

2006 Joint Review of the Programme Aid Partnership

Terms of Reference

Background

1. The Memorandum of Understanding (MoU) for Programme Aid Partnership (PAP) states that dialogue and monitoring around the PARPA will take place between the Government of Mozambique (GoM) and the Programme Aid Partners (PAPs). It requires a 'Joint Review' (JR) to take place, timed so as to fit in with Government's monitoring, planning and budgeting cycle. The Review will be carried out jointly by the GoM and the PAPs.

2. The JR is a broad review of PARPA (Plano de Acção para a Redução da Pobreza Absoluta) implementation with a focus on the principal Government planning instruments – the PES (Plano Económico and Social), PAF (Performance Assessment Framework) and budget (OE) – and monitoring instruments, i.e. the Balanço do PES (BdPES) and Budget Execution Report (BER). It will also refer to and use the medium-term planning and monitoring instruments (including the PARPA and the Cenário Fiscal de Médio Prazo). The review will make an overall assessment of the implementation of the MoU and make recommendations for improving the partnership.

3. The PARPA II (2006-09) is being developed through a participatory, consultative process involving government, civil society and international partners that included feedback from Provincial Poverty Observatories. A final round of analysis of PARPA II will be done after it is published and not as part of this Joint review. However, this review will focus on the agreement of a new Performance Assessment Framework (PAF) based on the strategic matrix of PARPA II (2007-09).

4. There will be a period of preparation of inputs and discussions (including an integration of the existing sector based review processes and the perspective from provinces and local levels of state administration) at the Working Group (WG) level. The will end with the finalisation of the *Aide Memoire*, on 13 April.

Overall Objectives

5. The overall objective of the Joint Review is to provide joint GoM, and partner's assessment of PARPA implementation

Specific Objectives

6. Assessment of the GoM's performance in 2005 against the PAF indicators.

7. Assessment of PAP's performance, against the PAPs PAF indicators (based on an external evaluation of PAPs performance), in the context of the 2005 Paris Declaration on Aid Effectiveness and PARPA II draft recommendations.

8. Agreement of an indicative PAF matrix (2007-09) based on the GoM's strategic matrix in PARPA II to be approved in the MYR 2006.

9. Analysis by the Budget working group of the 2006 budget (OE) and PES (2006), with an emphasis on coherence between the two, and the MTEF (CFMP), CGE (2004) and TA Parecer (2004).

Specific Activities

10. According to Annex 4 of the MoU the specific activities to be carried out during the Joint Review are:

- Assess PES, PAF and OE performance for year 2005, based on the PES Implementation Report (Balanço do PES) 2005 and Budget Execution Report 2005, and other available information, taking into account information from sector reviews in the last year (and medium-term evaluations)
- Assess developments in public financial management issues based on the Public Financial Management Assessment Report (PEFA Report) 2002-04 and the plan of action elaborated by GoM.
- Assess the results of the financial audit (2005), the value for money audit (2005).
- Discuss budget plans for 2007 on the basis of CFMP
- Assess performance of PAPs in 2005 against international and MoU commitments. This assessment will be based on an external evaluation of the PAPs Performance Assessment matrix, and will also reflect broader progress towards the Paris Declaration.
- Discuss progress made in the areas of weak performance from the previous Joint Review as identified in the 2005 Aide Mémoire.

11. In addition, the following activities will be carried out:

- Agree an indicative PAF matrix (2007-09) based on the GoM's strategic matrix in PARPA II.
- Analysis of budget (2006), PES (2006), CGE (2004) and TA Parecer (2004). This will be done by the Budget working group.
- Agree lessons learnt on ways of working in 2005 to be implemented in 2006 (overall these have already been highlighted).

Outcomes

12. The outcomes of the JR will be:

- An agreed assessment of GoM performance in PARPA implementation in 2005 (in particular of 2005 Balanço do PES 2005, PAF and State Budget execution) and a brief appraisal of OE and PES 2006.
- An agreed assessment of PAP performance in 2005 against MoU objectives, aid effectiveness commitments and programme implementation.
- An agreed indicative PAF matrix (2007-09).

13. The assessment of the financial implementation of the programme will be done, on the basis of an audit of flow of Programme Aid funds in 2005, other audits and reporting requirements defined in the MoU.

14. The assessment of performance against the PES/PAF will provide the basis for decisions on donor support and commitments of budget support in 2007 (done within 4 weeks following the review), as set out in the MoU.

15. The conclusions of the assessment will be taken forward in the dialogue between GoM and PAPs on the preparation of the CFMP and the PES and OE for 2007.

Outputs

16. The above outcomes will be consolidated into a jointly agreed GoM-PAP 'Aide Mémoire' consisting of a summary of conclusions and recommendations and a main text consisting of different Working Group reports. Groups are expected to produce 2-3 page reports (a format for the structure is explained in Annex 2). The Aide Mémoire will be agreed at final meeting (13 April) after which no more changes to the text will be permitted. The Aide Mémoire should be written in Portuguese and English.

Monitoring and Dialogue Process

17. The review process will coordinate and dialogue with the IMF in the context of the PRGF assessment and JSAN mission in March-April.

Participants

18. The participants in the review will be Government officials at the technical, management and political level, and donor representatives at the technical, management and political level, from the local representations and from headquarters.

19. The Pillars and Working Groups will mainly comprise of GoM, donors and Civil Society representatives, while the overview and conclusion sessions will be attended by management and political representatives from the Review partners (i.e. GoM and donors).

Roles and Responsibilities

20. The Review will involve the following groups:

- **Joint Steering Group**: The Joint Steering group will coordinate the review and bring together inputs into a broad discussion of PARPA performance and plans. The Steering Group is composed of GoM representatives and budget support donors represented by the Troika+ (Sweden, Netherlands, Switzerland, World Bank and European Commission).
- **Joint PAF Coordination Group**: comprising both GoM leaders and donor focal points (not necessarily from the PAPs) at Pillar and Working Group level. The Joint PAF-CoG will have an introductory meeting at the beginning of the JR process and at least once more to discuss and ensure an overview of main inputs from all the groups participating in the JR.
- **Aide Memoire drafting committee**: On the Government, it will include the Pillar Leaders (for an overall vision and approval) and a technician from MPD for each Pillar (for detailed drafting work). The donor representatives will include Troika economists, PAP Secretariat, donor Pillar leaders and one HoC who will steer the strategic contents of the document. The drafting team will produce a first draft of the Aide Memoire in Portuguese. The drafting team will endeavour to respect the working hours.
- **Budget working group**: comprising of the representatives of DNT (National Directorate of Treasury), DNCP (National Directorate of Public Audit) and DNO (National Directorate of Budget) and donor representatives. The BWG will analyze the following documents:
 - Audit of the State Accounts/ Parecer of TA 2004, Budget and PES 2006 (the BWG will prepare a note to facilitate the discussion)

- Quarterly Budget Execution Report 2005, MTEF (the BWG will prepare a note to facilitate the discussion based on inputs from working groups)
- **Pillars**: Will assure an overview in each area of the Review, drawing the links within each Pillar. Will report to the Joint Steering Committee on the overall findings and recommendations of the Pillars on a regular basis. There will be 4 Pillars, each with co-leaders (including GoM and PAP representatives) as follows:
 - a. Macro economy and Poverty
 - b. Governance
 - c. Economic Development
 - d. Human Capital
- **Working Groups**: The same structure of the working groups that were involved in the preparation of PARPA II will be used. They consist of a limited number of GoM, PAP officials and civil society representatives, and will have a Chair from GoM and a counter-part focal point from PAPs. Working Groups report on a regular basis to their respective Pillars. The inputs and report from the working groups should follow the general guidelines presented in Annex 2.

All pillars and working groups will include in their assessments the key cross cutting issues: HIV/AIDS, gender and environment. Most GoM ministries have staff working on HIV/AIDS, Gender and Environment. It is recommended that they are included in the working groups. Moreover, there also exists cross cutting groups dedicated to HIV/AIDS, Gender and Environment. These cross cutting working groups can provide guidance and support to the pillars and working groups as necessary, to ensure that crossing cutting issues are reflected within individual pillars and groups. Individual reports could also be submitted by the crossing cutting groups.

The JR 2006 will continue the process of gradual integration of **province/district perspective** in the analysis of GoM performance, as proposed in Annex 3.

Key Reference documents

- PES 2005 Implementation report (Balanço do PES)
- Budget Execution Report 2005
- PAF 2005
- 2005 JR *Aide Memoire*
- 2005 MR *Aide Memoire*
- Individual working group reports
- MTEF (CFMP) 2006-09
- Public Financial Management Assessment Report (2005) known as the PEFA report
- Independent external assessment of donors performance to improve aid effectiveness
- Audit of the State Accounts 2004 (Relatório da Conta Geral do Estado 2004)
- Parecer do Tribunal Administrativo 2004
- Budget 2006
- PES 2006
- PARPA II

Abbreviations

BdPES: Balanço do PES

BER: Budget Execution Report

CCGs: cross-cutting groups

CFMP: Cenário Fiscal de Médio Prazo

DPG: Development Partners Group

CS: Civil Society

GoM: Government of Mozambique

HoCs: Heads of Cooperation

HoMs: Heads of Mission

JSA: Joint Staff Assessment

JSC: Joint Steering Committee (GoM-PAP)

IMF: International Monetary Fund

MPF: Ministry of Planning and Finance

MoU: Memorandum of Understanding

MYR: Mid-Year Review

MTFF: Medium Term Fiscal Framework

OE: Orçamento do Estado (State Budget)

PAF: Performance Assessment Framework

PAF CoG: PAF Coordination Group

PAP: Programme Aid Partnership

PARPA: Plano de Acção para a Redução da Pobreza Absoluta (Action Plan for Reduction of Absolute Poverty)

PES: Plano Económico e Social (Economic and Social Plan)

PRGF: Poverty Reduction Growth Facility

PRSC: Poverty Reduction Support Credit

QBER: Quarterly Budget Execution Report

RWGs: Reform working groups

SWG: Sector Working Groups

JR: Joint Review

Annexes:

Annex 1: Timetable for JR preparation

Annex 2: Guidelines for the working groups (provisional)

Annex 3: Province/District perspective in JR 2005
Annex 4: List of participants and working groups

Annex 1: Timetable for JR preparation

DATE	EVENT	PURPOSE
01 March, Wednesday 9 am	Joint PAFCoG meeting	To launch the Joint Review TORs and clarify doubts/questions etc On-budget initiative Definition of 2007-09 indicators All key reference documents will be distributed.
13 March, Monday	Deadline for Working groups to provide brief analysis of the budget Execution report (QBER) for the Budget Working Group	
17 March, Friday	Budget Working Group meeting	Financial assessment (OE 2006), CGE (2004), QBER (2005), MTEF(2007)
20 March, Monday	PAPs Assessment draft report available	Circulate to Joint PAF COG and invite comments by 24 March
22 March - 5 April	IMF/PRGF+JSAN mission meeting with Troika JSC meeting	Exchange on macro issues
22 March, Wednesday	Joint Steering Committee meeting	Process steering Discussion of PAPs Assessment
24 March, Friday 10:30	GoM/HoCs meeting	Discussion of PAPs Assessment
tbc	Briefing by IMF mission	
31 March, Friday	PAPs PAF final report	
31 March, Friday	Deadline for full working group report to the drafting committee	
tbc	Joint Steering Committee	Steering process
3 April, Monday	First draft of Aide Memoire	
tbc	Debriefing by IMF mission	
6 April, Thursday	Joint PAFCoG Meeting	Discuss first draft of the Aide Memoire
10 April, Monday	GoM and HoMs political meeting	Main political/policy issues
11 April, Tuesday	Second draft of Aide Memoire	
13 April, Wednesday	Final meeting at Joaquim Chissano Conference centre Lunch buffet	To agree on the Aide Mémoire

Annex 2: Guidelines for working groups

Working groups will consider four broad issues:

1. Assessment of 2005 (mainly based on the Balanço do PES and budget reports 2005 and existing relevant sector/reform review documents)
2. Key lessons learnt in your sector in 2005 with bearing on 2006 and the planning and budget process 2007
3. Agreement on the indicative PAF indicators 2007-2009 relevant to your sector as proposed in the Strategic Matrix of the PARPA II
4. Optional: Provide comments reflecting sector views on donor performance, on the basis of the independent consultant's report which will be available on 20 March.

STRUCTURE OF THE REPORT (THE FULL REPORT IN PORTUGUESE AND ENGLISH IS DUE ON 31 MARCH)

On the basis of the above, groups will find it helpful to **structure** their reports in the following way.

1. **Executive summary** (maximum ½ page). This section will be directly cut and pasted in the *Aide Memoire*. This **should** include answering the following four questions:

- a. Have the 2005 PAF indicators and targets in your area been met?
- b. In general, what have been the areas of good performance?
- c. What have been the areas of weak performance with reference to the AM of the Joint Review of 2005?
- d. Key lessons learnt in your sector

2. A more **detailed evaluation of the performance in 2005** (maximum 1 ½ pages). Working groups will obviously structure this section as they see fit but the following pointers will be useful:

- Assessment of **budget execution (2005) in your sector** and how it relates to performance as in Balanço do PES (2005)? **(DEADLINE FOR SUBMITTING THIS PART IS 13 MARCH)**.
- Identify key **factors enhancing performance and key factors hindering performance** in your sector?
- How would you assess performance in your area vis-à-vis a consideration of how **key central reforms** have been addressed (e.g. SISTAFE, general public financial management issues and constraints, procurement, functional analysis, decentralisation etc)
- How would you assess performance in your area vis-à-vis a consideration of how **cross-cutting issues** have been addressed: gender, HIV/AIDS and environment
- Working groups should make sure that the overall assessment includes an assessment of main challenges and issues of concern from the **Province/district perspective**.

3. Further elaboration of **Key lessons learnt** in your sector in 2005 with bearing on 2006 and the planning and budget process 2007(maximum ½ page).
4. Agreement of the PAF indicators (2007-09) relevant to your sector as proposed in the Strategic Matrix of the PARPA II. WGs must make sure that the definition of the indicator is clear and shared and must identify the source of information that is going to be used to evaluate the performance. If you would like to propose any changes, please highlight them in the attached table 1 (along with providing new wording) and give your justification in maximum ½ page.
5. Complete the attached Table (Annex 5: PAF matrix 2005) in your relevant area, indicating whether targets have been met or not.
6. Optional: Provide comments reflecting sector views on donor performance, on the basis of the independent consultant's report which will be available on 20 March. These comments will feed into the discussion between GoM National Directors and HoCs scheduled for 24 March.

Format for WGs comments on the budget execution report 2005

- **Reference Documents:**
 - Third semester report on budget execution 2005 (Jan-Dec).
 - Relevant section from Balanço do PES 2005 on budget policy.
- **Length of comments:** Max 1 page
- **Deadline:** 13 March 2006
- **Language:** Portuguese
- **Suggestion of points to include:**
 - General evaluation of the information contained in the documents: whether they are relevant, coherent, complete, transparent, correct, etc.
 - Evaluation of budget execution in 2005: timely availability of funds, level of execution (sectoral, investment, goods and services, etc.), trends, conformity with sector priorities.
 - Questions for clarification: errors, doubts, missing information
 - Any other suggestions and comments

Annex 3: Province/District perspective for Joint Review 2006

The working groups are strongly encouraged to bring in a local perspective in their reviews. Where possible, this can be undertaken jointly with other working groups or can be based on recently concluded events (trips, information gathered, etc.). Below is an example of terms of reference for a provincial visit by the EWG.

EXAMPLE: Terms of Reference

Introduction

After the Mid Year Review in 2004 it was agreed that the Joint Review/Mid Year Review process, which reviews PARPA implementation, should progressively seek to integrate a wider range of opinions, particularly those from provincial and local levels of the state administration. Joint missions to the provinces were one of the mechanisms chosen to facilitate this integration. In 2005 the provincial visits covered the Northern provinces of Nampula and Niassa.

In 2006 two joint visits to Manica and Cabo Delgado provinces will be made before the Joint Review.

Objective

The main objective is to discuss aspects of decentralization and public financial management and how these affect the service delivery at provincial, district and local level in the sectors of health and education. An important aspect will be the capacities at different levels to plan, implement and monitor the reforms. The discussions will feed into the Joint Review process and further integrate a provincial and local perspective into PARPA implementation and monitoring. The visits are also an opportunity to identify critical aspects for harmonization and alignment. At the end of the visit, participants will have a provincial and local view of the challenges ahead regarding PARPA implementation in the decentralization, public financial management area and service delivery.

Main topics for discussion

1. **PARPA II** - Involvement of the province and districts in the process, links to provincial and district plans, experiences of provincial poverty observatories, future implementation and monitoring at provincial, district and local level,
2. **Decentralization and its implementation at provincial and district level** - Recent advances, planning process at provincial and district level and links to local levels, functioning of IPCC mechanism (both participation and accountability/responsiveness), districts as budget units, district development plans, bottlenecks in implementation; capacity of district and provinces.
3. **The budget cycle and roll-out of e-SISTAFE** - Preparedness and capacity for roll-out, planning and resource allocation (centre/province/district/local), inclusion of sectoral budgets in territorial plans and budgets, implications of the 7 bln MTS for provincial sectoral budgets; bottlenecks in flow of resources, budget execution, on/off budget financing and different aid modalities used.

Participants

The ideal would be that the group would not be too big (maximum 8-9 persons) in order to allow for informal meetings. Participants could include PAP economists, health, education and decentralisation specialists (GoM and donor representatives) and participants from central government (MPD/MF).

Time for visit

In the context of the JR the Health Sector will undertake visits to three Provinces. The timing of the joint visits will be coordinated with the health sector provincial visits in cases where the provinces are the same. The joint visits should be carried out before 15 March

Proposed dates:

Manica: 13-15 March

Cabo Delgado: 13-15 March

Tentative program

- Meetings with the Provincial Permanent Secretary, the Provincial Directors of Finance, Planning and Budget and with the Provincial Directors of Education and Health
- Meeting with civil society organisations
- Meeting with World Bank decentralisation project
- Field visit to one or two districts and meet the district administrator and district directors of finance, education and health
- Possibly visit school or hospital.

Organisational issues

In order to comply with the objective above, it is proposed to consider the following:

- Discussion and agreement with government on possible ways for having local government representation in the JR process
- All working groups participating in the JR process consider integration of the topics above in their sectorial review processes.

ANNEX 4: LIST OF PILLARS/WORKING GROUPS and FOCAL PERSONS

Thematic pillars and Leaders	Working Groups	Donor Focal Points	GoM Group Leaders
1) Poverty and Macro economic management Donor: Torun Reite torun.reite@mfa.no GoM: Jose Sulemane josesulemane@dnpo.gov.mz	Growth and Macro Economic Stability	Greg Binkert /Patrick Lemieux gbinkert@worldbank.org patrick.lemieux@international.gc.ca	José Sulemane/Shakill Hassan josesulemane@dnpo.gov.mz shassan@mpd.gov.mz Waldemar de Sousa waldemar.fernando@bancomoc.mz
	Poverty Analysis and Monitoring Systems	Alicia Herbert a-herbert@dfid.gov.uk	Momad Piaraly momadpiaraly@dnpo.gov.mz
	Public Financial Management consisting of the following 5 sub groups:	Jolke Oppewal jolke.oppewal@minbuza.nl	Amade Aziza/António Laíce a.aziza@mpf-moz.net antonio.laice@mfdnt.gov.mz
	Budget Analysis Group	Jolke Oppewal jolke.oppewal@minbuza.nl	Antonio Laíce antonio.laice@mfdnt.gov.mz Domingos Lambo domingoslambo@dnpo.gov.mz Carolina Nguenha
	Tax Reform	Telma Loforte telma.loforte@sdcc.net	Aboobacar Changa/ Amade Aziza urti.achanga@tvcabo.co.mz a.aziza@mpf-moz.net Barros dos Santos bsantos@alfandegas.org.mz
	Procurement Reform	Carsten Sandhop carsten.sandhop@kfw.co.mz	Eusébio Saíde
	SISTAFE	Wim Ulens wim.ulens@btcctb.org	Carlos Jessen carlos.jessen@tvcabo.co.mz
	Audit	Sylvie Millot sylvie.millot@cec.eu.int	Jorge Marcelino igf@tvcabo.co.mz TA (to designate)
2) Governance Donor: Marc de Tollenaere marc.detollenaere@sdcc.net GoM: Higino Longamane higino.longamane@mae.gov.mz	Public sector reform	Mette Masst/Sorley McCaughey mette.masst@mfa.no sorley.mccaughey@mfa.no	Higino Longamane higino.longamane@mae.gov.mz
	Decentralization	Fátima Amade fatima.amade@undp.org Hans Hessel-Andersen hanhes@um.dk	Higino Longamane higino.longamane@mae.gov.mz
	Justice sector reform	Fotini Antonopoulou/Daniel Voorhoeve fotini.antonopoulou@cec.eu.int daniel.voorhoeve@minbuza.nl	Gaspar Pedro Moniquela cclj@tvcabo.co.mz

<p>3) Economic Development</p> <p>Donor: Ramon Ynaraja Ramon.ynaraja@cec.eu.int</p> <p>GoM: Carlos Mucavele cmucavele@map.gov.mz</p>	Financial Sector	Simon Vandenbroeke s-vandenbroeke@dfid.gov.uk Ravi Ruparel rruparel@worldbank.org	Joana David joana.david@bancomoc.mz
	Private Sector	Tim Born tborn@usaid.gov	Luís Siteo lsiteo@mic.gov.mz
	Agricultural and Rural Development	Lars Christian Oxe/Francoise Millecarn laxoxe@um.dk francoise.millecam@cec.eu.int	Carlos Mucavele cmucavele@map.gov.mz
	Road Sector (including telecom and railways)	Luis Santos luis.santos@cec.eu.int	Francisco Pereira fe-ane@teledata.mz
	Energy Sector	Ingrid Dana ingrid.dana@mfa.no	Pascoal Bacela pbacela@tropical.co.mz
<p>4) Human capital:</p> <p>Donor: Paul Wafer p-wafer@dfid.gov.uk</p> <p>GoM: Gertrudes Machatine mgertudes@tropical.co.mz</p>	Health	Giorgio Dhima giorgio.dhima@sdcc.net	Gertrudes Machatine mgertudes@tropical.co.mz
	HIV/AIDS	Marcia Colquhoun/Jean Dupraz marcia.colquhoun@international.gc.ca jdupraz@unicef.org	Diogo Milagre diogo.milagre@cncs.org.mz
	Education	Susanne Stump suzanne@cida-psu.com	Manuel Rego rego@mined.gov.mz
	Water and Sanitation	Kees Konstapel kees.konstapel@minbuza.nl	Julião Alferes juliao_alferes@yahoo.co.uk
<p>Cross-cutting</p> <p>Donor: Jean Dupraz jdupraz@unicef.org</p> <p>GoM: Rodrigo Ramalho rodrigo_ramalho6@hotmail.com</p>	Gender	Lídia Meque/Inês Alves lidia.meque@dfa.ie ines.alves@cec.eu.int	Maimuna Ibrahimio mibraimo@gempfmz.org
	Environment	Hans Hessel-Andersen hanhes@um.dk	Rodrigo Ramalho rodrigo_ramalho6@hotmail.com Teresa Bernardo Magalhães teresa.pinto@micoa.gov.mz
	HIV/AIDS	Marcia Colquhoun/Jean Dupraz marcia.colquhoun@international.gc.ca jdupraz@unicef.org	Páscoa Themba pascoa.themba@cncs.org.mz
MoU Implementation	PAPs Assessment	Sonal Bhatt sonal.papsec@gmail.com	Adriano Ubisse aubisse@mpd.gov.mz

