



**Swiss Development Cooperation
(SDC) and State Secretariat for
Economic Affairs (SECO)**

**Evaluation of Cooperation
Strategy 2007-2011**

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This report contains 51 pages

Executive Summary	7
1 Context	11
1.1 Rapid Economic Growth	11
1.2 Poverty and Key Development Indicators	11
1.3 Public Sector Reform	12
1.4 Governance and Political Stability	13
1.5 Development Partners	13
1.6 Some of the Development Challenges Mozambique Faces Going Forward	14
2 General Assessment	16
2.1 Design of Cooperation Strategy	16
2.2 Strategic Choices of the CS	17
2.3 Choice of Domain	18
2.4 Geographic Focus	18
2.5 Choice of modalities	19
2.6 Value Added of Swiss Interventions	19
2.6.1 Highly Qualified Staff	19
2.6.2 Flexibility of Support	19
2.7 Monitoring and Evaluation	19
3 Assessment by Domain of Intervention	21
3.1 Program Aid Partner (PAP) Framework	21
3.1.1 Swiss Strategy in the PAP Framework	21
3.1.2 Relevance of GBS and SECO/SDC Interventions in the PAP Framework	21
3.1.3 Effectiveness of SECO/SDC Interventions in the PAP Framework	23
3.1.4 Efficiency of SECO/SDC Interventions in the PAP Framework	24
3.1.5 Other Aspects of SECO/SDC Interventions in the PAP Framework	24
3.2 Economic Development	24
3.2.1 SECO/SDC Strategy in Economic Development	24
3.2.2 Relevance of SDC/SECO Interventions in Economic Development	25
3.2.3 Effectiveness of SDC/SECO Interventions in Economic Development	26
3.2.4 Efficiency of SDC/SECO Interventions in Economic Development	27
3.2.5 Other Aspects of SDC/SECO Interventions in Economic Development	27
3.3 Health	28
3.3.1 SDC Strategy in Health	28
3.3.2 Relevance of SDC Interventions in Health	28
3.3.3 Effectiveness of SDC Interventions in Health	29
3.3.4 Efficiency of SDC Interventions in Health	30

3.3.5	Other Aspects of SDC Interventions in Health	31
3.4	Local Governance	31
3.4.1	Relevance of SDC Interventions in Local Governance	32
3.4.2	Effectiveness of SDC Interventions in Local Governance	33
3.4.3	Efficiency of SDC Interventions in Local Governance	36
3.4.4	Other aspects of SDC Interventions in Local Governance	36
3.5	Transversal Themes	36
4	Outlook	38
4.1	General Strategy	38
4.1.1	Scenario one – Associate Membership of Programme Aid Partnership	38
4.1.2	Scenario 2: Withdraw from G19 but Continue to Support Development Policy and Macroeconomic Stability	39
4.1.3	Scenario 3: Withdraw from G19 and focus on sectors, private sector, NGOs etc.	39
4.2	Outlook by Domain	40
4.2.1	PAP Framework	40
4.2.2	Economic Development	40
4.2.3	Health	41
4.2.4	Local Governance	42
4.2.5	Transversal Themes	44
A	Mozambique’s MDG Status	45
B	List of Documents Consulted	46
C	Interviews Completed	49

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Our advice in this document is limited to the conclusions specifically set forth herein and is based on the completeness and accuracy of the representations, assumptions and documents analyzed. If any of the documents, assumptions or representations is not entirely complete or accurate, it is imperative that we be informed immediately, as the inaccuracy or incompleteness could have a material effect on our conclusions.

We assume that this report is accepted as final with any kind of qualifications and recommendations for change if comments, suggestions and recommendations are not provided to KPMG in the period of one month after receiving the same report.

List of Acronyms	
ART	Antiretroviral Treatment
ACA	Avaliação Conjunta Anual (Health Sector Annual Review)
AMECON	Associação Moçambicana de Economistas (Mozambican Association of Economists)
AMODE	Associação Moçambicana para o Desenvolvimento e Democracia (Mozambican Association for Development and Democracy)
ANAMM	Associação Nacional de Municípios de Moçambique (National Association of Municipalities of Mozambique)
CCL	Conselhos Consultivos Locais (Local consultative councils)
CIP	Centro de Integridade Pública (Centre for Public Integrity)
CS	Cooperation Strategy
CTA	Confederation of Mozambican Business Associations
CIDA	Canadian Cooperation
DFID	Department for International Development
DNEAP - MPD	National Directorate of Studies and Policy Analysis (Direcção Nacional de Estudos e Análise de Políticas)
DPG	Development Partners Group
DoL	Division of Labour
DNDA	Direcção Nacional de Desenvolvimento Autarquico (National Directorate of Local Council Development)
DAS	Departamento de Água e Saneamento (Department of Water and Sanitation)
DAF	Direcção Administrativa e Financeira Department of Administration and Finance
DANIDA	Danish Cooperation
DDF	District Development Fund
FRELIMO	Frente de Libertação de Moçambique (Mozambique liberation front)
EU	European Union
IESE	Instituto de Estudos Sociais e Económicos (Institute for Social and Economic Studies)
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IRAM	Institut de Recherche et d'Appui sur les Microfinances (Institute of Research and support to Microfinance)
IOF	Inquérito aos Orçamentos familiares (Survey of Household Income)
JSC	Joint Steering Committee
GBS	General Budget Support
GNI	Gross National Income
GFTAM	Global Fund for TB, Aids and Malaria
GAP	Governance Action Plan
GoM	Government of Mozambique
HACCP	Hazard Analysis and Critical Control Points
HSDP	Health Service Delivery Program
MDG	Millennium Development Goals
MPD	Ministério de Planificação e Desenvolvimento (Ministry of Planning and Development)
MDM	Movimento para a Democracia Moçambicana (Movement for Democratic Mozambique)
LGMI	Local Governance Monitoring Initiative

MoH	Ministry of Health
MoU	Memorandum of Understanding
MICS	Multiple Indicator Cluster Survey
MTR	Mid Term Review
MISAU	Ministério da Saúde (Ministry of Health)
MISA	Media Institute of Southern Africa
MDG	Millennium Development Goals
NGO	Non Governmental Organization
PAP	Programme Aid Partnership
PARPA	Plano de Acção Para a Redução da Pobreza Absoluta (Action Plan for the Reduction of Absolute Poverty)
PEFA	Public Expenditure and Financial Accountability framework
PARP	Plano de Redução da Pobreza (Poverty Reduction Plan)
PES	Plano Económico e Social (economic and social plan)
PESS	Health Sector Plan
PFM	Public Financial Management
PD	Paris Declaration
PROGOAS	Programa de Governação, Água e Saneamento (Programme for GOVERNance, water and sanitation)
PESOD	Plano Económico e Social e Orçamento do Distrito (District Economic and Social Plan and Budget)
PRONASAR	Programa Nacional de Água e Saneamento Rural
PSD	Private Sector Development
PPFD	Programa de Planificação e Finanças Descentralizadas (programme for decentralized planning and finance)
PAF	Performance Assessment Framework
PROSAUDE	Common Fund in Health
QAD	Quadro de Avaliação de Desempenho (Performance Assessment Framework)
SINAS	National Information System for Water and Sanitation (),
SME	Small and Medium Enterprises
SISTAFE	Sistema de Administração Financeira do Estado (System for State Financial Administration)
SBS	Sector Budget Support
SWAp	Sector Wide Approach
SECO	State Secretariat for Economic Affairs
TA	Tribunal Administrativo
ToR	Terms of Reference
UNDP	United Nations Development Programme
UN	United Nations
WHO	World Health Organization
WATSAN	Water and Sanitation
WSLA	Women and Law in Southern Africa Research and Education Trust

Executive Summary

In terms of **context**, Mozambique has long been heralded as a “donor darling” and a success story in post conflict development and poverty reduction. Much of this is justified, with fast economic growth, a number of reforms in place, and improvements of many social indicators. However in recent years there have also been increasing concerns around governance and the effectiveness of poverty reduction strategies which make the picture somewhat more complex. An accumulation of frustration with lack of visible genuine commitment to combating corruption, lack of transparency regarding the business interests of high level officials, the declaration by the US of a key Frelimo ally as a “drugs kingpin”, the heavy handed response to riots in 2010 and concerns over the exclusion of a new party from standing in some provinces during the 2009 elections, have all led donors to question the Government’s commitment to good governance. This led to a temporary freezing of GBS in 2010, during which talks were held, which led to the production by the GoM of a “Governance Matrix” with key commitments on specific reforms. In addition to this context of a hardening of donor positions with regard to Governance issues, recent household survey results suggest consumption poverty has not been falling, despite rapid economic growth. The sustained rapid economic growth has also not led to increases in job creation or SMEs. This has led some to question the development model being followed, and in particular the need for improvements in agricultural productivity and rural livelihoods.

This evaluation, and the development of a new Cooperation Strategy for Switzerland, therefore comes at a time of more complex relations between the GoM and its donors, and at a time when new strategies and approaches are being sought, both by GoM and by donors. The new CS will also have to re-think the Swiss involvement in policy dialogue with the likely withdrawal from GBS from mid 2013 in conjunction with SECO involvement.

The **design of the CS** seems to be coherent and strategic, with a number of clear common themes across domains, and a number of specific synergies identified. In general, Switzerland seems to have been successful at identifying niche areas where they can add value, or areas that are under-supported or where SDC/SECO can play a “first mover” role. It is clear that there is cross-fertilization of ideas and approach across different domains, and that experience in one domain has sometimes been applied to other domains.

The **strategic choices** made by the CS seem to be appropriate for a small agency with good quality technical staff – a focus has been on providing resources to donor coordination forums, and on providing technical support and advice as well as financing to specific areas. It is clear that the technical contributions of SDC/SECO staff have been seen as even more important than the financing provided by Switzerland, across a number of interventions. One aspect that we question is the automatic need to have a micro and macro involvement, and a growth, governance and service delivery component. While this may be appropriate in certain contexts, we are not sure it is necessary to apply this across all domains. In a context of donor harmonization and coordination, where much policy dialogue already takes place in common forums related to specific sectors, there is no *automatic* need for SDC/SECO to be able to bring single field level experience, within SDC/SECO, to the policy dialogue. One benefit of donor coordination should be the ability to divide labour and that small agencies should not need to “do everything”. There should be sufficient sharing of experience and discussion of results among donors that the “macro-micro” link should perhaps be seen as necessary as a group, rather than every agency needing to have this as part of their strategy. While we do not question the stated aim to “be highly responsive to government priorities”, we would suggest that this should be complemented by being responsive also to a broader constituency of Civil Society – which in practice did occur under the CS, with support to CIP and IESE, despite not being a stated aim.

The **choice of domain** seems to be influenced by both the availability of competent staff and historic experience. Certainly participation in the PAP structure has been relevant in terms of ensuring SDC/SECO objectives are heard by the wider donor group and by GoM, and SDC/SECO seem to

have been more active, and more successful in this than comparable agencies. In the light of the household survey results a focus on Private Sector Development is appropriate, and should enable SDC to engage directly on productive issues which will be crucial for poverty reduction in the medium term. While there are a huge number of donors in the health sector, SDC has participated in niche areas (e.g. Public Financial Management) within the SWAp. Furthermore, SDC contributed to donor harmonization and alignment in this least harmonized sector that is troubled with many powerful vertical programs sidelining country systems. At local level, SDC continued support for its long standing experience community participation and involvement. The linking of governance and water seems to have been partly influenced by a desire to reduce the number of domains, but nonetheless real and clear steps have been taken to link the two areas in the programming..

The **choices of modality** seem to have been appropriate, with a classic mix of GBS, common funds and project financing. This enables intervention at various levels (policy discussion, sector level discussion, direct financing of areas of interest to SDC/SECO). There has been a general trend towards common funds, facilitated in some respects by SDC/SECO, and while this has in some instances been a painful and slow process, returns in terms of efficiency and GoM ownership should be realized in the longer term.

The **geographic focus** of SDC/SECO activities has been on the three Northern provinces, following a historic, informal division of labour between donors. However this informal division of labour has been in place for decades, and therefore it might be appropriate to review the logic and criteria for interventions in each province. Clearly, there are benefits of a long term focus on certain geographic areas, but this in itself is not necessarily sufficient rationale for permanence. In particular, the recent household survey suggested that outcomes had been worse in the central, and rural, regions.

The **implementation** of the CS seems to have been broadly successful, and we do not find any areas or projects that could not continue to be supported in some form. Detailed analysis follows in subsequent chapters. In summary:

- Results in **Program Aid Partnership, Harmonization and Alignment** have been good, with excellent results each year in the PAPs PAF evaluation, recognized excellent participation of Switzerland at various levels within the PAP structure, and important contributions to the new MOU.
- Results in **Economic Development** have included continued contributions to strengthening national capacity to engage in research on policy issues, with good quality research produced by DNEAP, and the creation of a common fund in tax reform which provides more stability for the sector and should improve efficiency. The Private Sector Development area suffered somewhat from the switch from SECO to SDC funding, and is the area where there is the most room for defining new interventions while ensuring complementarities with other donor-funded interventions. The portfolio and strategic direction of this area still seems to be under development. Although the Trade Facilitation program was ended in 2009, an evaluation in 2010 found that it had contributed to job creation in rural areas¹, and was useful mainly in (i) strengthening the links between Mozambican and European firms and (ii) increasing the satisfaction with the quality and reliability of exported goods by clients' of beneficiaries of the project. The microfinance program succeeded in ensuring that rural and poor households accessed credit (solidarity and agricultural loans). The TA program to support SMEs had a limited impact due to weak capacity of local consultants, stringent IFC funding criteria and high admin costs. A new project is at design stage to improve on these learnings.
- Results in **Health have been good with** excellent results reached regarding the adoption of a PFM action plan by MoH based on a PFM assessment commissioned by SDC. There has been a generally positive trend in health outcome and output indicators at national level, to which SDC contributed with its SWAp engagement. Access to basic health services improved which had a positive impact on maternal and child mortality. Predictability of SDC support was limited, due to only being able to provide a one-year financial commitment from on 2010.

¹ SDC documentation: Basic Fact Sheet Cluster 2 Development of Value Chains, Evaluator Thomas Rebohle.

Support was also provided at the district and community level, mainly through the Wiwanana project, which has had some local success in the areas of safe motherhood through better knowledge of the population and improved use of formal health services.

- In general, for the **Local Governance Domain** we find that the implementation of the projects/programmes and initiatives has been a success, but that this has been at times constrained due to delays (PPFD) and implementation issues (P13, IMGL), many of which were outside of the control of SDC. The domain also carried out activities that were not planned for this country strategy (2009 election support, support to establishment of IESE and CIP). We understand that the problems with implementation are to a certain extent due to the political sensibility of the domain on the one hand and the novelty of the initiatives on the other, and therefore it is important to give an extension to the programmes/projects and initiatives in order to have a more substantial conclusion. Of particular note is the contribution (not contemplated in the CS) to the new *Governance Platform* which was established to provide technical assistance on governance issues as a support to donors in their dialogue with GoM. SDC initially chaired this platform and continues to contribute.
- On **Transversal Themes** we find that the process for incorporating these is pragmatic and efficient, but not sufficiently institutionalized – i.e. incorporation of these issues have been somewhat dependent on the individual staff member responsible for design and implementation of projects. It is also not clear how formal follow up of these issues is. The introduction of a gender checklist may be helpful, as long as it is not applied in a mechanistic fashion and as long as it is not seen as purely a financing requirement. We would urge an initial discussion, at design stage, of the relevance of transversal issues to the intervention, and base the approach with regard to these issues on this assessment.

With regard to specific **Swiss Value Added**, there is overwhelming support to the technical abilities of staff, and clear recognition by both GoM and other donors of the time and dedication of staff to policy discussion. Many interviewees, without prompting and across different domains, mentioned that the main contribution of SDC/SECO was technical support and staff time, and that this was in fact more important than the specific financing, and beyond what was received from other donors. This is of course extremely reassuring; however a note of caution should be sounded as this depends on maintaining the quality of staff going forward. Another comment made by beneficiaries (GoM and non-GoM) was that SDC/SECO support was flexible and non-bureaucratic, and did not impose great conditionality beyond ensuring the funds were appropriately used.

In terms of **recommendations**, detailed suggestions can be found in subsequent chapters, but some overall suggestions include:

- In the case of the absence of GBS going forward, alternative ways need to be found if SDC desires to continue to contribute to overall macroeconomic policy dialogue and a broader discussion of development policy. Given the staff competencies and the historic good relationship between GoM and SDC/SECO, and given the need of GoM to respond to major development challenges in future, we believe Switzerland should continue to play a role in some capacity. This could be through associate membership of the Programme Aid Partnership, continued support to DNEAP and other opportunities to engage (including for example at Provincial level) or through participation in a new, more inclusive donor forum for policy dialogue.
- While support to PFM, macro stability, policy research etc are often seen as complements to GBS, we see no reason why this should end because of an end to Swiss GBS. Intervention has been positive in these areas, and is of relevance to the GoM and to SDC irrespective of provision of GBS.
- Within sector forums, ensure that prior to staff rotation another donor focal point is identified who can take over areas that SDC/SECO contributed to.

- If the focus on community health is maintained, then interventions should be carried out at all levels (central, provincial, district and community) in the health sector, to ensure complementarity.
- In the health domain, as there is a limited staff within SDC to deal with the amount of expected work, a key recommendation would be to rethink strategically the activities that SDC will focus on, for example, more focus on M&E policy dialogue at the central level as a strong monitoring mechanism will be needed to implement successfully SDC objectives, and initiate discussion with other partners to hand over PFM issues.
- Within Private Sector Development, a (continued) focus on rural incomes and (indirectly) agricultural productivity and commercialization might be appropriate.
- Within Governance, many interventions are fairly innovative, therefore continued support and a longer timeframe is required.
- There is a need to improve the system for incorporating transversal issues at the design stage of projects, while avoiding mechanistic “one size fits all” approaches. Assessment must be made a priori of the specific relevance of Gender/HIV to the project.
- The CS M&A framework is fairly high level, and not sufficiently detailed to really evaluate progress, and in particular SDC/SECO contributions to certain outcomes. This is common in an aid architecture where much is not directly implemented and dependent on other parties for achievement of outcomes. We believe the new system of annual reports to be more appropriate. The timing of the workshop with HQ to develop the next CS was also unfortunate, as the results of this evaluation were not yet fully available.

1 Context

1.1 Rapid Economic Growth

Mozambique remains an extremely poor country, with a GNI per capita of 380 USD², well below the sub-Saharan average. However, since the signing of the peace accords in Rome in 1992, Mozambique has experienced rapid economic development and has been seen as a success story of post conflict recovery. Real GDP growth rates have consistently averaged around 7-8% throughout the past decade, significantly above the regional average.

The business environment has been improving slowly due to a number of reforms, but from a very low base. Mozambique currently ranks 130th in the World Bank Doing Business Index, up from 126th in 2010.

A number of “megaprojects” have been implemented, such as the Mozal aluminium smelter and investments in a number of extractive industry activities, with more expected to come online in the next decade. However, there has been criticism of the favourable fiscal regimes offered to these megaprojects and the lack of links to the local economy.

1.2 Poverty and Key Development Indicators

Despite rapid economic growth and inward investment, recent household survey data suggests that in recent years national consumption poverty has not fallen, and in some areas has worsened.

There have been three household surveys carried out in Mozambique, which initially showed a major decrease in consumption poverty between 1996/7 and 2002/3. This large poverty reduction, allied with the buoyant GDP growth rates, partly fuelled the Mozambican “success story. However, with the 2008/9 household survey, whose results were only available in the second half of 2010, this picture seems less positive and certainly more complex.

The 2008/9 household survey effectively shows no reduction in national consumption poverty in comparison with the previous survey (in fact, it shows a non-statistically-significant increase from 54.1% to 54.7%). The geographic and rural/urban pattern is complex, with consumption poverty increasing in the centre of the country and falling in the north and south, and with rural poverty increasing slightly while urban poverty fell slightly. As the results are fairly recent, so far there has not been an in depth discussion around the determinants of these results, and the technical team from the Ministry of Planning and Development suggest that it is necessary to consider more regular poverty assessments, in order to avoid the results being unduly affected by climatic or international economic shocks. However there seems little doubt that poverty reduction has been below expected during the period of the PARPA II (Mozambique’s Poverty Reduction Strategy Plan which covered the period 2006-9) which largely coincides with the period of the Cooperation Strategy.

Overall, the Government points to four factors which have contributed to the stagnation of poverty levels: lack of growth of agricultural productivity; international price shocks; climatic shocks and regional differences³. Other sources, for example the impact analysis of the PARPA II (Mozambique’s Poverty Reduction Strategy Plan which covered the period 2006-9) confirm this analysis, pointing to the fact that there was no evidence that average incomes of agricultural producers increased, and that productivity did not improve, despite this having been a strategic priority of the Government⁴. The recent performance audit of the agriculture sector also confirmed concerns around productivity⁵ in particular extremely low levels of use of inputs.

² World Bank

³ Ministry of Planning and Development (July 2010).

⁴ Ministry of Planning and Development, *Relatório de Avaliação de Impacto do PARPA II* p. 50

⁵ Auditoria de Desempenho do Sector Agrário, 2010, Inspecção geral das Finanças.

Of course, poverty is not simply about consumption, and the recent household survey is more positive with regard to other dimensions of poverty. One example of this is that household possession of durable goods increased in all regions. School enrollment, both primary and secondary, increased nationally, although there are concerns about quality. Access to health posts worsened in urban areas but improved significantly in rural areas. The picture for access to water was mixed.

With regard to infant mortality, a continuing downward trend is seen although with slower progress in recent years⁶ and most rapid progress made in rural areas. Mozambique could potentially achieve the MDGs related to this, but an acceleration of progress would need to occur. Child malnutrition has been falling consistently on average, but remains extremely high, with 44% of children chronically malnourished in 2008 (vs. 48% in 2003)⁷.

Of the Millennium Development Goals, which have been integrated into government planning through the PARPA II, Mozambique is considered to be likely to meet four out of the 21 country level targets of the Millennium Development Goals (MDGs), to potentially meet a further ten, and to be unlikely to meet one. Six do not have sufficient data at this stage to assess⁸.

The mixed, and disappointing, picture from the household survey results have called into question the clear-cut “success story” of Mozambican poverty reduction and has also led to questioning of the type of economic growth being promoted. The figures also came as a shock to the international community, which has provided high volumes of aid for poverty reduction, partly on the back of the seemingly extremely high reductions between the first two poverty surveys.

Challenges going forward therefore include the need to ensure that growth remains high, but is more equally distributed and “pro-poor” and that the benefits from megaprojects are optimized. A debate around the type of development, and the key strategies for achieving sustainable but relatively equitable economic growth, is necessary, especially as this is not provided through the political process, with little substantive debate between the parties.

1.3 Public Sector Reform

The GoM approved in 2001 a *Global Strategy for Public Sector Reform 2001 – 2011* as a key element of the strategy for poverty reduction. Five main areas constitute the reform, namely: (1) Decentralization and restructuring, (2) Improved policy formulation process from ministries through parliament, (3) Enhancing professionalism of the public sector, (4) Improved public financial management and (5) Curbing corruption.

With regard to decentralization, this process is ongoing, with the creation in 2007 of a district investment budget (now called the district development fund - DDF). There have been some initial implementation challenges, and the purpose of the budget has evolved (from an initial focus on infrastructure to income generation and credit) and there are a number of challenges going forward with regard to the functioning of this fund. In particular, repayment rates have been extremely low, and there are concerns around the transparency of allocation of funds at district level. The capacity to manage these funds at district level is also weak. There is also a need to increase the proportion of other (non DDF) funds managed at local level, as much of the budget remains centrally managed.

There have been some improvements in policy formulation, but this remains very sector-based, and there is a need for greater coordination. This is recognized by the Ministry of Planning and Development, but the practicalities have not been developed. Given that many of the key challenges facing Mozambique are complex and multi-sectoral, this is a key area that requires strengthening. A salary policy was approved but the capacities and management of public servants remains weak. Public financial management has moved forward with the rolling out of the GoMs PFM system, eSISTAFE, and while challenges remain this has been seen as an area of positive progress. Tax collections have increased consistently and should continue to do so,

⁶ Multiple Indicator Cluster Survey, National Institute for Statistics (2009).

⁷ MICS (2008)

⁸ See Annex A for further information

With regard to corruption, a corruption strategy has been adopted and an Office to Fight Corruption set up, but there have been few instances of large (or small) scale corruption being tackled.

1.4 Governance and Political Stability

The ruling party, Frelimo, is the party which fought and won independence, and has been in power since. The 2009 elections were marred by irregularities, and donors were particularly concerned about the exclusion of a new political party, the MDM, from some provinces, as the National Election Commission claimed their paperwork was not in order. Nevertheless, there is no real doubt about the overall result of the election, which returned Frelimo to power. This may be more due to the lack of any real alternatives, and the power of Frelimo in controlling the election process, than complete satisfaction with Frelimo, and turnout was only 45%.

There were riots in September 2010 sparked by food and fuel price increases and a general dissatisfaction with the increasing wealth of the ruling elite. The riots were put down by the security forces, and a number of people were killed; the GoM reintroduced price subsidies on some items and announced fiscal austerity measures for officials. This may lead to increased likelihood of civil disturbance in future as the rioting seems to have “worked”.

There have also been a number of allegations of Mozambique becoming a favoured route for drug and people traffickers, including by the US embassy in confidential cables that emerged during the wikileaks revelations. A recent study by Chatham House suggests that there is “increasingly weak nature of governance and enforcement institutions” which could lead to “a number of direct threats to peace and security”⁹.

Although direct business dealings between high level government officials and criminals have not been proven, there is evidence that they move in the same circles. The US has identified a main contributor to Frelimo and acquaintance of President Guebuza as a Drug Kingpin, and frozen his assets, and the wikileaks cables accused other ministers of “protecting” criminals. However, it is difficult to assess how accurate these allegations are, but true or not, they have an impact on donor and investor perceptions of governance in the country.

1.5 Development Partners

Mozambique has been seen as at the forefront of aid effectiveness initiatives, with many aspects of the Paris Declaration having been in place in Mozambique prior to the PD itself being adopted. Mozambique was the first country to have a fully developed mutual accountability system, based on joint evaluation of GoM and donor performance vis a vis targets set in respective performance Assessment Frameworks (PAFs). Mozambique was also one of the first countries to receive General Budget Support, and to pioneer Common Funds¹⁰.

The aid architecture in Mozambique is heavily focused on the G19 structure, which brings together GBS donors. This makes Mozambique fairly unique, and a very different aid architecture from other GBS recipient countries (e.g. Tanzania, Rwanda, Ghana) where there tends to be a donor grouping for policy dialogue and a specific GBS-related group for GBS issues. In Mozambique, almost all overall policy dialogue is focused on the G19, and this is the most powerful grouping in terms of influence, especially when the group acts jointly as recently seen following the 2009 elections. The EU also holds political dialogue around Cotonou with the Government. Recently the US and UN became associate members of the G19, making it more representative and increasing further its strength as the main donor body for policy dialogue. Government has called for a more inclusive forum for dialogue with all donors, which led to a process of development of a Code of Conduct for all donors, based on Paris Declaration principles, but this seems to have stalled. There is increasing involvement of “non

⁹ Mozambique – Balancing Development, Politics and Security, Jeremy Astill-Brown and Marlus Wiemer (2010)

traditional” donors, especially China, in Mozambique, but little information, even within GoM, on their activities.

The G19 has a system whereby members participate in representing the wider group through a troika. Each member of the troika serves for 3 years, and chairs in the 2nd year. The troika also counts on permanent participation of the EU and World Bank.

The main forums for policy dialogue are the quarterly “political dialogues” chaired by the Minister of Planning and Development and with participation of other Ministers as required by the agenda, and the “joint steering committee” which handles more process issues related to reviews, management of the partnership and implementation of the MOU, on a monthly basis and is chaired by a National Director from the Ministry of Planning and Development.

Below these forums, there is a complex system of 29 joint GoM-donor working groups, with varying degrees of functionality. These form the basis for the annual reviews of performance as required under the Memorandum of Understanding for GBS. Non-G19 donors who have interest in the particular sector are welcome to participate in these working groups. There are also a large number of donor working groups on specific issues or sectors.

Other donor forums include the Development Partners Group, chaired by the World Bank and UN, with representation at Head of Mission level and no direct government counterpart, but wider participation from non-G19 members, and the EU policy dialogue around Cotonou, conducted with the Ministry of Foreign Affairs.

1.6 Some of the Development Challenges Mozambique Faces Going Forward

Mozambique is entering a more difficult phase of development, having come out of post conflict recovery and being faced with signs of slowing down or stalling of poverty reduction, increasing governance concerns, an increasingly wealthy (and, many suspect, corrupt) elite, and major megaprojects coming online which will need to be handled sensitively to ensure maximum benefits to the country. While we do not aim to be exhaustive below is a list of some key issues facing the country going forward.

- Agricultural Productivity and how best to engage in the agriculture sector (what should be the role of government and of donors?).
- Rural Development and poverty (linked to the previous point, but broader, to include rural industry, job creation, infrastructure etc).
- Improvement of the business environment and employment creation.
- Industrial policy – including a look at the fiscal and developmental benefits from megaprojects, existing and future, and attracting medium sized investments. Capacity and clear rules needs to be developed within GoM to negotiate major contracts in the extractive industries.
- Quality of service delivery. The focus has been on expansion of access, but quality and use must also be addressed.
- “Joined up” policy making and planning (getting away from the “silo” approach of planning, where each ministry has a sector plan, and these are added together into a medium term plan.
- Improvement of capacity to use decentralized funds, at all decentralized levels. Improved transparency and institutional framework related to use of decentralized funds. Better linkages between planning and budgeting at different levels (e.g. integration of district and provincial planning).

¹⁰ For more background see the 2010 Evaluation of the Paris Declaration report (ministry of Planning and Development and KPMG).

- Governance – especially concerns related to corruption, conflict of interest of high ranking officials (e.g. merging of business interests and public duties),
- Drug and people trafficking, law enforcement, possibly civil unrest, professionalism of security forces.
- Fears of increased indebtedness through non-concessional lending from China and elsewhere to finance major infrastructure.
- Improving the capacity of decentralized levels to manage planning, budgeting and implementation.
- Improving the policy dialogue between GoM and (all) donors.
- Improved capacity of parliament, civil society, media etc to hold government to account – through improved access to information, and greater technical understanding of the issues.
- As there is likely to be a less “tolerant” donor community going forward (concerns around governance, corruption, and also Mozambique no longer being considered “post-conflict”).
- HIV/AIDS continues to undermine poverty reduction efforts and is a major problem for economic and social development. The latest epidemiological data (2009) suggest that the prevalence rates of HIV/AIDS are still very high, particularly among women; further efforts are needed to accelerate and optimize the response against HIV/AIDS across all sectors with particular focus on prevention and operationalization of the National Strategy for Prevention approved last year.
- Human Rights implementation continues to be a challenge, with a weak judiciary and police force. Incidents of serious human rights abuses continue to occur, including vigilante killings.

2 General Assessment

The general assessment of the CS is that it was a coherent package of interventions that was generally appropriate for Switzerland. Improvements could be made in the integration of cross cutting issues and in the M&E system for the CS. Results in most domains have been positive, and therefore most recommendations are around improving current strategies rather than changing radically any particular approach.

2.1 Design of Cooperation Strategy

The CS is a coherent package of interventions, with a number of common themes.

One of these is a **focus on PFM**, which can be seen not only at macro level, but also with participation in PFM within Health, Decentralization and Water. Another theme is a concern to engage at various levels, not just centrally, thereby contributing directly to service delivery but also to policy dialogue. This can be seen for example in Health, with focus on community based initiatives as well as contributing to the common fund, and also by the focus on decentralized service delivery (e.g. in water) as well as national decentralization programmes.

Another key theme seems to be a focus **on increasing the country's ability to raise funds**, and thereby reduce aid dependency in the long run. This can be seen not only through the support to tax reform but also through support to municipalities in tax collection.

SDC/SECO have clearly also tried to identify **areas where they can play a niche or "first mover" role**. This is the case for example with tax reform, which is a specialised area where Switzerland was only one of two donors initially (and the other, DFID, focussed on customs) but where there is now a common fund with four donors. SDC was also a key mover in attracting support to IESE.

There is also a certain **coherence with regard to support to GoM and non-GoM entities**, for example on development policy, with support given to the GoM to develop policies (DNEAP); support to the PAP structure (e.g. Governance Platform and various working groups); and also support to civil society (IESE, CIP) to carry on policy debates outside of GoM. Another example of this is that at the same time as supporting the national decentralization policies, SDC also supported the Local Governance Monitoring Initiative.

A number of **synergies** can be identified within the CS, partly because of this emphasis on certain common themes. For example, technical expertise gained in PFM led to application of the PEFA methodology at sectoral level, namely in Health and to contributions to PFM at various sector and decentralized levels. Another example is the local level experience of implementation of the rope pump in water, which has been scaled up and adopted by the GoM. Membership of the G19 enabled Swiss concerns to be raised, for example on governance post-elections.

2.2 Strategic Choices of the CS

A number of “strategic choices” are laid out in the CS.

Strategic Choice	Relevance	Assessment
Become highly focused on a few selected intervention areas, where Swiss cooperation has a comparative advantage and can make a difference;	Makes sense for a small but technically competent donor such as SDC/SECO, and in line with donor Division of Labour initiatives.	Niche areas such as PFM in sectors, “first mover” status in tax reform and support to IESE etc.
Fully engage in policy partnership, harmonization and alignment;	Given the staff profile, good relationships with GoM, and the clear concern for aid effectiveness, this strategic choice is highly relevant, and enables Switzerland to participate in policy dialogue.	SDC/SECO was clearly felt to have “punched above its weight” in the policy partnership, with contributions to the Governance platform and macro discussions, and development of the new MOU.
Be highly responsive to key government priorities;	Aligned with Paris Declaration commitments. However, while being highly responsive to GoM priorities, it is also important to be critical of these, and to ensure Civil Society and others have the capacity to provide alternatives.	CS aligned with PARPA II, and GoM complimentary about SDC/SECO interventions, highlighting flexibility of approach and openness to adapt. General move to common funds also implies greater responsiveness to GoM. Governance platform and support to IESE/CIP an important counterweight.
Be marked by a commitment to support activities at the field level in order to explicitly link local context and reality to the policy dialogue at a macro level;	Clearly relevant to ensure practical solutions are proposed by donor representatives. However in a coordinated donor group, there should be opportunities to leverage learning from field level of various donors, therefore not necessary to apply this approach automatically to all domains. I.e. it should not be necessary always to have a local level and policy level dialogue, in every domain.	Various domains have local and central level interventions, and decentralization is a common theme across domains.
Be well balanced strategy combining a growth, a service delivery and a governance component.	A strategic choice but not automatically necessary for Switzerland to necessarily be involved at every level, given donor Division of Labour. However, does spread risks and provide for interventions at various levels.	This is reflected in the design of the CS, with a focus on growth (GBS, macro); service delivery (decentralized water, community health) and governance.

2.3 Choice of Domain

All the domains are aligned with GoM priorities and planning documents, specifically, PARPA II, and will also be reflected in the forthcoming PARP.

Program Aid Partnership, Harmonization and Alignment. Highly relevant given that the G19 is the main forum for policy dialogue, donor harmonization and aid effectiveness initiatives. The G19 structure is considered to have reduced transaction costs for government (although not necessarily for donors) and is supported by officials. The involvement of Switzerland is particularly relevant given its status as an initial “like minded” donor and a donor which has contributed greatly over many years to the development of the existing structures and MOU.

Economic Development Domain: As a highly aid dependent country with almost half the state budget financed by external sources, there is a clear need to foster economic development, as recognized by the GoM in PARPA II (and the forthcoming PARPA) as Economic Development is one of the key pillars of these documents. The focus on tax reform, public financial management and broad macroeconomic and poverty analysis seems to pinpoint key issues which have a potentially leveraging effect with until recently few other donors involved. The focus on Private sector development is perhaps particularly relevant given the recent household survey results which suggest that rural poverty has stagnated or worsened during the last mandate. This possibly implies that there is a need to focus more specifically on constraints to private sector growth and job creation, as well as social sectors.

Health Domain: In 1996, SDC established the first common health funds. Since then, and besides its pioneering role, SDC always supported a more harmonized and aligned approach in this sector by actively contributing to the SWAp mechanism and SBS. In regional and international comparison, health indicators in Mozambique remain low, but trends go steadily into the right direction. Mozambique faces major challenges in mother and child health, suffers from a high HIV/AIDS burden, Malaria remains the killer number one for children under 5 years old, has significant human resources for health scarcity, faces an inefficient drug management system and sees the domestic share for health financing shrinking. Improving the health status of the populations is key to long term economic growth.

Local Governance Domain: Mozambique is strongly committed to moving ahead with decentralization. This has the potential to impact local economic development and poverty reduction, especially in rural areas, but there is a clear need for improving the capacity of local districts to cope with the management of the funds to ensure this potential impact is realized. Therefore, intervention in this area can be said to be crucial for poverty reduction in the medium term.

2.4 Geographic Focus

In terms of choice of **geographic areas**, where relevant, these seem to have been based on past experience (and hence, presumed comparative advantage). The focus on Northern provinces for a number of interventions (health, microcredit, municipal support) seems to be linked to historical ties rather than an analysis of current need. As a number of other donors focus on other provinces, based on an informal historical division of labour, this is most likely still relevant and appropriate, and there may be advantages to building up a long term presence, but it may be worth (at the level of the G19) assessing Division of Labour from a geographic as well as sector level to ensure that all provinces continue to receive appropriate focus from donors, rather than simply assuming that the historical division still makes sense.

2.5 Choice of modalities

The Swiss portfolio is a classic mix of some GBS, pooled funding and projects. This spreads risks and also enables SDC/SECO to engage at various levels. We consider this appropriate for a small donor, as it ensures both active participation in general policy dialogue (at macro or sector level) and also the ability to follow up specific areas of interest.

There has been a general move towards common funds and SBS, with a new common fund in decentralized planning and finance, tax reform, rural water, a multi-donor fund for municipal support, and a new MOU in health which moves the sector closer the SBS. While this is not driven solely by Switzerland, it is appropriate in terms of aid effectiveness and donor coordination, and should provide greater stability and predictability for GoM.

However it is important to constantly assess the rationale for intervention in specific sectors – especially those with high numbers of donors, and to continue to ensure that Swiss interventions bring specific contributions.

2.6 Value Added of Swiss Interventions

2.6.1 Highly Qualified Staff

The office seems relatively well staffed, both in terms of quantity and quality of personnel, and this is reflected in the interviews with both GoM and donors, who regularly mentioned the “high visibility” or quality of staff as among SDC/SECO’s main attributes. A number of GoM interviewees made the point that Swiss contributions are more significant in the quality of the staff and willingness to help on important matters compared to other donors “who just give money”.

A number of interviewees were extremely complimentary about SDC/SECO staff and their value added to the policy debate, giving concrete examples of where SDC/SECO staff members had contributed positively. This is of course encouraging, as long as SDC can maintain the same levels of staffing and professionalism in future.

Staff who have been hired locally, whether nationals or not, have the institutional memory and “know-how” and contacts that takes many years for a newcomer to develop. Time and again during interviews, the key contributions of experienced staff with the time to dedicate to important issues was mentioned as the main value added of the SDC/SECO.

SDC seems to be more flexible in hiring staff than some donors, with a certain degree of decision making power in the office in Maputo, which may have contributed positively to the reputation for good quality staff.

2.6.2 Flexibility of Support

Some beneficiaries suggested that Swiss support was fairly flexible and “hands off”, enabling government to adapt (within agreed limits) to the needs of the institution during the year. Two interviewees specifically mentioned this as important – the ability to adapt if requirements change or if it is felt that a certain approach is not working.

2.7 Monitoring and Evaluation

Monitoring and Evaluation of the CS is based on the “Autonomous Monitoring Element” which is a high level monitoring instrument. There was an internal Mid Term Review, and a final Review will be carried out following the end of the CS.

The “Autonomous Monitoring Element” seems extremely high level and suffers from a weakness that is common to programmes that depend on other entities to achieve outputs. It is difficult to attribute to SDC/SECO specific outputs, especially in a context where much support is via GBS or common funds. It also does not capture many of the “intermediary” or extra activities carried out by SDC/SECO staff such as technical assistance and contributions to joint forums. It is also difficult to identify objective indicators that reflect quality, for example “more than half the management team participate in the institutional framework of the G19” says nothing about the actual contributions of that participation.

It should also be noted that while the MTR matrix was completed, there was no formal MTR report or analysis. Also, the timeframe of many projects are naturally not aligned with that of the CS. This is not necessarily a problem, but it may mean that there is more information about some aspects of the CS than others during review processes.

Another common issue, shared by the CS, is the lack of data or baselines. In a number of cases there was no data at MTR to assess progress (e.g. access and use of water in target districts).

It might also be helpful to include in the Autonomous Monitoring Element a list of the ongoing projects that “fit” under each objective, which would make the linking of interventions with strategic objectives more transparent.

The Autonomous Monitoring Element also includes specific, separate objectives and indicators for transversal issues. While this is important, one might expect that if these issues were effectively mainstreamed, there might be Gender/HIV/AIDS elements to the indicators in the domains.

The new system of Annual Reports introduced in 2010 addresses some of these issues, and makes a clear link between country results, and SDC/SECO activities which relate to these and is more specific about expected outputs.

3 Assessment by Domain of Intervention

In this chapter we present a brief assessment of each domain of intervention, including the strategy followed by SDC/SECO, the relevance, effectiveness and efficiency of the interventions, and any other relevant aspects.

3.1 Program Aid Partner (PAP) Framework

3.1.1 Swiss Strategy in the PAP Framework

During the timeframe of the cooperation strategy Switzerland continued to be a key voice in the PAP framework, continuing to be at the forefront of discussions relating to GBS and continuing to have extremely high scores on aid effectiveness, as measured by the PAPS Performance Assessment Framework (PAF). Despite being one of the smaller donors in financial terms, it has been SECO/SDC strategy to provide high quality staff with sufficient time to the partnership. SECO/SDC also aimed to improve the systematic monitoring of the underlying principles of the MOU between the GoM and PAPs regarding GBS.

3.1.2 Relevance of GBS and SECO/SDC Interventions in the PAP Framework

General Budget Support represents 30% of total aid to the government of Mozambique¹¹, and is a key resource for poverty reduction efforts. It is explicitly linked to implementation of the GoM's poverty reduction strategy (PARPA II for the period 2005-9, soon to be followed by the forthcoming PARP) via the Memorandum of Understanding between donors who provided GBS and the GoM, which states that: *"the PAPs commit themselves hereby to support the GoM poverty reduction plans contained in the PARPA/GOP by providing coordinated financial assistance through the State Budget"*.

The MOU also sets out particular "underlying conditions" which must be met in order for GBS to be disbursed, such as sound macroeconomic policies and PFM systems, governance and prioritizing poverty reduction. It also establishes an M&E system based on Performance Assessment Frameworks (PAFs) that specify targets for government and donors on a wide range of topics. This provides leverage to the G19 if it considers there has been a violation of any of the underlying principles.

The **relevance of GBS** can be assessed in various ways. GBS supports the poverty reduction plan, and therefore should contribute directly to reducing poverty. There are multiple mechanisms available to donors to ensure that government plans do reflect poverty reduction, including:

- *The PARPA process.* The main medium term planning document in the period under analysis was the PARPA II, which had pillars on Macroeconomic Management and Poverty, Governance, Human Capital, Economic Development and Cross Cutting Issues. The plan was developed in a highly consultative manner, and both donors and civil society were heavily involved in the drafting.
- *The political dialogue* (quarterly meetings between G19 Troika+ ambassadors and Ministers, chaired by the Minister of Planning and Development) is a high level opportunity to discuss development policy and ensure G19 concerns are heard within government.
- The PAP structure and implementation of the MOU, including the annual reviews, planning meetings, performance audits and Joint Steering Committee (monthly meetings between the Troika+ HoCs and National Directors chaired by the Ministry of Planning).

The household survey results have led to some questioning of the premise for GBS (i.e. that it supports poverty reduction initiatives), or its effectiveness in achieving poverty reduction, but this is

¹¹ Depending on the source used for total aid. 2007 figures for total aid are 1.307 M USD, with GBS at 404M USD. Source: OECD-DAC Monitoring Survey & PAP Evaluation Report 2007.

an overly simplistic approach, as there are many other determinants of poverty, including actual volume of resources and how effectively these are used. What GBS has done is provide the “entry points” for discussion about poverty reduction, and enabled donors and CS to participate in planning for poverty reduction.

A second issue related to the relevance of GBS is that, while not perfect, in Mozambique it is the only modality that provides a platform for donors to jointly challenge and interact with government at the level of overall development policy, rather than on specific sector or project issues. The volume of resources associated with this modality also means that GoM does react when donors act together. Examples are the response to the banking crisis in 2000-2001 and the development of an additional “governance action plan - GAP” agreed at political level in response to donor concerns on governance following the 2009 elections.

However, it is true that the extent to which the GoM takes on board donor concerns is questionable, and it is difficult to point to key achievements of the political dialogue (with the exception of the afore-mentioned GAP). The political dialogue often tends to be fairly formalized and often is less of a dialogue than of a presentation by both sides of prepared statements. There are also concerns that the large and varied number of agencies involved means that messages get “watered down” or become too vague in order to accommodate all perspectives. The PAP also does not have permanent technical capacity and therefore the analytical component of preparation for dialogue, whether at political or technical level, depends largely on staff within the agencies volunteering to work on specific issues.

Therefore while GBS provides the seat at the table, it cannot be said that this advantage is being sufficiently utilized currently by the PAPs. While there are examples of concerted donor action leading to a GoM response, the ideal would be to develop a more technically founded, organized and productive political dialogue, which does not require threats of GBS reduction to achieve results.

GBS has also been promoted as a way to achieved Paris Declaration commitments and reduce transaction costs to government. GoM officials clearly state that the PAP structure reduces transaction costs to them, and therefore can be considered positive. Most commentators who have been involved with aid in Mozambique (whether on the donor or government side) since the pre-GBS period agree that the PAP structure, despite its well-known inefficiencies and shortcomings, is by far preferable to the previous situation.

Finally, GBS also has positive effects on Public Financial Management systems and on policy dialogue. Public Financial Management improved significantly during the period of the cooperation strategy, and has been seen as an area of good progress. Swiss cooperation has been actively involved in this area.

Swiss contributions to GBS are, compared to some donors, relatively modest. Of 472M USD of GBS in 2010, Swiss cooperation provided 6.9M USD, or 1.5%. A variable tranche, linked to performance on governance and PFM indicators, has been in place since 2004, and was disbursed each year, although in reduced amounts in 2006 and 2009 due to poor performance related to agreed targets in years 2004 and 2007 respectively. It is therefore not possible to say that the financial contribution *alone* is highly relevant to the GoM and its development objectives. The variable tranche sends a message, but the GoM response to a variable tranche of modest proportions when Switzerland acts alone is limited. It does however enable Switzerland to link disbursements to key issues of importance to Switzerland.

As a founding member of the “like minded” GBS donors, the relevance of Swiss participation in the PAP to GoM is also high, as it sends a clear signal of support. As Switzerland is one of the “good performers” with regard to aid effectiveness issues, it also acts, with other good performers, to encourage progress on these issues among other donors. As a relatively small GBS donor, it is what Switzerland brings to the partnership in terms of technical expertise and availability of staff that is of most relevance for GoM and other donors. For SECO/SDC itself, the agency benefits from access that participation in the G19 provides, from being able to present Swiss concerns at high level forums and to work with other donors to jointly present arguments, and also from the synergies with other Swiss programs, as will be seen below.

3.1.3 Effectiveness of SECO/SDC Interventions in the PAP Framework

The status of the objectives established for this domain can be seen in the table below.

Objectives	Status
1) Switzerland has an above average record regarding harmonisation and alignment in Mozambique.	<i>Achieved. One of the best performers throughout the period – 2009 maximum score.</i>
2) Switzerland's relative influence in the PAP context and contribution to the G19-GoM interaction has clearly exceeded its relative financial contribution.	<i>Achieved. Active participation in PAP structures in areas such as PFM, Macroeconomic and Poverty, Governance, Health Finance and Audit and new MOU development. .</i>
3) The monitoring of the underlying principles of the MoU has been strengthened drawing on Swiss analytical and policy dialogue inputs.	<i>Achieved. Switzerland provided key inputs to drafting of new MOU, which maintained underlying principles. SDC also set up and chaired the Governance Platform.</i>

Switzerland has provided highly effective contributions to the PAP structure during the period under analysis, which may not have direct “outputs” attributable to SDC/SECO, but which undoubtedly (and as recognized by a number of interviewees from both government and donors) has contributed to the policy dialogue with government. Key roles have been played by both the governance adviser as the pillar lead for governance and as chair of the Governance Platform, during a number of years, and the Chief Economist as chair of the Macroeconomic and Poverty pillar, leading the PFM groups coordination and in Economists Working Group. Both of these individuals have a long experience in country, something which was highlighted appreciatively by a number of interviewees. Particularly at a time of difficult dialogue (e.g. following the 2009 elections) or when dealing with complex matters (drafting the new MOU), donors and government officials alike have appreciated the longer term institutional memory and know-how brought by donor staff who have longer experience in-country than is normal. Even though Switzerland was not chairing the troika during the period under analysis, it was felt by both GoM and donor interviewees that the agency had contributed more than would be expected, given the size of the agency.

However concerns have been raised by a number of commentators around the *general* effectiveness of the PAP framework. These concerns can be divided into i) concerns around transaction costs for donors and unwieldy decision-making processes and ii) concerns around the real scope to influence policy decisions and in particular to ensure good governance.

With regard to transaction costs and decision making, this can lead the G19 to become somewhat “inward looking” and to focus more on achieving internal consensus or compromise, rather than “outward looking” to GoM. With regard to influence on policy decisions, there are a number of aspects of the current political and technical dialogue that could be improved (for example, institutionalizing good quality analytical inputs through some form of technical secretariat, providing greater information to GoM prior to meetings, removing from the JSC some of the more mundane process issues and replacing them with technical discussions, improving the briefing of and Portuguese language skills of Heads of Missions).

Given the objectives, and the outcomes, it can therefore be said that the choice of intervention has been effective. Switzerland has often been at the top, or very close to the top, of the rankings under the PAPs PAF. Switzerland is also seen by various interviewees to have clearly exceeded its status as a small donor, in terms of the level and quality of technical advice and participation in dialogue structures, with particular reference to the governance and macroeconomic/PFM areas. Switzerland also provided key inputs into the drafting of the new MOU, being the only agency to have institutional memory of the drafting of the previous MOU. It is clear that care has been taken in the design of the strategy to ensure complementarity between GBS provision, entry points in the PAP structure, and the other domains. Switzerland, despite being a “small” GBS donor financially,

punches well above its weight in the policy dialogue, partly due to the excellent staff involved, and partly due to an explicit strategy and objective to do so.

3.1.4 Efficiency of SECO/SDC Interventions in the PAP Framework

There is no doubt that participation in the PAP Framework is transaction cost heavy at many levels – heads of Mission meetings, Heads of Cooperation meetings, and technical working groups (joint and donor-only) take up inordinate amounts of time. A great deal of time is spent attempting to reach compromise and common positions, especially over key political issues, as could be seen following the elections, or when issues touch upon the management of the partnership (e.g. the new MOU and discussions around a donor Code of Conduct). Sector working groups tend to be somewhat more focused, but reviews and planning meetings continue to require a great deal of input. Switzerland has certainly done more of its fair share of the work during these processes, which has been of benefit to the partnership and to GoM.

In terms of staffing, much of the GBS related activities are carried out by the economist, who also covers part of the PFM support and Macroeconomic policy support under the Economic Development Domain, which makes for an efficient and cohesive package of support in these areas. Despite not being in the Troika during the period under analysis, it is clear that there has been a great deal of support and contribution to the Troika, and to various working groups, by SDC/SECO staff, which in the broad sense of efficiency of the PAP mechanism as a whole is a positive contribution.

3.1.5 Other Aspects of SECO/SDC Interventions in the PAP Framework

The design of the strategy clearly aims to leverage specific interventions to be synergistic with GBS provision and participation in the PAP structure. The choice of participation in macro, PFM, governance and health financial systems working groups within the structure clearly tally with the other domains chosen for intervention.

The Macroeconomic segment of the Economic Development domain ties in well with GBS support. For example, support to DNEAP is aimed at improving policy making, which has a direct bearing on the use of GBS funds. On the other hand, support to PFM reform (tax reform but also the active involvement in all the five PFM groups, including the Budget Analysis Group) also aims to improve the use of GBS funds, and in the long term to reduce the need for such funds.

A wider synergy should be noted here, particularly with respect to the decision to withdraw from GBS in future. By having access to the PAP dialogue forums, at all levels, there is the possibility to influence policy and to remain informed of the wider development context, and of the key debates in each sector. There is also a possibility to bring up specific issues at a higher level than would be possible acting alone, with recourse to the political dialogue.

Finally, the fact that Switzerland provides GBS means that technical understanding of detailed PFM issues has been developed, which has had positive externalities for other programs, such as support to health (e.g. the PEFA and also the new MOU) and water PFM.

3.2 Economic Development

3.2.1 SECO/SDC Strategy in Economic Development

The economic development portfolio is divided into macroeconomic support and private sector development. Macroeconomic support is aimed at ensuring sound macroeconomic and public financial management. The focus on tax collection and also on PSD reflects a desire to ensure long term sustainability of development, stimulating economic growth that will provide employment and a solid tax base, while at the same time contributing to GoM capacity to collect revenue.

Private Sector Development for the period under consideration included a trade facilitation program and access to financial services (microcredit and SME support). The trade facilitation support aimed at providing focused support in specific niches of relatively high demand and relevant added value, especially trade and investment promotion through better compliance with international quality standards. In terms of Microfinance, and given the absence of formal microfinance institutions in the rural areas, the aim was to assist rural and poor households to accede credit.

3.2.2 Relevance of SDC/SECO Interventions in Economic Development

Support to tax reform is highly relevant to a country with such high aid dependency, and was crucial to the government in recent years as the Central Tax Authority was established, which merged Customs with Tax. Support to this area has also been highly relevant as until the creation of the tax authority and setting up of a common fund, few donors were involved – initially only Switzerland on tax and DFID on Customs¹². It is a fairly specialized area and Switzerland has clearly built up expertise, which has been useful in stimulating discussion and providing alternative opinions on technical matters.

Support to the Ministry of Planning and Development via a fairly flexible funding of the Directorate of Studies and Policy Analysis (DNEAP) seems to tie in well with provision of GBS and the objective of enabling the GoM to understand, challenge and provide alternative policy options. A major criticism of planning has been that it tends to be fairly “bottom up” (PARPA II being seen as a compilation of sector plans rather than a plan guided by an overarching vision for the country) and lacking in evidence based policy making.

Regarding the Trade Facilitation Program, it should be noted that this was a three-year project that ended in 2009. There are very limited projects of this nature in Mozambique; many products face difficulties in obtaining certification of quality, hygiene, worker safety and factory-related environmental standards.

Regarding Microcredit, the main relevance comes from the focus on rural areas of Nampula, where coverage of other microfinance institutions is fairly limited, which has led SDC to support the development of local micro-finance associations.

Objectives	Status
1) Institutional (systems, processes, technical tools) and human capacities of two key institutions – the Central Revenue Authority and the National Directorate for Policy and Analysis (DNEAP) – have been strengthened.	Revenue mobilisation increased every year (as % GDP). Evaluation of DNEAP highly positive regarding quality of output. Some concerns regarding how effective this output is in shaping policy.
2) Strengthen domestic accountability systems on macro-economic and public financial management.	Support to CIP and IESE contributed to this objective, but funding was not available for new projects, as was planned.
3) Increase access to innovative, cost-effective and reliable financing services that foster rural growth and the development of SME's.	Achieved and ongoing. Loans (solidarity and agricultural) were provided to small traders, farmers and agricultural commodity traders. Further work is needed with ongoing agricultural projects.
4) Export capabilities of food and agricultural products are increased.	Achieved. While being compliant with international standards, quality systems have been introduced and improved. There are now national local quality assurance tests.

¹² Now there are four – Germany, DFID, Belgium and Switzerland.

With regard to the support to SMEs, and despite slight improvement in the World Bank's *ease of doing business* index, it remains difficult for local firms to attract or raise capital from private investors. SDC therefore provided funds to an IFC programme which was aimed at providing financing plus technical assistance to enable them to prepare for qualifying for direct financing and developing a successful, sustainable business post-investment.

3.2.3 Effectiveness of SDC/SECO Interventions in Economic Development

Tax reform has been considered an area of success in the reform process, consistently increasing tax collection year on year, and regularly overachieving the PAF target. A number of Quality Assurance Reviews have been carried out, and highlight a number of difficulties regarding the choice of technology, and there are clearly different opinions on this between various donors. However, it is clear that the role of Switzerland in the debate has been appreciated. Both other donors involved and the CTA highlighted the Swiss contribution as essential and technically grounded. Support to DNEAP seems greatly appreciated by the Ministry, and a review of the program was generally highly positive regarding the quality of the work produced by the department. These documents, and particularly the weekly presentations and discussions of research, do contribute to training a new generation of highly skilled and informed government staff, and to a wider debate on the issues (non-government stakeholders are also invited to participate). However, the objective of this support is to strengthen policy making, through providing the GoM with the technical resources to debate and decide between policy options. It is clear that DNEAP is not used by the political level in the most effective way, and that policy is often influenced by other (non-research) factors, which somewhat hinders the effectiveness of this support. DNEAP is often asked to work on non-policy related issues, often at the last minute, which de-motivates staff and takes them away from relevant research. There is also a feeling that lacking clear strategic guidance on which topics of most relevance to the policy decision makers, staff focus on areas of personal research interest. Finally, DNEAP seems to suffer somewhat from an identity crisis: should it be a fast-moving policy unit that turns around 2-3 page policy briefs on demand, or a research unit focusing on long-term, more academic, research?

Regarding trade facilitation, it was felt by the implementing partners that these types of projects can produce bigger impact if the timeframe is enlarged. Three or four years is a relatively short period of time to ensure the establishment, effectiveness and sustainability of nationwide projects; in terms of results workers of five big producers and exporters of cashew nuts were trained by Technoserve in order to improve the quality of their products. All five beneficiaries improved standards and quality assurance systems in compliance with international standards, but only one eventually requested international certification. The challenge remains to ensure to maintain the attained standards.

The Microcredit program has estimated coverage of 75% of Nampula province, focused mainly on rural areas, and has provided solidarity loans, agricultural and trading loans to small and agricultural traders as well as to farmers. Repayment rates are around 80%. Overall, a suggestive conclusion of the impact would need an impact study. However, some of the impacts include (i) the increase of the productivity levels of farmers as a result of the loans, especially if one considers the fact that in the subsequent cycles of loans the amounts of credit requested are higher and (ii) the promotion of group-based economic activities. One of the positive impacts of this project has been greater cohesiveness among mainly women solidarity groups. Beneficiary microfinance associations must have at least two women on their management committee and solidarity groups are recommended to be of one gender.

In order to increase the magnitude of the impact of interventions, these should be holistic. In the case of microcredit intervention it should consider the development of partnerships with other interventions in agricultural projects. This is relevant because rural development can only occur if producers without access to agricultural inputs, market information, improved seeds, and technical

assistance in farming methods will rarely rise out of poverty regardless of how much credit you give them.

As far as the SME support initiative is concerned, although a few firms received TA no specific targets were reached. This limited impact can be partly explained by two factors: firstly, the relatively weak capacity of local consultants carrying out the TA, and secondly, perhaps most importantly, by (i) unrealistic IFC funding criteria for the local environment, for instance, the need for local SMEs to develop business plans of international standards, environmental impact assessments, credit pay-back periods of not more than two years, among others; (ii) the relatively high administrative costs when compared to actual funding (from a total amount of USD 9M of grants 50% was spent on administrative costs whereas only 10% were actual credit).

3.2.4 Efficiency of SDC/SECO Interventions in Economic Development

All of the macroeconomic support, including the GBS and central PAP support is carried out by the economist. The support to both DNEAP and IESE (previously under SECO and now SDC financed under the governance domain) provides an interesting complementarity, as both work on policy, but from different perspectives and locations. Coordination with government seems excellent. DNEAP highlighted the benefits of a fairly flexible agreement – a research programme is agreed and monitored, but not micro-managed, allowing them to respond to issues as they come up.

Switzerland played a “first mover” role on tax reform, and has contributed to moving GoM to a position whereby it is less dependent on Swiss funding, by the setting up of a common fund, which seems appropriate and the most efficient modality for the objectives.

The private sector development position was agreed in 2005 but only actually filled in 2008. According to the office organogram, there are plans to create a second, junior post, which has not yet been filled. It seems that the PSD strategy is still being developed, and will perhaps be more concretely presented in the new Cooperation Strategy.

Regarding the trade facilitation intervention, subcontracting of Technoserve seems to have been appropriate as it possesses suitably technically qualified staff to perform the required TA programs and activities in the most effective way. In the case of UNIDO, according to an external review¹³ carried out in 2009, efficiency was not fully satisfactory. The internationally procured and purchased equipment by the project seems to have been appropriate but its late arrival, the lack of agreement on enabling conditions and delays to start using the purchased equipment, have negatively affected the achievement of the expected impact. Additionally, although UNIDO staff is suitably technically qualified, communication and coordination between the latter and the Government needs to improve in order to increase efficiency.

However, in the microfinance area there are a few critiques on the value of the money spent with the implementing partner, IRAM, a French NGO, which according to one informed observer is expensive with almost all of the work being conducted by locally-based service providers.

There does not seem to be as much awareness of Swiss activities in this area as in many others, which is partly due to the nature of the beneficiaries (private sector). However, it was felt that greater emphasis was needed on consultation with government.

3.2.5 Other Aspects of SDC/SECO Interventions in Economic Development

Switzerland is fortunate in that the economist is a highly experienced national with a great deal of institutional memory and technical understanding of the issues. While the decision not to continue with GBS may invalidate some of the arguments for macroeconomic support, both donor interviewees and GoM officials highlighted the fact that the technical contributions of the economist are a key Swiss value added.

¹³ UNIDO (2009) Independent Evaluation Mozambique - Enhancing the capacities of the Mozambican Food Safety and Quality Assurance System for Trade.

3.3 Health

3.3.1 SDC Strategy in Health

Swiss interventions have been focusing at the central level on SWAp by participating actively in the working groups and by providing support to the common fund (PROSAUDE), and at local level on community health. Besides substantial contributions for better harmonisation and alignment in this sector, within the SWAp, SDC influences were through co-chairmanship in the PFM/finance and monitoring and evaluation working groups. The focus at local level, was support for community involvement and empowerment and implementation of decentralization in health.

Focus on local service delivery also aimed to provide inputs for the central level policy dialogue, bringing micro-level experiences to feed the macro level so that policy makers can make evidence based decisions.

3.3.2 Relevance of SDC Interventions in Health

Overall health indicators have been improving, putting the country potentially on track to meet some of the Millennium Development Goals (MDG's) in Health (see annex A for more information). This has been influenced by several factors, such as the Sector Wide Approach (SWAp) which facilitates donor harmonization and alignment, asks for a Medium Term Expenditure Framework and a Sector Plan with clear priorities, accountability in resource allocation and expenditures and transparency in results achieved.

Taking the GoM perspective, within the health sector, Swiss interventions has been focusing at the central level on SWAp by participating actively in the working groups and by providing sector budget support (PROSAUDE).

The relevance of support to PROSAUDE is clear, as it is a major financing tool for the sector and puts government more clearly in the driving seat. One of PARPA II's stated objectives is to improve efficiency and effectiveness of PFM and so the SDC focus on this area within health is directly in line with GoM objectives. Interventions are particularly relevant as the areas that SDC has supported in the working groups (PFM and Monitoring and Evaluation) are generally under-supported areas and crucial to the well functioning of the SWAp and improved evidence based policy making.

The Swiss Cooperation Strategy 2007-2011 highlights the implementation of innovative and effective outreach and community-based services and decentralization, empowering communities to participate in the policy dialogue and bringing micro-level experiences to feed the macro-level so that policy makers can make decisions based on evidence. This reflects the GoM aim to reduce inequity in access and consumption of quality health services, and is in line with the overall SDC/SECO strategy of having a local level, practical aspect to intervention allied with a policy level dialogue. With this perspective and based on analytical studies conducted by the World Bank, Switzerland joined efforts with the World Bank and other partners such as, CIDA-Canada and Russia to create The Health Service Delivery Program (HSDP). Besides the support for better outreach services, SDC brought in the aspect of more bottom-up health service delivery and management.

SDC interventions were expanded by influence in one northern province of Mozambique (Cabo Delgado) through SolidarMed (a Swiss NGO) with has a focus on community health services – the Wiwanana project. The project has been working in two districts in Cabo Delgado Province towards improving the health status of the population in the communities by adopting healthier lifestyles and thereby reducing the burden of disease. This project is fully in line with MoH priorities as articulated in the Plano Económico and Social. Since the illiteracy rate in rural Mozambique is very high (48%) the project is also highly relevant for communities, esp. women, that they are empowered to ask for their rights.

3.3.3 Effectiveness of SDC Interventions in Health

Objective	Status
1) Selected PFM issues and challenges in the health sector have been identified and addressed drawing on Swiss analytical, policy dialogue and capacity building inputs.	Achieved. An external evaluation of the Public Financial Management in the health sector was done and an action plan was developed which is used by MISAU.
2) Innovative and effective outreach and community based services are tested and rolled out to at least 30 districts in the three disadvantaged Northern provinces.	Ongoing. The project was launched in December 2010.
3) Outreach and community based approaches as well as decentralisation have been high on the agenda in the SWAP based policy dialogue due to Swiss leadership.	Achieved. Community based approaches are now a priority of the PES.

3.3.3.1 Interventions at Central Level

In general, it can be said that over the period of the Cooperation Strategy there has been progress in health sector management in general and in particular significant changes in financing and accountability mechanisms contribution to an improvement of quality health services in the country. This can be seen from an overall improvement in outcome indicators assessed through the ACA survey.

A new MOU was signed in 2008 which moved PROSAUDE close to sector budget support, with donors contributing to the common fund which supports the Health sector strategic plan (PESS).

Given that PROSAUDE is a common fund, it is impossible to identify specific SDC-financed activities, however it is fair to say that SDC contributed to the key outcomes of the sector. SDC contributes between 3% and 4% of total PROSAUDE financing and, thus, to 3-4% of all the progress in the health outcomes of the population of Mozambique.

Results regarding overall implementation of the PESS (and therefore, of PROSAUDE) are relatively positive. The most recent joint evaluation report (2009) revealed that information was available for 27 out of 31 indicators. Of these, overall there were improvements as compared with 2008, for example, in 2008 53% of targets were met, as compared to 66.6% in 2009. The year 2009 was marked by the implementation of the human resources plan in health essentially by the creation of institutional conditions to translate the plan into action. Also in 2009, the strategic plan for the health information system 2009-2014 was approved and initiated, with the aim of reinforcing the health information system. A highlight is that for the first time the target for the number of children in ART has been achieved, which was a major breakthrough as this has been one of the biggest challenges in the past years.

During 2009, documentation related to maternal health (waiting homes and traditional birth attendants) as well as the national strategic plan for malaria was approved. This year was also marked by an improvement of human resources in health by allocation of at least one general practitioner on every district in the country. Improvements were also seen in the notifiable diseases showing an increase in the notification rates and there was also a significant reduction of the number of cases and deaths due to malaria.

Improving the quality of services by the health facilities were marked by the expansion of infection control and baselines of the quality of services in 55 health facilities. Health related Millennium development goals showed an improvement. In 2008, the MICS survey indicates a reduction in child mortality as compared with the 2003 Demographic Health Survey. The coverage of DPT/HB3rd dose,

did not reach the target, however showed an increase as compared with the previous year. In general, some indicators exceeded the target values such as Ratio habitant per qualified health personnel, Number of adults HIV positive which received ART according to the national standards, Number of children in Pediatric ART however, in institutional deliveries, the coverage was the same as the previous year and thus, not reaching the defined targets.

In general it was felt by interviewees that despite only contributing 3-4% of PROSAUDE financing, SDC has had a great influence among government and other donors through policy dialogue, harmonization and technical assistance in the SWAp working groups. Specific SDC contributions included playing an important role as co-chair of the SWAp working group "Planning, M&E and Infrastructure" in the development of a unique framework to assess health sector performance. This was jointly agreed between MISAU and the cooperation partners and resulted in the joint annual evaluation (ACA). SDC particular influence in the group consisted in streamlining the set of indicators used which are based on a performance assessment framework (QAD - Quadro de Avaliação de Desempenho). The evaluation provides a sector analysis and implementation progress of pre-defined goals and it is complemented by field data verification which collects, analyze and validates the reported data through the national health information system. Based on the indicators, constrains and recommendations are generated.

SDC also financed an external assessment of Public Financial Management (PFM) in the health sector, which was a MOU commitment. The methodology was based on Public Expenditure and Financial Accountability framework (PEFA), which is generally used for country evaluations. This was the first use of such a methodology in a sector and was therefore somewhat pioneering. The assessment was translated in a PFM action plan to be implemented by MoH addressing the weakness of the system covering 5 areas, namely, Planning, Budgeting & Management of External Resources, Budget Execution, Accounting, Reporting and Audit, Procurement and Inventory Management, human resources and auditing and internal control.. As recommended by the evaluation and due to the limited human resources in DAF, DANIDA provided technical assistance through consultants to implement the action plan. Later, as DANIDA withdrew, SDC took lead of the process. Currently the DAF is working within schedule to implement the action plan however, challenges remain for GoM in taking ownership of the process.

3.3.3.2 Local Level Interventions

The results of the HSDP are limited due to delays in implementation caused by initial negotiations, especially around different financial rules and regulations (between World Bank and MoH) meaning the project launch was only at the end of 2010. Official launch of the project was on 15th December 2010, planned was end 2008.

Therefore, health promotion and community participation results are limited to the interventions done by the Wiwanana Project in Cabo Delgado province. Overall health status and knowledge about health in the influenced districts is extremely challenging. Wiwanana managed to bring change in the two districts of implementation. Institutional deliveries have been improving from 2006 till 2009 to more than the double due to a series of activities done at the community level in the area of safe motherhood, with a plausible share of Wiwanana. Wiwanana interventions go beyond safe motherhood as it has been influencing the number of patients tested for HIV/AIDS at the voluntary council testing. Currently, Wiwanana is accepted by the NGO's network as well as being recognized as a partner at provincial level. Currently CBH integration is part of the PES due to (in part) SDC interventions on policy dialogue in the SWAp working groups.

3.3.4 Efficiency of SDC Interventions in Health

Support to PROSAUDE can be seen to be highly efficient in the sense that funds are pooled and there are common reporting and evaluations. This reduces GoM time and transaction costs, and should, in

the long run with more harmonised approaches in the health sector in Mozambique, also require less SDC staff time.

It is somewhat more difficult to assess efficiency of participation in policy dialogue, as the outcomes are by definition not directly attributed to the inputs (staff time, technical expertise etc) from SDC. However, SDC seems to have chosen targeted areas for intervention that tie in with SDC expertise. The PEFA exercise produced a concrete output, an action plan, which is being implemented and should improve the efficiency and effectiveness of public finance management within the sector.

It is too soon to evaluate the efficiency of the HSDP, as this was only launched in December 2010. However, as long as there are shared objectives, it certainly makes sense and is more efficient for an agency such as SDC to collaborate with other partners, rather than to set up a separate project to keep transactions costs low and ensure harmonization. Some delays have been suffered by the HSDP project. Currently planning and project structure setup has been in place with direct involvement of MISAU however, is still too early to judge its efficiency. This should produce significant insights of the level of services which will be brought into policy dialogue at the central level.

The Wiwanana experience over the years has been efficient as it is influencing provincial and national authorities towards outreach and community based approaches which can most efficiently respond to community health needs.

3.3.5 Other Aspects of SDC Interventions in Health

With regard to cross cutting issues, gender issues have been highlighted in the provincial and district/community based programs. HSDP highlights the goal of promoting gender equality and empowering women as well as HIV/AIDS. The Wiwanana Project, shows a balance between man and women with special focus on community active groups where 46.5% are women. It also highlights HIV/AIDS issues through the voluntary council testing program which, as mentioned above, has been showing remarkable progress.

Another aspect that should be taken into account is the perception that the areas of focus change with staff turnover. It seems that interventions were dependent on the qualifications and background of designated official, and that with the change in official there was a change of focus. While it is natural that different staff members have different backgrounds and areas of interest, a balance needs to be found. There is a need for greater discussion with other donors prior to staff rotations, such that this could be avoided by identifying another donor focal point who might take on the role previously carried out by SDC staff.

3.4 Local Governance

SDC Strategy in the Local Governance domain has defined a two-pronged approach to Governance, bringing together a direct engagement in decentralization with support to decentralized service delivery of water and sanitation.

While this inclusion of WATSAN under local governance is somewhat unusual – and prompted in part, we suspect, by a HQ level requirement to reduce the domains of intervention, there is a certain amount of logic to this, and there does seem to be genuine joint focus on decentralization and water, for example in decentralization of contracts management for water point construction to district government and capacity building of district level government.

To achieve the four objectives established in the Cooperation Strategy¹⁴, SDC developed the following projects: Support to municipal development (P-13); Local Governance Monitoring

¹⁴ 1) effective empowerment of local communities in district participatory planning and budgeting; 2) Strengthened governance and improved service delivery in at least 12 municipalities as a stepping stone to a national programme. 3)

Initiative (LGMI); Support to Decentralized Planning and Finance (PNPFD) Programa de Governação, Água e Saneamento (Progoas) and Support to Decentralization of Rural Water and Sanitation Services (WaterAid, PRONASAR) and Policy Dialogue (Aguasán); Monitoring of land and natural resource use.

3.4.1 Relevance of SDC Interventions in Local Governance

Generally speaking, local governance interventions were/are aligned with Government strategic documents such as PARPA II and the interventions were to a certain extent relevant for the achievement of GoM Objectives (as presented in the Monitoring and Evaluation Matrix (CS paper pages 24/5). Chosen interventions were consistent with the attainment of the objectives, although, some deviations occurred during the implementation phase, as we will present later in the document.

The support to municipal development is highly relevant, taking into consideration that a developed and consolidated national framework to support local government (municípios) is still missing despite the fact that all the legal instruments are in place. This has led to a fragmentation of support to municipalities, and therefore the P-13 approach, as the only current example of a harmonized donor support to municipal development, is particularly relevant, in an attempt to reduce this fragmentation. A positive aspect of the P-13 program is that project activities are 100% integrated into municipal plans, hence fully aligned with municipal objectives¹⁵.

The Local Governance Monitoring Initiative is a pioneering initiative in terms of a social audit exercise (budget monitoring by Civil Society Organizations in 6 districts¹⁶ and 3 municipalities¹⁷) and appears highly relevant in a context of state-party fusion; few operational accountability mechanisms; very weak civil society and low levels of citizen participation.

SDC participated in the process of the conception/elaboration of the National and Decentralized Planning and Finance Program and is funding it. This is a highly relevant program due to the lack of planning and budgeting experiences in several districts. When implemented the program should be a good example of provision of effective management support to the districts and therefore contribute to the alleviation of poverty.

When operational PNPFD will be complementary to the LGMI as the first will create management capacity and the latter will monitor the performance of the districts. Therefore, SDC allies support to district government with support to local communities to ensure these have the tools to monitor the performance of those district governments.

With regard to decentralized water, coverage for improved water supply and sanitation is respectively estimated at 50% and 40%¹⁸ (2010), which represents one of the lowest coverage rates in the Sub Saharan region. Therefore intervention in this area, which SDC has long experience of, is relevant. In particular, Progoas is a highly relevant and at the same time challenging program due to its mixed approach that aims to support the development of local governments in technical and administrative capacities and at the same improving social service delivery, and civil society participation in local governance.

Apart from planned activities, under the local governance domain, there were a number of activities carried out that were not originally contemplated in the Country Strategy, namely: (i) support to 2009 election process and (ii) support to the establishment of the Institute of Economic and Social Studies (IESE), and Centre for Public Integrity (CIP). This shows a certain flexibility to respond to issues which come up during the implementation period.

Assume strategic role in the establishment of mechanisms that allow civil society to monitor the performance of district and municipal governments and 4) water service delivery is decentralized and improved.

¹⁵ As the SDC 2010 Annual Report refers, The P-13 is now called "the" reference in its field

¹⁶ Bilene, Búzi, Cheringoma, Chiúre, Mabalane and Montepuez

¹⁷ Manjacaze, Marromeu and Mocímboa da Praia

¹⁸ According to the "National Directorate of Water Affairs"

Generally speaking, the Support to the 2009 Elections, which consisted of the financing of some institutions who have ground credentials and recognized experience in the elections process in Mozambique Electoral Observatory (OE); - Media Institute of Southern Africa (MISA), Women and Law in Southern Africa Research and Education Trust (WSLA)- aimed to contribute to the increase of transparency and credibility of the Mozambican elections and to deepen the SDC understanding of electoral dynamics in Mozambique. Specific objectives were to strengthen the legitimacy of the elected office-holders through election observation and reduction of the post-electoral conflict potential and to strengthen the fairness of the elections through monitoring of the media coverage during the electoral process.

Support to IESE was not defined in the beginning of the CS but it showed to be highly relevant as this institution enables alternative (to government) options to be openly discussed, and contributes to the wider policy debate. The midterm review of IESE described IESE as “*highly relevant to contemporary debates in Mozambique*”. An example of this statement can be traced back to the period after the September 2010 riots when IESE received 16 different ambassadors in 3 weeks asking them what should be done. This is particularly relevant in Mozambique given the small number of such institutions. IESE is independent of both government and donors (despite providing funds, donors cannot impose research topics and all funds are “core funding” i.e. not linked to a particular research topic).

Support for the establishment of CIP, a nonprofit and independent organization, has proved to be highly relevant to national debates. SDC was important in the mobilization of other donors to have a common fund to support CIPs activities and establishment. CIP aims to promote integrity, transparency, ethics and good governance in the public sphere, and to promote human rights in Mozambique. It is an organization that fosters the accountability process in the country.

A final objective of the Governance pillar is that “Water Service delivery is decentralized and improved”. Switzerland has been active in the rural water supply and sanitation sub-sector in Mozambique since 1979 and has a strong voice in policy dialogue as well as on local level in collaboration with the decentralized governmental structures and international NGO’s as implementing partners.

In Mozambique, according to the National Directorate of Water, coverage for improved rural water supply is respectively estimated at 59.6% (relative to 2010), which represents one of the lowest coverage rates in the Sub Saharan region. From the 3 Northern provinces, i.e. Nampula, Cabo Delgado and Niassa, Niassa presents the highest coverage rate (ca. 69.8%) and Nampula the lowest coverage rate (ca. 45.1%). There are some differences between the figures from the INE and DNA concerning criteria of classification of a reliable source for water supply and thus, these figures must be taken with precaution. Therefore while intervention in Watsan is clearly relevant, it might be necessary to consider whether support should focus more on Nampula relative to Niassa.

3.4.2 Effectiveness of SDC Interventions in Local Governance

In general, we find that the implementation of the projects/programmes and initiatives is a success but, particularly due to the innovative nature of many interventions and the fact that many are in the initial stages, progress was limited in some projects due to delays (PPFD) and implementation constraints (P-13; LGMI), although it should be noted that these were often not within SDCs control (for example, delays for PPFD due to negotiations with the World Bank and other donors on specific aspects of the MOU). These delays or constraints are natural and common to engagements in these areas, and are to a certain extent a result of the novelty of the initiatives, therefore, it’s important to give an extension for the programmes/projects and initiatives in order to have a more substantial conclusion. The table below presents an analysis on the status of the objectives vs. indicators developed.

Objectives	Indicators (as per CS MTR Matrix)	Status/outputs in 2011
1) Effective empowerment of local communities in district participatory planning and budgeting processes.	Number of consultative councils established and operational (min. 2 meetings/year) in Swiss supported districts	Achieved: Consultative councils established in all 8 SDC districts as an institutionalized response to Government requirements (not a result of the SDC intervention). SDC support (under Progoas) on capacity building of the 8 districts is aligned to national framework. It is believed that the support increased the pressure on local governments to perform better. The quality, functionality, representatively etc. of CCs continues to present challenges.
2) Strengthened governance and improved service delivery in at least 12 municipalities as a stepping stone to a national programme.	Supported municipalities have prioritised and costed multi-year development plans. - Service delivery levels	Partially achieved – progress made in many aspects ¹⁹ , however it is still early and challenges remain, related to (i) lack of technical and financial resources; (ii) time constraints (the elaboration of a Strategic Plan under a participative process can take more than 6 months; (iii) greater focus of municipalities on investments in infrastructure and less in management tools. However, the objectives were very ambitious and it can be argued that P-13 is the first step for a national harmonized program and it is indeed a very useful tool in terms of harmonization and coordination of activities in the municipalities
Assume strategic role in the establishment of mechanisms that allow civil society to monitor the performance of district and municipal governments.	- Number of districts and municipalities scrutinised by civil society. - Civil society monitoring effectively promoted in donor and CSO fora.	Achieved: 6 districts and 3 municipalities monitoring Local Governments. Two reports actively used in G20 forum (national and provincial) and as CS contribution to the JR process

Regarding support to municipal development, P-13, interviewees (from the government), refer that one of the positive points regarding this program is linked with the fact that the process of program elaboration/design took into consideration the reality of the municipalities and their specific needs and was not an imposition from the donors. The implementing partners (interviewed by the external midterm- evaluators) highlighted that these types of projects can produce much bigger impacts if the timeframe is enlarged.

However, there are still challenges in relation to the decentralization process itself and the management of the program, namely: (i) elaboration/design of strategic plans in most of the municipalities, which could be used as a basis for their annual/operational planning²⁰; (ii) urban land management, financial management based on their own tax base, solid waste management with simple technologies and use of labor-intensive, quality improvement of municipal services through

¹⁹ Capacity development effects due to the introduction of standard operating procedures (specially in finance domain) for: (i) implementing planned activities; (ii) increase in qualified staff in some areas; better equipment in various sectors of work; (iii) institutional capacity building based on exchange of experiences between municipalities; (iv) beginning of the installation of the Municipal Management System and its alignment with SISTAFE as well as the recognized need for accountability to the Tribunal Administrativo; Development of Municipal development plans in some cities and training of technicians in the area of urban planning and building of infrastructure and training of some municipal services. Source:

²⁰ As the midterm report states in most of the cases, the municipalities have adopted their election manifesto as their strategic plan.

better management of infrastructure investments in local social and economic impact, strengthening the institutional support to municipalities, focusing on DNDA and ANAMM. In terms of monitoring, the evaluation report of the Municipal Development Program stated that the project suffers from confusion between monitoring of project activities and provision of technical assistance as part of capacity development. The evaluators suggest that it was difficult to assess how effective the monitoring was since none of the interviewees talked about monitoring, only technical assistance and that therefore these two areas should be kept separately in order to clarify the roles²¹.

With regards to LGMI, the implementation of the program presented a lot of challenges (as per interviews and mid-term reports) one of them being the different technical skills between the implementing organizations (CIP vs. AMODE); here, the evaluation's principal conclusion regarding this project is that it is a pioneer initiative and that the LGMI should continue for a further three years, subject to some revision of its strategy and management arrangements. It is a pioneering project that has already achieved a significant degree of influence at the local level and has helped to raise the profile of local governance monitoring.

With regard to the design of the national programme for decentralized planning and finance, there is little to be said in terms of program implementation as it was only launched at the end of 2010. PNPF is a very complex program and its conception and approval (including the MoU) took more than 3 years. The program has different financing modalities (Credits – WB vs. Grants – SDC and others) and a mix of partners. The reasons for the delay in launching are related to difficulties in the harmonization of administrative and finance process (for example: credit vs. grant procedures); and highly complex negotiations (amongst donors, amongst government institutions, and between GoM and donors). SDC was very active in the program design, participating in the discussions with donors and government and the beneficiaries.

The governance adviser for SDC was a key mover in the setting up of IESE, and through this further donors were encouraged to participate. IESE has quickly become a reference point on policy debates, and has produced some high quality and highly relevant discussion papers and books, as well as annual conferences.

The evaluation of the CIP strategic Plan states that *“CIP has played an important role in stimulating and raising the attention of the public debate on matters concerning the fight against corruption and increased public transparency and integrity”*. Some of the key issues of this debate are effective preventive and punitive measures against corruption; the conflict of interests of members of the *nomenclature*; transparency and integrity of democratic processes, including elections; public finances and budgeting and public accounts nationally and sub nationally'. In substantial terms, CIP has drafted a revision of anti-corruption legislation that has now been channelled through the Government to Parliament.

With regard to decentralized water and sanitation, SDC focused also on capacity building for the Conselhos Consultivos, using PROGOAS²², Water Aid and a mechanism created in 2007 designated the Local Governance Platform. The Progoas reports say that one of the big challenges of the local consultative councils is that they do not have access to the annual district plans which hinders a meaningful monitoring of the plans. One of the priorities of PROGOAS should be to facilitate the access to the district plans and to advocate that they are prepared in more meaningful manner. One aspect that was highlighted by interviewees with regard to PRONASAR was the low sustainability of water points, with a high number of non-operational boreholes in rural areas. Interviews with government officials suggest that there is a need to not only expand coverage through new water points, but to ensure maintenance of existing ones. A positive contribution by SDC was the improved dissemination of National Rural Water and Sanitation Strategy by producing rapid dissemination tools. A key success for Swiss intervention in water was the recent adoption of the “rope pump” model, which was developed and refined by a Swiss programme. The implementation of AGUASAN led to very important advances in policy dialogue and capacity development.

²¹ Reviere, Kulipossa & Paulo (2010) *Report of the P-13 Mid-Term Review Mission*

²² According to one of the interviewees, the idea was clear in terms of program conception, but a lot of challenges were faced during the implementation of the program.

3.4.3 Efficiency of SDC Interventions in Local Governance

With regard to the multi-donor programme for the Northern municipalities, the mid-term evaluation report confirms that from the first full year (2009) of implementation of P13, funds for municipalities were transferred according to their respective plans and budgets, meaning that funds were available in time to implement planned activities. The aim of a multi-donor programme is to increase efficiency in the long run, and is an appropriate modality.

While negotiations between donors and GoM were intense and lengthy regarding the setting up of the PPFD programme, this was not necessarily a reflection on SDC, who were seen to be pragmatic and consensus-building in approach. Naturally it is too soon to assess efficiency of the common fund but it is hoped that the initial investment of time will be compensated for now that the national program is functional.

Regarding the Local Governance Monitoring Initiative, we found that despite the strengths of the Initiative, its management structure has a number of problems that were raised both in the evaluation report and through the interviews with SDC staff and other beneficiaries. These include a lack of incentives for institutional (rather than individual) ownership and accountability among the member organizations of the IMGL coalition, weak (though improving) financial management, inefficient communication systems and inadequate reporting and documentation. The latter is particularly problematic in that it leads to missed opportunities to demonstrate the impact that the IMGL is having at the local level, complementing anecdotal evidence with systematic data collection and analysis²³.

Regarding IESE, support is via a common fund and so far seems to have been fairly efficient. SDC was described as an “ideal” donor, meaning that as long as finances and accounts are in order and all obligations are fulfilled, IESE is largely left to get on with their work. The withdrawal of funding in 2009 (related, we believe, to the switch from SECO to SDC financing) did cause significant problems, but IESE were able to find funding from Finland and DFID to fill the gap.

The Review of CIP’s strategic plan 2007-2011 presents some points of improvement of efficiency in the areas of Institutional development; Budget Monitoring; Internal Governance: Human Resources; Management and Funding.

With regard to decentralized water, clearly the support to PRONASAR is just commencing, but a common fund is the most efficient modality for this type of interventions. One specific aspect of efficiency mentioned by interviewees was the willingness and ability of SDC to adapt periodically to change.

3.4.4 Other aspects of SDC Interventions in Local Governance

It was noted that governance staff publish articles on governance topics, which contribute to the wider debate, and forges links with other stakeholders.

A number of interviewees highlight the high level of technical understanding of SDC staff and contributions to donor coordination and policy dialogue, in particular the chairing of the Governance group for three consecutive years, chairing the governance platform, and active participation in the decentralization group since 2007.

3.5 Transversal Themes

The cooperation strategy defines two transversal themes, namely gender and HIV/AIDS. It is the responsibility of the person designing a programme or project to ensure inclusion of transversal issues at the design stage. There are two focal points allocated approximately 20% of their time towards transversal issues. They are primarily expected to provide information and reminders to staff about the need to include transversal issues, as well as being responsible for internal policies on these aspects.

²³ Alex Hankland & Egídio Chaimite (Maio de 2010). Avaliação Externa da Iniciativa de Monitoria da Governação Local

Besides, they promote knowhow transfer between staff and implementing partners alike as well as the capitalization and documentation of experiences.

It would seem however that these focal points are not really in a position to ensure that transversal issues are included in project design and implementation. While they participate in team meetings to discuss proposed projects, this is often too late as the project has already been designed. This means that the incorporation of transversal issues depends on the interest and willingness of each domain head.

The recently introduced gender checklist should improve matters for gender, as projects will now not be approved without a positive assessment against certain gender related criteria. This should strengthen the hand of the focal point and ensure gender is taken into account at the design stage. For HIV/Aids there is no such instrument or mechanism to ensure mainstreaming.

Mainstreaming HIV/AIDS and Gender into project design and implementation often requires technical support and encouragement as it may not be immediately obvious how they are relevant or how they can be integrated, and once implementation is underway they can be marginalized. If these aspects are to be truly cross cutting, rather than simply “add ons” to get funding/approval then ongoing work needs to be done with implementing partners, and with program officials, such that from the beginning these aspects are considered. Formal instruments such as the gender toolkit can be helpful, as long as they are not seen simply as requirements to obtain funding, and are not applied in a purely mechanistic way.

It is not clear how systematic follow up of gender and HIV/AIDS issues are within projects. Clearly partners may understand that they must include transversal issues to get project approval, and must include indicators related to these, but there does not seem to be a comprehensive assessment of whether these indicators are achieved. While there are some examples of the focal points going to the field as part of wider progress assessment, this does not seem to be systematic, and clearly the focal points cannot evaluate each project with only one day a week allocated to these issues.

While the current approach has the advantage of being flexible and fairly efficient – not needing, for example, full time staff focused on these issues, it does mean that the treatment of transversal issues remains somewhat dependent on the individuals designing and implementing the projects. It should be noted that analysis of some existing projects using the criteria established in the recent gender checklist suggests that some current projects would have been rejected if the gender checklist had been in place.

The current approach of two staff members having 20% of their time dedicated to each transversal issue has the benefit of being efficient and cost effective, however the impact of these may depend partly on the character of the person involved, and on the support they receive from senior management. Therefore, while it seems that quite a lot of progress has been made (for example the HIV/AIDS workplace policy and the local and regional transversal issues platforms) this is subject to commitment of particular staff, rather than due to a formal policy.

It seems that the main focus of evaluations of focal points is based on the work they do in their main position (80%) and therefore the incentive to focus on the transversal issue will depend on the commitment of each individual. Also, while it is not ruled out, head of domains and program officers do not generally have transversal issues as part of their performance targets.

4 Outlook

4.1 General Strategy

The main strategic issue for the next Cooperation Strategy is the impact of a likely withdrawal from GBS from 2013. This, if permanent and accompanied by a withdrawal from the G19, will radically change the nature of Swiss cooperation in country, which in turn may have an impact on the choices of programmes and projects to support, and therefore also on the staffing required.

The likely withdrawal of Switzerland from GBS might have a significant impact within Mozambique. We understand that for the foreseeable future SDC will not replace SECO once this withdraws from GBS. The impact is likely to be more indirect and political than financial. Switzerland is one of the original “like minded” donors who pioneered GBS in Mozambique, and are regularly at or close to the top of the PAF rankings on donor performance. Withdrawal would therefore be interpreted in some quarters, especially the media, as reflecting a view on government performance. While this could be handled sensitively, a wider concern is that a number of donors interviewed suggested that a Swiss withdrawal might “start a trend” and lead to other agencies withdrawing and an unraveling of the G19. While we do not believe this is likely, it is true that some agencies are seriously analyzing their participation in the G19.

What is of most interest for the next cooperation strategy is how to structure SDC in a post-GBS context. This in part depends on a strategic choice of whether SDC wishes to continue to be involved in overall policy dialogue and wider donor groupings. In this discussion it is important to bear in mind the distinction between GBS, as a funding mechanism, and participation in the G19.

4.1.1 Scenario one – Associate Membership of Programme Aid Partnership

As seen in previous chapters, membership of the G19 is highly relevant for any agency that wishes to be involved in overall development policy discussions and aid effectiveness issues. While GoM has indicated that it would like to broaden its dialogue to include non-PAPs, it seems that with the inclusion of the US and UN as associate members, any efforts to implement this are for the moment stalled.

It is possible that the GBS Partners would accept Switzerland as an associate member, given the valuable technical contributions Switzerland provides, and possibly a desire to keep the group cohesive. This is more likely in a situation where SDC was considering providing GBS at some future date, than if a definitive decision was made never to provide this modality.

Of course the benefits of participation as associate members need to be balanced against the transaction costs. While it would ensure that SDC was informed of the debates and included in discussions, as associate members SDC would not participate in high level political dialogue, and would never be able to chair the troika. So influence would be limited compared to currently, but greater than being excluded from this group.

It should also be noted that the interviews consistently highlighted the positive ongoing contributions of SDC to policy debates, especially the technical and analytical inputs provided to ground arguments and in working jointly with other PAPs or with GoM. It would be a loss to the G19, and arguably to progress more generally on these issues, if these technical inputs were no longer available to the wider group. It is clear that GoM also benefits from and appreciates having donor representatives who are informed and technically capable and a number of interviewees indicated that they would feel this loss more acutely than the financial loss if Switzerland were to withdraw.

4.1.2 **Scenario 2: Withdraw from G19 but Continue to Support Development Policy and Macroeconomic Stability**

The support that has been given to the PAP structure and to macro support is naturally tied in with provision of GBS, and perhaps seen as a natural complement. However, many of the activities carried out under these (e.g. support to the tax authority, support to DNEAP, participation in governance analysis) have value in their own right. Swiss involvement in macro policy and tax reform issues was praised by GoM counterparts, but also by other donors. Switzerland has experience, technical capacity and, crucially, credibility in contributing to these issues, and it was felt by a number of GoM and Donor interviewees that if SDC were to exit from these areas, the loss would be greater than simply financial.

We feel that these activities would continue to be relevant to the country irrespective of whether SDC provided GBS in future or not.

Engagement in overall policy dialogue in some form (e.g. through continued engagement in DNEAP, tax reform, macroeconomic issues etc) would also enable SDC to continue to play a relevant role in overall development strategy, despite being outside of the G19. The existing cooperation strategy highlights a desire to link the macro and micro levels of involvement, and if this is to be a continued aim, then without GBS SDC must find other ways to engage on macro issues. While SDC would not have a formal “seat at the table” within the G19, and would not have the same ability to act in coordinated fashion with other donors to force a dialogue in cases of violation of underlying principles, it would continue to have a softer influence via engagement in the debates and financing of particular activities. However, to effectively play that role, it is crucial that the same level of technical expertise is maintained.

Macroeconomic stability and good overall development policy, based on evidence, is also of interest to all other SDC domains, as without these the gains of other sectors may be eroded and undermined.

The same could be argued about the current contributions to governance debates, with analytical work for the governance platform having been praised. However, we understand that the program officer for this domain will be leaving, and as it is unlikely SDC will be able to replace him with someone with the same experience in these aspects, there is perhaps less justification for continued engagement in the higher level governance/political debates.

4.1.3 **Scenario 3: Withdraw from G19 and focus on sectors, private sector, NGOs etc.**

If it is felt by SDC that there is little justification for continued engagement in macroeconomic and governance policy debates without the rationale of GBS, especially given the high transaction costs of these, then it may be more efficient for SDC to focus primarily on its specific chosen sectors. There is no reason (we understand) why the decision not to provide GBS should affect sector budget support and common funds, and therefore it may be that this is an efficient and still aid-effective direction for SDC.

This would however imply the loss of what was considered by many interviewees to be a crucial Swiss Value Added – that of having the ability and credibility to engage in the policy debates within the donor group and with GoM. It would also affect current staffing needs.

As contributors to sectors, SDC staff are clearly entitled to participate in policy dialogue at the sector level, and participation or not in the G19 does not affect this. What would be lost would be the overall discussion on macro level strategic policy decisions.

4.2 Outlook by Domain

4.2.1 PAP Framework

This issue has been amply covered in the preceding section. We would encourage SDC to explore ways to maintain technical support to specific areas of current interest, and not to assume that there is no way to engage on policy issues without provision of GBS.

Strategy in this area will also in some part depend on whether Switzerland is the only donor to withdraw, as we understand a number of others are contemplating this. If others were to withdraw, this may open up an opportunity for policy dialogue to be shifted away from GBS-only partners, to a wider grouping, in which SDC could play a part.

4.2.2 Economic Development

With regard to macroeconomic support, engagement in this area in the CS is justified based on the provision of GBS. However, as presented in the preceding section, we believe that engagement in these issues is relevant both for the country and also for SDC, irrespective of GBS provision. In fact, in the absence of a formal “seat at the table” within the G19, or with reduced influence as associate members, these “entry points” would be arguably more important to SDC. A theme that runs through the current CS is to enable GoM at various levels to increase own revenue (support to the TA, improving tax raising abilities of municipalities) and this remains a valid objective for the overall development of the country. The common fund in tax reform has only recently been set up, and it is clear that while this is a positive step, there is a long way to go on tax reform, and some major debates still to be worked through (e.g. the exact types of IT solutions, the overall approach to change management etc). Swiss contributions will remain valid on these aspects going forward. Tax reform has been seen, rightly, as a successful area of engagement, and Switzerland has contributed to this, but there is still much to do.

With regard to support to DNEAP, the overall assessment of the quality of output is positive, and the midterm review was extremely positive. Some concerns about use of staff, prioritization and link to policy were raised, but many of these are institutionalized and will have to be resolved internally to MPD. It is also true that there is still a great need for support in this area, and as discussed, this might be an opportunity to remain engaged in the debates around broad issues of policy, once outside of the G19. The recent results of the IOF have raised a number of strategic issues about development policy, and it is certain that as Mozambique grows, the need for clear sighted evidence based policy will if anything increase. Therefore, we would recommend that support to DNEAP continue, with perhaps some emphasis also on shorter, policy-focussed outputs (“policy briefs”) for a non-technical audience and for internal GoM use.

With regard to PSD, it seems that this domain has the most scope for new programmes²⁴. It will be crucial that any new programmes or projects take into account the recent results of the IOF, and the increasing recognition that PSD needs to work for the urban and rural poor, creating jobs and providing incomes. It will also be important to be harmonized with other donors, and with GoM. There are some fairly large PSD programmes that already exist or are in the pipeline, and therefore any new concepts should be amply discussed to ensure coherence with existing initiatives and avoidance of duplication.

Given the fact that agriculture and rural development is to be considered a cross cutting theme, established by HQ, any new PSD projects will also need to take this into account.

It is not clear exactly why this project came to an end, and whether there is scope to continue. What remains clear, though, is that there is no doubt a clear need for support in this area, however other partners have also become involved in these issues, and it may be that there is some scope for collaboration. They include the EU, GTZ, USAID and some partners of the Enhanced Integrated

²⁴ Based on the project overview provided to the consultants

Framework (WTO, ITC, World Bank, IMF and UNDP). This cooperation has a potential to maximize complementarities of the interventions.

In terms of the assistance to SMEs, awareness levels as to what this entails are minimal. So, perhaps there is a need to disseminate the strategy amongst local businesses that struggle to raise capital including the criteria used by the IFC to determine firms' eligibility i.e. growth potential. This project aimed to improve the ability of firms to obtain funding from the IFC, which so far does not seem to have been successful, in part due to the difficulties in fulfilling IFC criteria. This IFC support is now closed and a new fund with SECO money is being established taking into account the lessons from that failure. As part of this new fund, we would recommend that particular focus is placed on re-designing the TA element of this support. In particular, it seems that the capacities of the consultants hired to carry out the TA needs to be improved. Given that in the next CS there should be a cross-cutting inclusion of rural development and agriculture, it may be possible to focus Swiss support to this programme on SMEs likely to have greatest impact on these aspects.

In terms of access to credit one of the key issues tends to be the difficulty in accessing credit in rural areas. The concept of a micro bank could be useful provided it is not limited to urban micro firms but also that it reaches the rural poor. We are aware that there are a large number of national microcredit institutions and also donor backed microfinance initiatives (SDC, AGA Khan, CARE, World Vision, World Relief etc) and therefore we believe it important to ensure that SDC is intervening in areas where there is a specific lack of national institutions or in ways that differ from these. It is also important to ensure coordination with other donors, to ensure an equitable geographic coverage. The possibility of an expansion to non-covered provinces (Tete and Niassa) should be considered.

4.2.3 Health

While good progress has been made across many health indicators, this is often from an extremely low base, and there is clearly a lot still to be done. The health system in Mozambique has to deal with epidemics such as HIV/AIDS, with deficient budget allocation to the health sector added by the shortage of human resources that has to deal with a burden of disease and social determinants of health such as, nearly 50% of malnourished children and inaccessibility of safe water and sanitation. Donors such as SDC, play a key role in the development of the health sector from sector budget support to technical assistance provided in the SWAp working groups. Taking into consideration that the burden on the health system is massive, attainment of results takes time and resources and change must be sustained over a long period. The GoM has demonstrated commitment to improving health, which has been a key priority in both PARPA I and PARPA II, and in the forthcoming PARP. Therefore, continuing support is highly relevant to address the wellbeing of the population and the development of the country.

Much has been discussed about the need to maintain a macro and micro approach, and of the learning from local implementation that can feed the policy dialogue. While we do not disagree, it should be possible within a SWAp context that it is not *per se* necessary for each donor to have interventions at every level in order for there to be evidence based policy making. It is clear that continued involvement in the SWAp is an efficient and effective way for SDC to engage in overall discussion of health sector strategy and performance. Within a SWAp structure, it should be possible that outgoing SDC staff identify staff from other agencies to carry on specific specialized aspects of work.

The support provided by SDC to monitoring and evaluation within the sector seems to have a stronger base and it is one of the bottlenecks in MISAU as the health information system is not responding adequately to the needs of the sector. Obviously, this area has many challenges and results can only be achieved as part of a long term approach, especially due to the long chain of data collection from the health facility where the information is generated up to the central level. Another aspect which needs to be addressed by the sector is the ability to produce a single reporting mechanism as at the program level, reports flow in some cases from the health facility into the national level with a parallel reporting mechanism from the information system which shows serious data discrepancies making planning of interventions problematic. Partners harmonization such as with GFTAM and

other project donors needs a special attention to make a common reporting channel strong and effective. For example, the disparate computerized systems for recording and reporting in HIV/AIDS needs negotiations and a set of standardized mechanisms. SDC has already started to provide technical support in this area by participating in the new health information system strategy for the health sector and the establishment of a monitoring and evaluation unit at the central level. This could be the most adequate intervention area at the central level as it would improve planning and reporting procedures which will provide a serious reflection of the health status of the population.

HIV/AIDS and gender are considered as transversal themes and at risk of being neglected activities if a monitoring mechanism within MISAU is not clear. Currently the health information system disaggregates data based on gender however, this is not reflected in the PES. Eventually SDC should think about more specific activities in these areas with adequate monitoring indicators. As a co-chair of the monitoring and evaluation group, SDC has the opportunity to increase policy dialogue in order to have an harmonized set of indicators to be evaluated by gender and be included in the performance assessment report.

SDC in Mozambique has relatively limited staff compared with the amount of activities. With the efforts, commitment, skills and experience of the whole staff, their reputation among the donor community is very high. The demand on SDC staff has been high with the increasing emphasis on harmonization and alignment which calls for technical and analytical skills as well as negotiation skills. The key strategy should be to focus on a small number of key intervention areas where SDC has the technical knowledge and thus can provide direct support, or eventually an increase in staff.

Given that Swiss interventions as a whole made a significant difference in the whole health system due to its interventions at different levels, for example, by reinforcing routine health services, human resources development, technical assistance, capital investments and the support to PROSAUDE funds, we would consider that the overall strategy continues to be relevant. The focus on M&E should continue within the working groups. While it is too early to really assess, the HSDP approach seems to be a great achievement and challenge to the involved partners especially due to the lack of technical skills at all levels of the health sector structure. This needs further strengthening and results will be limited in a short term therefore.

4.2.4 Local Governance

With regard to the Governance pillar, going forward, we can say that Governance will continue to be highly relevant, and an important topic of policy discussion. In relation to the two main areas of intervention, decentralization and water, both of these aspects are part of ongoing government plans, and have a great deal of support, and should therefore remain relevant going forward.

SDC must retain its focus on improving decentralized public services in the country to reduce absolute poverty and promote economic growth.

Support to Municipal development will continue to be highly relevant. The first phase of the Support to Municipal Development is finished and at the moment a new program called *Programa de Desenvolvimento Autárquico* is in the process of elaboration/design. The new program is based on the experiences of the P-13 and at the moment is being reviewed by the 13 municipalities for further approval by the relevant players. From the document reviewed, it is clear that the same 13 municipalities will remain the focus of the program²⁵. A number of interviewees mentioned that a new program must also give a particular attention to capacity building (with focus in functional analysis and restructuring and acquisition of office material (e.g. computers, faxes, etc.).

²⁵ One of the interviews from the government suggested that there is a wide range of performance levels between the different municipalities and therefore suggested excluding those with better performance and substituting them with lower performance levels (especially from the newly selected municipalities). However, this does not reflect the views expressed in the respective Steering Committee meetings. Therefore this issue might be worthy of further investigation.

Regarding national decentralized planning and finance, we believe that the upcoming years will be important in terms of program implementation and SDC should use the synergies with the Local Governance Monitoring Initiative to assess the efficiency and effectiveness of the project on the ground. The effectiveness of the decentralization sector at the level of country program depends on reduction of staff turnover at district level which decreases capacity for the implementation of sector decentralization.

Though the district is the centre of development and the process of decentralization of funds has already started, it is observed that a large part of the budget is still managed at central and/or provincial level, so there is a challenge for SDC to contribute to support GoM efforts in deconcentration of resources in the same proportion as competencies, which requires long term work in the creation of capacity in the field of human, material and financial resources.

The Helvetas Report on the progress report of the implementation of PROGOAS states that in the districts, annual plans need to be qualitatively improved in order to work as a real tool for planning meaningful monitoring. This should continue to be addressed through the improving collaboration between PROGOAS and PPF, MPD and the DAS (departments of water and sanitation at provincial level).

As the Helvetas report cited above suggests, one major operational problem that the consultative councils face is the limited funds available for its working sessions. This has resulted in that some members are not able to participate in the Councils especially those living far away. The new decentralized planning and finance programme intends to address this problem. Progoas need to monitor its implementation in this particular and important issue.

One of the main challenges of the Conselhos Consultivos is related with representativeness and transparency of decision making. SDC and its implementing partners should find other mechanisms to strengthen the role of the Conselhos Consultivos. This could be done through the elaboration of easy and understandable information on planning and budgeting and making this it accessible for the less literate members of the Conselhos Consultivos. Given that MPD has already developed some training materials²⁶ for the CCL²⁷, SDC should (in partnership with MPD) support the training of the members of the CCLs through the promotion of a comprehensive project for capacity building. At the same time, it's important to support field visits and exchange experiences between Conselhos Consultivos. It's equally important to make use of international good experiences on participative budgeting.

Regarding the multi-donor programme for the Northern municipalities, two aspects remain important: i) Capacity building of the municipalities and ii) training sessions to improve municipalities' ability to define priorities.

Another aspect of municipality development that needs reinforcement is the use of participative planning and budgeting methodologies ("Orçamento Participativo) for annual planning and budget preparation. This methodology ensures the participation of citizens and respective communities in the subsequent process of financial management, and is defined by law. Some interviewees mentioned that there is a great difference between municipalities regarding the ability to implement this methodology and therefore going forward this may be an aspect that this program can support.

In terms of efficiency regarding the multi-donor programme for the Northern municipalities, it's important to train the members of the Assembleia Municipal in the monitoring and evaluation process of the activities carried out by the Conselho Municipal. Taking in consideration the Decree 33/2006 which increases the responsibilities of municipal governments to include provision of basic health and education, SDC can play a important role in the process of deconcentration of such activities.

²⁶ Valá, Salim (2009). O Orçamento de Investimento de Iniciativa Local e a Dinamização da Economia Rural em Moçambique: Resultados, Desafios e Perspectivas in Economia, Política e Desenvolvimento. Centro de Análise de Políticas (CAP). Volume 1, Number 2, July 2010, page 45.

²⁷ On diagnosis of the Districts; Strategies for development of the districts; Action plan; PESOD; Monitoring and Evaluation of PESOD implementation; Establishment, Organization and functioning of the CCM and other related topics

Regarding IESE and CIP, it is believed that these institutions will continue to be highly relevant to policy debates around governance, transparency and public accountability during the medium term, although other institutions may also be created which might benefit from similar support. One issue of concern is that IESE is currently extremely in demand, and will therefore have to manage this in a way that does not take it away from its core research. CIP does not have delegations in the provinces, therefore good coalitions with local NGO's at provincial level are important to be made in order to consolidate its interventions and ensure a wider audience outside of Maputo.

It is clear that Water and Sanitation will remain a key focus of GoM for many years to come, as access is gradually improved. We would recommend an assessment of the geographic focus of interventions, given that it seems that (based on figures from the National Directorate of Water) SDC supports the northern province with the highest coverage (Niassa) already (as well as Nampula, which has the lowest). As the quality of data on coverage is limited, other aspects may also have to be taken into account to assess the rationale for interventions in each province.

It is important to take a long term perspective on WATSAN, and the rolling out of PRONASAR should support this by providing greater predictability and coordination of support. The work and role of the project AGUASAN is not well known at community level. The mass media at community level must be encouraged to play a role in dissemination in good practices in water and sanitation. Government highlighted a concern that efforts must be made to ensure maintenance of water points, as well as new construction.

4.2.5 Transversal Themes

We believe that the approach taken is fairly pragmatic, which has the advantage of being efficient and adaptable. However, this seems to be changing, with the introduction of the Gender checklist, which will formally require SDC and its-partners to include gender aspects in project design.

While we believe the checklist will ensure that gender is taken into account in project design, at an earlier stage, it is important to note that this should not be applied in a purely mechanistic manner. This might force partners to include gender aspects simply as a "box ticking" exercise.

There does not seem to be a systematic follow up of partner progress on transversal themes. Even if gender/HIV indicators are included in project design, this does not mean that they will be achieved, and therefore more focus could be placed on follow up.

There should also perhaps be an *a priori* assessment of the relative importance and relevance of each cross cutting theme to each project. By this we mean that while many interventions will have impact or effects on gender relations or on the lives of people affected by HIV/AIDS, this impact may be different depending on the project. This might then imply a different level of integration (requirement for specific indicators, efforts to disaggregate data, level of emphasis during design and follow up) of each transversal issue, depending on the analysis of relevance. For example, it is important to distinguish between a project which may have an impact on gender relations, or of the status of people affected by HIV, but which does not have these as a core element, and a project that has direct impact on these. For instance, if gender is considered to be a key element of a particular project (e.g. community health) then more emphasis should be given to gender (perhaps through specific monitoring and follow up of gender indicators) than if gender is affected, but not a key focus of the intervention (e.g. tax reform).

A Mozambique's MDG Status

OBJECTIVES / TARGETS	WILL THE GOAL / TARGET BE MET?			
	Probably	Potentially	Unlikely	Without data
EXTREME POVERTY AND HUNGER				
Reduce to half, by 2015, the proportion of people living under extreme poverty		Potentially		
Ensure, by 2015, decent work for all, including women and young people				Without data
Reduce to half, by 2015, the proportion of people who suffer from hunger		Potentially		
UNIVERSAL PRIMARY EDUCATION				
Ensure that, by 2015, all boys and girls will be able to complete a full course of primary schooling		Potentially		
GENDER EQUALITY				
Eliminate, preferably by 2005, gender disparity in primary and secondary education, and by 2015 in all levels of education	Probably			
CHILD MORTALITY				
Reduce by two thirds, by 2015, the under-five mortality rate	Probably			
MATERNAL HEALTH				
Reduce by three quarters, by 2015, the maternal mortality ratio				Without data
Achieve, by 2015, universal access to reproductive health		Potentially		
HIV/AIDS, MALARIA AND OTHER DISEASES				
Have halted, by 2015, and begun to reverse the spread of HIV/AIDS		Potentially		
Achieve, by 2010, universal access to HIV/AIDS treatment for all those who need it			Improbably	
Have halted, by 2015, and begun to reverse the incidence of malaria and other major diseases	Probably			
ENVIRONMENTAL SUSTAINABILITY				
Integrate the principles of sustainable development into national policies and programmes and reverse the loss of environmental resources		Potentially		
Reduce the loss of biodiversity, achieving, by 2010, a significant level				Without data
Reduce to half, by 2015, the number of people without access to safe drinking water and sanitation		Potentially		
By 2020, to have achieved a significant improvement in the standard of living of the slum dwellers		Potentially		
GLOBAL PARTNERSHIP FOR DEVELOPMENT				
Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. This includes a commitment to good governance, development and poverty reduction – both nationally and internationally		Potentially		
Address the special needs of the least developed countries				Without data
Address the special needs of landlocked developing countries and small island developing States and the outcome of the twenty-second special session of the General Assembly of the UN				Without data
Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term				Without data
In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries				Without data
In cooperation with the private sector, make available the benefits of new technologies, especially information and communications	Probably			

Source: Report of the Millennium Development Goals, Republic of Mozambique, 2010.

B List of Documents Consulted

(where no author/institution specified, SDC or SECO documents)

General

- Cooperation Strategy
- Swiss Cooperation Office Annual Report 2010
- PARPA II and RAI
- G19 Annual Aides Memoire
- Evaluation of the Paris Declaration in Mozambique (KPMG, 2010)
- Chatham House: Mozambique, Balancing Development, Politics and Security (2010)
- Household survey 2009 (inquérito ao orçamento familiar, INE).

Economic Development

- PEFA 2008
- MTR of DNEAP
- Reports of Quality Assurance Group, tax reform (Nov 2008, May 2009)
- Credit Proposals and Closing note for GBS 2004-6 and 2007-9
- Bilateral agreement GBS 2007-09 and 2010-2012
- GBS MOU 2009
- Richard Gerster: various articles
- Sitzung Vom 19-06—7
- Aus 001 (DNEAP Formulaire d'engagement)
- DNEAP Credit Proposal
- DNEAP Programme Review
- DNEAP Reformat of Decision Note
- Credit Proposal and agreement for Tax authority 2009-11 (common fund) and 2006-9 (via IMF)
- Springfield Center, Private Sector Portfolio Evaluation, 2007
- Private Sector Development: Programme Concept 2009
- An Overview of Microfinance in Mozambique, Ffion de Vletter
- Independent Evaluation of Enhancing Capacities of the Mozambican Food Safety and Quality Assurance System for Trade, 2008
- SECO trade facilitation programme in Mozambique: impact assessment: Thomas Rebohle, 2010
- RCRN: Credit Proposal
- RCRN MTR and institutionalization, de Vletter 2010
- IFC/SECO progress reports

Health

- MICS (Unicef 2008)
- ACA reports (all years covered by CS)
- SBS-Mozambique case study, Makororo
- Credit Proposals/Project Documents and Log frames
 - Prosaude
 - MOU and PAF
 - HSDP
 - Community Empowerment/Wiwanana

Local Governance

- 10 Years Municipal Development in Mozambique
- Mozambique Decentralization Assessment, ARD
- Inter-governmental fiscal relationships in Mozambique
- Credit Proposals/Project Documents and Log frames
 - Wateraid
 - Progoas
 - Aguasan
 - Municipal Development/P13
 - PPF
 - Local Governance Monitoring
 - IESE
 - Land Use Rights
 - PRONASAR
- Evaluations
 - Evaluation Municipal Development/P13
 - Evaluation Local Governance Monitoring Initiative
 - Evaluation CIP
 - Evaluation IESE
 - Internal Review Aguasan Phase 2
- Centro de Integridade Pública (Coord). Aspectos críticos da Governação Local em Moçambique: um olhar sobre 6 distritos e 3 autarquias. Maputo, Maio de 2009
- Centro de Integridade Pública (Coord) Desempenho de Distritos e autarquias locais aquém do planificado. Maputo, Maio de 2010;

- Blid, Nina; Quembo, H. ; Sufo, Ferraz et al (2010). Relatório Semestral de Janeiro a Junho de 2010 sobre a implementação do Progoas. Nampula, Setembro de 2010;
- Cooperação Suiça (2007). Cooperation Strategy Mozambique 2007-2011;
- Isaksen, A. Weimer, B. (2010) Review of CIP Strategic Plan. February 2010
- Municipal Development in Mozambique: Lessons from the first decade
- Mid-term review of IESE Mid Term Strategic Plan 2008-2011
- Proposta de Programa de Desenvolvimento Autárquico, (Fase 2 do P-13 - versão 3 de 02 de Novembro de 2010)
- Alex Hankland & Egídio Chaimite (Maio de 2010). Avaliação Externa da Iniciativa de Monitoria da Governação Local

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Interviews Completed

Domain	Interviewee
General Background	Therese Adam (SDC)
	Markus Duerst (SDC)
Economic Development – Macro	Telma Loforte (SECO)
	Andrew Clark (DFID)
	Bridget Walker (Irish Aid)
	Bryan Luck (Canada)
	Emelie Boston (IMF)
	Inês Alves (EC)
	António Cruz (Ministry of Planning and Development)
	Herminio Sueia (Tax Authority)
	Carlos Castelo Branco (IESE)
Economic Development - Private Sector Development	Michel Evequoz (SDC)
	Fion De Vletter (Independent Consultant)
	Jane Grob, Rashide Sultana, (Technoserve)
	Shannon Johnson (RCRN)
	Thandiwe Zulu (IFC)
	Claire Zimba (Ministry of Trade and Commerce)
	Jaime Comiche, Francois Denner, Leonildo Munguambe (UNIDO)
Health	Franziska Freiburghaus (SDC)
	Dr Chavane (MISAU)
	Neil Squires (DFID)
	Jonas Chambule (Irish Aid)

	Laura Rose/Humberto Cossa (World Bank)
	Michael Hobbins (Solidarmed)
Governance	Marc de Tollenaere (SDC)
	Nobre Canhanga (SDC)
	Salvador Cadete Forquilha (SDC)
	Casimiro Macumbi (Ministry of State Administration)
	Jose Guambe (Ministry of State Administration)
	Roberto Salomão (Ministry of Planning and Development, PPF)
	Anne Louise Grinsted (World Bank)
	Patrick Empey (Irish Aid)
	Marcelo Mosse (Centre for Public Integrity)
	Otília Aquino (AMODE)
	Carlos Castelo Branco (IESE)
	Pierre-Olivier Henry (SDC)
	Karin Fug (Helvetas)
	Messias Macie (Supervision and Planification Office-DNA)
	Rosaria Mabica (WaterAid)
Transversal themes	Fernando Pililão (SDC) Tunisio Camba (SDC)