irish Aid's contribution is not only identifiable in the expansion, rehabilitation and equipping of the infrastructure network, but also in the training of primary healthcare personnel. Considerable improvements are also visible in the provincial planning systems, and new partnerships have been developed with provincial government and local cooperation agents.

Through the Area-Based Programmes, Irish Aid has covered various sectors, working primarily through the government. This support has contributed to institution building (e.g. planning and reporting) and service delivery to the population. The two provinces of Niassa and Inhambane have made socio-economic progress, but continued efforts are needed to close the gap with relatively better-situated provinces.

Work in the provinces has enabled Irish Aid to use innovative approaches. Irish Aid is one of the few donors who have been very active in establishing capacity at provincial and district level, enabling the two provinces to cope better with the challenges of decentralisation that lie ahead. This includes the issue of provincial governments' accountability to their populations through public organisations and civil society organisations. Irish Aid's long involvement means that it has built up a comparative advantage in the provinces and is, therefore, in a position to improve provincial and district capacity within an overall decentralisation framework.

Some weaknesses are reported at the provincial level: (i) the effectiveness and sustainability of support for agriculture and rural development channelled through the Area-Based Programmes do not appear to be high, given the unfocused character of the activities and the limited target groups reached; (ii) the execution rates of Irish Aid's activities have been higher than those of purely government-funded activities. It is generally considered that Irish Aid funds are more flexible, in the sense that there is less uncertainty at provincial level as to whether the funds will be disbursed.

An important aspect of Irish Aid's contribution in the area of governance is the involvement of Non-Governmental Organisations in monitoring the PARPA. However, the portfolio of governance activities is rather diverse, and there seems to be a lack of strategic vision.

Irish Aid has made serious efforts to mainstream a number of so-called cross-cutting issues (gender, HIV/AIDS, governance and environment). It has been least active in the area of environment, although recent efforts have been made to put this issue on the agenda. Governance is seen as an important issue, especially in the context of public sector reform, and has already been discussed above.

At national level, Irish Aid was co-chair of the Gender Working Group in 2005. Its participation in the group has been valued by many Cooperating Partners and government officials. The group provides 'on-the-job'

training, aiming to place people with the capacity to discuss gender issues in a number of fora. Irish Aid has also supported specific activities targeting the needs of women and girls, or aimed at having an effect on policy recommendations (e.g. campaigns, study grants, research). One of the more important lessons learnt is that unless power relations are tackled, efforts to address the practical needs of women and girls may not be adequate to redress discrimination, and may even reinforce it.

Government and other civil society partners have been unanimous in recognising that Irish Aid has been very active in promoting the issue of HIV/AIDS treatment and prevention, as both a 'sector' and a cross-cutting issue. The inclusion of HIV/AIDS in the education, agriculture and health plans and strategies, and the attention given to it by PARPA II – which includes HIV/AIDS as a fundamental factor affecting poverty – are felt to be in great measure because of the persistent pressure of Irish Aid staff regarding this issue.

Were the strategies and modalities to attain these achievements the most efficient and accountable or could alternative approaches have been used? (efficiency)

Actual expenditures have not deviated significantly from the planned budgets, and only minor differences have occurred across spending categories. Execution rates are close to 100 %, which is considered a remarkably good performance. Only once has a real deviation been noted, which was an execution rate of 60 % for Project Aid in 2001. Moreover, the share of administrative costs in total expenditures in 2002 and 2003 almost doubled in relation to the other years (from around 6 % to 11-12 %, which was related to the construction of a new Embassy building.

The shares of Area-Based Programmes and Sector Support in the total budget and expenditures are around 30% and did hardly change over time. The share of General Budget Support is around 20%. The share of project funding as a modality has increased from 5.8 % in 2001 to 15.8% in 2005 as more resources have been devoted to HIV/AIDS (National AIDS Council), and governance and public sector reform has become more prominent on donors' agendas.

The involvement of Irish Aid in three sector-wide programmes is putting a heavy demand on the resources (both in terms of numbers and quality) of the Embassy. Although the evaluation has concluded that Irish Aid support in any of the sectors is contributing to the overall development objectives

of the country and the Irish Aid Programme for the country, effectiveness could be enhanced if Irish Aid was to reduce the number of sectors from three to two.

In line with the growth of the overall programme, administrative costs have remained between 5% and 6%. Administrative costs peaked in 2003 because of the building of the new Embassy.

Were appropriate management systems (including indicators) established to deliver the plan's objectives and strategies? (management)

Compared with other foreign aid administrations, Irish Aid-Mozambique has relatively limited staff in relation to the total budget. In spite of the growth in the budget of the last five years, only one international staff member has been recruited, along with a small number of national staff. Thanks to the commitment, skills and experience of the whole staff (both international and local), their reputation among the donor community is very high.

With a growing share of the budget devoted to Sector and Programme Support, the demands on Irish Aid skills and management have also shifted. Although transaction costs for the government may have reduced, the demand on Irish Aid's staff time has been substantial, and there have been high transaction costs arising from preparing, attending and monitoring the large number of working group meetings. In addition, the increased emphasis on harmonisation and alignment calls for both technical knowledge and high levels of analytical skills, strategic thinking ability, cultural receptivity, and language and negotiation skills. When these kinds of demands are placed on both national and international staff, it is important that the guiding principle in assigning responsibilities should be by programme area. As an example, the close links between public sector reform and governance would make it logical to place the responsibilities for these areas with one person.

The heavy demand on staff time for issues at central level means that development specialists and advisers find it increasingly difficult to dedicate sufficient time to the provincial programmes. As a consequence, these end up being managed predominantly by liaison officers, with limited supervision by development specialists stationed at the Embassy. Apart from streamlining activities within the Area-Based Programmes, hiring additional staff to work exclusively on Area-Based Programmes would help to address this issue.

The monitoring reports of Irish Aid's Country Strategy are issued by the Embassy on a regular basis. They focus on the monitoring of key developments in each of the intervention areas, provide an assessment of audit, financial and programme management issues, and register the level of risk to the Country Programme. However, the reports focus less on the evaluation of developments per intervention area, to what extent the Country Strategy Plan's objectives have been achieved, risks addressed, and whether corrective actions need to be spelled out. This is mainly because of lack of clarity and inconsistencies in the objectives, which make it difficult to identify against which of the strategic documents programme implementation is monitored. The Implementation Plans provide some opportunity for more systematic performance monitoring, since they show the links between the objectives on the one hand and key deliverables and indicators for monitoring performance on the other. However, further improvement is needed.

Furthermore, performance monitoring does not make optimal use of quantitative and qualitative indicators, and of 'programme' and 'sector' monitoring indicators. If indicators used in the Implementation Plan contain a quantitative element, they lack specific benchmarks or targets to measure progress. Moreover, the Implementation Plans focus strongly on process and output indicators. Even when – as in the health sector – a number of outcome indicators are defined, they are not linked to the performance monitoring of interventions.

There has been a recent move towards joint monitoring exercises. Donors are currently aiming to link the reviews better, with the sectoral reviews feeding information into the relevant sectoral performance assessments of the Joint Annual Review. So far, however, there is no evidence that the information generated during these reviews has been operationalised for the Embassy's own monitoring and evaluation system.

Moreover, it seems that there is little feedback from the results of the regular reporting/monitoring into general policy-making and strategy development at Irish Aid headquarters level. The current system certainly makes it difficult to clearly monitor trends over time and across countries. Although objectives and interventions cannot and should not be standardised across countries, improved performance monitoring would facilitate the learning of lessons from similar approaches, and better identification and understanding of the drivers and obstacles to success.

9. Recommendations

In this chapter, we present three types of recommendations. The first group of recommendations is based on the assessment of the modalities and informs the programming of a new strategy for Mozambique. The second group covers cross-cutting issues and offers suggestions on how to deal with these, either in a future strategy for Mozambique or in other country programmes. Finally, we present a number of recommendations on the monitoring arrangements for the strategy.

Recommendations related to Programming of the New Strategy

1. *Irish Aid should continue its engagement with Mozambique.*

The overall assessment of the relevance, effectiveness and efficiency presented above leads to the recommendation that Irish Aid should continue its operations in Mozambique in the same manner and with similar instruments as it is currently using.

2. *Irish Aid should consider reducing the number of sectors it is involved in.*

At present, Irish Aid is involved in various sectors at national level and a relatively large number of sectors at provincial level. In view of further donor harmonisation and alignment, concentration on a more limited number of sectors should be considered. At provincial level, Irish Aid should concentrate its efforts on capacity building and PFM issues, to stimulate the process of transforming its involvement into Budget Support at provincial level. At national level, Irish Aid could consider withdrawing from either education or agriculture. The choice of sector should be based on clear criteria such as volume of Irish Aid support in the past, relative importance of Irish Aid's contribution to that sector, needs assessment of the sector, performance in the specific sector, experience with a mix of aid modalities per sector, and progress with SWAps. If Irish Aid wants to opt out of a specific sector, an exit strategy should be developed and implemented.

3. *Policies for all potential areas of intervention should continue to be developed, with clear objectives and targets.*

Shared experiences in the sectoral or thematic areas between Headquarters and relevant Embassy staff should enhance a common understanding and commitment to Irish Aid policies and the development of appropriate policies. General Budget Support and its relationship with other aid modalities should be a first general priority. Policy documents and strategic documents should be more precise in making a distinction between overall

and specific objectives. A logframe approach could be considered to make the policy and strategy documents more operational.

4. *Irish Aid is encouraged to continue its multi-modality approach.*

The multi-modality approach is especially relevant in those areas where there is not enough evidence that General Budget Support or Sector-Wide Support is delivering services and outputs at local levels. At present, we conclude that this evidence is not yet available.

General Budget Support

5. *Increase the share of Irish Aid support in the form of General Budget Support, if progress is made on a specific set of performance indicators.*

It could be relevant to bring a larger share of Irish Aid's financial resources 'on budget' if sufficient progress is made. Therefore, Irish Aid needs to decide on a specific set of performance indicators for General Budget Support, linked to already existing PFM and PARPA indicators. On this basis, Irish Aid can then decide on the appropriate share of General Budget Support in its total budget for Mozambique.

6. *Develop a brief risk assessment framework for General Budget Support.*

This recommendation is made on the basis of the Joint Annual Review. The framework should be part of the regular monitoring system, which includes fiduciary, political, macroeconomic and service-delivery considerations. The fiduciary risk assessment framework is not meant to duplicate the work of the programme aid partners, but rather to translate the outcomes of the JAR into lessons for Irish Aid strategy towards General Budget Support and other aid modalities. Defining risks to aid modalities in advance, designing relevant risk mitigation measures and systematically monitoring these on an annual basis would make decisions (including the justification of funding levels) around modalities more transparent and decrease the risk of ad hoc decisions.

7. *Strengthen capacity building in PFM and public administration at central, sectoral and provincial levels.*

Government capacity in execution, accounting, procurement and reporting is weak, especially at sub-national level, and financial management risks continue to exist. Financial management problems at the provincial level have in some instances created delays in funding sectoral activities, thereby undermining the effectiveness of Irish Aid support for Area-Based Programmes.

Identifying the bottlenecks in financial management and how to deal with them can form the basis of the action plan that the Government of Mozambique is currently developing, based on the recent outcomes of the Public Financial and Accountability Framework Assessment, as well as the public sector reform strategy. It should be noted, however, that the Public Financial and Accountability Framework Assessment is a review of primarily central PFM issues. Additional research into the problems arising at provincial level may be necessary.

Health Sector Support

8. *Continue the present multi-modality approach in the health sector and develop criteria to decide on gradual modality change in the future.*

For the time being, it is recommended that Irish Aid remains involved in ongoing infrastructure projects until the government's financial and technical mechanisms give proof of their ability to deliver at the peripheral level. Involvement in infrastructure investment at the provincial level is recognised as an effective but risky and resource-consuming activity. It is recommended that Irish Aid moves away from such an area only if sufficient evidence exists that central-level funds are able to deliver large-scale investment at the provincial level. Careful risk management is required in this field.

9. *Pay more attention to health outcomes, healthcare outputs and quality of data.*

The quality of healthcare service data in Mozambique is considered by many as inadequate to monitor the real effects and impact of health programmes and the epidemiology of HIV/AIDS. There are also worries that funds allocated at central level may not be reaching the service delivery point, or that a largely unreformed healthcare system may not be able to absorb the new funds injected. Therefore, it is recommended that Irish Aid takes the lead in drawing attention to health output and outcome indicators, the quality of the data available, and the relationship between health needs, services offered and final outcomes. Through its above-average technical expertise in health and HIV/AIDS, as well as its access and influence in policy fora, Irish Aid is considered to be well positioned to monitor closely the evolution of health outcome and output indicators. Similarly, it can contribute to moving the focus of policy-makers towards the real effects and impact of aid funds for the health sector, rather than on process indicators. This also includes monitoring the health SWAp on performance indicators.

Area-Based Programmes

10. *Continue the support to the two provinces through Area-Based Programmes.*

The Area-Based Programmes should take into account the present deficient functioning of Sector Support at provincial level, and Irish Aid's comparative advantage in working at provincial level. However, the focus of the provincial programmes needs to be redefined to improve their effectiveness. This would involve a critical review of the type of activities that Irish Aid-Mozambique would like to be involved in, and the level of involvement. Irish Aid should also look critically at its involvement in rural development and consider reducing its support for agriculture-related activities as well as activities in the roads, water and sanitation sectors. This would free up time and resources for working on capacity building with planning departments and for engaging in the budgeting process.

11. *Promote a more systematic exchange of the lessons learnt from the Area-Based Programmes.*

Irish Aid should take the lead in establishing an institutionalised forum to exchange and learn from local experiences, allowing the informing and influencing of better central policies. The decentralisation working group is one such forum where this could be done.

Recommendations related to Cross-cutting Issues

12. *Strengthen Irish Aid's internal capacity regarding cross-cutting issues.*

Despite the recent progress made in mainstreaming cross-cutting issues especially in gender and HIV/AIDS, Irish Aid's internal capacity in Maputo and in the provinces needs to be further strengthened, in order for it to address and advocate cross-cutting issues.

13. *Further improve the HIV/AIDS interventions.*

Taking into account the uneven development of HIV/AIDS services across the country and Irish Aid's leading position in this area, it is recommended that Irish Aid becomes more involved in the HIV/AIDS arena at provincial level. Issues that still need to be addressed are: (a) the efficiency of the funds allocated to the area; (b) the balance between the activities; and (c) the equity of the distribution of services. Given Irish Aid's established presence in the two provinces, the availability of funds for HIV/AIDS and technical expertise, it is considered that Irish Aid could play a pivotal role in improving the links between preventive, treatment and mitigation services. Adequate technical assistance could be necessary, possibly additional to current Irish Aid-Mozambique capacity, with a specific focus on developing the HIV/AIDS area in Niassa and Inhambane. This could be done through: (i) disseminating the assessment of the provincial facilitators' projects in province meetings; (ii) supporting research at local level to determine cultural habits, economic issues and other factors affecting behavioural change; (iii) analysing the need for, and convenience of, increasing Irish Aid direct support to some specific initiatives in the education sector to mainstream HIV/AIDS and gender in schools' development planning.

Recommendations on Monitoring and Evaluation of the Irish Aid Strategy

14. *Strengthen the monitoring, evaluation and lesson-learning capacity of Irish Aid.*

This could be done through a process of formalising reporting modules, and by improving the indicators and other variables on which monitoring reports are based. This should allow Irish Aid to monitor how Sector-Wide and General Budget Support funds reach the service delivery points.

15. *Build strategic performance monitoring and evaluation, and establish transparent links between the Country Strategy Paper, Implementation Plans and regular monitoring reports.*

As the linkages between these documents are still weak, it is recommended that the Implementation Plan should contain the monitoring system for the strategy, with specific performance indicators, while the Country Strategic Paper should contain a basic logframe that presents the intervention logic. Whereas the Country Strategy Paper sets out the general strategy and context of Irish Aid interventions, the Implementation Plan should provide the operational framework for achieving the general objectives. The monitoring system for the strategy should in turn be refined to make better use of SMART²⁶ performance indicators that can be monitored over the medium term of the Country Strategy. Timely evaluations should also be undertaken without creating evaluation fatigue. Joint evaluations and reviews are one way to prevent evaluation fatigue.

²⁶ SMART = Specific, Measurable, Achievable, Results-oriented, Time-bound.



Boy ready for football, Kulima, Mabote

Appendix A:

Key Extracts from the Terms of Reference for the Evaluation of the Mozambique Country Programmes 2001-06

A1.1 Evaluation Purpose and Key Questions

A1.1.1 Purpose:

The purpose of the evaluation is to review implementation of the Country Programme and also to review expenditure for the period 2001-05 against the programme objectives (as set out in the Country Strategy Plans covering the period 2001-'06). As part of the Value for Money and Policy Review Initiative, the resulting Report will be submitted to the Department of Finance, made available to the general public and will be used to guide Irish Aid's planning for the next Country Strategy Plan.

In particular, it will evaluate:

- To what extent the objectives of the Country Strategy Plans were compatible with the priorities of the PARPA and the policies of Irish Aid? (validity)
- If the objectives, the strategies, and modalities (including mainstreaming effectiveness) were appropriate to attaining both the programme's goal and pursuing Irish Aid's policies, and whether they were appropriately responsive to changes (political, economic and social) that occurred during the period? (relevance)
- The definition of the major outputs, trends and outcomes (quantitative and qualitative) that can be associated to and with the programme? (effectiveness)
- If the strategies and modalities to attain these achievements were the most efficient and accountable or could alternative approaches have been used? (efficiency)
- If appropriate management systems (including indicators) were established to deliver the Plans' objectives and strategies? (management)

A1.1.2 Purpose:

Based on this analysis, the output of the evaluation will be a report providing analysis of performance, key findings and grounded recommendations, rooted in the context of international best practice that the Embassy may wish to consider in deciding its structures for the next CSP. It will be addressed to the Senior Management team in Mozambique and the Head of Bilateral Country Programmes, Dublin.

A1.2 Methodology and Time Frame

The methodology should involve one week of preparatory time (a significant proportion in Dublin), approximately two weeks of field work (including provincial / district level visits) and appropriate time for writing up a final report. Field work is to be completed by the end of February 2006 and a final report submitted by 21st April 2006.

In determining the approach to the evaluation, there are a number of factors that need to be taken into account:

1. The team will undertake a vertical slice of one sector (e.g. health and or HIV / AIDS given the size of its budget and mix of modalities) which will require that sufficient time and resources be made available to produce suitable findings – a major review of support to the Clinton Foundation will have been finalised and shall be an input to this evaluation;
2. Field work including provincial / district level visits;
3. Workshop in Maputo presenting preliminary findings;
4. Presentation of the report in Dublin;
5. As the evaluation will be set the context of a Value for Money Review, appropriate financial analysis and assessments will be required.

A1.3 Team Composition and Selection Criteria

The team will comprise of an experienced Team Leader familiar with the evaluation of strategies and have current knowledge of harmonisation and alignment issues and aid modalities. Other skills the team should possess include:

- Senior sector expert familiar with developing world issues and strong knowledge of delivery systems;
- A capacity to interpret and assess financial data and management information systems (quantitative and qualitative);
- Detailed understanding of Mozambique and its aid management environment;
- At least two fluent Portuguese speakers, one of whom should be an appropriately qualified local consultant.

A1.4 Management Arrangements

The Evaluation will be managed by the Evaluation and Audit Unit of Irish Aid. A Steering Committee comprising of a representative from the Department of Finance and three representatives from Irish Aid will oversee the overall exercise and will work in close cooperation with the Embassy in Maputo

Appendix B: Alignment CSP and PARPA

PARPA I (2001-2005)	Education	Health	Infrastructure			Agriculture and Rural Development	Good Governance, Legality and Justice	
			Roads	Energy	Water		Decentralization and deconcentration	Legal, Justice and Public Order
Irish Aid CSP 2001-2003	Education, Area-Based Programmes	Health, HIV/AIDS, Area-Based Programmes	Area-Based Programmes, Rural Development			Area-Based Programmes, Rural Development	Area-Based Programmes	
Irish Aid CSP 2004-2006	Education, Area-Based Programmes	Health, HIV/AIDS, Area-Based Programmes	Area-Based Programmes, Rural Development			Area-Based Programmes, Rural Development	Area-Based Programme, Public Sector Reform and Decentralisation	Public Sector Reform and Decentralisation
								Mainstreaming of gender,

				Macroeconomic Policies and Financial Policies				
	Capacity of public sector institutions for supervision/ inspection, and in dealing with private sector	Public Finance Management	Anti-Corruption	Fiscal and monetary policy	Revenue reform	Public Finance Management (including debt management reform)	Development of financial markets	International trade policy
		Area-Based Programmes	Democratisation					
Programme Aid								
		Area-Based Programmes	Governance					
Programme Aid								
HIV/AIDS, governance and environmental sustainability								

Appendix C: Management Response to the Evaluation of the Mozambique Country Strategy Paper

Programme Strategy

Recommendations	Management Response	Management Action
1. Ireland should continue its engagement in Mozambique.		
The overall assessment of the relevance, effectiveness and efficiency presented above leads to the recommendation that Irish Aid should continue its operations in Mozambique in the same manner and with similar instruments as it is currently using.	The current mix of aid modalities is appropriate to the development environment in Mozambique allowing complementary engagement at central, sectoral and local levels.	The new CSP maintains the mixed modality approach.
2. Irish Aid should consider reducing the number of sectors it is involved in.		
At present, Irish Aid is involved in various sectors at national level and a relatively large number of sectors at provincial level. In view of further donor harmonisation and alignment, concentration on a more limited number of sectors should be considered. At provincial level, Irish Aid should concentrate its efforts on capacity building and PFM issues, to stimulate the process of transforming its involvement into Budget Support at provincial level. At national level, Irish Aid could consider withdrawing from either education or agriculture. The choice of sector should be based on clear criteria such as volume of Irish Aid support in the past, relative importance of Irish Aid's contribution to that sector, needs assessment of the sector, performance in the specific sector, experience with a mix of aid modalities per sector, and progress with SWAps. If Irish Aid wants to opt out of a specific sector, an exit strategy should be developed and implemented.	The need to reduce the overall management burden in the programme is acknowledged. Enhanced donor coordination and burden sharing, and the rationalisation in the number of interlocutors is important in this respect. Also, over time, the programme in the provinces should develop into a programmatic one, working through provincial government systems by analogy with the approach at central level. The possibility of moving out of sectors is an option which is kept under review.	In the new CSP, Irish Aid has identified specific focus areas within each of the sectors in which it is engaged at national level. The CSP also provides a specific review of engagement in the agriculture sector programme. Staffing arrangements are being examined to address aid effectiveness across sectors alongside sector policy issues and poverty impact. In the provincial programmes, it is proposed to put in place a new partnership agreement with the Provincial Governments in which benchmarked improvements of management capacity will be a condition for programme growth and continuation. Dialogue with the provinces will be focussed on those sectoral priorities that Irish Aid pursues at national level. Arrangements are in place across the programme to enhance coordination with other donors.
3. Policies for all potential areas of intervention should continue to be developed, with clear objectives and targets.		
Shared experiences in the sectoral or thematic areas between Headquarters and relevant Embassy staff should enhance a common understanding and commitment to Irish Aid policies and the development of appropriate policies. General Budget Support and its relationship with other aid modalities should be a first general priority. Policy documents and strategic documents should be more precise in making a distinction between overall and specific objectives. A log frame approach could be considered to make the policy and strategy documents more operational.	The common understanding of Irish Aid policies has been enhanced and focussed by the publication of the <i>White Paper on Irish Aid</i> . It has provided the basis for the elaboration of sector specific strategy papers, which enhance the understanding of the linkages between the various modalities.	
4. Irish Aid is encouraged to continue its multi-modality approach.		
The multi-modality approach is especially relevant in those areas where there is not enough evidence that General Budget Support or Sector-Wide Support is delivering services and outputs at local levels. At present, we conclude that this evidence is not yet available.	Agreed. See 1 above.	See 1 above.

General Budget Support

Recommendations	Management Response	Management Action
5. Develop a Risk Assessment Framework for GBS.		
<p>This recommendation is made on the basis of the Joint Annual Review. The framework should be part of the regular monitoring system, which includes fiduciary, political, macroeconomic and service-delivery considerations. The fiduciary Risk Assessment Framework is not meant to duplicate the work of the programme aid partners, but rather to translate the outcomes of the JAR into lessons for Irish Aid strategy towards General Budget Support and other aid modalities. Defining risks to aid modalities in advance, designing relevant risk mitigation measures and systematically monitoring these on an annual basis would make decisions (including the justification of funding levels) around modalities more transparent and decrease the risk of ad hoc decisions.</p>	<p>Fiduciary, macroeconomic and service delivery considerations are all central to the dialogue with the Mozambique Government in the Annual and Mid Year Reviews. The process of assessing progress in these areas and agreeing new targets is a risk management one. Political risk is addressed through dialogue at the level of Heads of Missions and the Government. A practical approach to reducing risk in the context of GBS is to build up its effectiveness by improving the implementation of the pro-poor policies.</p>	<p>The new CSP envisages that GBS will be used as part of a mix of modalities. It will be retained within a ceiling of 20% of the overall country budget. An assessment of the risks specific to this modality is provided within the CSP.</p>
6. Increase share of support in GBS if progress is made on specific performance indicators.		
<p>It could be relevant to bring a larger share of Irish Aid financial resources 'on budget' if sufficient progress is made. Therefore, Irish Aid needs to decide on a specific set of indicators for General Budget Support linked to the already existing PFM and PARPA indicators. On this basis, Irish Aid can decide on the appropriate share of General Budget Support in its total budget for Mozambique.</p>	<p>Irish Aid feels that on balance, its current level of GBS is appropriate to the overall mixed modality approach.</p>	
7. Strengthen capacity building in PFM and public administration at central, sectoral and provincial levels.		
<p>Government capacity in execution, accounting, procurement and reporting is weak, especially at sub-national level, and financial management risks continue to exist. Financial management problems at the provincial level have in some instances created delays in funding sectoral activities, thereby undermining the effectiveness of Irish Aid support for Area-Based Programmes. Identifying the bottlenecks in financial management and how to deal with them can form the basis of the action plan that the Government of Mozambique is currently developing, based on the recent outcomes of the Public Financial and Accountability Framework Assessment, as well as the Public Sector Reform Strategy. It should be noted, however, that the Public Financial and Accountability Framework Assessment is a review of primarily central PFM issues. Additional research into the problems arising at provincial level may be necessary.</p>	<p>The recent joint donor evaluation of GBS found that the improvements in PFM, although significant, were concentrated at central level and that there is a need to focus on sub-national level of Government.</p>	<p>Irish Aid's direct involvement at the provincial level means that it is well placed to continue to work on PFM at that level. This will be reflected too in the new agreements it expects to draw up with the Provincial Governments. Also, in the new CSP there is a specific focus on the decentralisation process and in particular on the national programme for decentralised planning and finance.</p>

Health Sector Support

Recommendations	Management Response	Management Action
8. Continue the present multi-modality approach in the health sector and develop criteria to decide on gradual modality change in the future.		
<p>For the time being, it is recommended that Irish Aid remains involved in ongoing infrastructure projects until the government's financial and technical mechanisms give proof of their ability to deliver at the peripheral level. Involvement in infrastructure investment at the provincial level is recognised as an effective but risky and resource-consuming activity. It is recommended that Irish Aid moves away from such an area only if sufficient evidence exists that central-level funds are able to deliver large-scale investment at the provincial level. Careful risk management is required in this field.</p>	<p>The delivery of services at the provincial level will continue to be monitored closely and will be an important factor to be taken into account in deciding on the nature of the aid provided at that level. The point about the management burden and risk associated with infrastructure inputs is well taken. Over time, our preference is to focus on the implementation of strategies, such as a national community-based healthcare programme, which can lead to increase of coverage without having to depend on the construction of new infrastructure which can be expensive and slow.</p>	<p>A key objective for the new CSP is to support the Government to formulate and implement its national community-based health care strategy.</p>
9. Pay more attention to health outcomes, healthcare outputs and quality of data.		
<p>The quality of healthcare service data in Mozambique is considered by many as inadequate to monitor the real effects and impact of health programmes and the epidemiology of HIV/AIDS. There are also worries that funds allocated at central level may not be reaching the service delivery point, or that a largely unreformed healthcare system may not be able to absorb the new funds injected. Therefore, it is recommended that Irish Aid takes the lead in drawing attention to health output and outcome indicators, the quality of the data available, and the relationship between health needs, services offered and final outcomes. Through its above-average technical expertise in health and HIV/AIDS, as well as its access and influence in policy fora, Irish Aid is considered to be well positioned to monitor closely the evolution of health outcome and output indicators. Similarly, it can contribute to moving the focus of policy-makers towards the real effects and impact of aid funds for the health sector, rather than on proce</p>	<p>The availability of proper health indicators for planning and monitoring, as well as for accountability purposes, is key to achieving progress in this area.</p>	<p>The elaboration of a comprehensive set of health indicators and the development of the systems and capacity for collecting and analysing them is an objective of the new CSP. The new Health Sector Strategy, the PESS II, will provide an opportunity to bring together the sectoral indicators with those from the Poverty Reduction Strategy, the PARPA II, and those used for the Annual Review, into a single framework.</p>

Area-Based Programmes

Recommendations	Management Response	Management Action
10. Continue support to the two provinces through the Area-Based Programmes.		
<p>The Area-Based Programmes should take into account the present deficient functioning of Sector Support at provincial level, and Irish Aid's comparative advantage in working at provincial level. However, the focus of the provincial programmes needs to be redefined to improve their effectiveness. This would involve a critical review of the type of activities that Irish Aid-Mozambique would like to be involved in, and the level of involvement. Irish Aid should also look critically at its involvement in rural development and consider reducing its support for agriculture-related activities, as well as activities in the roads, water and sanitation sectors. This would free up time and resources for working on capacity building with planning departments and for engaging in the budgeting process.</p>	<p>The Irish Aid experience in the provinces indicates the importance of capacity-building in planning and budgeting for the achievement of success in poverty reduction programmes. However, this may not be sufficient in itself. The balance to be achieved will necessarily reflect local conditions and requirements. The joint donor evaluation of GBS has shown a deficiency in the implementation of sectoral policies at local level. The mixed modality approach adopted by Irish Aid is intended to address this by engaging in sectoral policy dialogue from the public sector system and down to local level.</p>	<p>Irish Aid will pursue its sector priorities at local level through its Provincial Programmes in those sectors in which it is engaged at national level. Capacity building will continue to form an important part of this engagement. In sectors where it does not have a direct national level engagement, such as rural water and roads, it will put in place arrangements for cooperation with other donors to inform its provincial level policy dialogue.</p>
11. Promote a more systematic exchange of the lessons learnt from the Area-Based Programmes.		
<p>Irish Aid should take the lead in establishing an institutionalised forum to exchange and learn from local experiences, allowing the informing and influencing of better central policies. The decentralisation working group is one such forum where this could be done.</p>	<p>This has been identified as a key priority in the new CSP, particularly due to the decision to prioritise sector engagement at local level.</p>	<p>Irish Aid will take a leading role in the decentralisation working group and will further the decentralisation agenda in its sector engagements.</p>

Cross-cutting Issues

Recommendations	Management Response	Management Action
12. Strengthen Irish Aid's internal capacity to regarding CCI.		
<p>Despite the recent progress made in mainstreaming cross-cutting issues, especially in gender and HIV/AIDS, Irish Aid's internal capacity in Maputo and in the provinces needs to be further strengthened, in order for it to address and advocate cross-cutting issues.</p>	<p>This has been addressed in the new CSP.</p>	<p>A new PMDS system will be introduced in 2007, which will specify the required staff capacities and performance in this area. A mainstreaming group in the Embassy will be charged with assessing the annual business plans and annual reports.</p>
13. Further improve HIV / AIDS interventions.		
<p>Taking into account the uneven development of HIV/AIDS services across the country and Irish Aid's leading position in this area, it is recommended that Irish Aid becomes more involved in the HIV/AIDS arena at provincial level. Issues that still need to be addressed are: (a) the efficiency of the funds allocated to the area; (b) the balance between the activities; and (c) the equity of the distribution of services. Given Irish Aid's established presence in the two provinces, the availability of funds for HIV/AIDS and technical expertise, it is considered that Irish Aid could play a pivotal role in improving the links between preventive, treatment and mitigation services. Adequate technical assistance could be necessary, possibly additional to current Irish Aid-Mozambique capacity, with a specific focus on developing the HIV/AIDS area in Niassa and Inhambane. This could be done through: (i) disseminating the assessment of the provincial facilitators' projects in province meetings; (ii) supporting research at local level to determine cultural habits, economic issues and other factors affecting behavioural change; (iii) analysing the need for and convenience of increasing Irish Aid direct support to some specific initiatives in the education sector to mainstream HIV/AIDS and gender in schools' development planning.</p>	<p>The importance of increasing the amounts and the efficiency of HIV/AIDS funds flowing to local level is clear. Achieving an equitable roll out of HIV/AIDS service is identified as one of the challenges to be addressed over the coming years. Irish Aid feels that its capacity and effectiveness is greatest in promoting equity in the Health sector response and supporting the capacity of civil society organisations at national and provincial level to access the funding supplied through the public system.</p>	<p>Equity in the roll out of the treatment of AIDS is a strategic objective in the CSP, and will be the focus of dialogue with the health sector at national and provincial level. The provision of home-based care will be a key factor in supporting the development of district health systems and approaches to community-based health care, both nationally and through the provincial programmes.</p>

Monitoring and Evaluation of Irish Aid Strategy

Recommendations	Management Response	Management Action
14. Strengthen the monitoring, evaluation and lesson-learning capacity of Irish Aid.		
<p>This could be done through a process of formalising reporting modules, and by improving the indicators and other variables on which monitoring reports are based. This should allow Irish Aid to monitor how Sector-Wide and General Budget Support funds reach the service delivery points.</p>	<p>Irish Aid works to improve indicators and monitoring systems to measure the poverty incidence of public funds and services.</p>	<p>Irish Aid is availing of the working groups in GBS to improve the analysis and monitoring of the budget from a poverty perspective. It participates in tracking studies to monitor the flow and use of funds down to service delivery level.</p>
15. Build strategic performance monitoring and evaluation and establish transparent links between the Country Strategy Plan, Implementation Plans and regular monitoring reports.		
<p>As the linkages between these documents are still weak, it is recommended that the Implementation Plan should contain the monitoring system for the strategy, with specific performance indicators, while the Country Strategy Paper should contain a basic log frame that presents the intervention logic. Whereas the Country Strategy Paper sets out the general strategy and context of Irish Aid interventions, the Implementation Plan should provide the operational framework for achieving the general objectives. The monitoring system for the strategy should in turn be refined to make better use of SMART performance indicators that can be monitored over the medium term of the Country Strategy. Timely evaluations should also be undertaken without creating evaluation fatigue. Joint evaluations and reviews are one way to prevent evaluation fatigue.</p>	<p>In addition to a general strategy framework, the new CSP identifies specific objectives to be achieved over the CSP period. Strategic objectives are identified for each sector and the specific outcomes or targets needed to achieve them are defined.</p>	<p>An implementation matrix to form the basis for monitoring of the CSP has been developed. The CSP will be the subject of a mid-term review at the end of 2008</p>



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