

2005 Joint Review of the Programme Aid Partnership

9-10/May/2005

Terms of Reference

Background

1. The Memorandum of Understanding (MoU) for Programme Aid Partnership (PAP) outlines that dialogue and monitoring around the PARPA will take place between Government of Mozambique (GoM) and Programme Aid Partners (PAPs). It requires a 'Joint Review' (JR) to take place in time 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 review is a broad review of PARPA (Plano de Acção para a Redução da Pobreza Absoluta) implementation with a focus on the planning instruments of the PES (Plano Económico and Social), PAF (Performance Assessment Framework) and budget (OE) and the monitoring instruments of the Balanço de PES (BdPES) and Budget Execution Report (BER). It will also refer to and use the medium term planning instruments (the PARPA and CFMP) and monitoring instruments. The review will make an overall assessment of the implementation of the MOU and make recommendations for improving the partnership.
3. The GoM has undertaken intensive cross-governmental work to develop a common performance assessment framework (PAF) that captures the Government's priorities across the areas of the PARPA and serve as a common basis for dialogue and monitoring with Programme Aid Partners (PAPs). Government efforts to upgrade the Balanço de PES and Budget Execution Reporting enable for a more effectively use of this instruments for monitoring PARPA implementation, including in PAF priorities.
4. The review will undertake some analysis and will reflect on and add value to analysis undertaken by GoM in the Balanço de PES and Budget Execution Report and by GoM and donors in the context of all involved working groups.
5. The review will discuss an update of PAP performance, against its commitments for improved partnership and aid effectiveness as in the MOU commitments. This discussion will be based on an external evaluation of PAPs performance against benchmarks agreed in the PAPs performance assessment matrix.
6. The 2005 review is scheduled to take place between 9th and 10th of May. It will be preceded by a period of 2 -3 week preparation of inputs and discussions at WG level. This is a special year, as we face transition to a new Government in Mozambique, with some changes in its structure. There are challenges to be addressed in relation to this transition. The review process will include an integration of the existing sector based review processes and the perspective from provinces and local levels of state administration.

Objectives

7. The overall objective of the Joint Review is to provide a joint GoM, and partner's assessment of PARPA implementation also in the context of progress against the MDGs.
8. Specific objectives of the review are to assess GoM performance in 2004, focusing on the PAF, Balanço do PES and OE, PAPS aid effectiveness commitments and MOU implementation in 2004.

Activities and main reference documents

9. According with the Memorandum of Understanding, Annex 4, the activities to be carried out during the Joint review are:
 - § Discuss and assess PES, PAF and OE performance for year 2004, based on the PES Implementation Report and Budget Execution Report, and other available information, taking into account information from GoM-partners sector reviews in the last year (and medium term evaluations when available)
 - § Discuss the follow up of the previous Annual Review and Mid-Year Review based on the respective Aide Memoire
 - § Assess development in fiduciary risk issues (initially based on public financial management assessment report undertaken jointly by PAPs and GoM but also on the basis of information in the PES report)
 - § Assess the results of the financial audit, the value for money audits and the Audit of the State Accounts
 - § Discuss budget plans for year 2006 on the basis of CFMP
 - § Assess performance of PAPs in 2004 against commitments set out in the MOU, Section 4, Paragraph 13. This assessment will be based on the external evaluation of the PAPs Performance Assessment matrix.
 - § Identify the lessons learned and key issues to be considered during 2005 and in the planning and budgeting process 2006 based on the assessment of 2004

Outcomes

10. The outcomes of the JR will be
 - An agreed assessment of GoM performance in PARPA implementation in 2004, in particular of 2004 Balanço PES, PAF and budget execution
 - An agreed assessment of GoM and PAP performance in 2004 against MoU objectives, aid effectiveness commitments and programme implementation.
11. 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 2004, other audits and reporting requirements defined in the MoU.
12. The assessment of performance against the PES/PAF will provide the basis for decisions on donor support and commitments of budget support in 2006 (made for most donors within 4 weeks following the review) and on the World Bank's Balance of Payment Support (defined in the PRSC), as set out in the MoU.

13. 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 2006, including at the MYR in September 2005

Outputs

14. The above outcomes will be consolidated into a jointly agreed GoM-PAP 'Aide Memoire' (15-25 pages) consisting of a summary of conclusions and recommendations and an annex reflecting the findings in the different thematic groups covering cross cutting areas and priority sectors (technical teams will be expected to produce 3-4 page reports as an input to this). The Aide Memoire will be considered and agreed by the end of the JR (with the final version being available, following write up and editing, within one week of the end of the JR). The Aide Memoire should be written in Portuguese and in English

Monitoring and Dialogue Process

15. The review process will coordinate and dialogue with the IMF in context of the PRGF assessment and JSA mission in April.

Participants

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

17. The participation of other stakeholders (DPG level, Parliament and CS) should be foreseen and discussed in the JR process preparation.

18. The below mentioned thematic groups and sector/reform working groups will mainly be constituted by GoM and PAP representatives from both local representations and headquarters at a technical level, while the overview and conclusion sections will be attended by management and political representatives from the review partners.

Roles and Responsibilities

19. The Review will involve a Steering Group, thematic groups and technical teams:

- **Steering Group:** Will coordinate the review and bring together inputs into a broad discussion on PARPA (particularly focused on PES/PAF and OE) performance and plans. The Steering Group is composed of the GoM representatives, budget support donor troika (Swiss Cooperation, Swedish Cooperation and DFID), the EC and the World Bank.
- **Joint PAF Coordination Group:** comprising all reviewed thematic areas and its respective WG's for the Joint Review, the Joint PAF-CoG will meet at least once in advance of the JR to discuss and ensure an overview of main inputs from all the groups participating in the JR. There is also a donor PAF Coordination Group that meets regularly to discuss main inputs for the Joint Review.

- **Thematic Groups**: Will assure an overview in each area of the review, drawing the links within each thematic area. Will report on the overall findings and recommendations of the thematic groups on a regular basis. There will be 6 thematic groups, each with thematic group co-leaders (including GoM and PAP representatives) as follows:
 - a. Poverty and macroeconomic overarching issues
 - b. Public finance management
 - c. Governance
 - d. Private Sector Development and investment climate (including financial sector)
 - e. Service delivery
 - f. MoU implementation and aid effectiveness (including reporting requirements and PAPs Performance Assessment)

- **Sector/reform working groups**: Each sector/reform Working Group will be divided into technical teams that will undertake the work on each more specific area within the theme. Teams will consist of a limited number of PAPs and GoM officials, and will have a team leader or co-team leaders from GoM and/or PAPs. Working groups' teams report on a regular basis to the specific Thematic Group. The inputs and report from the working groups should follow the general guidelines presented in Annex 2.

All thematic and sector/reform working groups will include in their assessments the key **transversal issues**: HIV/AIDS, gender and environment. The existing working groups on these topics will liaise with the thematic groups to support efforts to ensure that the transversal issues are reflected in the performance assessments. Each sector/reform working group has the responsibility to include members with the capacity to address sectoral transversal issues.

The JR will in 2005 start a process of gradual integration of **province/district perspective** in the analysis of GoM performance, as proposed in Annex 3.

Reference documents

- § PES 2004 Implementation report (BdPES) – draft delivered on the 25th of March
- § Budget Execution Report 2004 (issued by MPF end February)
- § PAF 2004 (MoU, Annex 12 or JR Aide Memoire 2004)
- § 2004 JR Aide Memoire (7th April 2004)
- § 2004 MR Aide Memoire (27th September 2004)
- § Sector Ministry and Reform Unit input reports to Balanço do PES
- § MTFF (CFMP) 2005-09
- § Public Financial Management Assessment Report (Sept/04 report on 2003 and Government comments)
- § External assessment of donors performance against commitment to improve aid effectiveness (PAPPA preliminary report due early April)
- § Learning Assessment Report of Joint Review 2004
- § Baseline Survey on donor performance 2003

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
- PAPs:** Programme Aid Partners
- PAPPA:** Programme Aid Partnership Performance Assessment
- 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

I. PREPARATION/DIALOGUE PROCESS		
DATE	EVENT	MAIN ISSUES/OUTPUTS
29. March	* ¹ PAF CoG meeting (tbc)	JR TORs and preparation process
25. March – 11. April	- Working groups analyse PES+OE 2004 reports -	Main issues for BWG and sector reports for Aide Memoire (AM) ²
1. April	IMF/PRGF+JSAN mission meeting with Troika JSC meeting	Exchange on macro issues
4 th . April	Joint Steering Committee meeting	Process steering
8. April	JSC meeting	Process steering
11. April	*IMF meeting with Troika HOCs	Discussion of critical issues
11– 20. April	Thematic groups discuss thematic areas and on inputs for Aid Memoire	1 st Drafting of AM (inputs from sectors)
12. April	*PAF CoG meeting (Sector reviews)	Discussion of main issues for BWG and draft WG report the Aid Memoire
13. April	Debriefing on IMF mission	
14. April	Joint Steering Committee	Steering process
15 April	BWG	Main Budget Analysis issues
19. April	Deadline for the inputs for first draft of AM	
20. April	Technical issues with MoF and DNPO	PFM related issues
21. April	JSC	Steering process
22. April	Joint Paf CoG	³ Briefing on inputs from thematic areas for the first draft AM
27. April	Deadline for the inputs for second draft of AM	
28. April	PAF CoG Meeting	Discuss 2 nd Draft on AM
	JSC	Steering process
29. April	Joint PAF CoG meeting	Discuss 2 nd Draft on AM
2 – 3 May	Overall discussion draft Aid Memoire	

¹ * refers to donors only meeting.

² Sector reports for Aide Memoire, except for sectors which reviews will take place during second half of April.

³ With participation from civil society representatives

3. May	*HOMs/HOCs discussion Aid Memoire (morning) (9:00) GoM+Troika plus HOMs discussion of Aid Memoire (14:30)	Discussion critical issues and concerns (political level)
II. JOINT REVIEW		
DATE	EVENT	Main Outputs
9th May (8:30)	Presentation, discussion and agreement on 2004 GoM performance . Conclusions on GoM performance Presentation, discussion agreement on PAPs performance and MOU implementation Lunch buffet	Final agreed Aide Memoire
10th May (14:00)	Broader meeting (DPG, GoM, CS)	

Annex 2: Guidelines for working groups)

The basic questions which the assessment teams should answer are:

Assessment of 2004 (mainly based on the PES and budget reports 2004 and existing relevant sector/reform review documents):

- Have the 2004 PAF indicators or targets in your area been met? What are the areas of good and poor performance?
- How would you assess GoM performance in a wider context, that is against 2004 PAF 'strategic objectives' and 'objectives' in your area? What are the areas of good and poor performance?
- What other commitments in your area do you consider key to understanding GoM performance during 2004 (e.g. sector plan)? How would you assess GoM performance against these commitments?
- How would you assess budget execution (in sector) and how it relates with performance as in PES report?
- How would you assess implementation of relevant key transversal reforms in the sector (e.g. SISTAFE, general public financial management issues and constraints, functional analysis, decentralisation)
- How would you assess government performance in your area, taking in consideration the cross-cutting issues: gender, HIV/AIDS and environment?
- Working groups should make sure that the overall assessment includes an assessment of main challenges and issues of concern in Province/district perspective.

Based on the assessment of 2004, the working groups should also identify main lessons learnt and key issues to be considered during 2005 and in the planning and budgeting process 2006.

Reporting structure

Working Groups should produce a 3-4 page report on their findings in both Portuguese and English languages.

The report should be composed of the following sections:

1. Short executive summary (key fundamental points for AM)
2. Assessment of performance in 2004:
 - Performance against: PAF indicators, strategic commitments and objectives (PARPA performance), budget execution and transversal issues
3. Key recommendations and lessons learned

Annex 3: Province/District perspective for Joint Review 2005

Main ideas for TORs

Introduction

The Joint Review is a broad review of PARPA implementation with a focus on the planning instruments of the PES, PAF and budget (OE) and the monitoring instruments of the PES report and the Budget Execution Report. It also refers to and uses the medium term planning instruments (the PARPA and CFMP) and monitoring instruments.

In the MYR 2004 and in the learning assessment of JR 2004 it was recommended that the Joint Review should progressively seek to integrate a wider range of opinions, particularly those from provincial and local levels of the state administration. Additionally, the dialogue with government and the conclusions of the review processes indicate several problems related with the involvement of lower level of government in planning and monitoring and with budget execution. In this context, it was proposed that the joint review 2005 will start with this process of further integration of province perspective in the dialogue with the Government, along with better knowledge and exchange amongst donors of their involvement and support to provinces. For 2005, the main focus will be on public financial management and integration of planning instruments.

Objective

The main objective is to discuss jointly with the Government best ways to integrate province/district perspective in the dialogue on PARPA implementation and to strengthen its integration in existing government reporting and monitoring instruments. It will be based on the identification of critical challenges for its effect and for higher efficacy in service delivery at local level.

Main topics for discussion

The gradual integration of province/district perspective in dialogue with the government, culminating in joint reviews, should be dealt with at two levels:

- sector working groups
- Cross cutting areas, in particular under the Public financial Management (PFM) working group, and integrated discussion at the PAFCoG level

Main topics for discussion at sectoral WG level should be dealt case by case and in the best way defined and agreed with government partners in the various sectors.

For the PFM working group, working in close collaboration with the PAMS WG, main topics for discussion should include:

- Status of preparedness and involvement of provinces and districts for SISTAFE implementation
- Main process of decision making in resource allocation and integration between districts/provinces and sector/province. Link with general PES and budget, PARPA.
- Main channels/mechanisms and bottlenecks in flow of resources from centre to provinces and districts (budget execution main issues – revenues and expenditures)

- Reporting from provinces: relevance and use (at central and provincial level)
- Overall idea on on/off-budget resources to the provinces
- Role of provinces in monitoring budget execution and PES implementation, in relation to the whole PARPA monitoring system.

Organisation 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
- Joint visits between donors and government (central) to some provinces, in order to get better understanding and discussion on main topics above.
- All working groups participating in the JR process consider integration of the topics above as in their sectorial review processes.

Annex 4: List of participants and working groups

Thematic groups	Working Groups	Focal person donors	Focal person GoM
1) Poverty and Growth issues Donor: Gregor Binkert GoM: Pedro Couto	Macroeconomic growth and stability	Gregor Binkert Rogers Dhiwayo	Pedro Couto
	Poverty Analyses and Monitoring systems	Bridget Walker Muiambo	Momad Piaraly
2) Public finance management Donor: Jolke Oppewall GoM: António Laice	Budget Analyses Group	Jolke Oppewall	António Laice
	Tax reform	Telma Loforte, Simon Vandenbroeke	Amade Aziza
	Procurement reform	Carsten Sandhop	Cândido Ramalho
	SISTAFE	Lis Rossenholm	Carlos Jessen
	Audit	Sylvie Millot	Jorge Marcelino,
3) Governance Donor: Bernhard Weimer GoM: Adelino da Cruz	Public sector reform	Mette Masst	Adelino da Cruz
	Decentralization and local Governance	Fatima Amade* Jacob Massuanganhe	Domingos Lambo Manuel Guambe
	Legal and judicial reform	Nina Berg	Abdul Carimo
4) Private sector development, investment climate, financial institutions Donor: Julius Schlotthauer GoM: Luis Siteo ou João Macaringue Carlos Mucavel	Financial sector	Ravi Ruparel Simon Vanden Broeke	Joana David
	Private Sector	Julius Schlothauer	Luís Siteo
	Agricultural and rural development	Francoise Millecam*	Carlos Mucavel
	Infrastructure Services		
	Roads	Luis Santos*	Francisco Pereira
	Energy	Anne Schow*	Pascoal Bacela

Thematic groups	Working Groups	Focal person donors	Focal person GoM
5) Service delivery Donor: Kirsi Viisainen GoM: Gertrudes Machatine	HIV/AIDS	Marcia Colquhoun* Carolyn Forkin	Diogo Milagre
	Health	Jonas Chambule*	Gertudes Machatine
	Education	Julie Reviere*/Susanne Stump	Manuel Rego
	Water and sanitation	Kees Konstapel*	Américo Muianga
6) MoU implementation and Aid effectiveness Donor: Simon Vanden Broeke GoM:	Reporting requirements	Sylvie Millot	Jorge Marcelino
	Programme Aid Partners Performance Assessment	Telma Loforte, Karin-Anette, Simon Vanden Broeke	José Sulemane

Cross-cutting working groups	Gender Environment HIV/AIDS	Petra Lantz; Lidia Meque Hans Hessel-Andersen Marcia Colquhoun Carolyn Forkin	José Maria Jone Rodrigo Ramalho Diogo Milagre
Steering Group		Adrian Hadorn Anton Johnston Eamon Cassidy Greg Binkert Telma Loforte Karin-Annette Andersson Simon Vanden Broeke Sylvie Milliot	José Sulemane António Laice Pedro Couto Ângela Melo António Abreu José Morais
Drafting team	English	Karin-Annette Andersson, Phil Brown	Ângela Abdula
	Portuguese	Telma Loforte, Antonio Franco	Eugénio Paulo, Mário Rabiane
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