

**Terms of Reference:  
Mid-year Review of the Partnership, 27<sup>th</sup> September 2004**

**Abbreviations**

**BdPES:** Balanço do PES  
**CCGs:** cross-cutting groups  
**CFMP:** Medium Term Fiscal Framework  
**GoM:** Government of Mozambique  
**HoCs:** Heads of Cooperation  
**HoMs:** Heads of Mission  
**JSC:** GoM-PAP Steering Committee  
**IMF:** International Monetary Fund  
**MPF:** Ministry of Planning and Finance  
**MoU:** Memorandum of Understanding  
**MYR:** Mid-Year Review  
**OE:** State Budget  
**PAF:** Performance Assessment Framework  
**PAF CoG:** PAF Coordination Group  
**PAPs:** Programme Aid Partners  
**PAPPA:** Programme Aid Partnership Performance Assessment  
**PARPA:** Plano de Acção para a Redução da Pobreza Absoluta  
**PES:** Economic and Social Plan  
**PRGF:** Poverty Reduction Growth Facility  
**QBER:** Quarterly Budget Execution Report  
**RWGs:** Reform working groups  
**SWG:** Sector Working Groups  
**JR:** Joint Review

**1. Background**

The PAPs and GoM have established a common framework of dialogue and accountability, secured through a common Memorandum of Understanding (MoU), and closely aligned with the Mozambican planning and budget cycle, using Mozambican instruments of planning, budgeting and reporting.

The MoU on Budget and Balance of Payments Support stipulates (MoU para 20 and Annex 4) that a mid-year review (MYR) of the Partnership shall be held each year, at end-August; with GoM, PAPs and observers as participants.

The GoM and PAPs agree that the mechanisms of the MYR must be more streamlined and lower transaction cost than those of the JR 2004. It is therefore proposed that the various sectors and areas autonomously prepare and feed into the MYR, using as far as possible government instruments and procedures and existing review mechanisms.

## 2. Objective

The main objective of the MYR is for GoM and PAPs to assess the broad outlines of the Medium Term Fiscal Framework (CFMP), Economic and Social Plan (PES) and State Budget (OE) for year 2005 and agree the PES/PAF matrix for 2005. This is the final stage of on-going GoM-PAP dialogue on relevant issues for the CFMP, OE, PES and PES/PAF matrix for the coming year, before these key-documents are submitted to Parliament. There will also be a limited backwards look in order to (i) ensure that there is sufficient on-going dialogue on areas of concern, (ii) comply with the purposes of split response mechanisms.

GoM and PAPs will also assess donor performance in 2003/04 (normally done at the Joint Review) and agree a donor performance matrix for 2004 and 2005.

## 3. Activities

As stated in the MoU, annex 4, the activities to be carried out during the MYR:

- “GoM and PAPs will discuss performance in year n until the moment of the review, based on the latest budget execution report [first semester] and other available information
- GoM and PAPs will discuss GoM plans for year n+1 on the basis of the PARPA (when relevant), CFMP, headline information on the PES and OE, and the PES/PAF matrix
- GoM and PAPs will discuss PAP commitments for improving aid effectiveness
- GoM and PAPs will assess performance against specified conditions for variable portions of PAP response mechanisms based on existing and any further information on performance in year n-1, as well as on completion or non-completion, during year n up to the time of the mid-term review, of outstanding commitments from year n-1.

## 4. Inputs

The MYR is predominantly forward looking, with a limited backwards look. The input documentation of relevance for the review is:

### **Backward look (light touch):**

Balanço 1º Semestre do PES - BdPES (issued by MPF 15<sup>th</sup> August)  
Budget Execution Report for 1<sup>st</sup> Semester 2004 (issued by MPF 15<sup>th</sup> August)  
PAF 2004 (MoU, Annex 12)  
JR Aide Memoire (7th April 2004)  
Sector Ministry and Reform Unit input reports to BdPES (drafted July-August)  
Learning assessment report  
Baseline Survey on donor performance, including the PAPP matrix

**Forward look (focus of the review):**

Headline PES 2005 (by 6 Sep)

Headline OE 2005 (by 6 Sep)

CFMP 2004-2008

GoM's PES/PAF matrix 2005 proposal (updated by GoM during the PES process)

Draft donor performance matrix

**5. Participants**

It is proposed that the following groups should provide inputs to the MYR:

<b>Sector WGs</b>	<b>Reform WGs</b>	<b>Cross-cutting Gs</b>
Agriculture	Public Sector Reform	HIV/AIDS
Education	Public Financial Management	Gender
Health	Judicial Sector Reform	Poverty Analysis and Monitoring System
Roads	Financial Sector Reform	
Water	Decentralisation	
	Private Sector development	

GoM and PAPs should engage in dialogue (through existing sector working groups (SWG), reform working groups (RWGs) and cross-cutting groups (CCGs) on GoM's proposals for the OE, PES, CFMP and PES/PAF matrix during the preparation process in July-August. Each group should organise as to how their process can operate most economically and to take account of the intra-governmental dialogue process. Given that the GoM internal discussions about plans and budget for 2005 will take place from 10<sup>th</sup> to 23<sup>rd</sup> August, the Government kindly invited the PAPs not to request meetings with both MPF and the sector Ministries during this period. Each of the joint SWGs, RWGs and CCGs will meet as shortly as possible after the 23<sup>rd</sup> August to agree a light touch assessment of performance in 2004 to date (using above inputs) and discuss 2005 objectives, activities, indicators, benchmarks and targets..

The CCGs should organise representation in the SWG and RWG processes. They may decide nonetheless to submit their own "cross-cutting" report.

**6. Outcomes**

The outcomes of the MYR will be:

- Agreement of PES/PAF matrix for year n+1 [2005]
- Agreement of matrix on donor performance

Commitments of Programme Aid for 2005 are based on GoM performance in 2003. PAPs will confirm by 31 August, as stipulated in the MoU. The MYR therefore has no impact on this confirmation. The exception to this rule is the confirmation of the variable portions in the case of Switzerland and Sweden. These will be confirmed following the MYR (subject to final confirmation as outlined in MoU Annex 10).

There will be no change to commitments, unless there has been a violation of underlying principles

## 7. Outputs

As the MYR is the point at which the PAPs discuss and agree with GoM on the PES/PAF matrix 2005 and discuss the main lines of the PES, OE and CFMP each sector is requested to organise a specific process whereby the first summary of critical issues (maximum one page) is completed and submitted to the GoM-PAP Steering Committee by **6<sup>th</sup> September** 2004. This summary should mainly focus on the critical issues identified in the BdPES and QBER for the 1st semester 2004.

The reason for this deadline is to allow the PAPs economists to get inputs from the sectors for their discussion with the IMF mission that will take place in the evening of 10<sup>th</sup> September. In order to allow a more in-depth analysis of the documents, the working groups are expected to deliver an updated version of the reports (see par. 9 for the relative guidelines) by Wednesday, **15<sup>th</sup> September**.

The report should be maximum 2 page of bullets and cover the following points:

- comments on PES and OE 2005
- comments on GoM's draft PES/PAF matrix 2005 (and proposals for any final revisions and amendments )
- assessment of performance to date, in particular on any significant concerns regarding non-performance against PAF 2004

The papers submitted both on 6<sup>th</sup> and 15<sup>th</sup> September should include an executive summary that will be used in the Aide Memoire. The GoM-PAP steering committee will receive and discuss the reports of the groups, and synthesize them into one document (a summary of key-issues). On the PAP side, this will be passed to the HoCs Group and the PAF CoG for comments.

On GoM side, the document will be reviewed according to GoM internal procedures under the guidance of the MPF. The GoM-PAP steering committee will meet on 20<sup>th</sup> September to discuss the points of agreement and difference in the charting of future plans and targets and the assessment of performance.

The final result of the above outcomes will be a jointly agreed GoM-PAP Aide Memoire (3-4 pages) consisting of a summary of conclusions and recommendations and two annexes containing the agreed PES/PAF matrix and the agreed donor performance matrix.

## 8. Timing

The provisions of the MoU placed the MYR at the end of August, then considered to be a strategic point in the planning, budgeting and reporting cycle, where both the

QBER (Quarterly Budget Execution Report) and BPES reports for the first half of year n and drafts of the CFMP and of the PES and OE for year n+1 would be available. However, a realistic analysis of routines and capacity indicates that while QBER and BPES will be available by end-August, the OE and PES will first come out in early draft only in the first week of September and be discussed and amended in consultation with the IMF PRGF mission planned from 9<sup>th</sup> – 23<sup>rd</sup> September. For the IMF mission, GoM needs the commitments of the PAPs to have already been confirmed, i.e. before 9<sup>th</sup> September.

It is thus proposed that the programme and activities of the MYR be reorganised to fit these dimensions of the budget cycle and to complement and integrate with the IMF mission.

The MYR will take place on **27<sup>th</sup> September**. During this day, the parties will:

- agree upon the Aide Memoire
- agree on the PES/PAF matrix 2005 (and indicative indicators 2006)
- assess the performance to date of the PAPs in 2004 and agreement of donor matrix for 2004 and 05

The review will focus particularly around the identified areas where consensus has not been reached. By the end of the day, it is expected that the final version of the Aide Memoire will be agreed. Where differences persist between GoM and PAPs, these will be reflected in the Aide Memoire.

A drafting committee appointed by the JSC (GoM-PAP Steering Committee) will compile and complete the Aide Memoire, the PES/PAF matrix 2005 and the donor performance matrix.

## **9. Working Group Report Guidelines**

The report should be composed of the following three sections:

### **1. Group title (sector/area/reform/issue)**

### **2. Looking back:**

- assessment of performance to date, in particular on any significant concerns regarding non-performance against PAF 2004

### **3. Looking forward:**

- Comments (aspects that are both welcome and cause concerns) on OE and PES 2005 – including information on discussions during OE and PES development and why certain decisions were taken
- Comments on, including proposed modifications to, sector/reform key PES/PAF matrix indicators for 2005 (and where possible 2006)

### 10. Preparatory work for the MYR

Date	Actors	Activities	Meetings <sup>1</sup>
Monday, 16 Aug	GoM	Issue BPES and QBER	
Monday, 6 Sep	GoM	Deliver headline PES and OE 2005	
Monday, 6 Sep	SWG/RWG/CCG	Deliver summary of key-issues to GoM-PAP SC	
Wednesday, 8 Sep at 9 a.m.	SWG/RWG/CCG and Troika plus	Discussion of (i) summary of critical issues (ii) Baseline Survey and proposed donor performance matrix	PAF CoG meeting
Wednesday, 8 Sep, at noon	HoCs	Discussion of (i) summary of critical issues (ii) Baseline Survey and proposed donor performance matrix	HoCs meeting
Wednesday, 8 Sep, at 3 pm	JSC	Discussion of (i) summary of critical issues (ii) Baseline Survey and proposed donor performance matrix	JSC meeting
Friday, 10 Sep	PAPs Economists, IMF mission	Discuss IMF PRGF	Economists meet IMF mission
Wednesday, 15 Sep	SWG/RWG/CCG	Deliver reports to GoM-PAP SC	
Monday, 20 Sep, morning	SWG/RWG/CCG	PAPs internal consultation on the draft Aide Memoire and donor performance matrix	PAF CoG meeting
Monday, 20 Sep, at noon	HoCs	PAPs internal consultation on the draft Aide Memoire and donor performance matrix	HoCs meeting
Monday, 20 Sep, morning	GoM	GoM internal consultation on the draft Aide Memoire and donor performance matrix	GoM meeting
Monday, 20 Sep, afternoon	JSC	Joint discussion on the draft Aide Memoire and donor performance matrix	JSC meeting
Monday, Sep 20,	HoMs	HoMs consultation about the draft Aide Memoire	HoMs meeting
Wednesday, Sep 22	HoCs Troika plus and IMF	Follow-up discussion about the draft Aide Memoire	HoCs Troika plus meets IMF mission
Friday, Sep 24	PAPs and IMF	IMF debriefing to PAPs	PAPs and IMF meeting

### 11. MYR Programme

Date	Actors	Activities	Meeting
Monday, Sep 27	GoM, HoCs/HoMs, IMF	Agreement on Aide Memoire and PES/PAF matrix 2005+ Agreement on donor performance matrix	<b>MYR</b>

<sup>1</sup> The meetings above indicated do not include the ones between GoM and SWG/RWG/CCGs as part of the established/on-going process of dialogue.

