

Decentralization for Inclusive Development (D4ID)

Mid-Term Review (MTR)

Consultancy Report

for SDC Office, Maputo

Final Draft

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CONTENTS

| | |
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| Contents | 2 |
| Abbreviations | 4 |
| Summary..... | 6 |
| 1 Introduction | 9 |
| 1.1 SCOPE AND OBJECTIVES | 9 |
| 1.2 METHODOLOGY | 10 |
| 2 Context and challenges..... | 11 |
| 2.1 THE NEW DECENTRALIZATION PARADIGM – UNFINISHED BUSINESS | 11 |
| 2.1.1 <i>Institutional challenges</i> | 11 |
| 2.1.2 <i>The need of constitutional and legal changes</i> | 12 |
| 2.2 NEW MUNICIPALITIES AND MUNICIPAL ELECTIONS IN OCTOBER 2023 | 13 |
| 2.3 OTHER CONTEXTUAL CHANGES | 14 |
| 2.3.1 <i>GIZ – Transition from GFG II to GFG III</i> | 14 |
| 2.3.2 <i>Municipal capacity building within the WB’s PDUL framework</i> | 15 |
| 3 D4ID : Componenets and Key Features | 16 |
| 3.1 PROGRAMME ARCHITECTURE, INSTITUTIONAL PARTNERS AND INTERVENTION LEVELS | 16 |
| 3.2 HIERARCHY OF OBJECTIVES AND INTERVENTION LOGIC / THEORY OF CHANGE..... | 19 |
| 3.3 MAIN FORMS OF INTERVENTIONS | 21 |
| 3.3.1 <i>Capacity building (CB)</i> | 21 |
| 3.3.2 <i>Technical Assistance(TA)</i> | 22 |
| 3.3.3 <i>Grants for for public investment for services</i> | 23 |
| 3.3.4 <i>Other forms</i> | 23 |
| 3.4 IN PERSPECTIVE: THE SWISS DECENTRALIZATION SUPPORT | 23 |
| 3.4.1 <i>D4ID – Continuity of SDC support</i> | 23 |
| 3.4.2 <i>D4ID - a change driver?</i> | 25 |
| 3.4.3 <i>Scenarios and exit strategy</i> | 26 |
| 4 Management, Coordination , Synergies | 27 |
| 4.1 MANAGEMENT ARRANGEMENTS..... | 27 |
| 4.2 COORDINATION..... | 27 |
| 4.3 SYNERGIES..... | 30 |
| 5 A look back - Performance according to evaluation criteria | 31 |
| 5.1 RELEVANCE | 33 |
| 5.1.1 <i>‘Initiatives’ (UNDP)</i> | 33 |
| 5.1.2 <i>Financing Local Resilient Development (UNCDF & UP)</i> | 34 |
| 5.1.3 <i>Good Financial Governance (GIZ)</i> | 34 |
| 5.1.4 <i>Conclusions</i> | 35 |
| 5.2 EFFECTIVENESS..... | 36 |
| 5.2.1 <i>‘Initiatives’ (UNDP)</i> | 36 |
| 5.2.2 <i>Financing Local Resilient Development (UNCDF & UP)</i> | 37 |
| 5.2.3 <i>Good Financial Governance II (GIZ)</i> | 39 |
| 5.2.4 <i>Conclusions</i> | 40 |
| 5.3 EFFICIENCY | 41 |
| 5.3.1 <i>‘Initiatives’ (UNDP)</i> | 41 |
| 5.3.2 <i>Financing Local Resilient Development (UNCDF + UP)</i> | 41 |
| 5.3.3 <i>Good Financial Governance II (GIZ)</i> | 42 |
| 5.3.4 <i>. Conclusions</i> | 43 |
| 5.4 OVERALL CONCLUSIONS : EVALUATION RESULTS AND POTENTIAL SYNERGIES | 44 |
| 6 Forward Looking - Strategic scearios and options for second phase..... | 45 |

| | | |
|---------------|--|-----------|
| 6.1 | SCENARIO I: BUSINESS AS USUAL / MARGINAL CHANGES | 45 |
| 6.2 | SCENARIO II: MAKING ADJUSTMENTS FOR INCREASING EFFICIENCY | 46 |
| 6.2.1 | <i>Option: Reducing recurrent expenditure by merging advisory functions.....</i> | <i>46</i> |
| 6.2.2 | <i>Option: CB in Niassa municipalities - GIZ partners with PDUL</i> | <i>47</i> |
| 6.2.3 | <i>Option: Efficiency gains by promoting synergies</i> | <i>47</i> |
| 6.2.4 | <i>Option: Streamlining Hierarchy of Objectives toward more coherence.....</i> | <i>48</i> |
| 6.3 | SCENARIO III: PARTIAL REDESIGN OF PROGRAMME | 48 |
| 6.3.1 | <i>GIZ complements CB with investment funding</i> | <i>48</i> |
| 6.3.2 | <i>Replacing UNCDF / UP approach by PDUL approach for investment in public services.....</i> | <i>49</i> |
| 6.3.3 | <i>UNCDF / UP with PBCRG approach is replicated in municipalities ,</i> | <i>49</i> |
| 6.3.4 | <i>Substitution of municipal CB provided by GIZ by collaboration with PDUL and UP</i> | <i>50</i> |
| 6.3.5 | <i>SDC exits from Niassa municipalities and leaves CB to PDUL</i> | <i>50</i> |
| 6.4 | CONCLUSIONS..... | 50 |
| 7 | Conclusion and recommendations | 52 |
| 7.1 | CONCLUSIONS..... | 52 |
| 7.2 | RECOMMENDATIONS | 52 |
| 8 | Annexes..... | 54 |
| 8.1 | TORS FOR THE ASSIGNMENT | 54 |
| 8.2 | LIST OF KEY INFORMANTS | 55 |
| 8.3 | D4ID OVERVIEW: COMPONENTS, STAKEHOLDERS, ARENAS, RESOURCES..... | 56 |
| 8.4 | HIERARCHY OF OBJECTIVES BY COMPONENT | 58 |
| 8.5 | THEORY OF CHANGE (TOC) OF SDC CREDIT PROPOSAL (SUMMARY) | 61 |
| 8.6 | DOCUMENTS AND LITERATURE CONSULTED | 62 |
| Tables | | |
| Table 1: | D4ID- Components, Implementing agencies and intervention levels..... | 17 |
| Table 2: | Boosting synergy potential - suggested technical areas (examples) | 31 |
| Table 3: | Ranking categories used..... | 33 |
| Table 4: | Relevance - Ranking by Programme component | 35 |
| Table 5: | Effectiveness - Ranking by Programme component | 41 |
| Table 6: | Efficiency – Ranking by Programme component | 43 |
| Table 7: | Summary of evaluation: Relevance , Effectiveness, Efficiency, by component..... | 44 |
| Table 8: | Looking forward : Scenarios and options..... | 51 |

ABBREVIATIONS

| | |
|--------|---|
| ABfD | African Bank for Development |
| ACCD | Agencia Catalana de Cooperación al Desarrollo |
| ADA | Austrian Development Agency |
| ADEL | Agência de Desenvolvimento Local |
| ADEM | Agência de Desenvolvimento Económico de Manica |
| AECID | Agencia Española de Cooperación Internacional para el Desarrollo |
| AICS | Agenzia Italiana per la Cooperazione allo Sviluppo |
| ANAMM | Associação Nacional de Municípios Moçambicanos |
| APA | Annual Performance Assessment |
| BMZ | German Ministry of Economic Cooperation |
| CB | Capacity Building |
| CEP | Conselho Executivo Provincial |
| CRM | Constituição da República de Moçambique |
| CSO | Civil Society Organization |
| CTA | Chief Technical Advisor |
| D4D | Decentralization for Development |
| D4ID | Decentralization for Inclusive Development |
| DAC | Development Assistance Committee |
| DAI | Development Alternatives, Inc. |
| DCC | District Consultative Council |
| DCED | Donor Committee for Enterprise Development |
| DDR | Demobilization, Demilitarization and Reintegration |
| DG | District Government |
| DNPO | Direcção Nacional de Plano e Orçamento |
| DNT | Direcção Nacional de Tesouro |
| DTT | District Technical Team |
| DWG | Decentralization Working Group |
| ENABEL | Development Agency of Belgium's Federal Government |
| EU | European Union |
| FCA | Fundo de Compensação Autarquica |
| FCDO | Foreign Commonwealth and Development office |
| FE | Fundo de Estradas |
| GDC | German Development Cooperation |
| GFG | Good Financial Government |
| GIZ | German International Cooperation agency |
| GOP | Governador da Provincia |
| HR | Human Resources |
| HRM | Human Resources Management |
| ICT | Information and communication Technology |
| IFAPA | Instituto medio de Formação em Administração Publica e Autarquica |
| IMD | Institute for Multi-Party Democracy |
| INGO | international Non-Government Organization |
| IPRA | Imposto Predial Autárquico |
| KfW | Kreditanstalt für Wiederaufbau |
| KI | Key Informant |
| LAP | Local (climate Change) Adaption Plans |
| LNOB | Leave No One Behind |
| LoCAL | Local Climate Adaptive Living Facility |
| M&E | Monitoring and Evaluation |
| MAEFP | Ministério de Administração Estatal e Função Pública |
| MEF | Ministério de Economia e Finanças |
| MITA | Ministério de Terra e Ambiente |
| MOPHRH | Ministério de Obras Públicas, Habitação e Recursos Hídricos |
| MTR | Mid-Term Review |
| NGO | Non-Governmental Organization |
| OECD | Organization of Economic Cooperation and Development |

| | |
|--------|---|
| PADEM | Projecto de Apoio a Descentralização e Municipalização |
| PBCRG | Performance-based Climate Resilience Grants |
| PDUL | Projecto de Desenvolvimento Urbano e Local |
| PESOM | Plano Económico – Social e Orçamento Municipal |
| PFM | Public Financial Management |
| PNPFD | Programa Nacional de Planificação e Finanças Descentralizados |
| PRODEM | Programa de Desenvolvimento Municipal |
| REP | Representação do Estado na Província |
| SAM | Social Accountability Monitoring |
| SAMCom | Social Accountability Monitoring Committee |
| SDC | Swiss Development Cooperation |
| SDG | Sustainable Development Goal |
| SECO | (Swiss) Secretariate of State for Economic Cooperation |
| SIDA | Swedish International Development Agency |
| SPEF | Serviços Províncias de Economia e Finanças |
| SREP | Serviços da Representação do Estado na Província |
| TA | Technical Assistance |
| TM | Tax Management |
| TOC | Theory of Change |
| TOR | Terms of Reference |
| UCODIN | Unidade de Coordenação para o Desenvolvimento Integrado da Província de Nampula |
| UNCDF | United Nations Capital Development Fund |
| UNDP | United Nations Development Programme |
| UP | United Purpose |
| WASH | Water, Sanitation and Hygiene |
| WB | World Bank |

SUMMARY

This study was commissioned by SDC Maputo to serve as a contribution to the decision-making process regarding the second phase of its Decentralization for Inclusive Development (D4ID) Programme. It comes at a moment, in which the first phase, effectively running from 2021 to 2023 draws to an end.

Embedded in an analysis of the present decentralization context and imminent changes, also regarding stakeholders in municipal governance support such as GIZ and the World Bank (WB) supported Projecto de Desenvolvimento Urbano e Local (PDUL), the Mid-Term Review (MTR) offers the reader an overview of the largely Swiss financed D4ID programme, its logic and levels of intervention, its components and implementation partners. Further considering forms of interventions and issues of coordination, the MTR presents the reader with an evaluation of the performance regarding implementation of the first phase (2020-2022), using three criteria: performance, effectiveness and efficiency. While all three implementing agencies, i.e., UNDP, UNCDF/UP and GIZ, demonstrate a high degree of effectiveness in producing the programme's planned results and outputs, they differ in relevance, and in efficiency. Given the short period of implementation as well as a somewhat fluid context, it is difficult to establish the degree of effectiveness with which the planned outcomes are produced resulting from achieving planned results and outcomes. The gist of the evaluation is given in the table below.

Summary of evaluation: Relevance, Effectiveness, Efficiency, by component

| Project Component | Implementation agency | Evaluation Criteria | | | |
|--|-----------------------|---------------------|---------------|------------|------------|
| | | Relevance | Effectiveness | | Efficiency |
| | | | Output | Outcome | |
| Initiatives to Promote Provincial Decentralization in Niassa and Nampula | UNDP | High | High | Moderate | High |
| Financing Local Resilient Development | UNCDF & UP | High | High | Reasonable | Reasonable |
| Good Financial Governance II | GIZ GFG II | Reasonable | High | Moderate | n.a. |

Source: Author

Further addressing issues of such as the three components' Hierarchy of Objectives as well as intra programme coordination, it can be concluded that there is room for improvement on both scores. Although not being part of the review criteria used, the issue of *Coherence* of the Hierarchies of Objectives and log frames used, as well as of the underlying Theory of Change (TOC), may merit some attention.

The same is true regarding the need to address improved coordination and efforts toward producing synergetic effects between the Programme's three Components.

Against this background and forward looking for D4ID's second phase, this report offers three scenarios and various options as tools for decision makers. The scenarios range from 'business as usual' via 'improvement of implementation efficiency' to a 'partial redesign' of D4ID's architecture. Four, respectively five options are offered for the latter two scenarios. A summary is given in the table below.

| N° | Scenario | Option | Component | Observation |
|----|--|--|-----------|---|
| 1 | Business as Usual | 0 | 1,2,3 | Incremental improvements (mgt, coordination etc.) |
| 2 | Adjustments for increasing efficiency | 2.1. containing expenditure by merging GFG advisory functions | 3 | |
| | | 2.2 CB in Niassa municipalities - GIZ partners with PDUL | 3 | Including PDUL |
| | | 2.3 Efficiency gains by promoting synergies | 1,2,3 | Making synergies part of annual planning? |
| | | 2.4. Streamlining Hierarchy of Objectives toward more coherence | 1,2,3 | Not part of MTR |
| 3 | Partial Redesign of Programme | 3.1. GIZ complements CB with investment funding | 3 | Role for KFW? |
| | | 3.2 PDUL (CB + Investment) replaces / collaborates with UNCDF/UP | 2, 3 | Niassa municipalities |
| | | 3.3. UNCDF / UP with PBCRG is replicated in municipalities | 2,3 | Niassa (Nampula?) |
| | | 3.4. PDUL (and UP) replace GIZ in CB | 3 | Niassa municipalities |
| | | 3.5. SDC / GIZ exit Niassa | 3 | PDUL covers Niassa municipalities |

Source: Author

With this -hopefully useful- tool at hand – and possibly insights provided by this MTR the individuals and bodies involved in the decision-making process in SDC might find a good way to shape and optimize D4ID phase II. Yet, particularly referring to the options enumerated under Scenario 3 the challenge for them might be captured in the proverb : 'the bigger the choice, the harder the torment'.

Several recommendations are part of the concluding section:

- Improvement of (vertical and horizontal) exchanges of information and coordination between the three project components particularly at provincial level.
- Associated with improved coordination and teamwork the issue of synergies should be addressed. Concrete proposals to that effect are made in section 4 and Scenario 3. . From a SDC perspective, priority should be given to four thematic areas: i) public finance management, ii) social accountability and monitoring, iii) planning and provision of public goods and services and iv) Advocacy, lobbying and policy dialogue.
- Addressing, with a certain urgency , in Niassa Province , the future interaction between Component 3 and 2 , on the one hand, and the emergent a new player, the WB's PDUL, on the other. It is recommended that SDC, GIZ (and possibility UNCDF) should seek an early understanding regarding a smart division of labour. Suggestions are made in Scenarios 2 and 3.

- The mirroring of the UNCDF LoCAL approach with performance-based investment grants for district administrations in the municipal setting should be considered. This might add value to municipal Capacity Building (CB) at least in the municipalities of Niassa. There is some evidence that this option is a feasible one, politically and technically speaking.
- Although not part of the TOR for this review, some thought could be given to increase coherence (and complementarity) between the three Programme components, by adjusting their hierarchies of objectives and log frames. Regarding monitoring of outcomes and impact, a sharper focus should be taken on how the Programme is changing the lives of beneficiaries, notably women, children and communities by asking questions such as: are we working with the most vulnerable groups, with those who are really lagging behind in development? How are we doing this? What is the evidence we use to prove it?
- Considering the construction of a website, which reflects the approaches, achievements and possibly also failures of the Programme and its components ('telling the story'), for the benefit of all stakeholders, and the national and international interested general public at large. Well designed and regularly updated, such a facility could become an expression of synergy, in the sense that the whole is more than the sum of the constituent parts.

1 INTRODUCTION

1.1 *Scope and objectives*

Faced with a decision to be taken in early 2023 as to the extension of the current decentralization programme Decentralization for Inclusive Development (D4ID) in Mozambique to a second phase beyond 2023, the SDC Office in Maputo has commissioned this review. In close collaboration with government, the programme is at present being implemented in the Provinces of Nampula and Niassa in selected municipalities and districts by three international partners, namely the United Nations Development Programme (UNDP), the United Nations Capital Development Fund (UNCDF-United Purpose (UP¹)) and The German International Cooperation agency GIZ. This Mid Term Review (MTR) is thought to be part of the decision-making process.

Embedded in the Swiss Country Programme for Mozambique 2022-2025 (SDC, 2022), the present phase of D4ID covers the period 2020 to 2023². Formally it is based on the Credit Proposal 7F-10037.01 approved by the the Swiss government in 2019 which establishes two complementary programmes under the overall D4ID fold. The first aims at ensuring access to basic services that meet the needs of the population. It supports local governments in their efforts to make budgeting and planning processes effective and inclusive and encourages civil society to engage in dialogue with the authorities and to demand greater transparency and accountability in delivering improved public services. The second 's overall goal is the strengthening of democratic governance and peacebuilding in Mozambique through supporting the decentralization process, enhancing the ability of national ministries and subnational governments in Niassa and Nampula to provide quality public services to citizens, to improve socioeconomic conditions and reduce conflicts.

Anchored in Mozambican government structures, notably the Ministry of State Administration and Public Service (MAEFP) and the Ministry of Economics and Finance (MEF) as well as the Ministry of Land and Environment (MTA), D4ID's three components are implemented by the said four different agencies. They intervene in all 'arenas' deemed to cover decentralized governance levels : central, provincial, district ,municipal and sub local (community). SDC is at present one of the very few, if not the only one of the international cooperation agencies in Mozambique to simultaneous intervene at all these levels.

It should be noted at the outset that the MTR has as its object the overall D4ID programme as envisaged by the SDC credit proposals, and not the individual projects managed and implemented nationally by all three of SDC's implementation partners in D4ID, given that these reach far beyond the limited scope of D4ID, to which, of course, they contribute as part of the SDC supported Programme. This understanding of the scope of the review merits

1 An International Non-Government Organization (INGO) in the form of a charity registered in Cardiff, Wales, which considers itself as a 'movement of people and organizations that strive to end poverty and inequality across the globe'.

2 the end of the 1st phase is anticipated for September 2023

emphasis, since, for example, only a thematic and geographical fraction of GIZ's GFG³, is part of SDC – financed D4ID and thus subject to and part of the review.

According to its Terms of Reference (TOR)⁴, the MTR's main objectives are to

- a. assess the performance and results achievement of first phase's implementation in terms of relevance, effectiveness, efficiency and effectiveness / impact, and
- b. recommend and outline possible strategic orientations and options for a possible second phase, building on the assessment of the results and achievements during the first phase.

Consequently, this report dedicates two main parts, namely sections 5 and 6 to address these two issues. They are preceded by the analysis of the context and relevant changes (section 2), and a succinct overview of D4ID's key features (section 3). This section may help the reader to better comprehend the different features and challenges of the three components and the ways they are implemented and coordinated. Finally, the last section 7 serves to present the overall conclusions and some recommendations.

The author wants to thank the Swiss Embassy in Maputo, and the team of the Governance Domain for their continued confidence, support and the sharing of relevant information and documents. The team's first feedback on a draft of the report was highly appreciated. He also would like to thank all key informants available for interviews for sharing their time, opinions and information with the author. To all of them: *Muito Obrigado*.

1.2 Methodology

It was agreed between the contracting parties that the review should take the form of a 'light' assessment, deviating from the Standard evaluation method developed by the Development Assistance Committee (DAC) of the Organization of Economic Cooperation and Development (OECD)⁵ in two ways. Firstly, not all six standard criteria will be used with the criteria coherence, impact and sustainability not being object of the review. In this sense the review follows the DAC principle 2 which governs an evaluation⁶.

Secondly, the participation of stakeholders in the review would be reduced to preselected key interview partners based in Maputo, notably to SDC's institutional cooperation partners in government and the implementation arrangements, as well as in the Decentralization Working Group (DWG). This did not mean to exclude, however, interviews with members of the 'beneficiaries' of the programme and members of the programmes technical implementation

3 GFG component 2, implemented in selected municipalities in Niassa and Nampula provinces.

4 See Annex 8.1

5 Which uses the six criteria Relevance, Coherence, Effectiveness, Efficiency, Impact and Sustainability.

<https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

6 'Criteria should not be applied mechanistically. Instead, they should be covered according to the needs of the relevant stakeholders and the context of the evaluation. More or less time and resources may be devoted to the evaluative analysis for each criterion depending on the evaluation purpose'. (Ibid).

teams, as long as this could be done in a cost-efficient way, e.g., via Video Conference or telephone. The working method applied thus presents a mix of desk research consisting of analysis of a considerable number of internal documents (see bibliography in Annex 8.6) and interviews with key 17 institutional stakeholders, based on guiding questions for semi structured conversations with the key informants (KI) (see list in Annex 8.2). The emphasis was put on the generation of qualitative data. A draft of the report has been discussed in a meeting on the 13 February in which representatives of the SDC governance team and senior representatives of international partners (UNDP, UNCDF, GIZ) participated and contributed with comments and suggestions. Together with written feedbacks received from SDC, GIZ, UNCDF and UNDP, these were largely incorporated into the final version of the report.

The methodological choice, together with those pertaining to budget and time constraints implied the following limitations of this review:

- The reader will find only a qualitative assessment of the three criteria used for this MTR based on a non-stochastic selection of KIs. Complementing this approach by quantitative data for gauging the degree of the D4ID's components' meeting the evaluation criteria was out of question for the reasons mentioned above.;
- The list of KI representing technical staff and programme beneficiaries is biased towards those working in Niassa Province. The repeated efforts to establish contact with and interview personalities of local partners and beneficiaries in Nampula province, notably representatives of the municipalities of Angoche and Monapo proved to be very difficult and, on the final account, in vain, within the given timeframe for this review.
- The assessment part is restricted to the levels of outputs and outcomes for reasons of lack of time to delve into the nitty gritty of annual planned results and activities of each of the components. These were reflected only in a cursory, exemplary way.

2 CONTEXT AND CHALLENGES

2.1 The new decentralization paradigm – unfinished business

2.1.1 Institutional challenges

This MTR happens at a time, in which the decentralization reform triggered by the 2018 amendment of the Constitution (Law 1/2028) is being implemented. The constitutional amendment is part of the Maputo Accord in Peace and Reconciliation of 2019. This amendment has produced far reaching changes in the governance and democratising structure of sub-national governments, sometimes referred to a 'New Decentralization paradigm' (Impissa 2019). This is a direct outcome of the peace negotiation brokered between 2016 and 2018 by the former Swiss ambassador. It basically results from 'bartering' complete demobilization, demilitarization and reintegration (DDR) of Renamo armed opposition against the possibility of the opposition to govern provinces (and from 2024 onwards, districts). The new paradigm introduces profound changes in horizontal and vertical intergovernmental relations at sub national levels by tightly limiting the new powers of devolved provincial government elected in 2019 (all won by Frelimo candidates). The introduction of the legally and politically strengthened deconcentrated representation of the central government in each

province (REP) results in a type of institutional coexistence between those and devolved branches of provincial governments . It is seen to serve to tightly circumscribing the powers of the latter, in case of the opposition winning provincial election. The division of functions and resources between the two is blurred rather than well defined. While functional overlaps for service delivery exist, the human and material resources available for service delivery are split between the two. For these reasons, the reform and its consequences have been questioned, both politically and analytically.

Critics argue that the new architecture of power relations at the provincial level leads to ill-defined functional responsibilities for service delivery, to competition and sometimes frictions between government departments, such as Governor of the Province (GOP) heading the Provincial Executive Council (CEP) on the one hand and the REP, i.e., the Secretary of State in the Province (SEP) heading the deconcentrated Provincial Services of the State Representation (SPRE). This is likely to undermine coherent sectoral policies and programmes, efficiency of government and to increase state fragility regarding the delivery of services, notably in the health and WASH sector. The institutional model of bi-cephalic provincial government system implies additional, high recurrent expenditure at the cost of resources for public investment and services. Besides, the present architecture may violate the Constitution, whose Article 276 defines the exclusive attributions of the decentralized/ devolved governments, assuming that there shouldn't be another body at the provincial level performing the same tasks. A coherent approach to strategic provincial planning is in want.

The tight embedding of planning and budgeting in central government procedures and the lack of own fiscal resources, i.e., a tax base of their own, further limits the financial, administrative and patrimonial autonomy attributed to the provincial governments and weakens the decision-making powers of elected provincial governments and assemblies, making them dependent on *ad hoc* central budget allocations.

2.1.2 The need of constitutional and legal changes

A preliminary analysis of functions both for REP with its (sectoral) provincial service departments and the elected provincial governments and its sectoral departments, commissioned by MAEFP has been conducted in 2021. The conclusions include, among others, the following recommendations:

- a. Suspend the current process to elaborate more legislation – these laws are trying to divide what is not divisible.
- b. There is a need to revise and harmonize specific sectoral laws: law of land, mining, and health system.
- c. Certain elements, of follow up legislation are unconstitutional. There is a need to revise the constitution to clarify certain terms and responsibilities and include some aspects that are currently lacking.

Regarding point a), at least two additional pieces of legislation are urgently required. The first is on the exclusive functions and responsibilities of elected provincial government, in relation to the (exclusive) functions and responsibilities of SEP, which are limited to sovereign functions

of the state, respectively central government (Article 141 of the CRM). The second piece of legislation concerns the fiscal endowments of devolved provincial governments. The legislator is called upon to revise the Law 16/2019, which defines the financial and patrimonial regime of provincial decentralized governance. This should possibly coincide with a review of Law 15/2002, which establishes the principles of the organization of the tax system in Mozambique. There is a growing awareness that a review of the intergovernmental system of fiscal relations is a matter of urgency, given its vertical and horizontal imbalances, exacerbated by the distributional consequences of an economy geared towards resource extraction. Such a system should be formula-based and include all levels of subnational government (provincial, district, municipal). Ideally the work on functional separation of responsibilities between Secretário de Estado na Província (SEP) and its provincial services, and the Governador da Província (GOP) with the Provincial Executive Council (CEP) should go hand in hand with the review of the intergovernmental fiscal relations.

The questioning of constitutionality of this decentralization model and its political institution and financial sustainability is among the reasons, why devolution of power to the districts along the same lines, foreseen by the constitution for 2024, is being reconsidered by the governing party, to the dismay of the Renamo opposition and part of the Mozambican civil society (CSO), which sees this as a betrayal of the results and principles of the peace process and of a constitutional command. Hence the introduction of devolved district governments with elections of district administrators and district assemblies in 2024 is not a forgone conclusion, despite the constitutional mandate. At the III National Decentralization Conference in August 2022 in Nampula, the Head of State admitted that 'decentralization is an irreversible, however unfinished process and encouraged an open debate for addressing obstacles to effective decentralization.

Until today the government has not followed up on the three pending issues noted above. Neither is not clear, to what extent D4ID may, or may not be able to influence and assist government, e.g., via its UNDP led Component 1 in addressing and possibly contributing to resolving these issues, given its unique position in MAEFP and its brief which includes policy advisory services at national level. Neither is it clear whether a possible concerted effort and initiative by the DWG would yield results. A KI in MAEFP suggests that policy changes and further initiatives, including the drafting of legislative proposals will continue to depend on the political will and compromises of the political leadership of the ruling party, a point further addressed below in section 3.4.

2.2 New municipalities and municipal elections in October 2023

In the second half of 2022, the government announced its intention to add 12 new municipalities to the existing 53 towns and cities with municipal status (elected mayors, multi-party assemblies and an own tax base etc.). According to government plans, this should be achieved already at the time of the upcoming municipal government elections scheduled for 11 October 2023.

As is known from past experience, municipal elections affect municipal affairs and capacity building efforts in two ways. Firstly, during the campaign and precampaign, municipal staff,

particular senior staff are usually involved in the preparation and organization of campaigns, and thus in party related work, also at the cost of institutional routine business. This may imply their reduced responsiveness to and availability for project related activities. Secondly the electoral outcomes may change key individuals, including the mayor, with which the project has been collaborated in setting up the CP programme and on whose initiative, engagement and leadership etc. the project results hinge.

Despite the imminent change in the total number of municipalities, different from government at meso level, the municipal governments operate in a relative stable political, institutional and legal environment, their major challenges being the shortage of fiscal resources for public investment and technical capacities in response to urban growth and growing demand for public services.

2.3 *Other contextual changes*

2.3.1 GIZ – Transition from GFG II to GFG III

Imminent changes of the decentralization approach of SDC's implementation partners at municipal governance level, **GIZ**, also is to be reported. At the time of writing the appraisal for phase III of GIZ flagship Good Financial Government Programme (GFG II)⁷ is being concluded and a Preliminary project design of GFG III has been produced⁸. This may likely directly and indirectly affect GIZ's collaboration with SDC's in implementing the D4ID programme.

While the intended changes in the core area of SDC – D4ID programme GIZ collaboration, 'the strengthen the institutional capacity regarding financial sustainability, citizen orientation and accountability (output 1 of the GFG III) is unlikely to be substantially affected but rather may provide additional innovative impulses (e.g. regarding expenditure management via e-SISTAFE expenditure module). Other areas may suffer more far-reaching changes in the German Development Cooperation (GDC) support to decentralization implemented by GIZ. These include the intended introduction of urban and spatial development planning in municipal capacity building, and the introduction of a criteria-based small project fund for local level innovations in small/medium municipalities (output 2). Further changes which might have an impact for SDC – GIZ collaboration concern the planned engagement with government and UN Habitat on a National Urbanization Policy and the introduction of a Municipal Development Fund (output 3) or the capacity development for MAEFP and IFAPA regarding the development of new specific POEMA modules (e.g., Municipal Budget Execution, Municipal Internal Control, Municipal Human Resources Management) and adaptation of selected modules to virtual training units incl. production of e-learning materials (Output 4). According to a GIZ source, these modules have been or are in the process of being finalized.

At the same time, the preliminary GFG III design reflects GIZ's clear intention to widen the array of municipal partnerships, possibly including newly created municipalities and provincial

7 In GIZ's understanding, GFG represents a multi-donor partnership programme, financed by the governments of Germany and Switzerland and the EU, with GIZ being the technical implementer.

8 This document has been shared with the consultant.

capitals into its programme. Theoretically this might imply adding five municipalities, including the Provincia capitals in the two provinces covered by the SDC – GIZ agreement regarding D4ID implementation⁹.

Further, considerations are notable, in the form of a scoping study commissioned by the Kreditanstalt für Wiederaufbau (KfW), the financing pillar of German Development Cooperation, to promote urban/municipal investment projects which benefit from improved synergies between and institutional capacity building via technical cooperation (under the realm of GIZ) and targeted financial support and project funding provided by KfW. However, it is too early to gauge the consequences thereof for GIZ as implementation partner in D4ID.

2.3.2 Municipal capacity building within the WB's PDUL framework

Further changes concern the implementation of the Projecto de Desenvolvimento Urbano e Local (PDUL). The long-delayed project is financed by the World Bank and coordinated by the Ministry of State Administration and Public Service (MAEFP) in collaboration with the Ministry of Economy and Finances (MEF), the Ministry of Land and Environment, (MITA) and the Ministry of Public Works, Housing and Water Resources (MOPHRH). Its Development Objective is to "Strengthen institutional performance and deliver improved infrastructure and services in participating local entities". It has three components, namely: (i) Component 1 – Urban infrastructures and services provision (ii) Component 2 – Supporting the decentralization process and institutional capacity-building for the stakeholders and; (iii) Component 3 – Project management.

Notably components 1 and 2 have a considerable overlap with D4ID and GFG, not only regarding contents, but also municipal partners, particularly in Niassa province, where all municipalities (Lichinga, Metangula, Cuamba, Marrupa e Mandimba) will benefit from capacity building via PDUL. Technical assistance in various aspects of municipal management will be delivered both for PDUL's components 1 and 2. The latter is aimed at enabling and a total of 21 (twenty-one) municipalities supporting the improvement of their organization and performance in the following areas: (i) Human Resources Management (HRM); (ii) Tax Management (TM) and (iii) Municipal Public Financial Management (PFM) and (iv) management of Information and Communication Technologies- ICTs for better results in the common areas of municipal management. An international tender has been launched in the last quarter of 2022, resulting in only one bidder being technically qualified. At the time of writing, a final decision and the adjudication of a TA contract with the winning bidder seems to be imminent.

The implementation of Component 1 has been contracted out to a Mozambican enterprise (*MD Consultores*). The two-year contract covers providing TA to enable the management and implementation of the performance-based public investment facility by collaboration with municipal managers and specialists in the following areas: i) finance and human resources; ii) revenues and registers; iii) urban planning; iv) communication and IT and v) civil engineering.

⁹ Lichinga and Mecanhelas-Sede in Niassa, and Nampula City, Nacala Porto and Mossuril in Nampula Province

MD Consultores apparently is also responsible for selecting the technicians for their specific tasks and for supervising their performance, together with effectuating the salary payments on behalf of the Municipal Councils (KI). The WB has announced a major mission for the period 27 February to 24 March 2023. Its main objective is to review, adjust and support the implementation of the Programme.

The emergence of PDUL as a new and powerful actor intervening in the capacity building arena in Niassa's municipalities may represent both an opportunity of cooperation and a major challenge to D4ID's Component 3 and its implementation via GIZ through GFG II: it consists of a high degree of thematic overlap, the competition in a rather limited labour market regarding human resources for institutional capacity building in the abovementioned technical areas, and the limited absorption capacity of Niassa municipalities for massive interventions which are managed by cooperation agencies not necessarily known for successful donor coordination¹⁰.

From a municipal perspective, PDUL has the added advantage over the GIZ/D4ID project of linking in its approach, in component 1, improved municipal finances for urban investment and improved Human Resource (HR) capacity for municipal management to a dedicated municipal capital subsidy in the form of a Municipal Performance Grant. Thus, it may be more than educated guessing to suggest that, from a mayor's perspective, the PDUL approach is much more attractive than that D4ID via GIZ's GFG II is able to provide, *ceteris paribus*. This conclusion takes into consideration the unanimous message uttered by five mayors of Niassa municipalities supported by SDC/GIZ joint project that the exclusive focus on capacity building is necessary but not sufficient for meeting the municipalities' main responsibility of providing improved public services unless the CB is complemented by investment funding. The message was directed at representatives of UNDP, UNCDF, GIZ, SDC, MAEFP, MEF during a partner visit to Mandimba municipality in October 2021.

3 D4ID : COMPONENTS AND KEY FEATURES

3.1 Programme architecture, Institutional partners and intervention levels

As referred to in the Introduction, the Programme has three components, each implemented by a different partner, respectively cooperation and development agency. This programmatic architecture is shown in the table below. A concise summary is given in a more detailed overview in Annex 8.3.

10 Several Key informants (KI) alluded to existing major challenges of coordination and information sharing with the World Bank, e.g., in the framework of the Decentralization Working Group (DWG).

Table 1: D4ID- Components, Implementing agencies and intervention levels

| Nº | Component | Implementation agency | Primary Intervention level | Anchor ministries |
|----|--|-----------------------|----------------------------|-------------------|
| 1 | Initiatives to Promote Provincial Decentralization in Niassa and Nampula | UNDP | Central and Provincial | MAEFP, MEF |
| 2 | Financing Local Resilient Development | UNCDF & UP | District , community | MEF, MTA |
| 3 | Good Financial Governance II | GIZ | Municipalities | MAEFP |

Source: Author, based on project documents

D4ID funded by SDC is the only donor financed programme that intervenes at all levels relevant for decentralization in Mozambique. It allows SDC to closely monitor the institutional and political dynamics relevant for decentralization and governance and their reform. It is innovative also in the sense that implementation is spread across 4 partners, all of high technical competence and international experience. Each of the three components has its own strategic approach to institutional capacity building, service delivery and institutional coordination and support and thus its own peculiarities, strengths and limitations. As will be argued below, there is room to better define their interface and complementarity in the Programme's second phase.

The **Component 1: Initiatives to Promote Provincial Decentralization in Niassa and Nampula** ('Initiatives'), implemented by UNDP, is part of a wider UNDP driven programme which covers the provinces of Cabo Delgado, Sofala e Manica, which is known as D4D (Decentralization for Development¹¹), which is not financed by SDC, but by the EU. In implementing both 'Initiatives' (for SDC) and D4D (for EU) UNDP collaborates with NGOs and associations such as United Purpose (UP), Agência de Desenvolvimento Económico de Manica (ADEM) and Agência de Desenvolvimento Local (ADEL). This Component 1 of D4ID focuses on the provincial level of Mozambique's public administration and decentralization in the two provinces Niassa and Nampula, without neglecting the vertical dimension of linking this level to district and central governments. Concerning the latter, this component seeks to influence decision making and policy development on decentralization and the necessary addressing of caveats arising from the New Decentralization Paradigm. It is anchored in MAEFP where the Programme's project management and its Chief Technical Advisor (CTA) and support staff have their office, referred to as *Decentralization and Social Cohesion Unit*. Using the e-sistafe linked planning, financial management and accounting system, the component is fully aligned with the established national PFM procedures.

The **Component 2: Financing Local Resilient Development** is financed by SDC and implemented by UNCDF in collaboration with UP, in three of Niassa's 16 districts (Lago, Lichinga and Mandimba). It is part of UNCDF's wider portfolio, which, led by government and financed by SIDA, the Belgian Development Cooperation, EU and ACCD, has provided grants to local governments, covering districts in the provinces of Gaza, Inhambane, Zambézia and

11 not to be confused with the D4ID.

Nampula. Conceptually and methodologically, it is based on the The Local Climate Adaptive Living Facility (LoCAL¹²) approach, developed and tested by UNCDF in countries in Africa, Asia and Oceania as well as in Mozambique. Essentially it consist of performance-based grant for climate change resilient infrastructure investment or In LoCAL terminology, Performance-based Climate Resilience Grants (PBCRG) system , benefitting (local) district governments. The investment priorities are determined by gendered, community-based decision making and planning processes, in which community and citizens committees are also involved in ,monitoring their outputs and quality of governance . Areas of investment in improved and resilient local services include the education, health and WASH sector etc. the latter is particularly relevant from a SDC perspective, given its separate WASH / health programme GoTAS.

As point of departure, an assessment of minimum capacity of the beneficiary government, in various functional and thematic areas of governance, as well as in the effective and transparent use of funding are required, given that the funding is transferred to each district through the national financial administration system e-sistafe. An Annual Performance Assessment (APA) determines to which extent the project financing is fully aligned with the established PFM system. Anchored in MEF (DNPO) and collaborating with the Ministry of Land and Environment (MTA), the project is implemented at provincial level via the SPEF in the Office of the SEP as well as provincial advisors on UNCDF. Using the e-sistafe linked planning, financial management and accounting system, the component is fully aligned with the established national PFM procedures.

Component 3: Good Financial Governance is implemented by GIZ¹³ in 9 municipalities of Niassa and Nampula¹⁴ with financing of SDC. It represents an extension of the ongoing GFG project originally financed only by the German Ministry of Economic Cooperation (BMZ) via GIZ in municipalities of the provinces of Inhambane and Sofala. The Programme 's phase I (2014-2019) transited to phase II (2019-2023) in an upgrading exercise, which counted, from 2021 onwards with additional financial support by Switzerland and the EU . It will be succeeded by phase III from end of 2023 onwards (see section 2.3.1). To a large extent directly implemented by GIZ and managed by their staff, the project maintains cooperation and partnership with its main institutional partners, i.e. the central government (MAEFP) and the beneficiary municipal governments, as well as Mozambican Supreme Audit Institution (Tribunal Administrativo). The programme continues to be co-financed by BMZ, SDC and the EU . Aimed at improving financial governance processes in terms of transparency, sustainability and effectiveness, GFG II consists of five intervention areas. These are :

- a) Improving decentralization framework conditions;

12 <https://www.uncdf.org/local/homepage>

13 GIZ is, legally speaking, a private company with limited responsibility, owned and financed by the German government, which executes cooperation projects internationally on behalf of various German government ministries. It represents the technical pillar of German Development Cooperation (GDC), whereas the Kreditanstalt fuer Wiederaufbau, (KfW), or German Development Bank, represents its financial pillar.

14 Nampula Province: Angoche, Malema, Monapo, Ilha de Moçambique, Ribáuè; Niassa Province: Cuamba, Mandimba, Marrupa, Metangula Decentralization for Inclusive Development (D4ID).

- b) Improving Municipal Financial Governance;
- c) Improving External Control in Strategic Areas by Supreme Audit Institution;
- d) Developing Financing Mechanisms for Implementation of 2030 Agenda;
- e) Public Service Capacity Development in Decentralized Governance.

The Swiss funding is restricted to area b) and the aforementioned 9 municipalities in Niassa and Nampula, using Technical Assistance (TA) and Capacity Building (CB) approaches to achieve the planned outputs and outcomes. GIZ's chosen approach is considered to be an integrated one in which the outputs / outcomes are achieved as a result of a systematic interactions among all five GFG components¹⁵, for which a sophisticated planning and monitoring system has been developed. By its defined and approved scope of interventions, the GFG II component in D4ID does not include funding for investment in public services.

3.2 Hierarchy of Objectives and intervention logic / theory of change

A summary of the Hierarchy of Objectives or results frameworks for D4ID's three components is given in Annex 8.4. It is noteworthy, that both component 2: 'Financing Local Resilient Development' implemented by UNCDF and United Purpose (UP) in Niassa, and the and component 3: Good Financial Governance II, implemented by GIZ in municipalities in Nampula and Niassa have the same planned outcomes and outputs, defined in the SDC credit proposal covering the two. Differently the UNDP- implemented 'initiatives' component has a results framework of its own. The UN agency joined the D4ID programme later than the other institutions, which undoubtedly meant that UNDP's objectives could not easily be aligned with theirs of the other institutions. Nevertheless, the objectives and, above all, the contribution of the results of the UNDP-led programme have been highlighted in the results reports, where the substantial contribution of UNDP activities to the corporate and strategic results of the Swiss programme has been made clear.

In the case of the first two Components , it seems challenging to understand the use of one common hierarchy of outcomes and outputs for , given that scope , target groups, intervention levels and approaches to produce the intended results differ substantially between the beneficiaries at district and municipal level. For example, , with GIZ GFG II, by design, lacking an investment funding facility for service delivery - different from UNCDF- this implementer could never be expected to contribute to matching demand for and supply of public services, as the D4ID hierarchy of objectives suggests. One also would argue that the planned result in this component of increasing municipal revenue collection will not necessarily contribute to improving financial conditions for municipal investment in public services, given that the notable increase generated by the project primarily serve to finance recurrent expenditure of municipalities. It is therefore not clear, at least in the case of the GIZ implemented component GFG II, to what extent the planned project results are derived from SDC Programme's hierarchical objectives at the outcomes and outputs level, or else reflect the logic of the

¹⁵ Written comment from GIZ to SDC, received by the author on 06/03/2023. This point may need clarification among partners since SDC may hold the opinion, that the D4ID outcomes and outputs result from an interaction of the three D4ID components.

wider GFG II approach covering all of its five components. If the latter were the case, the GFG intervention area 2 ('Improving Municipal Financial Governance') would be horizontally related to influence GFG intervention area 1 ('Decentralization Framework Conditions'), which SDC is not supporting via GIZ, but via the UNDP-led Component 1 ('Initiatives') in D4ID. In fact, such a relationship is suggested to exist by the 'mirroring' of areas of technical assistance and cooperation in GFG's Output 1 and 2 "diamonds" (GIZ, 2020: 51).

Particularly the GFG component presents a much narrower framework which emphasizes good financial governments as main objective: *'Financial governance processes are improved in terms of transparency, sustainability and effectiveness.* The 5 GIZ GFG components are assumed to contribute to achieving this objective, in a technical way, largely ignoring the often-conflictual interaction aspect between demand and rights holders on the one hand, and office-bearers of institutions representing the supply side in good local governance, on the other which is part of SDC's hierarchy of objectives and the underlying TOC. In the author's view, excellent financial governance promoted by D4ID is but a necessary, not sufficient condition for rights holders *'to have better access to public services and increase their livelihoods'*. Further, both the overall D4ID the GFG results framework are, in the opinion of the author, not sufficiently clear on the issue, that enough and possibly increasing funding of local governments urbanization and service provision programmes via government transfers, credits, mixed finance facilities and specifically targeted aid for local government service delivery is a *conditio sine qua non* one for achieving the intended outcomes formulated for D4ID. In the case of GFG, this subject matter is part of component 1, which is not an element of GFG's contribution to D4ID (via its component 2).

The results framework and hierarchy of objectives of UNDP-led component adds another important dimension to D4ID, namely that of peace building. Its overall intended outcome recognizes the importance of the link between democratic governance, decentralization, service delivery and peace building, when it defines its goal as *Strengthening democratic governance and peacebuilding in Mozambique through supporting the decentralization process, enhancing the ability of national Ministries and subnational governments in Niassa and Nampula to provide quality public services to citizens, improve socioeconomic conditions and reduce conflicts (SDC 2021a).* yet, The UNDP led "initiatives' component does not have an explicit and formulated TOC of its own, although, as seen above, it introduces new dimension assuming a causal link between decentralization, governance, service delivery and peace building. The overarching assumption, also in the Mozambican case, that there is a strong relationship between decentralization and the peace process because decentralization is one of its premises and cornerstones.

A certain 'diversity' of the Hierarchy of Objectives between the SDC and the three D4ID components also affects the measuring of the Programme's achievements via indicators, which also show a considerable diversity. Only in September 2022 SDC has started to address internally the alignment of indicators between Components 2 and 3 (SDC 2022d).

Since a hierarchy of objectives and its underlying Theory of Change (TOC) reflecting the intervention strategy and changes the D4ID attempts to achieve¹⁶, is the unconditional basis for programme implementation by all managers and stakeholders, it needs to be of high quality, consistent and coherent, and known and subscribed to by all partners, especially at management level. Particularly for the owner of the Programme, SDC, a coherent Hierarchy of Objectives for D4ID and its components represents a kind of 'signature' of the project reflecting ownership. It would also help to clarify unequivocally the question of whether GIZ is an implementer of a programme component of its own, with SDC seen as a co-financing agency for its pillar 2, or whether GIZ is executing via this component a SDC owned programme on behalf of this agency. In official documents this distinction is not always clear. In GIZ's view one could argue that it is both, namely a multi donor programme of its own funded by the German and Swiss governments and the UE, with one specific component of it being a (German co-financed) one component of the Swiss financed D4ID. Beyond the issue of national visibility and claims to ownership, however, the point should not be overlooked that D4ID represents an attempt towards a more integrated and better coordinated approach to decentralization in an otherwise fractured donor landscape.¹⁷

The issues raised here in rather a cursory manner are obviously related to 'coherence', one of the OECD DAC criteria for evaluations, which, was excluded from being applied in this MTR exercise at the outset. However, in the authors view, 'coherence' ought to be kept in mind as a subject matter eventually to be addressed not only regarding making the hierarchy of objectives more consistent and aligned with SDC objective, but also in eventually revisiting and aligning the underlying assumptions, or the Theory of Change (TOC) of each component and the D4ID as a whole¹⁸. A common TOC is key also to share responsibilities on the programme's component implementation. A common TOC and log frame would also help clarifying issues of coherence and complementarity raised in GIZ's written comments on the MTR's draft.¹⁹

3.3 *Main forms of interventions*

Three main forms of D4ID interventions can be discerned, namely capacity building, provision of TA and financial subsidies for climate resilient public investment. The latter is specific to UNCDF's LoCAL programme, whereas the other forms are the mainstay of component 1 and 2 of D4ID. Overlaps between these intervention approaches exist.

3.3.1 *Capacity building (CB)*

A great many of the interventions in all three components take place in the form of institutional and HR capacity building of various target groups in different thematic areas, using the form of seminars, workshops, training events for individuals and representatives of

16 i.e., its policy, strategic, project, and input dimensions

17 Point made by Lena Weiler in GIZ's written comments on the MTR draft, received by the author on 06/03/2023.

18 See Annex 8.4

19 Received by the author via SDC on 6/03/2023. These are considered outside the scope of this MTR and are not further addressed.

institutions at all levels of government in which D4ID intervenes. In all components these events include, to various degrees, key topics such as

- Gender sensitivity in socio economic analysis, planning budgeting and management²⁰.
- Youth engagement and Leave No One Behind (LNOB) principles;
- Participatory approaches to strategic and short-term budget and planning cycle management, accountability and monitoring in at municipal district and provincial government levels;
- Strengthening of role and capacity of elected assemblies (at municipal and provincial level and of District development and consultation committees in oversight over the executive;
- Public financial planning and management based on government systems (e-sistafe);
- Localization of the Implementation of 2030 Agenda , particularly with a focus on the following Sustainable Development Goals (SDG): 1 (no poverty), 5 (gender equality), 10 (reducing inequalities), 11 (sustainable cities and municipalities), 16 (peace, justice and strong institutions), 17 (partnerships to achieve objectives);
- social accountability monitoring (SAM) framework, implemented successfully by United Purpose, and refined by SDC which assumes that if citizens, particularly youth and women, have capacity and tools to organize themselves and contribute as citizens with voice to local development and service delivery.

3.3.2 Technical Assistance(TA)

This second mode of intervention is the provision of TA to stakeholders and beneficiaries . The component 3 executed by GIZ through GFG II is the most TA -intensive intervention of all D4ID's components. Teams of six technical advisors in each of the two provinces are responsible for advising all 9 partner municipalities at technical level on the six specific areas. These are:

- a) Revenue and taxpayers' cadastre, the latter linked to land and property ownership and improved revenue generation and management;
- b) IT based expenditures and procurement management and production of annual accounts;
- c) Internal control aimed at increasing accountability of administration and oversight and decreasing the level of corruption;
- d) Improved and more transparent communication of financial and fiscal information for citizens;
- e) Boosting HR capacity and municipal management of personnel with equal opportunities for men and women;

²⁰ In UNDP's view, the gender aspect is the one that needs to be more specific. It is difficult to measure how the different institutions UNDP, GIZ and UNCDF / UP have contributed to this aspect. This point should be seriously considered in the next phase of the project.

- f) Strengthening the Municipal Assemblies' capacity to exercise their oversight and control function over the executive, notably regarding annual plans and budgets and annual accounts.

Also, the provision of grants via UNCDF (see section below) is accompanied by a comprehensive programme of technical assistance to district governments in the thematic areas of governance, public financial management, community participation and planning, budgeting and financing development adaptation. Contrary to the GIZ approach this draws on the government's own decentralized technical assistance units at provincial level (both CEP and SREP).

Thematically, there is a certain overlap with TA interventions by UP within Component 2, interventions in municipalities (Lichinga, Mandimba and Metangula), where topics such as tax collection, planning and budgeting in the context of the Municipal Annual Social and Economic Plan and Budget (PESOM), management of accountability and public integrity are featured.

3.3.3 Grants for for public investment for services

This is one of the the characteristic feature of Component 2: Financing Local Resilient Development, implemented by UNCDF in collaboration with UP. It is the only facility of this kind in D4ID's project portfolio. UNCDF suffers a certain pressure to expand this system to other districts but also to apply it also in municipalities As sketched above this performance-based financing facility contributes to effectively deliver socially based climate change resilient development infrastructure, particularly in the health, education and WASH focussed. In this, socially inclusive dialogues between local communities and local governments to plan, budget and finance such infrastructure for local development and the Annual Performance Assessments (APA) per district to evaluate and identify decentralized governance and PFM development indicators are key. In this basis and an annual performance assessment - the budget allocation for participating local governments is decided upon and and the budgetary structure approved through a Validation Committee Session. Planning, Budgeting disbursement and reporting follow the established government procedures via the e-sistafe PFM tool. Where and when needed, CB measures and TA are provided, too.

3.3.4 Other forms

Finally , all components are also involved, at times, in organizing and financing meetings, workshops and conferences , providing national and international experts, conceptual and organizational advise and inputs as well financing to guarantee success. Various manuals , and other tools are being produced and introduced in the aforementioned forms of intervention.

3.4 *In perspective: the Swiss decentralization support*

3.4.1 D4ID – Continuity of SDC support

D4ID and its three components are designed to support the Mozambican government at all levels of public administration as main partners with the intervention instruments sketched in the previous section, i.e., by technical means. Is this a necessary and sufficient condition to

induce and consolidate the intended changes set out in the Programme's intervention logic for a decentralization and peace process? This is intrinsically a political matter, in which SDC's partners, the Mozambican government and public administration, may not even represent the key stakeholders and decision makers, given that they are subordinated to the ruling party, Frelimo, which has been governing the country since Independence in 1975. Before we answer this question, we look at Switzerland's engagement with Mozambique in the decentralization and peace building process.

Switzerland's supporting decentralization under the contextual conditions sketched in section 2.1 above suggests that an approach is required which is both robust, and flexible enough to respond to opportunities and to produce changes aimed at consolidating peace and decentralization, the latter understood as part of peace building. The robustness seems to be guaranteed through more than two decades of Swiss experiences with designing and implementing to of bi and multilateral decentralization programmes and the high technical and analytical competence of SDC staff. Together with Germany, Switzerland is among those Mozambican bilateral cooperation partners, which have been supporting decentralization in the period after the Rome General Peace Agreement of 1992. SDC moved from small pilot projects supporting few municipalities²¹ via financing municipal support projects financed by several donors (ADA, DANIDA, SDC) covering five municipalities ('P 5'), to be upgraded to seven ('P 7'), respectively to 13 ('P 13') and, eventually to PRODEM²² 2015 – 2018, a large pool funded programme covering 23 municipalities, always with a particular geographical focus on Northern and Central Mozambique. These projects and programmes always had a component of participatory planning and budgeting and capacity building for service delivery, social accountability and promotion of sectoral decentralization in health and WASH. SDC also was part, from the beginning, of what eventually became a national programme, the *Programa Nacional de Planificação e Finanças Descentralizados* (PNPFD), executed by government via DNPO with a focus on all district's administrations.

Further, Switzerland has been a major supporter not only of the peace process 2017 -2019, one of the results of which is the new decentralization paradigm, but also of decentralization reform in the country (since 2000). The Swiss government believes that decentralization continues to be an important element for peace building, public sector reform and the provision of basic services to the population, i.e., to address in a systematic way issues of state fragility and instability through equitable, efficient and integrated health and WASH basic services at sub-national level. As D4ID's underlying TOC shows, the objective is to promote a more responsive interaction between government institutions and their office bearers (supply side) on the one hand, and rights holders (demand side) on the other, including what concerns access to information. In this way D4ID complements SDC's ongoing social cohesion programme with its bottom-up approach to empower citizens and civil society organizations to interact constructively with local governments and participate in a meaningful way in local development processes (demand side). Further D4ID is aligned with the SDG, notably regarding

21 E.g. the Projecto de Apoio a Descentralização e Municipalização (PADEM) benefitting Metangula, Mocimboa da Praia, Monapo and Montepuez (2001-2005).

22 *Programa de Desenvolvimento Municipal*, financed jointly by Denmark, Sweden, Ireland and Switzerland,

SDG 16. And other principles governing Swiss international cooperation such as Leave No One Behind (LNOB) and observes SDC's governance and gender policy makers. Thus, the programme and its components are coherent with SDC strategic priorities, including the Addis Ababa Agenda for Action that seeks to align financing flows and policies with economic, social, and environmental priorities, it also directly informs the SDC's overall poverty and governance results indicators.

Concerning flexibility, particularly D4ID is designed to be able to respond to changing contexts as described in section 2.1 above. The fact that it is the only donor financed programmes that intervenes at all levels relevant for decentralization in Mozambique allows SDC to closely monitor the institutional and political dynamics at all levels relevant for decentralization and governance for identifying opportunities and risks for engagement, and if necessary, a changing focus and emphasis of its engagement. The same purpose is reflected in the phasing of the project, the end of phase one coinciding with the municipal elections announced for October 2023. The spread of implementation partners also provides a good opportunity to be selective when necessary. One of the purposes of this MTR is a reflection on the search for an optimal, tailor-made approach to support decentralization under the present framework conditions and change dynamics, including the promotion of synergies between the programme's three components.

3.4.2 D4ID - a change driver?

Coming back to the question posed at the beginning of the previous section: Is D4ID both necessary and sufficient to produce the intended changes as epitomized by the SDC credit proposal? . It is suggested that the the architecture, methods and means and chosen partners for implementation of D4ID are necessary, well-chosen and epitomize both robustness and flexibility. However, this will not necessarily be sufficient a condition for the consolidation of peace and decentralization. The main reason is that the basically technical approach followed by D4ID may produce insights, influence thinking and innovative policy approaches in (central) government and public administration, but not necessarily at the political decision-making level, at the office of the president and the governing bodies of the ruling party. The latter has shown in the past years increasing fragility and internal splits and power struggles, with the consequence of what a retired senior public servant cited by Weimer (2021) has referred to as 'deconstruction' or *escangalhamento* (breaking apart) of statehood and public administration, paradoxically not only as a result of the New Decentralization Paradigm. ,

Four examples may illustrate the dominance of party politics in decentralization and the assumption that the D4ID approach may not be sufficient to influence the political decision-making process regarding the way forward of decentralizing political administrative and financial powers:

- There is increasing political pressure on municipal governments of GIZ's partner municipalities, e.g., in Niassa Province to not collect taxes, particularly property tax (IPRA), fearing that tax collection might lead to loss of voters in the forthcoming municipal elections (KI);

- There are suspicions expressed that the UNCDF investment grant in Component 2 would primarily benefit local elites of the ruling party, constituting what is referred to as ‘elite capture’ of public investment (KI);
- Due to political electoral dynamics, there is a high degree of mobility of municipal staff, especially after the newly elected leadership takes office. It is estimated that up to 40% of staff may be affected (KI) – a proposition contested by another KI as being too high. Nevertheless, both agree that the ‘loss rate’ may question the impact and sustainability of the approach used by GFG, which exclusively focuses on municipal capacity building;
- A ‘virtual abandonment’ of his responsibilities in the local government by a mayor of one of Nampula’s municipalities, obviously tolerated by the party’s superior echelons (KI);
- The inaction of central government and parliament, due to party political pressure, to advance with still lacking key legislative pieces (KI). The question has been raised whether the objective of triggering transformational changes as intended by the D4ID is not too overambitious and, if answered with ‘yes’, the programme should not focus much more on peoples’ needs and not government policies (KI).

In this context one could also add the political manipulation of local government elections in 2018, which hopefully does not set an example for the forthcoming 2023 election. Such political interferences will question the underlying rationale and approach of D4ID and test the robustness and flexibility of its chosen approach.

3.4.3 Scenarios and exit strategy

From an overall Swiss perspective, however, the political challenges sketched above may be perceived as an essential part of what its Embassy in Maputo considers in its Country Programme 2022-2025 a ‘Most-likely scenario: Continuity with limited improvement’, of which D4ID is part²³. Nevertheless, continuous risk assessment and political context monitoring would, in the opinion of the author, also require an exit strategy for D4ID as a whole and / or each of its components, notably in the hypothetical case of a shift to the worst-case scenario described in SDC Country programme 2022-2025²⁴. While the SDC Credit proposal for Components 2 and 3 touch on the question of exit in a local government context only²⁵, that for the UNDP led Component 1 has no exit strategy at all. Given the contextual circumstances

23 Scenarios and Programme Adaptation: Uncertainty 3 - Political stability / state-building processes Areas of observation: Elections, political processes, decentralization, human rights situation, media (SDC, 2022: 37)

24 ‘Regional and political divisions are exacerbated by the new decentralization paradigm and the non-introduction of an inter-governmental fiscal transfer system. Complete rollback of decentralization and return to full central control of most functions of government. The rights to freedom of expression, peaceful assembly and association are reduced and the internet and social media are controlled. Journalists are at risk of threats, detention and killing. State censorship is reintroduced. External support for CSOs and INGOs is cut’. (SDC, 2022: 37)

25 ‘After two phases, the targeted local governments shall be able to manage their increased resources respecting national financial procedures, and benefit from an increased trust and participation of citizens – especially women - and private sector in local decision-making. An extension beyond phase 2 will depend on the evaluation of the changing strategic and policy environment of the country and of donors (SDC, 2021: 4).

and risks, a coherent exit strategy for the whole D4ID programme, differentiated by component would be useful to have.

4 MANAGEMENT, COORDINATION , SYNERGIES

4.1 Management Arrangements

Each of the components has its own management and steering and coordination arrangements.

- The UNDP led 'Initiatives' component is managed by its unit hosted at MAEFP, headed by the CTA. They report to a steering committee consisting of representatives of MAEFP, MEF, UNDP and EU and SDC²⁶.
- UNCDF is managed by a team in Maputo and consists of 2 persons, the Programme Manager and the Programme Associate; this team reports to UNCDF regional advisors and NY Head Quarters level through in-house accountability processes, norms and procedures. The UNCDF development initiative includes a APA validation meeting, i.e. steering committee or programme board, where the annual work plans, the achieved results, lessons learned are assessed; and budgetary fiscal allocation -based on performance- are decided, consulted and approved by the MEF-MTA-local governments participating in the initiative, with UNCDF technical support. However, there is a perception, that the DWG platform is not used to the fullest. An annual Technical Report on programmatic inputs and progress in implementation is elaborated by UNCDF and UP and shared with key stakeholders at national Level (MEF, MTA), the funding agencies (EU, SDC) and subnational partners .
- The GFG II component, restricted to its intervention area 2 is managed by GIZ staff, based in their project offices in Maputo. Initially it was suggested to report to a national coordination committee . A national level set up between MAEFP and SDC which includes GIZ, MEF, ANAMM, UNCDF, UP as members. In practise this never happened, and the planned committee has apparently been superseded by a biannual GFG annual monitoring and planning meeting , led by GIZ, to which all partners and stakeholders of GFG II are invited. From a GFG point of view, since 2022 the national level steering committee with partners was revised to take into account the new multi-donor partnership nature of the BGF programme. The Swiss Embassy was closely involved in this process. Reference is made to the ToR of the BGF coordination committee which takes place at least twice a year under the leadership of the programme`s political partners MAEFP and TA.

4.2 Coordination

The joint Credit proposal for Components 2 and 3 foresees the establishment of a Supervisory Committee at the provincial level provides twice a year local synergies and coherence between the programme components and a crucial space for dialogue between partners. It is supposed

²⁶ Comité Directivo dos Projectos Descentralização para o Desenvolvimento (D4D) e Iniativas para a Promoção da Descentralização nas Províncias de Nampula e Niassa.

to take place in both provinces with the stakeholders (GIZ, UNCDF, local governments). In addition, bi-annual joint field missions of all colleagues in the domains that intervene on fiscal decentralization (economic, governance and health) and the main stakeholders (GIZ, UNCDF, local governments, MAEFP, MEF) will complement the monitoring and facilitate exchange between the subnational levels. Once a year a Coordination Committee, composed of one representative of each partner (UNCDF, GIZ, SDC, SECO, ANAMM, MEF, MAEFP) oversees and validates the overall direction of the programme.

Neither SDC nor another partner has seemingly taken a major initiative to promote a coordination platform for the 3 components and their implementers, although the question of how the three programmes coordinate activities is of continued concern to SDC which it has communicated to the implementers. In a note to the author, SDC is suggesting that there is

‘weak collaboration, coordination and synergies in the programme. We think that the programme failed to establish synergies at different levels: both between partners, GIZ, UNCDF and UNDP, and between governments at central, meso and micro levels. The coordination spaces did not function very well. Partners did not have an area in which they collectively participated. UNCDF, for example, never accepted to share its experiences at the level of the DWG’²⁷.

At the start of the programme the expectation was that the implementing partners would report to and coordinate with each other and their partners at provincial level via a Provincial Coordination Committees in Niassa and Nampula. For various reasons, this did not materialize, from a SDC point of view. This opinion is being contested by GIZ which points out that at least in Niassa Province a provincial coordination committee has been set up, with its first meeting considered as a big success, with both the GOP and SEP present and wanting to extend the forum to an overall inclusive donor coordination format.²⁸ Yet, from a SDC perspective the necessary degree of **coordination at local and provincial level** continues to be in need of improvement to avoid duplication of effort and to utilize the synergies potential of the three components. According to a letter sent to UNCDF in January 2022, this includes coordination between the UNCDF implementation team and UP in a more holistic approach, notably to enable groups formed/established by UP (SAMComs, Local Consultative Councils, Government members at district level) to be involved in the Government led processes in identifying priorities. In its response, UNCDF agrees that the local arena provides an excellent meeting platform for local government officials and representatives of the community can meet and discuss issues of mutual interest. According to several KIs, the year 2022 saw improvements on both scores, especially in Niassa province, where UNCDF and UP together with GIZ have promoted the Provincial Coordination Committee Niassa. Regarding Nampula, according to one KI, coordination so far only occurs occasionally and involving project leadership, but not the technical level. There appears to be a clear need for their involvement, too, especially in M&E

27 SDC Comments sent to the author, 27/1/2023.

28 GIZ comments received by the author, 06/03/2023.

exercises. A more coherent effort to set up a provincial coordination committee is foreseen for March 2023.

The UNDP led Component 1 has recognized the crucial priority of a provincial platform for Programme implementation in both Nampula and Niassa Provinces as an arena for substantially improved coordination. It is addressing this matter in preparing documentation for the next phase of D4ID. According to the 'Initiatives' team leader the following dimensions need to be considered²⁹:

- Coordination among D4ID components;
- Vertical coordination between the municipal and district governments, the Provincial governance entities and the national governments with MAEFP and MEF as key ministries;
- horizontal coordination between the devolved and deconcentrated bodies of provincial governments, including the sectors they are in charge of;
- Coordination with activities of other cooperation agencies and projects operation in the province in relevant areas of common interests, notably WASH, Service delivery and health education etc.

The Nampula experience with the Coordination Unit for Integrated Development of the Nampula Province UCODIN with its long-standing experience and holistic approach can be considered as a valid point of departure since it epitomizes the aforementioned dimension of coordination and involves even the private sector. Institutionally speaking, such a unit should support the GOP.

At national level, and with a much wider scope, the **Decentralization Working Group (DWG)**, an informal coordination platform with rotational leadership exists since more than two decades. At present the coordination function is since February 2022 in the hands of UNDP³⁰. The DWG's main function is the exchanging of information and sharing of experiences through meetings, joint missions inside or outside the country, and organizing working sessions for thematic discussions in matters of common interests, namely administrative, fiscal and political issues related to decentralization. It closely collaborates with government, notably with the Ministry of State Administration and Public Function (MAEFP) and the Ministry of Economy and Finance (MEF), as well as all Governments at subnational level (province, district, municipality). This link to government has been strengthened with UNDP's management unit for D4ID and "initiatives" hosted there. However, there is a perception, that the DWG platform is not used to the fullest, given that neither the WB, nor the UNCDF have proactively utilized it for information sharing, lobbying and advocacy on decentralization matters³¹. From a SDC

29 Cristino Pedraza, at the meeting on the MTR draft at Swiss Embassy, 13 February 2023.

30 Present members are: AECID, Action Aid, ADA, ABfD, AICS, DAI, DCED, EU, ENABEL, FCDO, FDFA, GIZ, IMD, IMF, Irish Aid, KfW, NORAD, SDC, SIDA, World Bank, UNCDF, UNHABITAT, UNICEF.

31 from a UNCDF perspective, the locally-government led interventions-LoCAL are sufficiently known within the governance structures, at the central, provincial and district level...in fact these are known to the point that the central authorities in the country have requested UNCDF to expand the local-financing resilient intervention to the national level, embracing all the districts in the country.

perspective, the lack of a buy-in by UNCDF has been noted, thus limiting a wider spread of knowledge and the policy dialogue on its valuable experience with LoCAL and PBCRG. Further SDC suggests that the DWG is better used for lobbying and advocacy in favour of a coherent national decentralization policy or programme basing its contributions on experiences with and lessons learned from D4ID and other programmes.

4.3 Synergies

Effective coordination certainly is a key ingredient for the generation of synergies between the three components of the D4ID programme. Yet, producing the desired synergetic effects goes far beyond more effective coordination. According to the Cambridge Dictionary synergy is produced when ‘the combined power of a group of things when they are working together[that] is greater than the total power achieved by each working separately’³², or, in ordinary language, when ‘the whole is greater than the sum of its parts’. For D4ID, the synergy effects in business is not of much relevance, where these effects are often achieved as a result of a merger between two separated businesses. Yet, several constituent elements for generating and achieving synergies used in the business world also appear relevant for the SDC supported decentralization programme. These are³³:

- Effective coordination of activities;
- Regular mutual information;
- Teamwork;
- Common understanding of programme and tasks;
- Group cohesion;
- Sharing of cost.

From the information generated by the interviews, and from the comments received from SDC, the search for opportunities for producing synergetic effects constitutes a continuous challenge in D4ID. This issue was also addressed with the Provincial Governor of Nampula Province, as well the province’s SEP during a working visit in May 2022 (SDC (2022 e)). The reasons for scant evidence of synergy effects produced by D4ID may not only lie in the performance of the implementing agencies in coordinating activities and sharing results related to each of the components’ work considered to be weak. Other factors to be taken into account for explaining suboptimal teamwork and group cohesion are the different organizational cultures and management modalities characteristic of each implementation agency, their highly diverse partner relations and the institutional and geographical spread of the programme. One can also argue that the issue of synergy may not have been sufficiently emphasized -and possibly defined as an outcome of its own-, in the project documents and hierarchy of objectives of the components constituting D4ID. Further, the interface between the component and their thematic complementarity may need to be better defined.

32 <https://dictionary.cambridge.org/dictionary/english/synergy>

33 <https://en.wikipedia.org/wiki/Synergy>

Without doubt , SDC sees space for improvement for achieving value added of the programme through generation of synergies. Incremental gains could be achieved by both better defining the interface and complementarity of the programme components and by promoting and focusing on improved interaction and teamwork between programmatic components in selective way. The following technical areas could offer opportunities:

Table 2: Boosting synergy potential - suggested technical areas (examples)

| N° | Technical area | Possible activities / topics | Levels | Components | | |
|----|---|---|--|------------|---|---|
| | | | | 1 | 2 | 3 |
| 1 | PFM (e-sistafe, planning and management of expenditure, accounting) | CB, acquisition of machinery, IT literacy standards, security, exchange of experiences (EOE) | Municipal District | | X | X |
| 2 | Social accountability and monitoring | CB, LNOB, gender, representative bodies (AM, AP), access to information, scorecard etc. (EOE) | all | | X | X |
| 3 | Govt ICT, digital services and communication | CB, machinery / equipment, maintenance, standards/ norms, security, IT literacy, communication strategy | all | X | X | X |
| 4 | Performance based Investment funding (all phases) | CB, participatory approaches, LNOB, gender, planning and budgeting, procurement, (co) financing arrangements, PFM /e- sistafe | all | X | X | X |
| 5 | Sectoral decentralization and service delivery, including operations and maintenance (e.g., WASH) | CB, TA, planning, budgeting, expenditure tracking, procurement, quality control, collaboration with GoTAS, accountability | Municipal District | | X | X |
| 6 | Improved provincial planning process (horizontal, vertical) | Strategic and integrated provincial planning (sectors, investment, land use etc.) | Provincial (SEP, CEP) Local, provincial, national | X | X | X |

Author, based on KIs Meeting at SDC, 13 Feb, 2023

From a **SDC perspective**, the following areas are seen to be conducive for generating synergies and thus have highest priority for consideration in the second phase of D4ID³⁴:

a) Thematic area 1: Public Finance Management

34 Communication with Nobre Canhanga, Governance Domain, SDC Maputo, 24 February 2023.

Looking at the programme as it stands now, GIZ is supporting municipalities to improve revenue collection systems, as well as supporting the creation of registration systems for IPRA and Tax on Economic Activities. GIZ also supports the establishment of the municipal e-sistafe. UNCDF supports provincial and district levels in the use of e-sistafe and attaches great importance to the use of national systems. UNDP is supporting the MEF in creating a formula for resource allocation to provincial levels. All three of the Components could communicate with and reinforce each other and generate and consolidate specific synergy gains;

b) Thematic area 2: Social accountability

UNCDF works with the UP to establish mechanisms for the participation of local communities in monitoring the activities of district governments. UNDP also works at provincial level with UP using social accountability mechanisms in support of Provincial Assemblies and Decentralization Coordination Councils in the provinces. A focus on and a vigorous debate on social accountability areas could influence the Government to institutionalize this tool in development programmes. To this end, partners could improve understanding of the social accountability methodology, and extract lessons learned, together with some synergy improving lobbying and advocacy mechanisms. This subject can be connected with issues of planning, participation, internal control and others. All three components would be involved.

c) Thematic area 3: Provision of public goods and services

This refers specifically to the way the provision of public goods and services through the LoCAL based performance-based grant, implemented by UNCDF, but also the strengthening of the national planning and budgeting and accounting system e-sistafe, for that purpose, particularly at local and provincial level. All three Components are seen to be key stakeholders and contributors .

d) Thematic area 4: Advocacy, lobbying and policy dialogue

The D4ID programme has lessons learned, experiences and good practices to offer. Questions to be asked are: How are these brought up for debate at the DWG level? How does this debate influence policymaking? How do the partners look at their interventions in a nationally sustainability dimension?

5 A LOOK BACK - PERFORMANCE ACCORDING TO EVALUATION CRITERIA

In this section the performance and achievements of the first phase of D4ID are assessed, by applying three evaluation criteria, and namely relevance, effectiveness and efficiency and observing the methodological limits set by the TOR for this MTR. Each of the three constituent components of D4ID are assessed against these criteria, excluding those components of all three programmes implemented by SDC's partners which are outside the D4ID framework. In the case of GIZ's GFG this implied focusing the evaluation on its component 2 implemented in selected municipalities in Niassa and Nampula provinces. Within the methodological

constraints for the review, (limited quantitative surveying , time and budget constraints etc.) the degree of the programme meeting these criteria was assessed with simple ranking categories. The table below shows the range, together with a numerical order (1 to 10) attributed by the consultant as well as what is deemed to represent corresponding categories used by other cooperation agencies in the evaluations of their programmes.

Table 3: Ranking categories used

| Categories used | Attributed Numerical range | WB Ratings | UNCDF / UNDP Ratings |
|-----------------|----------------------------|---------------------------|----------------------|
| High | 1 | Highly satisfactory | Fully achieved |
| | 2 | | |
| Reasonable | 3 | Satisfactory | Mostly achieved |
| | 4 | | |
| Moderate | 5 | Moderately Satisfactory | Partly achieved |
| | 6 | | |
| Low | 7 | Moderately Unsatisfactory | Not achieved |
| | 8 | | |
| | 9 | Unsatisfactory | |
| | 10 | Highly unsatisfactory | |

Source: author

5.1 Relevance

In this review we use *Relevance* as a criterion to gauge the extent to which a programme is considered useful, adequately defined and realistic in a given context, and aligned with national and international standards. Below we assess each of the programme components against these criteria.

5.1.1 'Initiatives' (UNDP)

This programme component implemented by UNDP is generally described in the literature consulted as being **highly relevant** to decentralization reform , a perspective shared by KIs , for the following grounds:

- The Multi-Level Intervention programme helps to familiarize policy makers public servants and at national and provincial levels of government with the content, consequences and contradictions of the new decentralization paradigm, thus increasing those stakeholders' capacity to better understand and implement elements of the reform, but also to contribute in a more informed way to the next phase of decentralization reform. From a government perspective it is the only programme which attempts to address the key issues of the ongoing decentralization reform in a holistic way.
- It helps to focus on a non-partisan way, on provincial matters of socio economic and development, planning and investment, public financial management systems; and for monitoring and oversight, and rally provincial stakeholders (SEP and GOP) behind matters of major development management concerns of the province ;

- It contributes to better understanding and implementing the democratic nature of the decentralization reform by systematically involving the Provincial Assemblies through a more consensual framework for inclusive participation;
- Through the pivotal role as implementer, UNDP adds value based on international experiences, and brings to bear national experiences and insights via UNDP's collaboration with associated projects such as Localizing SDGs³⁵ and Decentralization for Development (D4D)³⁶.

5.1.2 Financing Local Resilient Development (UNCDF & UP)

Based on opinions expressed by several KIs and the analysis of internal project documents this D4ID Component implemented by UNCDF and UP is considered **highly relevant**, for four main reasons:

- The project is realistic, well designed and well targeted and builds on previous national and international experiences generated by UNCDF, responsible for capacity building and investment funding via the Performance-Based Climate Resilience Grant (PBCRG), in complementary collaboration and division of labour with United Purpose (UP) which engaged with communities, women and youths on social accountability monitoring (SAM). From a SDC perspective, the components relevance is underlined by the fact that the PBCRG includes the water sector, which opens up possibilities for collaboration and synergies with GoTAS III, a WASH project supported by SDC and implemented by SNV and UP in 7 districts in Niassa³⁷.
- The Project enjoys a high degree of acceptance by the communities, the local (district) government and the national government, and contributes, at planning and implementation and technical level to better coordinated interaction between the SPEF and the CEP.
- The project is, to a very large degree aligned with national planning, budgeting and financial management procedures and systems.
- Being SDG oriented and using a gendered and participatory approach with LNOB principles to planning the project adds value by contributing to improved service delivery at beneficiary. It brings the demand (community) and supply (government) sides for public services together.

5.1.3 Good Financial Governance (GIZ)

Information gathered via documentary analysis and several interviews suggest that the project implemented by GIZ within its GFG II framework may be rated reasonably **relevant** for D4ID, with the following arguments being advanced by KIs:

35 Implemented in Maputo and Cabo Delgado, financed by AACID (Agência Andaluza de Cooperación Internacional para el Desarrollo)

36 Implemented in Sofala, Manica and Cabo Delgado, financed by EU.

37 Districts of Lago, Sanga, Lichinga, Chimbonila, Mandimba, Metarica, and Mecanhelas. See: <https://snv.org/assets/explore/download/2022-gotasIII-project-mz-water-en.pdf>

- The project, in its second phase, represents a well-designed, result based approach to technical capacity building in municipalities in six different relevant technical areas and reflects both previous experiences in other provinces as well as national and international best practise;
- The project is, exclusively focussed on providing technical assistance and capacity building for municipal departments concerned with taxation, expenditure management, accounting, internal control and institutional monitoring and associated HR and ICT issues. Being exclusively governance and CB focused by design, it is widely perceived to be lacking funding for investments in public services , in which good financial governance principles are brought to bear .This is particularly true from the point of view of municipal stakeholders. They would like to see adding an investment component to CB, notably for WASH and other public services , and in the case of a coastal town such as Ilha de Moçambique, for mitigating the effects of climate change through coastal protection (KI).
- Different from the UNDP and UNCDF-led components the project is not aligned with government financial management procedures and systems. From a SDC perspective it would be welcomed to better align GIZ' s planning , financing and management procedures and instruments with those of the Mozambican government (KI). However, a realistic assessment of such alignment would suggest facing major obstacles , given that GIZ follows, by and large, the commands and rules of German public administration which may not be easy to reconcile with those governing Mozambique public administration.

5.1.4 Conclusions

The conclusions of this analysis can be summarized in the following table:

Table 4: Relevance - Ranking by Programme component

| Project Component | Implementation agency | Relevance (Ranking) |
|--|-----------------------|----------------------|
| Initiatives to Promote Provincial Decentralization in Niassa and Nampula | UNDP | High |
| Financing Local Resilient Development | UNCDF & UP | High |
| Good Financial Governance II | GIZ | Reasonable |

Source: Author, based on opinions expressed by KIs and documents analyzed

From a D4ID perspective, the components 1 and 2 are considered highly relevant. The GFG management is aware that its lack of an investment funding facility to complement its highly successful capacity building approach represents a caveat in the GFG design, especially from the perspective of its beneficiaries (KIs). It seeks to address this limitation by examining different scenarios / options in the redesign of GFG for its phase III, namely i) the establishment of a small, experimental municipal investment fund, ii) the promotion of the idea of a pool funded municipal investment fund, and the possibility of generating project synergies with KFW, in which this German agency for financial cooperation would become a

partner in municipal / urban development project contributing with financing of public service investments (see: 3.5.1).

5.2 Effectiveness

This term is understood to mean the degree to which planned outcomes are being achieved, or is expected to be achieved by a project, through the realization of planned activities / outputs chosen to produce those outcomes. In other words effectiveness refers to the degree by which annual planned activities and results together are seen to fully achieve, or not, the outputs and outcomes. Effectiveness thus is intrinsically related to the results framework and the hierarchy of objectives of a given project, as well as its annual planning of activities. In the case of D4ID, this implies that planned results and activities outputs are not only based on the overall results framework, but on the objectives of short term, annual planning of each component. The distinction between effectiveness in realizing planned, short-term activities and outputs (e.g., realization of certain capacity building events) from contributing effectively to intended changes (outcomes) is important, as the latter takes longer and depends on the effective realization of several outputs. For example, improving service delivery, improving intergovernmental coordination and bringing together demand and supply side in public service delivery are of a longer, at least mid-term time perspective.

From this logic it is obvious, that the outcomes of the projects planned by its three components are less likely to be achieved given that short period of time of two years, defined as the first phase of D4ID. Obviously, the same is true for the desired impact, or the summary effects of realized outcomes of the programme, especially under the contextual circumstances described in section 2. For this reason, it was prudent to exclude the criterion impact from the MTR, from the very beginning.

The assessment for the effectiveness of the components are presented below, one by one, before a summary conclusion is being drawn in tabular form.

5.2.1 'Initiatives' (UNDP)

The degree of effectiveness in the realization of planned annual results and activities necessary to achieve the outputs 1.1. to 2.4 is considered **high** by various KIs. This is partly due to the collaboration with UP in the procurement of services and equipment, organization of meetings and observatories etc., given the apparently lesser capacity of the *Initiatives'* provincial government partner and of UNDP in this field. According to a KI at national government level, the components' effectiveness could still be enhanced by i) improved and timely coordination of activities planned at provincial level with central government and by extending the interventions targeting the AP by working specifically with the party-political benches and by including representatives of the electorate in CB measures for strengthening the provincial legislative organs' downward accountability.

Regarding the effectiveness of the planned activities realized contributing to achieving the intended *outcomes*, the assessments concludes that its degree is lesser than in the case of the planned results / outputs. Several KIs mention that the Component's endeavour to influence

policy making at central government level may seem ambitious given that policy changes depend only partially on the political will of government , as argued in section 3.4.2. The fluid, politicised context in election and preelection years needs to be taken into consideration in the operationalization and reshaping the decentralization approach, in which MAEFP depends on political orientations and compromises much more than on TA provided by UNDP³⁸. For these reasons a ranking value of **moderate** is being suggested, not only on the basis of the previous considerations in the introduction of this sub - section and the methodological caveats of this review. Another aspect, not part of the TOR for this review, which should be born in mind, is the question of whether or not the log frame for the project is methodologically fully coherent given that the hierarchy of objectives is a composite of inputs from both SDC and UNDP /government . The underlying premise is that *ceteris paribus*, the more coherent a log frame is , the higher the degree of tracking and achieving the objectives at all levels of their hierarchy.

Promising indicators for the component being on track regarding achieving the planned outcomes are those highlights published by UNDP at the end of 2022. These were realized within the Framework of the Decentralization Working Group coordinated by UNDP in close collaboration with government and several partners in the DWG . These events were:

- Workshop on “Experiences and common lines of supporting subnational governments” on 24 May,
- Third National Conference on Decentralization , in commemoration of the African Day of Decentralization and Local Development, Nampula , from 10 to 11 August starting on the 10 August ongoing until the 11 August.
- Second Meeting of the National Coordination Council in Decentralization, Nampula, 12-13 August;
- Meeting on Professionalization of human resources and training systems in decentralized governance - On 6 October,
- First National Meeting of the SDG Provincial Reference Groups aimed at localization of the Sustainable Development Goals (SDGs), Maputo from the 7 to 11 November 2022;
- Workshop in MEF on the new PFM Strategy for subnational governments in cooperation with KPMG, Maputo, on 7 December 2022.

Where these events, and the extent to which they contribute to addressing the main changes and unfinished business of decentralization analysed in section 2.1.2, remains to be seen.

5.2.2 Financing Local Resilient Development (UNCDF & UP)

The degree of achieving the annually planned results and outputs is **high** .The reasons are three-fold:

- The existence of a coherent joint UNCDF – UP log frame and annual planning framework largely coherent with the SDC hierarchy of objectives. It allows to i)

³⁸ The same argument can be made regarding GIZ GFG’s first intervention area, which seeks to influence the macro framework for decentralization.

effectively deliver socially based development infrastructure, i.e. health and education focused sectors via the Performance Based Climate Resilience Grant (PBCRG); ii) To support and carry out socially inclusive dialogues between local communities and local governments to plan, budget and finance resilient infrastructure for local development; iii) to carry out the Annual Performance Assessments (APA) per district to evaluate compliance with minimum conditions, and identify decentralized governance and PFM development indicators as a proxy to determine merit - based on performance - the budget allocation for participating local governments, to discuss, clear and approve the budgetary structure through a Validation Committee at provincial level. Finally, iv), it allows the component's implementation to be monitored effectively. So far, 12 projects have been identified through participatory planning, including in the health education and water sector, of which 3 have been completed. The completed and planned projects benefit some 80,000 persons, 53% thereof women.

- Financial resources are transferred via CUT down to the district level which ensures financial tracking and local accountability. MEF, through its National Directorate of the Treasury (DNT) has established codes within e-SISTAFE that can facilitate timely financial monitoring of all resources provided by UNCDF to finance local development. In other words, the flow of funds is designed to ensure that capital grant or investments are channelled through government established and managed systems and assessed on the basis of development outputs and outcomes.
- The smart and effective division of labour between UNCDF and UP, which brings supply and demand side together in the participatory planning and budgeting and the delivery of investment for those services, as well as monitoring of public services delivery and local government accountability. This is based on a well-defined methodology (UNCDF, 2021) in which the District Government (DG), the District Technical Team (DTT) and the District Consultative Council (DCC), from the three main tiers of district government, i.e., District, Administrative Post and Locality are the drivers of the process of identifying projects on the basis of the Local (climate Change) Adaption Plans (LAP). The UP executed subcomponent of Social Accountability Monitoring (SAM) reinforces this process through targeted capacity building, with a focus on gender, Youth engagement and LNOB principles. In 2022 a total of six Social Accountability Monitoring committees (SAMComs) were established and supported; with a total of 161 members (77 women, 84 men). Out of 161 members 73 (45%) are youth (under 35 years) - 35 young women and 38 young men.

The achievement of planned outcomes is considered **reasonable**, particularly regarding the firm implantation of the Performance Based Climate Resilience Grant (PBCRG) system for climate resilient public investment. Through this component the available investment funding for the three districts covered by it has tripled in 2022, in comparison to the years before the start of D4ID and investments in health and education projects³⁹ have increased the number of direct beneficiaries by close to 13,000 persons, the majority women. In addition, 8 projects, including in the water sector, have been identified which would benefit another approximately

³⁹ The Mussarepa health centre in Mandimba district, maternity ward in Lichinga District, and a 2 Classrooms Secondary School in Lago District.

30.000 people, again the majority of which are women. Finally, another important factor reflected in the quality of ranking lies in the use of government planning, budgeting and financial management systems which bestows upon this component a continuity since the approach was tested and established as good government practises. UNCDF was part from the mid 1990ies onwards, which shows a certain degree of sustainability of that approach.

5.2.3 Good Financial Governance II (GIZ)

The implementation of this programme component is seen to be **highly effective** with regard to planned outputs . By using a well-defined , results oriented annual planning and implementation approach , together with an effective management set up, and a total of 6 technical advisors for each of the Nampula and Niassa province (for procurement and expenditure, cadastre and revenue, internal control, municipal assemblies, communication and human resources management) , frequent hands-on trainings sessions focusing on practical issues etc. the planned annual targets are, on average, realized with a high degree of effectiveness⁴⁰. This is also due to the experiences gained and tools development in the first phase of GFG and in municipalities in other provinces, from which the target municipalities in Nampula and Niassa benefitted, including via the use of previously developed training materials (“POEMA” Modules), on matters such as taxation (IPRA, TAE) and municipal management. GIZ emphasizes the importance of trust building between the advisor team and the municipal partners, together with a common understanding and ownership of joint objectives. The definition of common milestones and a municipal operational plan regarding the six key elements of GFG helps to operationalize the plans and the monitoring of their execution. GFG also supports the municipalities with the acquisition of equipment and IC technology, a precondition for effective municipal management and communication. . Highlights mentioned by several KIs which illustrating the effectiveness of GFG interventions include

- A notable tendency of increasing revenue collection, notably regarding IPRA ad TAE in almost all municipalities covered by GFG;
- Improved expenditure management and quality and timeliness in the production of annual municipal accounts ;
- The step-by-step introduction on the use of e-SISTAFE Autárquico for expenditure management and the creation of technological preconditions ;
- an increasing number of municipal functionaries and heads of departments participating administratively well organized and receiving training, with an increasing share of women;
- Introduction and functioning of municipal ITC-based communication sector.

40 According to KIs, municipalities in Niassa may have a higher degree of effectiveness in realizing planned outputs in in comparison to those, It is explained by the fact that setting up office in Nampula and recruiting technical advisers took much longer than in the case of Niassa , with the conscience that the realization, of planned activities was delayed. This perception is contested by another KI.

Other advantages of GFG appreciated by municipal partners is the high degree of technical competence and availability of the technical advisors.

Regarding the planned *outcomes*, this assessment suggests a ranking value of **moderate** if we understand that the desired outcome as a well-organized, sustainable municipal local government capable of responding to the needs of its population, including effective and transparent governance, but also not ignoring improved municipal services. As stated above, this cannot easily be achieved during the short period of time GFG has been active in the target municipalities. This assessment is particularly true for smaller and remote municipalities with a limited resource base, both economically and in terms of human resources. In this context it was also mentioned by one KI that GFG lacks effectiveness to intervene, as facilitator, at central government level, in favour of its municipal partners, e.g., in the case of reduction or even cancellation of government transfers, such as regarding Fundo de Compensação Autarquica (FCA) or Fundo de Estradas (FE), particularly in the case of municipalities governed by the opposition. This does not mean, however, that GFG is not engaged in lobbying and advocacy work on these and other matters, e.g. via government and ANAMM regarding these issues within its overall framework, which, as pointed out elsewhere, goes far beyond its contribution to D4ID in Component 3.

Political economic circumstances and phenomenon such as elite capture in procurement and avoidance of tax collection (especially in years before municipal election) may mitigate against a higher effectiveness in achieving planned outcomes. Another factor could be seen in inconsistencies in the underlying hierarchies of objectives and TOCs between D4ID and GIZ/ GFG II, which might produce unrealistic expectations on both sides. From the point of view of a government KI, the effectiveness of GIZ could be enhanced by a higher degree of flexibility of the planning framework in response to political changes or challenges related to the decentralization reform. Another KI considers a better alignment of GIZ's planning and management approach with that of the Mozambican government. In the opinion of one KI, the assessment of the effectiveness of outcomes also needs to take cognizance of the – less tangible- production of technical competence and institutional memory of individuals and municipalities, which, even suffering from political and institutional changes in electoral periods and transfer of personnel, may not necessarily be lost for the institution.

5.2.4 Conclusions

There can be no doubt that the effectiveness of producing the annually planned outputs and results from is high in all three D4ID components. The causes are clear, realistic and well-defined annual activity plans, and their execution and its monitoring by competent management and technical advisors. The degree of effectiveness of producing planned outcomes is less, for a variety of reasons addressed in the sections above for all components. But basically, it seems futile to expect outcomes produced in more effective way in the still very short life period of D4ID. The summary of the analysis of effectiveness is given in the table below.

Table 5: Effectiveness - Ranking by Programme component

| Project Component | Implementation agency | Effectiveness (Ranking) | |
|--|-----------------------|--------------------------|--------------|
| | | For Outputs | For Outcomes |
| Initiatives to Promote Provincial Decentralization in Niassa and Nampula | UNDP | High | Moderate |
| Financing Local Resilient Development | UNCDF & UP | High | Reasonable |
| Good Financial Governance II | GIZ | High | Moderate |

Source: Author, based on opinions expressed by KIs and documents analyzed

5.3 Efficiency

In this MTR Efficiency is understood to relate to processes and costs of a projects to produce the planned outputs in a timely and economic manner. In this analysis we use two indicators considered sufficient for assessing the efficiency in the implementation of each of the components. These are

- the relative weight if recurrent costs (salaries, running operational costs) in the overall spending, and
- the degree of annual budget execution. This indicator also reflects the degree of absorption capacity by beneficiaries.

The necessary data for the assessment were provided by the implementing agencies; the results of the review are summarised in Table 5 below.

5.3.1 'Initiatives' (UNDP)

According to information and data provided by UNDP , the degree of efficiency needs to be qualified as **high**, given its relatively low % of recurrent cost in relation to overall expenditure, as well as the high degree of annual budget execution of more than 85%. This high rating in efficiency is related to the fact that the programme is embedded in government structures and uses government financial and accounting procedures , with only few management and technical staff in Maputo and the two provinces financed by SDC (see Annex 8.3). Another factor is the subcontracting of UP in Nampula and Niassa for procurement and organization of events (conferences etc.), which shows a higher degree of efficiency and less bureaucracy in realizing its set tasks in comparison to their counterparts. From a central government perspective, the efficiency could still be enhanced by improving on timely delivery of accounts regarding events organized or financed by this component.

5.3.2 Financing Local Resilient Development (UNCDF + UP)

Similar to the UNDP implemented 'Initiatives ' component , and for the same reasons, including alignment with the national PFM system (e-sistafe) the degree of efficiency is **high** concerning the **UNCDF** areas of responsibility in this component. One could say that there is even a higher degree of efficiency if one looks at the first indicator. However, the positive performance of this

specialized UN agency is mitigated by the **lower degree** of efficiency demonstrated by its partner, **UP**. Being an INGO, the reasons are obvious. It cannot rely on government structures and processes, but must recruit its own staff, maintain offices and a logistical apparatus etc. For these reasons, the estimated share of recurrent expenditure of total project expenditure is more than 50 %, with a budget execution rate lower than that of UNDP and UNCDF. Weighing the different degrees of efficiency, the overall assessment of efficiency is deemed to be **reasonable**. According to one KI, there is a concern, however, that this degree of efficiency may be jeopardized by recent cases of abuse and manipulation of e-sistafe, by individual misuse of access codes to the system. This might affect the efficiency in the case of UNDP led 'initiatives' Component, which also uses e-sistafe for allocation and accounting of financial resources.

5.3.3 Good Financial Governance II (GIZ)

The data provided by GIZ and reflected in table below suggest a reasonable degree of efficiency, with less than 50 % of total budget spent on recurrent expenditure and a top rate of above 90 % concerning budget execution. This would qualify this implementation agency as being reasonably to highly efficient in implementing this component. Irrespective of the fact, that is not aligned with government procedures and, as a publicly owned private company has to recruit its own staff and set up offices and logistics in the two provinces. However, the perception of the degree of efficiency might be flawed, since the data provided for the two indicators only cover the first half of the fiscal year 2022.

From a methodological point of view this limitation does not allow to make a definite assessment and draw comparisons with the efficiency shown by the implementation of the other components. In fact, in comments to a GIZ progress report made available to the author, the SDC office raised two crucial questions the answers to which would probably allow to have a clearer picture on this component's efficiency: 1) how were the 900.000 Euro spent and accounted for which were transferred to the German agency by the end of March 2021?; and, ii) how does GIZ calculate and establish the relationship between disbursements made and activities carried out by the programme (SDC 2021b)? From a GIZ point of view, these issues have been sufficiently addressed in its financial and narrative progress reports⁴¹.

Regarding the first indicator (i.e., share of recurrent expenditure of total project expenditure in %) the value of 49% indicated in the table below seems to represent an overestimation of efficiency, from the author's point of view, if we look at the projected cost structure for this component, contained in GIZ's initial Project Proposal to SDC concerning the GFG component (GIZ, 2020). The budget foresaw 7,78 million Euro out of the total of 3,99 million Euro for recurrent costs (experts salaries etc., travel and other indirect cost, including offices). This would be equivalent to a percentage of close to 70% for the first indicator for measuring efficiency – a rate, considerably higher than the one indicated in the case of UP. Under this

⁴¹ Written comments from GIZ, received on 06/03/2023. This MTR is not the place to delve further into this issue. In the author's opinion it needs to be addressed bilaterally in case of further need of clarification.

assumption and on this score, GIZ efficiency in implementing the GFG component would be ranked only as *moderate*.

According to one KI GIZ clearly is aware of the need to contain cost, by rationalizing expenditure through bundling activities of training for several municipal stakeholders in one event and venue, instead of having the same CB activity replicated in different municipalities.

Another aspect of correctly establishing the GFG’s efficiency is associated with the opportunity cost for government which, according to two KIs, are a consequence of the GFG programme drawing on government’s human resources in its implementation (in Niassa and Nampula). This is particularly the case of capacity building and training events involving government officials. According to these sources in government this affects not only the capacity in government ministries to attend to routine business due to the absence of staff, but also may demotivate staff to participate in GIZ organized capacity building events outside Maputo: the GIZ schedule for travel expenses and travel costs reimbursement foresees lower rates than those practiced by the government. One could therefore argue, that without this ‘subsidy’ provided by government to the implementation of GFG, the degree of efficiency might even be lower than assumed. This matter clearly should be considered in a wider perspective raising questions such as: what is government’s partner contribution to the GFG as a whole, and to D4ID ? How is capacity building for non-direct, non-municipal beneficiaries to be understood in the case of D4ID’s component 3? even these issues the author abstained to indicate a ranking value for efficiency for the GFG component in D4ID.

5.3.4 .Conclusions

To sum up, the degree of efficiency is considered high and reasonable, respectively, in the case of component 1 and 2 of D4ID. In the case of component 3, it was not possible to arrive at a ranking value, for the reasons mentioned in the previous section. The table below summarizes the findings on efficiency.

Table 6: Efficiency – Ranking by Programme component

| Project Component | Implementation agency | Estimated share of recurrent expenditure of total project expenditure , in % (2022) | Estimated degree of annual budget execution, in % (2022) | Efficiency (ranking) |
|---------------------------------------|-----------------------|---|--|----------------------|
| Initiatives | UNDP | 18 | >85 | High |
| Financing Local Resilient Development | UNCDF & UP | UNCDF 14 UP 53 | UNCDF > 85% UP > 75 | Reasonable |
| Good Financial Governance II | GIZ GFG II | 49 * | 95 (2022)** | n.a. |

Source: Author, based on information provided by project management

* Expenditures until 06/2022 which is the period covered by the financial reports submitted to SDC up to now.

** budget execution by the end of 6/2022; This does not consider a disbursement of EUR 900.000 at the end of June 2022 which was intended to finance the following phase.

5.4 Overall Conclusions : evaluation results and potential synergies

The overall conclusions are summarized in the table below. It shows that all three D4ID components are perceived to have a high degree of relevance, with a certain exception of the GFG component considered to be only reasonably relevant, particularly for lack of investment funding to complement the capacity building activities in all key areas of municipal management⁴². The table also shows that all programme components are seen to be highly effective when it comes to producing the planned outputs, GFG's with are highly effective in producing planned outputs. Regarding the achievement of planned outcomes, the three components are less effective, primarily for reasons of the short and thus unrealistic time period, in which expected outcomes are supposed to be produced, especially under conditions of the somewhat fluid overall decentralization context sketched in section 2.1. Finally, regarding efficiency, both the UNDP-led and UNCDF-led components are highly efficient, although, in the latter case this quality is somewhat mitigated by a lower degree of efficiency of UNCDF's implementation partner UP. In the case of the GIZ implemented Component III, lack of sufficient data prevented the author to make a realistic assessment of this components' efficiency.

Table 7: Summary of evaluation: Relevance, Effectiveness, Efficiency, by component

| Project Component | Implementation agency | Evaluation Criteria | | | |
|--|-----------------------|---------------------|---------------|------------|------------|
| | | Relevance | Effectiveness | | Efficiency |
| | | | Output | Outcome | |
| Initiatives to Promote Provincial Decentralization in Niassa and Nampula | UNDP | High | High | Moderate | High |
| Financing Local Resilient Development | UNCDF & UP | High | High | Reasonable | Reasonable |
| Good Financial Governance II | GIZ GFG II | Reasonable | High | Moderate | n.a. |

Source: Author

Returning to the topic of synergies addressed in section 4.3, from a SDC perspective one also must add the importance of achieving synergetic effects as a means to increase effectiveness and efficiency, basically through improved coordination, exchange of information and possibly joint action. From this point of view incremental gains could be achieved by both better defining the interface and complementarity of the programme components and by promoting and focusing on improved interaction and teamwork between programmatic components.

42 As one KI puts it: 'the programmes teaches its partners to swim but does not provide the opportunity, a pool and the water, to put this skill into practise'.

6 FORWARD LOOKING - STRATEGIC SCENARIOS AND OPTIONS FOR SECOND PHASE

The point of departure of this section on perspectives for the second phase can be put into three questions:

- Is there a need to change the architecture of D4ID or elements thereof in the light of the conclusion and of the previous section?
- How should the foreseeable changes on the part of one key partner, GIZ, concerning the transition from GFG II to GFG III, and the entering of the scene by the WB financed PDUL programme in Niassa's municipalities be responded to by SDC?
- What are scenarios and options for action on behalf of SDC in making necessary adjustments – or none of any?

While seeking to answer the first two questions remains the responsibility of the SDC leadership and management of D4ID, the following considerations aim at contributing to the decision-making process by attempting to reply to the third question, in line with the TOR of this MTR.

In the following, three scenarios are being presented below, with options elaborated for scenario 2 and 3. The three scenarios were suggested and agreed upon in discussions with the SDC Maputo governance team. They are not necessarily mutually exclusive. In all scenarios the scope and the function of the UNDP led Component 1 remain unaltered. Geographically speaking, the scenarios are more relevant for Niassa's districts and municipalities, given that the WB supported governance programme PDUL target municipal governments in Niassa (among other provinces) and does not include Nampula, thus posing the risk of duplication of effort in municipal capacity building in the province bordering Lake Niassa.

The first two scenarios have a considerable potential for improvement and increase the efficiency of the programme in the future and can be discussed with the partners. As argued above particularly the aspects of synergy and coordination should feature on a common agenda. The third scenario with its options can be discussed with the partners, notably: GIZ, UNCDF and WB (PDUL). A final decision will depend, however on the Swiss Embassy's strategic orientation and positioning concerning phase 2 of D4ID.

6.1 Scenario I: Business as usual / marginal changes

This scenario implies that no major changes are undertaken regarding the architecture and modus operandi of D4ID. Collaboration with and financing of the implementation partners' work continues as 'business as usual' and based on existing agreements, respective of the changes which GIZ are facing with the transition from GFG II to GFG III. This does not exclude, that small adjustments can and should be made which reflect the queries on financial reporting etc raised by SDC (see Section 5.3.3). Possible efficiency gains could be achieved by bundling activities, e.g. In Component 3 (see section 5.3.5) and investing in activities which increase synergies (see: section 5.4). Also, the improvement of coordination in the field, i.e., the municipalities with the other partners must be considered as a routine business to improve

effectiveness and efficiency. After all, effective coordination at local government level is part of the existing intervention logic and Project Documents of all components.

The advantage of this scenario is that transaction and opportunity costs of D4ID arising from contextual changes are being avoided, which would otherwise be incurred if major adjustments were to be effectuated in D4ID. The disadvantage of this scenario would be that opportunities arising of the changes expected to happen regarding GIZ / GFG III to improve and possibly widen the GFG programme are not being seized upon. The same is true for possible emerging new opportunities associated with the coming on stream of the capacity building programme for municipalities in Niassa under the WB financed PDUL programme.

This scenario would neither affect in any way the existing agreements and established understanding with the three implementation agencies and the government authorities.

6.2 Scenario II: Making Adjustments for Increasing Efficiency

This scenario would address issues of efficiency, effectiveness and synergies between the components and possibly other partners, while keeping changes of the D4ID overall framework and architecture to a minimum. As suggested in the previous section 5 efficiency issues may particularly affect Component 2 (UP) and component 3 (GFG), while increased effectiveness regarding outcomes may be seen as a challenge for all three components. Taking this into account we propose three options.

6.2.1 Option: Reducing recurrent expenditure by merging advisory functions

GIZ could consider this option for GFG. It could be achieved by halving the number of municipal advisers technically supporting the nine target municipalities in Nampula and Niassa. For this, the reviewing of their TOR would be needed while maintaining their schedules of working visits. According to 2 KIs, the two positions of thematic advisor for Revenue and Cadastre could be merged with that for expenditure and acquisitions, into one position of Revenue and Expenditure advisor. Likewise, the functions of advisor for Internal Control and AM could be merged into a position of governance and Accountability advisor, whereas the positions of ITC and Human Resource advisors could be merged into that of one Municipal Resources advisor. This would reduce staff and travel cost in the two provinces substantially and thus impact positively on the cost efficiency of the GFG component. Especially the proposition of a revenue and expenditure advisors as historical predecessors: in the programmes P 13, PRODEM and the WB financed Cities and Climate change project (3CP) both the responsibilities for revenue generation and expenditure management were in the hands of one adviser, respectively technical assistants. This shows that such a step not necessarily reduces implementation effectiveness of a programme. Associated with this option is the generation of efficiency gains mentioned already in Scenario 1, namely the bundling of activities (training, CB etc.).

Regarding UP, the agency would need to find out where cost could be reduced, although probably its character as INGO and tight budgets might mitigate against deep cuts, with might jeopardize its implementation effectiveness.

This option would require substantial changes within GFG and GIZ, but not necessarily institutional and contractual relation with SDC, except possibly the signing of an addendum to the existing contract.

6.2.2 Option: CB in Niassa municipalities - GIZ partners with PDUL

This option would imply sizing the opportunity of PDUL municipal capacity building entering the scene in Niassa, with its own pool of four municipal advisors on four thematic subject matters, which are largely overlapping with GFG's areas of intervention. The PDUL areas of CB support are i) Performance-Based Human Resources Management (PHRM), ii) Tax Management (TM), iii) Municipal Public Financial Management (PFM) and iv) Management of Information and Communication Technologies (ICT) for better results in the common areas of municipal management. From the author's point of view, maintain two teams of technical advisors in each one of Niassa's municipalities (except Lichinga in the case of GFG), one of PDUL and the other one of GFG, would not make sense from an institutional, methodological and financially point of view, and would overwhelm the limited absorption capacity of partner municipalities thus impacting negatively on efficiency and effectiveness of implementation of D4ID Component III. GIZ management has flagged this issue as a major challenge and stresses the importance of coordination. In the author's view this might not quite be the adequate answer, but rather a smart division of labour, also in the sense of pooling resources for technical CB. In this sense, GIZ could for example arrive at an agreement with PDUL management to use their technical advisors for training, while GFG maintains a presence at provincial level and supports thematically the capacity building efforts, in this case not with their own staff, but with PDUL technical advisors. The present intervention logic and results orientation of this components could be subscribed to by PDUL. Another, more far-reaching option for GIZ/GFG would be to exit Niassa, leaving the CB to PDUL (see scenario 6.3 below). The option proposed obviously would need an understanding and an agreement between the implementer (GIZ), the government (MAEFP), the WB and PDUL management and SDC, as well as with the beneficiary municipalities. This option would, in principle, increase efficiency by avoiding duplication of effort and the straining of limited municipal human resource and absorption capacity.

6.2.3 Option: Efficiency gains by promoting synergies

This option would take its point of departure from the considerations presented in section 4.3 above, particularly the concrete proposals suggested in its final part. In the beginning this could be limited to the intervention areas in one of the two provinces and to two of the implementing partners, to be mainstreamed later. Key means to achieve synergies such as the effective coordination of activities, regular mutual information meetings and dedicated teamwork and the elaboration of a joint website would be reflected in the annual work plans of the participating components. This option would not need any additional contractual arrangements, maybe except a formal Memorandum of Understanding or a contractual addendum.

6.2.4 Option: Streamlining Hierarchy of Objectives toward more coherence

A third option to increase implementation efficiency for increasing Outcome effectiveness. It is not further elaborated upon in this report. However, SDC and partners took up this point and agreed in their meeting on the 13 February 2023, that a harmonized coherent intervention logic is unfinished business and should be addressed in preparation for the next phase. Its advantage would lie in reviewing, streamlining and making more consistent the hierarchy of objectives and result for all components. The assumption is that this would increase efficiency. This issue has been cursorily addressed in section 3.2 and would need to be further explored under the DAC evaluation criterion: coherence which was not systematically examined as part of this MTR.

6.3 Scenario III: Partial Redesign of Programme

This scenario and its options imply at least a partial redesign and restructuring of the D4ID architecture and implementation arrangements. For some of its options it also assumes the entering of PDUL in Niassa Province as a game changer. As such, costs, including opportunity costs of adjustment measures and (re)negotiation of contracts are foreseeable. At this point in time and under conditions of uncertainty of the outcome of the necessary decision-making process those cannot be estimated. Also new agreements, or at least addenda to existing ones would need to be negotiated and entered into, probably together with adjustments of log frames, at least for components II and III.

6.3.1 GIZ complements CB with investment funding

This option suggests the possibility of GIZ responding to pressures, if not demands of Mozambican authorities and municipalities to add value to its CB focused GFG programme by complementing it through providing investment funding for municipal service delivery. Without doubt, this would be a win-win situation for main stakeholders in D4ID, notably municipal governments. This option is a highly theoretical one and it must be considered as unrealistic, for the following reasons:

- Being mandated by the German government to technically and through TA and CB implement development programmes on behalf of German government ministries, is has no mandate of its own to provide capital investment funding. The latter is part of KFW's mandate.
- A KFW financed scoping study on the possibility of producing synergies between GIZ and KFW for planning, financing operating and maintaining urban investment in municipalities is, for the time being, of largely theoretical value and has, at the time of writing, not yet produced policy, strategic and operational changes in the GDC. Even if this were the case, it is far from clear whether and in which municipalities those might be relevant for D4ID.
- While GIZ considers experimenting with small and limited subsidies for municipal investment as part of GFG III, a final decision on scope, volume, criteria, priorities etc. for this modality has, to the author's knowledge not yet been taken.

- The idea of a pool funded Municipal Development Fund (MDF) for urban investment financing, also entertained by GFG's management, presently lacks conceptual foundations and consensus with government agencies and partners. From a GDC perspective, funding such a facility would fall under KFW's mandate, and not that of GIZ.

6.3.2 Replacing UNCDF / UP approach by PDUL approach for investment in public services

Since PDUL also seeks to combine, in the municipal arena, TA and CB with performance-based investment funding for public services delivery in Niassa, the programme could be seen as an alternative to, or competitor of UNCDF / UP, under the assumptions of the previous scenario. This means that SDC might have a choice between the two when it comes implementation of Component III with the added value of the investment financing facility. It can be argued, however, that this perception is unrealistic, for two main reasons. Firstly, PDUL's CB component for which a company was identified through competitive bidding is a relative latecomer and would need to consolidate its operational basis, workplans etc. first, before it starts implementing the Component 3 in D4ID. Secondly, common sense would advise to 'not change horses during a horse race', meaning that the highly effective and efficient UNCDF approach can be replaced without losing traction and efficiency. Thus, this option is considered unrealistic. Further, it would imply high adjustment cost of coordination with MAEFP and the WB, let alone adjusting to the annual fiscal calendar of WB in financial management and reporting, which is different from the Mozambican and Swiss calendar.

6.3.3 UNCDF / UP with PBCRG approach is replicated in municipalities,

This first option implies a substitution of GIZ / GFG by UNCDF / UP the the implementing party for Component III as well as a substitution of the CB approach pursued by GIZ /GFG by PBCRG cum CB. Practically it would imply the exit of GIZ's GFG from the municipalities of Niassa and the substitution of GIZ by UNCDF / UP as implementors. This option essentially entails the replication of the UNCDF - LoCAL approach with its characteristic PBCRG element at present implemented in three districts in the municipal context. This option would also include the SAM component provided for by UP⁴³. In other words, this approach is gradually streamlined both in districts (Component II) and municipalities(Component III). In the cases of Metangula municipality / Lago district, Mandimba municipality /Mandimba District and Lichinga municipality / Lichinga District this could even be merged. The advantages of this option are:

- Applying the same, well tested and well working model of local service provision based on participatory planning procedures to both district and municipal contexts;
- Higher degree of national ownership for being aligned with national best practise and national planning and budgeting procedures and PFM system
- Efficiency and effectiveness gains through reduction of implementing agencies
- Responsivness to demand by municipalities for investment funding for public services

43 UP already works at municipal level.

- Enhanced opportunities for sectoral collaboration between LoCAL and GoTAS in the field of water supplies and sanitation.

The disadvantage or risk may include the reduction of quality and effectiveness of CB measures in comparison to that engendered by the high quality GIZ/ GFG approach and possibly higher cost for TA for addressing bottlenecks in the introduction and mainstreaming of this approach.

From the perspective of several KIs both representing government and implementation agencies, this option is considered to be a realistic and feasible, and advantageous one from a municipal perspective, which would add value to D4ID. Transaction cost of redesigning the D4ID framework are considered to be reasonably low, since technically and contractually it would probably only require an addendum, to the existing contracts with UNCDF / UP.

6.3.4 Substitution of municipal CB provided by GIZ by collaboration with PDUL and UP

This option is based on the previous option 6.3.2, i.e., the replication of UNCDF approach in municipalities. However, for minimizing the risk of lower quality of institutional capacity building associated with the exist of GFG, this option foresees a formal collaboration in CB with the PDUL CB component, which covers similar thematic areas considered important for municipal management and governance. This option would not discard the continuation of the UP interventions with its SAM approach in the municipal arenas of Niassa. Seeking collaboration with PDUL in CB associates this option with that sketched in section 6.2.2 above, with the difference, that GIZ would exit as implementation partner, at least in Niassa province⁴⁴. Advantages of this option could be the joining of the PBCRG approach with high quality CB provided for by UP and PDUL. Yet, the caveat working with PDUL CB team is the same as alluded to in option 6.3.3.: traction in D4ID implementation would be reduced since PDUL as late comer would need to consolidate its start-up phase.

6.3.5 SDC exits from Niassa municipalities and leaves CB to PDUL

This 'radical' scenario is included for argument's sake. It would imply a complete withdrawal of SDC, and consequently GIZ, regarding Component III of D4ID, leaving the field to PDUL. In a way it would imply an 'amputation' of the D4ID programme affecting a province which has always been a priority for SDC interventions, be it in respect to municipal development in Metangula in the early 2000, or to sectoral service provision (GoTAS). An exit would therefore imply reputational risks even if such a step might eventually lead to an increase of resources for the other D4ID Components. As such this option might be considered unrealistic.

6.4 Conclusions

In this section the reader has been presented with scenarios and options, both hypothetical by nature. These pull together the results of the previous part 5 (looking back) and take into

consideration both the change dynamics concerning one implementation agency (GIZ), and the emerging of a new actor, PDUL, notably in Niassa province. The consequences of the assessment of performance of the implementers according to selected DAC criteria together with the analysis of the change dynamics will inform SDC's decision making process with regard to D4ID's second phase.

Thus, three scenarios are offered to decisionmakers. They differ substantially in terms of consequences for the programme's architecture, result framework and management for D4ID Phase II. While the first scenario (business as usual) has few institutional consequences, Scenario 2 requires adjustments for increasing efficiency and effectiveness of the programme, without substantially changing the programme architecture. Three options are offered for consideration. Scenario 3 (redesign of programme) implies a rethink of the project architecture and its pillars. For this, 5 options are presented, each with different degrees of realism, risks and opportunities, advantages and disadvantages.

All scenarios and their respective options are summarized in the table below.

Table 8: Looking forward : Scenarios and options

| N° | Scenario | Option | Component | Observation |
|----|---------------------------------------|--|-----------|---|
| 1 | Business as Usual | 0 | 1,2,3 | Incremental improvements (mgt, coordination etc.) |
| 2 | Adjustments for increasing efficiency | 2.1. containing expenditure by merging advisory functions | 3 | |
| | | 2.2 CB in Niassa municipalities - GIZ partners with PDUL | 3 | Including PDUL |
| | | 2.3 Efficiency gains by promoting synergies | 1,2,3 | Four SDC thematic priorities ? |
| | | 2.4. Streamlining Hierarchy of Objectives toward more coherence | 1,2,3 | |
| 3 | Partial Redesign of Programme | 3.1. GIZ complements CB with investment funding | 3 | Role for KFW? |
| | | 3.2 PDUL (CB + Investment) replaces / collaborates with UNCDF/UP | 2, 3 | Niassa municipalities |
| | | 3.3. UNCDF / UP with PBCRG is replicated in municipalities | 2,3 | Niassa (Nampula?) |
| | | 3.4. PDUL (and UP) replace GIZ in CB | 3 | Niassa municipalities |
| | | 3.5. SDC / GIZ exit Niassa | 3 | PDUL covers Niassa municipalities |

Source: Author

7 CONCLUSION AND RECOMMENDATIONS

7.1 Conclusions

Embedded in an analysis of the present decentralization context and imminent changes, also regarding stakeholders in municipal governance support such as GIZ and the WB supported PDUL, the MTR presents the reader with an overview of the Swiss financed D4ID programme, its logic and levels of intervention, its components and implementation partners. Further considering forms of interventions and issues of coordination, the MTR presents the reader with an evaluation of the performance regarding implementation of the first phase (2020-2022), using three criteria: performance, effectiveness and efficiency. While all three implementing agencies demonstrate a high degree of effectiveness in addressing the programme's planned results and outputs, they differ in relevance, and in efficiency. Given the short period of implementation as well as somewhat fluid context, it is difficult to establish the degree of effectiveness with which the planned outcomes are produced by achieving planned results and outcomes.

Further addressing issues of such as the components' hierarchy of objectives as well as intra programme coordination and generation of synergies, it can be concluded that there is room for improvement on those scores. Although not being part of the review criteria used, the issue of Coherence of the hierarchies of objectives and log frames used, as well as of the underlying TOC, also may merit some attention.

Against this background and forward looking for D4ID's second phase this report offers three scenarios and various options as tools for decision makers. The scenarios range from 'business as usual' via 'improvement of implementation efficiency to a partial redesign of D4ID's architecture. For the latter two, three respectively five options are offered.

With this hopefully useful tool at hand – and possibly insights provided by this MTR the individuals and bodies involved in the decision-making process in SDC might find way to shape and optimize D4ID phase II. Yet, particularly referring to the options enumerated under Scenario 3 the challenge for them might be captured in the proverb: 'the bigger the choice, the harder the torment'.

7.2 Recommendations

Few recommendations are made, given the rather hypothetical character of part 6 of the report.

The first is concerning scenarios and options and relates to option 6.3.2 under scenario 3. It could be considered a potential priority from a decision-making perspective. In essence it implies a replication in municipalities of the well performing component II implemented by UNCDF and UP in three districts of Niassa, in which participatory planning and SAM is combined with a performance-based grant for production and delivery of public services in key sectors (health, educational and WASH). This option also offers enhanced opportunities for synergies with the Swiss funded GoTAS project in the WASH sector. The review produced some evidence that an opportunity exists for this option considered to be

advantageous also my municipalities and government. This option is also likely to produce effectivity and efficiency gains. i

Secondly, entering of PDUL on the scene , particularly in Niassa Province, implies a new actor in the field of CB for municipal development. This is likely to require a redesign of D4ID in Component III and a smart division of labour. It is therefore recommended that SDC and GIZ seek to discuss this matter as early as possible, also with the WB. Some of the options presented under Scenario 3 might be useful for this discussion.

Thirdly, although not being explicit part of the TOR for this review , the D4ID partners agree with the author' opinion some effort could be undertaken to make the hierarchy of objectives and log frames for each of the three components more compatible and consistent. This would imply clarifying strategic thrust of the programme and possibly review some of D4ID planned outputs and outcomes, respectively planned impact, thus improving realism, and alignment and complementarity of the components. Regarding monitoring of outcomes and impact, a sharper focus should be taken on how the Programme is changing the lives of beneficiaries , notably women, children and communities by asking questions such as: are we working with the most vulnerable groups, with those who are really lagging behind in development? How are we doing this? What is the evidence we use to prove it?

Fourthly , as already mentioned above, exchanges of information and coordination between the three project components particularly at provincial level can be improved, together with addressing the vertical dimension, i.e., communication and coordination between sub national and central governments.

Fifthly, associated with improved coordination and teamwork the issue of synergies should be addressed. Concrete proposals to that effect are made in section 4 and Scenario II. From a SDC perspective, priority should be given to four thematic areas: i) public finance management, ii) social accountability and monitoring, iii) planning and provision of public goods and services and iv) Advocacy, lobbying and policy dialogue.

Finally, it would be useful to consider constructing a website, which reflects the approaches achievements and possibly also failures of the Programme and all of its components ('telling the story'), for the benefit of all stakeholders, and the national and international interested general public at large. Well designed and regularly updated, such a facility could become an expression of synergy, in the sense that the whole is more than the sum of the constituent parts.

8 ANNEXES

8.1 *TORs for the assignment*

8.2 List of Key Informants

| No | Date | Name | Function | Organization |
|----|-------------|------------------------|--|-------------------------------|
| 12 | 06 Dez 2022 | Jean -Mathieu Bloch | Head, Governance | SDC Maputo |
| 3 | 06 Dez 2022 | Nobre Canhanga | Programme Officer, Governance | SDC Maputo |
| 4 | 12 Dez 2022 | Cristino Pedraza Lopez | CTA | UNDP - MAEFP |
| 5 | 13 Dez 2022 | Ramon Cervera | Programme Specialist | UNCDF Maputo |
| 6 | 13 Dez 2022 | Carlota Malate | Programme Assistant | UNCDF Maputo |
| 7 | 14 Dez 2022 | Thierry Kuehn | Head, Cooperation | German Embassy, Maputo |
| 8 | 14 Dez 2022 | Mario Chichava | Advisor for revenue and taxation | GIZ – GFG II Niassa, Lichinga |
| 9 | 16 Dez 2022 | Nilvia Mamudo | Head, Dept of Planning and Budgeting for Local State bodies and municipalities | MEF / DNPO, Maputo |
| 10 | 16 Dez 2022 | Abdul Razak | Dept of Planning and Budgeting for Local State bodies and municipalities | MEF / DNPO, Maputo |
| 11 | 19 Dez 2022 | Lena Weiler | Programme Director, GFG II | GIZ Maputo |
| 12 | 19 Dez 2022 | Isabella Kern | Municipal Finances, GFG II | GIZ, Maputo |
| 13 | 09 Jan 2023 | Agostinho Cigarro | Coordinator, financial Manager, Niassa | United Purpose, Lichinga |
| 14 | 10 Jan 2023 | Helena Skember | Director, Mozambique Office | United Purpose |
| 15 | 19 Jan 2023 | Candida Moiane | National Director, DNAL | MAEFP |
| 16 | 02 Fev 2023 | Carlos Machava | Assessor de Comunicação | GIZ, Nampula |
| 17 | 06 Fev 2023 | Erula Atumane, | Vereador, Administração e Finanças | CM, Ilha de Mocambique |

8.3 D4ID Overview: Components, stakeholders, arenas, resources

| Implementing Organization | | UNDP | UNCDF + United Purpose | GIZ |
|-----------------------------------|---|---|--|--|
| Project / Programme name | | <i>Initiatives to Promote Provincial Decentralization in Niassa and Nampula</i> | <i>Financing Local Resilient Development (LoCAL)</i> | <i>Good Financial Governance (GFG II)</i> |
| Start | | 2021 | Apr 21 | Feb 21 |
| End of phase | | 2023 | Dec 23 | Sep 23 |
| Duration (months), approx | | 24 | 24 | 24 |
| Territorial arena of intervention | Province | Nampula, Niassa (+Cabo Delgado, Sofala e Manica) | Niassa (+ Gaza, Inhambane, Zambezia, Nampula) | Nampula, Niassa (+ Inhambane, Sofala) |
| | District | 0 | 3 Lago, Lichinga, Mandimba | 0 |
| | Municipality | 0 | 3 Metangula, Lichinga, Mandimba (via UP) | 10 Nampula Province: Angoche, Malema, Monapo, Ilha de Mocambique, Ribaué; Niassa Province: Cuamba, Mandimba, Marrupa, Metangula |
| Government Partner(s) | Central government MEF | MEF, DNPO | MEF, DNPO | 0 |
| | Central Government MAEFP | MAEFP, DNPC | 0 | MAEFP, DNDA |
| | Central government others | 0 | MTA | 0 |
| | Province SEP, SPRE | SEP | SPEF | 0 |
| | Province GOP, CEP | CEP | facultatively | 0 |
| | District Govt / Admin | facultatively | 3 | 0 |
| | Municipality CM | 0 | 0 | 9 |
| Legislative partner | National AR | 0 | 0 | 0 |
| | Provincial AP | AP Nampula, Niassa | 0 | 0 |
| | Municipal AM | 0 | 3 (via UP) | 9 |
| Human Resources | Senior Management / CTA (Maputo) | 1 | 2 | 1 |
| | Technical specialists | 2 | 0 | 3 |
| | Central government Advisor | 0 | 1 | 0 |
| | Provincial Government Advisor / Coordinator | 2 | 2 | 2 |
| | District Govt Advisor / TA | 0 | govt provided | 0 |
| | Municipal government advisors / TA | 0 | 2 | 12 |
| | Admin and auxiliary project support staff | 0 | 0 | 14 |

| | | | | |
|--|--|----------------------------|----------------------------|---------------------------|
| | Other Consultants / TA | foreseen | foreseen | foreseen |
| Financial Resources | Total Volume of Financing (2021, in US\$)* | 2,600,000 | 5,000,000 | 37,657,464 |
| | Swiss contribution | 2,300,000 | 4,687,000 | 4,725,000 |
| | Partners /Source of Finance | EU | SDC, SWE, EU, ENABEL, ACCD | SDC, BMZ, EU |
| | on plan and on budget (CUT) | yes | yes | no |
| | Financing aligned with PFM system | yes | yes | no |
| Public services and investment | Funding for Public services Investment | no considered for phase 2 | yes | no considered for phase 2 |
| | Grants for Investment / Total budget (%) | not applicable | > 80 | not applicable |
| | type of public investment (sectors) | not applicable | Health, Education, WASH | not applicable |
| | collaboration with GOtas possible | not considered for phase 2 | yes | no |
| * exchange rate EURO - USD = 1.20697 and CHF - USD = 1.00 in March 2021 . The Total for UNCDF Component includes the UP budget | | | | |

8.4 Hierarchy of objectives by component

| Component | Good Financial Governance II | Financing Local Resilient Development | Initiatives to Promote Provincial Decentralization in Niassa and Nampula |
|------------------------------|--|---------------------------------------|--|
| SDC Credit Proposal | 7F-10037.01 | | |
| Financial Volume (USD) | 11.902.000 | | 2.300. 000 |
| Implementation partner | GIZ | UNCDF & United Purpose | UNDP |
| Level of intervention | Municipal government | District government | Provincial, Central government |
| Anchor ministry | MAEFP | MEF, MTA | MAEFP |
| Planned impact (goal) | Reducing inequality and improve the living conditions of women and men in the selected municipalities and districts of Niassa and Nampula provinces through better service delivery thanks to improved financial processes and active participation of organized citizens (women and men, male and female youth, girls and boys) in local decision-making processes | | Strengthening democratic governance and peacebuilding in Mozambique through supporting the decentralization process, enhancing the ability of national Ministries and subnational governments in Niassa and Nampula to provide quality public services to citizens, improve socioeconomic conditions and reduce conflicts. |
| Planned outcomes | <ol style="list-style-type: none"> Outcome (supply side): the local governments of the targeted districts and municipalities, improve their financial governance in terms of revenue mobilization (own resources and transfers), gender-sensitive budget planning and execution, together with improved procurement, internal control and human resources management, which translates into enabling better quality services delivery corresponding to the needs of the vulnerable and disadvantaged population Outcome (demand side): In the targeted districts and subsequent municipalities, the citizens and particularly youth and women interact, channel demand and needs to district and municipal authorities and participate in the process of oversight and decision-making of local governments and private sector to provide basic services. Outcome (Policy and Advocacy): Policies at provincial and national levels are influenced and strengthened. | | <ol style="list-style-type: none"> Outcome: Strengthened technical capacity of both National Government and Provincial Governments to define the technical and legal mechanisms for decentralization and its effective implementation at the subnational level (Province). Outcome: Enhanced capacity of elected bodies in policy making and citizen participation in the provinces of Nampula and Niassa to carry out inclusive governance processes by the implementation of socio-economic development strategies linked to public policies and aligned with the 2030 Agenda. |
| Planned Outputs | <ol style="list-style-type: none"> 1.1. Improved financial governance in selected municipalities, 1.2 Gender-sensitive & local adaptation mainstreamed in decentralized planning and budgeting, | | 1.1. Decentralized governance bodies and central government agencies' capacities are strengthened, and their impartiality improved |

| | | | |
|--|---|--|---|
| | <p>1.3 Decentralized resilient investments and services delivered and managed efficiently, effectively and transparently</p> <p>2.1 Women and men aware of their civic rights and duties and demanding greater accountability;</p> <p>2.2. Constructive and regular dialogue between subnational government and citizens (women and men)</p> <p>3.1 Good practices, lessons learned, and success stories are disseminated i.e., in Civil Servant Training Institutes (IFAPA);</p> <p>3.2 Dialogue spaces between local governments at provincial are promoted</p> <p>3.3 Dialogue between local and national level promoted</p> | <p>with a special focus on promoting inclusive, equitable and sustainable social development and gender empowerment in subnational governance</p> <p>2.1. Enabling environment for improved communication between the provincial government and its elected officials, the CSO and the private sector on the implementation of local policies for the achievement of the SDGs at the provincial level</p> <p>2.2. Decentralized Governance improved by testing decentralization reforms and putting socio-economic projects into practice to improve the living conditions of the most vulnerable population at provincial level.</p> <p>2.3. Project's implementation, tracking and evaluation, and reporting are performed efficiently and effectively</p> | |
| <p>Planned results / activities 2022 (illustrative examples)</p> | <p>1. Increase municipal revenues (IPRA – property tax e TAE-tax by economic activity)</p> <p>2. Municipal expenditures aligned with available financial resources (revenues);</p> <p>3. Improvement of municipal management based on the supervision and recommendations coming from the Municipal Assemblies and Internal Control;</p> <p>4. Training of municipal staff based on the capacities needed for the services offered/provided;</p> | <p>1. Performance based grant system: Effective, gender sensitive performance-based grant system PBGS finance mechanism, is established and operational for additional funding</p> <p>2. Awareness and Capacity building: Gender-sensitive, local adaptation mainstreamed in decentralized planning and budgeting processes at the district level.</p> <p>3. Planning and investment: Decentralized resilient investments and services delivered are managed efficiently, effectively and</p> | <p>1. TA and advisory services to central government regarding review of technical and legal frameworks for decentralization, incl capacity building</p> <p>2. Coordination of Decentralization Working Group (DWG), in close collaboration with MAEFP and MEF</p> <p>3. TA for organization of the II Conference on decentralization, the Coordinating Council, the National Council of Coordination etc.</p> <p>4. TA to provinces and ministries in the reform of decentralization, support for strengthening the Provincial Directorate of Planning and Cooperation of MAEFP,</p> <p>5. TA to and CB for provincial entities for elaboration and implementation of provincial development strategies aligned with SDG Agenda 2030</p> |

| | | | |
|--|---|--|--|
| | <p>5. Improved communication between municipalities and the citizen (as a basis for demand side accountability);</p> <p>6. Pilot digitalization of municipal services</p> <p>7. Develop management response plans based on the results of Municipal Governance Barometer from Institute for Economic and Social Studies (IESE).</p> | <p>transparently by the participating districts through the Performance-based Grant System.</p> <p>4. Responsible citizens aware of their civic rights and duties and demanding greater accountability from their local governments.</p> <p>5. Constructive and regular dialogue between subnational government and citizens around locally identified needs and performance issues.</p> | <p>6. CB of elected bodies (AP) and citizen participation in Nampula and Niassa provinces to carry out inclusive governance processes, including procurement of technical and informatic equipment</p> <p>7. Organization and TA (guidelines, methods) for provincial Development Observatories Provincial Coordination Councils</p> |
|--|---|--|--|

Source: Author, based on relevant documentation

8.5 Theory of Change (TOC) of SDC Credit Proposal (Summary)

IF the capacities of local governance authorities' (municipalities and districts) for the management of public finances are strengthened; if resources, revenue collection and management are enhanced to increase own source revenue and their inclusive (gender sensitive) allocations; if citizens, particularly youth and women, have capacity and tools to organize themselves and channel demands and needs to district and municipal government; if participatory planning and budgeting processes are developed from the locality level up to the district level,

THEN the public finance system will be more transparent, sustainable, efficient, inclusive and accountable leading to improved allocations for delivery of services that benefit the wider population including women; the local governments are more accountable and district / municipal plans are more responsive and transparent; the trust between citizen and governments increases; citizens (women and men, male and female youth, girls and boys) have better access to public services and increase their livelihoods, thus reducing inequality and poverty.

Combined with evidence-based advocacy and the dissemination of lessons learned for improved local governance, the programme will support the provincial and national levels in identifying challenges that can be addressed in provincial and national strategies to improve the living conditions of the population. (SDC, 2021).

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