



**REPUBLIC OF MOZAMBIQUE
MINISTRY OF PLANNING AND DEVELOPMENT
NATIONAL DIRECTORATE FOR PLANNING**

Hon. Ms.
Lotta Karlsson
Head of Cooperation, Embassy of Finland
Presidency of the G19
Maputo

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Subject: Submission of the Government of Mozambique's Final Assessment
on the Performance of the Program Aid Partners, as part of the
Annual Review 2010.

As agreed in the Terms of Reference of the Annual Meeting 2010, we hereby
attach the Government of Mozambique's Final Assessment on the Performance
of the Program Aid Partners, in accordance with proceedings of the Annual
Review 2010.

With high consideration,

Momad Piaraly Juthá

National Director

Government's Final Evaluation on the PAPs' Performance in 2009

1. Performance evaluation of the Program Aid Partners (PAPs) was conducted in 2009 by a team of independent consultants, and the Government of Mozambique endorses, in general, their findings and recommendations. The basis for the evaluation was the PAPs Performance Assessment Framework (PAF) matrix for 2009 and information extracted from interviews with government officials and representatives of the different PAPs. The PAPs' PAF matrix reflects the principles of the Paris Declaration adjusted, however, to national context.

2. According to the evaluation results, it can be considered that overall the group's performance was **average** in 2009, with improvements in some areas, but with a weak performance in others. It should be noted that despite improvements of some PAPs, overall performance was similar when compared with the year 2008. There was progress in almost all areas, but often insufficient to achieve the goals. Compared with 2008, there was a slight increase in the score of the group as a whole by about one point. As in the previous year, there was a wide variation in performance between the PAPs, with some achieving all or almost all targets, and others with lower scores.

3. Comparing the PAPs evolution of size and performance from 2008 to 2009 it was noted that a larger number of PAPs, namely seven, improved their position on the scale of performance, against five that worsened their performance. The remaining five maintained their positions. Regarding the size, despite the change of countries in each group, the number of "very large" and "large" PAPs remained the same (4 and 7, respectively). The number of "average" PAPs doubled from 2 to 4 and the number of "small" PAPs was reduced from 6 to 4.

4. Multilateral partners (with the exception of the African Development Bank – ADB) continue to adjust to the system, noteworthy being the steady progress of the World Bank and the European Commission's big leap as compared to the year 2008.

5. Regarding the composition of the portfolio, there was an increased proportion of GBS and programmatic support in the total PAPs' foreign aid, compared with the previous year, although these increases were not sufficient to achieve the targets. The GBS has increased from 38% to 39% against a target of 40%, and programmatic support increased from 66% to 67% against a target of 75%.

6. With regard to the predictability (indicators 3 to 8), the PAPs' performance has been mixed: two PAPs do not have multi-year agreements for GBS of 3 years or more. Actually, two countries (Canada and Finland) did not disburse in the agreed month but rather in the agreed quarter, there were two countries (Ireland and Portugal) that did not manage to disburse during the agreed quarter and one country (Belgium) that failed to disburse in the fiscal year for which it was scheduled. However, two PAPs have adopted multi-year agreements for rolling GBS (DFID and Dutch Cooperation), which creates interesting precedents as other PAPs may follow the same path (in 2008 only one of these PAPs had a rolling agreement).

7. There has been significant progress in the use of Government systems. A bigger part of the foreign aid disbursed by the PAPs was recorded in the State Budget (OE) compared with 2008. The targets for the use of i) procedures for implementation; ii) financial accountability; iii) national procurement; and iv) use of national auditing procedures, were all achieved.

8. There were about 167 missions in 2009 against a target of less than 100, indicating that there was no improvement when compared with the previous year, when 165 missions took place against a target of 120, with negative impacts on transaction costs for the Government. The target for joint missions was also far from being achieved, 24% taking place against a target of 40%.

9. In Institutional Strengthening two of the three targets were achieved, the technical cooperation provided through coordinated programs and the percentage of sectoral technical cooperation. However, the target for the number of parallel Project Implementation Units (PIUs) was not achieved.

10. Regarding the performance of individual partners, the stronger (with 32 – 36 points) were DFID, Switzerland, the European Commission, Holland, Sweden, Austria and Spain. PAPs with medium high performance (of 28 – 31 points) were Canada, Italy and Ireland. PAPs with medium performance (23 – 27 points) were Norway, Belgium, Finland and France, the World Bank, Germany and Denmark and one PAP that had a medium low performance (19 – 22 points) was the African Development Bank. The PAP that had a poor performance (less than 19 points) was Portugal.

11. Compared with 2008, 7 PAPs have improved their position rising from a lower level of performance for one (or more) higher level, namely: the European Commission's "medium" to "very good"; Austria and Sweden from "medium high" to "very good"; Italy from "medium" to "medium high"; Germany, the World Bank and France from "medium low" to "medium". Five countries have worsened their position, namely: Belgium from "very good" to "medium"; Denmark from "medium high" to "medium"; Finland from "very good" to "medium"; Ireland from "very good" to "medium high" and Norway from "medium high" to "medium".

12. For the first time the use of national systems of public finance at the level of sectoral programs (indicator 14) was evaluated. Of the 14 sectoral programs, 11 (79%) comply with the rules for budgetary execution (indicator 12a), national procedures for the provision of financial reports (indicator 12c) and procurement (indicator 13). The remaining 3 sectoral programs do not comply with at least one of these indicators (INE and ASAS do not comply with the indicator 12c, and CNCS did not comply neither with the indicator 12c, nor with the indicator ¹. Despite the fact that the target (85%) was not reached, it is remarkable that more than ¾ of the sectoral programs already make use of national systems of public finance. It is consensual that it is important to consolidate and expand this Progress.

13. It can be considered that the programmatic aid is operating in an acceptable manner as a whole, nevertheless some concerns remain which have gradually led to the weakening of the spirit of partnership, namely the tendency to take an almost "biblical" approach in the interpretations of concepts and paragraphs of the MoU without regard to a specific context; the excessive legalism to pursue agendas not present in the MoU; and the gradual replacement of the "method of frank and open discussion" by "answers in writing" that often degenerate into mutual accusations, suggesting that at some point the relationship between the GoM and the PAPs ceased to be a partnership.

14. Another concern, still in the context of the previous point, relates to the fact that, according to the MoU, the commitments for 2010 have been defined in relation to the assessment in 2008. However, in 2009, the partners surprisingly tried to change the dynamic of 2010 commitments according to their perception of what happened in 2009 during the political dialogue, deriving therefore an unusual pace of disbursements (three disbursements until April 10, 2010) justified by the PAPs by issues with the international financial crisis and internally by the need for the GoM to make a change in electoral law, improve transparency in economic governance, accelerate the legal reform, *inter alia*.

15. Concomitantly, it can be inferred that the concept and function of the "political dialogue", currently appears to be on a cloak of confusion in relation to its understanding. The question remains: at what levels can the "political dialogue" be made, with whom, when and on what, and how to integrate it positively in the partnership's framework? It also means that in case of its realization, the "political dialogue" should be as objective as possible, based on a detailed and accurate information and knowledge and on a clear and deep understanding of the issues under review – a posture that has been increasingly absent from the PAPs side.

16. Finally and not least, it appears necessary to deepen the programmatic nature and predictability of external assistance (short and medium term), to reduce the number of missions and improve the use of national systems in line with the development of these systems. Strictly speaking, there are still issues about the right time for the registration of bilateral projects

¹ There is a missing figure in the text as well as end parentheses (Translator's note)

(particularly in the sectors of Health and Water and Sanitation) and with regard to the channelling of funds through the Single Treasury Account, for projects in progress.

17. Moreover, the PAP's PAF matrix needs to be reviewed and possibly revised. It is necessary to evaluate the indicators, the PAF's sectoral and thematic focus in the light of the changes that tend to happen and of the evaluation of the progress already made and the areas of greatest difficulty.

18. Furthermore, a potential restructuring of the Working Groups in the scope of the review begins to be unavoidable, to make them more flexible and to reduce the transaction cost for the GoM. To improve the functioning/effectiveness of the Working Groups it may be necessary to rationalize them, simplifying their architecture in a very substantial way, having far fewer people in each group (which requires specialization of the PAPs) and allocating staff with technical expertise to discuss each group's specific matters.