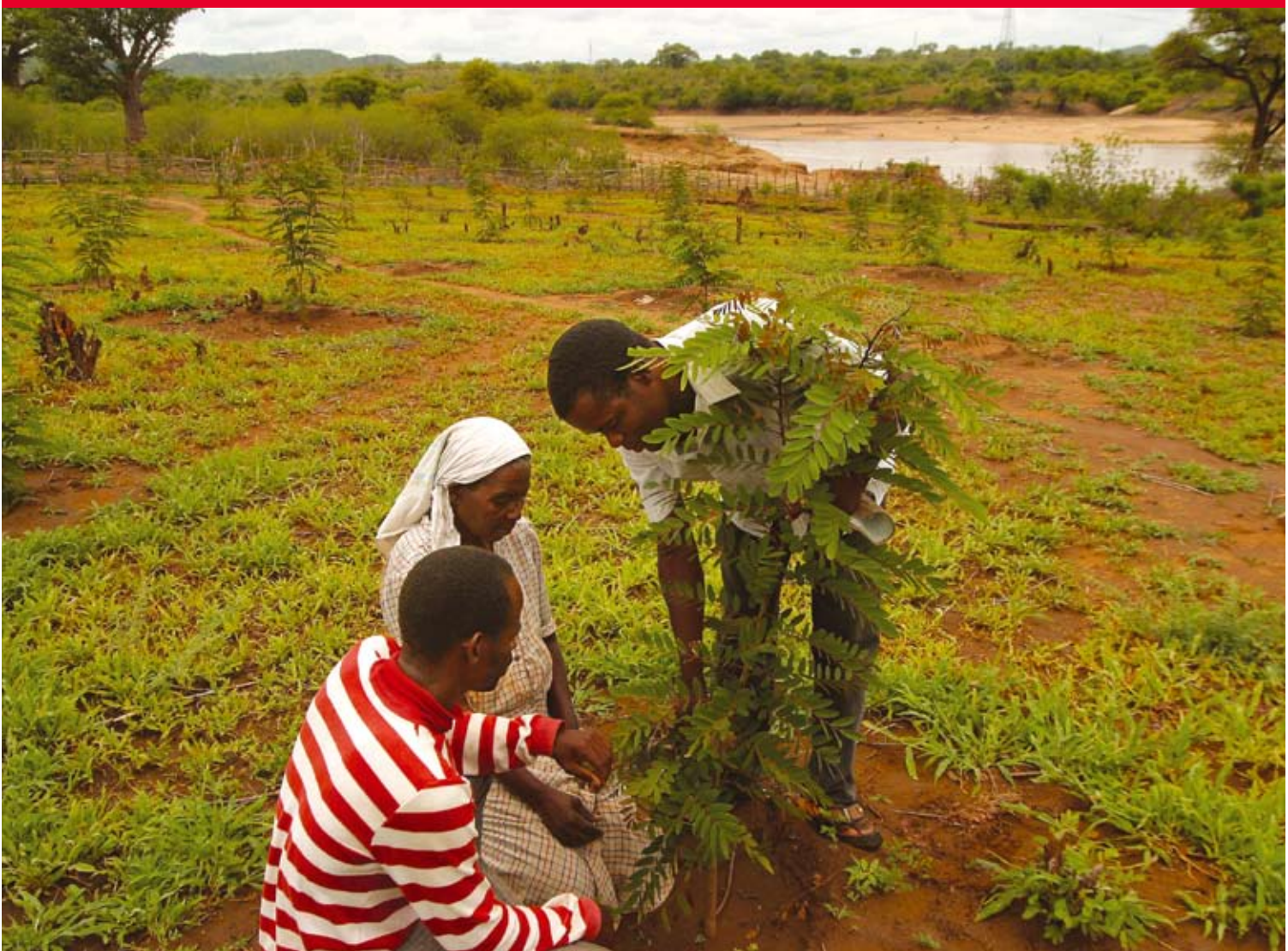
MINISTRY OF FOREIGN AFFAIRS OF DENMARK
Danida

EVALUATION OF DEVELOPMENT COOPERATION BETWEEN MOZAMBIQUE AND DENMARK 1992-2006

evaluation

2008.05



Evaluation of Development Cooperation between Mozambique and Denmark 1992-2006

September 2008

© Ministry of Foreign Affairs of Denmark
September 2008

Production: Evaluation Department, Ministry of Foreign Affairs of Denmark
Cover Photo: Ernst Tobisch/Danida
Graphic Production: Designgrafik A/S, Copenhagen
Print: Schultz Grafisk

ISBN: 978-87-7087-016-0
e-ISBN: 978-87-7087-017-7
ISSN: 1399-4972

This report can be obtained free of charge by ordering on www.evaluation.dk or from:

DBK Logistik Service
Mimersvej 4
DK 4600 Koege
Denmark

Telephone: +45 32 69 77 88

The report can be downloaded through the homepage of the Ministry of Foreign Affairs www.um.dk or directly from the homepage of the Evaluation Department www.evaluation.dk

Contact: eval@um.dk

This report was prepared by independent consultants with no significant involvement in the activities evaluated. Responsibility for the contents and presentation of findings and recommendations rests with the evaluation team.

The views and opinions expressed in the report do not necessarily correspond to the views of the Ministry of Foreign Affairs of Denmark or the Government of Mozambique.

Preface

Danish bilateral development cooperation with Mozambique was initiated in the 1970´es. Initial support covered mainly agriculture, fisheries, water supply and vocational training as well as some support to rehabilitation of social and physical infrastructure. At the time, humanitarian assistance was a prominent part of the aid programme as armed conflict and natural calamities had made up to one third of the population depended on food aid for their survival.

Following the implementation of the peace agreement in 1992, development cooperation with Mozambique gradually changed towards larger and more long-term development programmes within selected sectors. Strategies for the development cooperation between Mozambique and Denmark were published in 1988, 1995 and 2000 respectively. The latter strategy included phasing out from the water and fisheries sector as well as from the health sector in Tete, while support to agriculture, energy, education and public sector reforms would be stepped up.

The total disbursement to Mozambique during the evaluation period amount to about DKK 4.5 billion (in current prices equivalent to roughly USD 700 million). A number of broad thematic or sector-based evaluations commissioned by Danida or carried out by or jointly with other donors have included Mozambique over the years. However, no overall evaluation focussing on the overall strategic choices (e.g. choices of sectors, modalities and geographical focus) and results of the country programme cooperation between Mozambique and Denmark has ever been carried out. Furthermore, the most recent country strategy expired in 2004. In early 2007 it was therefore agreed that a joint evaluation of the development cooperation between Mozambique and Denmark during the period 1992-94 should be undertaken. The evaluation would serve as an input to discussions on the future development cooperation between the two countries within the context of ongoing efforts to formulate a joint framework for development cooperation between Mozambique and it´s development partners.

To further the partnership principles of the Paris Declaration, it was agreed that the evaluation would be undertaken in close cooperation between the Evaluation Department in the Ministry of Foreign Affairs (EVAL) in Denmark and the Ministry of Planning and Development (MPD) in Mozambique, which is responsible for overall monitoring and evaluation of Mozambique´s development policies and strategies.

EVAL has taken a lead role as regards funding, contracting and implementation management, while the participation of MPD in the process has been a valuable contribution to the exercise and hopefully has contributed to building up experience in evaluation efforts in MPD. It is hoped that the joint experience gained can be useful also for future evaluations in Mozambique, be they of a sector-specific or wider nature.

The main purpose of the evaluation is to evaluate achievements made and extract experience from bilateral cooperation and utilise this in the decision-making process concerning future Danish (and international) support to Mozambique. The evaluation thus assesses achievements against the overall development objectives as formulated in the Mozambican strategies for development and poverty reduction (PARPA I and II) as well as in the Danish Strategy 'Partnership 2000' and the country strategies for collaboration

between Mozambique and Denmark published in 1995 and 2000. The efforts and achievements are assessed against the contemporary context and standards prevailing at the time, when decisions were made.

The evaluation assesses the Danish contribution in view of the general development efforts made in Mozambique during the evaluation period and in view of the combined efforts by development partners to support these. The assessment of the Danish development cooperation comprises the main bulk of the evaluation, however. The approach is inspired by debates among partners in the DAC Network on Development Evaluation concerning evaluations of development assistance at country level and draws on the approach developed for the evaluations of the Danish development cooperation with Uganda, Ghana and Benin.

The evaluation has been carried out by a team of external consultants from the UK-based company Mokoro Ltd. and ECORYS, a company based in the Netherlands.

This synthesis report presents the final conclusions and recommendations of the evaluation. The perception study and various thematic papers conducted as part of the evaluation as well as the appendixes to the evaluation are contained in the attached CD-ROM. All reports may also be found at www.evaluation.dk and at the MPD web-site www.mpd.gov.mz.

EVAL and MPD would like to thank all stakeholders who contributed in various ways to the preparation of the evaluation report.

Evaluation Department
Ministry of Foreign Affairs
Denmark

Ministry of Planning and Development
Mozambique

Acknowledgements

The evaluation team has been led by Stephen Lister and included Martin Adams, Ann Bartholomew, Alícia Calane, Amélia Cumbi, Simon Norfolk, Ferry Philipsen, Kerry Selvester, Daniela Stoicescu, Alex Warren-Rodríguez, Muriel Visser-Valfrey and Mette Visti. Dan Ross was the research assistant to the team and additional support to the evaluation was provided by Philip Lister and Frieda McAlear. Translation of Danish documents was undertaken by Gerda Adams, and Portuguese translations were prepared by Maria da Luz Prata Dias. Elisabeth Jossai, Assane Macangira and Paulo Wache joined the team as interns from the Institute of International Relations in Maputo. Peter Tygesen, who was separately commissioned to write a book about Danish aid in Mozambique, joined the evaluation team in the field work. Valuable Quality Support was provided by Rebecca Carter, Enrico Pavignani, Trish Silkin and Anneke Slob, but the responsibility for the outputs remains with the evaluation team.

The evaluation team would like to express their gratitude to representatives of the Government of Mozambique, the Ministry of Foreign Affairs of Denmark, the Royal Danish Embassy in Maputo and others (international agencies, non-governmental organisations and others) who provided valuable input into the study.

Table of contents

Preface 3
Acknowledgements 5
Acronyms and abbreviations 9
Exchange rates 12

Executive Summary 13

Part I: Introduction 27

1. Evaluation objectives and approach 27
1.1 Objectives 27
1.2 Approach 28
1.3 Report structure 31

Part II: Mozambique's development and the contribution of aid 32

2. Political and economic context 32
2.1 Introduction 32
2.2 Political framework 32
2.3 Economic framework 33

3. Aid relationships 35
3.1 Introduction 35
3.2 Volumes and sources of aid 35
3.3 Aid focus and changing aid modalities 39
3.4 Issues in partnership 40

4. Poverty reduction and the aggregate contribution of aid 43
4.1 Introduction 43
4.2 Economic development and poverty reduction 43
4.3 The contribution of aid 44
4.4 Implications for the evaluation 48

Part III: The Danish contribution 49

5. Denmark's aid strategy in Mozambique 49
5.1 Introduction 49
5.2 The Danish aid context 49
5.3 Denmark's Mozambique country strategy 52

6. Danish Mozambique programme overview 60
6.1 Introduction 60
6.2 Components of the bilateral programme 60
6.3 Total bilateral aid: components and trends 61
6.4 Planned and actual expenditures 63
6.5 The sector composition of Danish aid 63
6.6 Relative importance of Danish aid to Mozambique 71
6.7 Relative importance to Danida of the Mozambique programme 73

7. Danish Mozambique aid programme (main components) 75
7.1 Introduction 75
7.2 Financial support 75
7.3 Agriculture, rural development and fisheries 80
7.4 Energy 83
7.5 Education and health 84
7.6 Private Sector Development 88
7.7 Environmental management 90
7.8 Government and civil society 92

8. Cross-cutting issues and modalities of support 96
8.1 Introduction 96
8.2 Provincial aid and support to Tete province 96
8.3 HIV and AIDS mainstreaming 103
8.4 Gender 107
8.5 Accountability and corruption 109
8.6 Aid modalities 112
8.7 Capacity development and technical assistance 114
8.8 Management of the Danida programme 115

9. Assessment and lessons learned 117
9.1 Introduction 117
9.2 Assessments against the main evaluation criteria 118
9.3 Programme adaptation and lessons for the future 125
9.4 Lessons learned 128
9.5 Future directions and recommendations 130

References 133

Appendix A: Terms of Reference 140

All appendices to the Evaluation Report can be found on the attached CD-ROM or viewed on the website www.evaluation.dk.

Appendices
Appendix A: Terms of Reference (full version including evaluation matrix)
Appendix B: The Study Process
Appendix C: People Consulted
Appendix D: Supporting Data
Appendix E: Chronology
Appendix F: Danish Mozambique Aid Programme – Review of Main Components

Perception Study

Working Papers
WP01: The Political and Social Context
WP02: Agriculture, Rural Development and Fisheries
WP03: Danish Assistance to Education and Health
WP04: HIV/AIDS – Danish Contribution to Mainstreaming in Mozambique
WP05: Danish Aid to the Energy Sector
WP06: Environmental Management
WP07: Public Financial Management and Reform
WP08: Justice, Governance, Democratisation and Human Rights
WP09: Private Sector Development
WP10: Geographical Pattern of Danish Assistance and Danish Aid to the Province of Tete
WP11: Management of the Danida Programme
WP12: Technical Assistance and Capacity Development

Acronyms and abbreviations

ADIPSA	Support to Private Sector Initiatives in the Agriculture Sector *(Apoio ao Desenvolvimento de Iniciativas Privadas no Sector Agrário)*
AR	Assembly of the Republic
ASPS	Agriculture Sector Programme Support
B2B	Business to Business
BOP	Balance of Payments
CFJJ	Centre for Legal and Judicial Training *(Centro de Formação Jurídica e Judiciária)*
CNCS	National AIDS Council *(Conselho Nacional de Combate ao Sida)*
CSO	Civil Society Organisation
D	Danida (personnel)
D-RDE	Danida-Royal Danish Embassy, Maputo (Informant)
D-TA	Danida Technical Advisor
DAC	Development Assistance Committee (OECD)
Danida	Danish International Development Assistance
DFID	Department for International Development (UK)
DKK	Danish Krone
DPS	Provincial Directorate of Health *(Direcção Provincial da Saúde)*
EC	European Commission
EPS	Environmental Programme Support
ESPS	Energy Sector Programme Support
ESSP	Education Sector Strategic Plan
EU	European Union
EVAL	Danida's Evaluation Department
FCG	General Common Fund (Health Sector) *(Fundo Comun Geral)*
FRELIMO	Mozambican Liberation Front *(Frente de Libertação de Moçambique)*
GBS	General Budget Support
GDP	Gross Domestic Product
GNI	Gross National Income
GNP	Gross National Product
GOM	Government of Mozambique
HIPC	Heavily Indebted Poor Country
HIV/AIDS	Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome
HLC	High Level Consultation
HQ	Headquarters
Ibis	A Danish NGO – the successor to WUS after 1991
ICZM	Integrated Coastal Zone Management
IFAD	International Fund for Agricultural Development
IFI	International Finance Institution
IIPP	Integrated Industrial Pollution Prevention
ILO	International Labour Organisation
IMF	International Monetary Fund
KVA	Quality Assurance Department (of MFA)
LG	Local Government
LGA	Local Grant Authority
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals

MFA	Ministry of Foreign Affairs of Denmark
MICOA	Ministry for the Coordination of Environmental Affairs *(Ministerio para a Coordenação da Acção Ambiental)*
Mifresta	Environment, peace and stability *(Miljø, fred og stabilitet)*
MINAG	Ministry of Agriculture
MINED	Ministry of Education
MOE	Ministry of Education
MoE	Ministry of Energy
MOH	Ministry of Health
MS	Danish NGO
MTEF	Medium-Term Expenditure Framework
MZM	Mozambique Metical (currency)
NA	Not Available
NCG	Nordic Consulting Group A/S
ND	Non-Danida (personnel)
ND-Donor	Non-Danida Donor
NGO	Non-governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OECD/DAC	OECD's Development Assistance Committee
PAP	Programme Aid Partner
PARPA	Mozambique's PRSP/Strategy for the Reduction of Absolute Poverty *(Plano de Acção para a Redução da Pobreza Absoluta)*
PARPA I	Poverty Reduction Strategy Paper, 2001-05 *(Plano da Acção para a Redução da Pobreza Absoluta, 2001-05)*
PARPA II	Poverty Reduction Strategy Paper, 2006-09 *(Plano da Acção para a Redução da Pobreza Absoluta, 2006-09)*
PCR	Project Completion Report
PEFA	Public Expenditure and Financial Accountability
PEPFAR	President's Emergency Plan for AIDS Relief
PFM	Public Financial Management
PGBS	Partnership General Budget Support
PIU	Project Implementation Unit
PO	Poverty Observatory
PPP	Public-Private Partnership
PRE	Economic Rehabilitation Plan
ProAgri	Agriculture Sector Wide Approach
PROSAUDE	Health Sector Wide Approach
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development
PSR	Public Sector Reform
RENAMO	The Mozambican National Resistance *(Resistência Nacional Moçambicana)*
SADC	Southern African Development Community
SDC	Swiss Development Cooperation
Sida	Swedish International Development Cooperation Agency
SISTAFE	State Financial Administration System *(Sistema de Administração Financeira do Estado)*
SME	Small and Medium Sized Enterprises
SPS	Sector Programme Support
SWAp	Sector-wide Approach

TA	Technical Assistance
ToR	Terms of Reference
TSA	Technical Advisory Services, Danida
UEM	Urban Environmental Management
UK	United Kingdom
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Fund
US	United States
USAID	United States Agency for International Development
USD	US Dollars
UTRESP	Technical Unit for Public Sector Reform *(Unidade Técnica de Reforma do Sector Público)*
WB	World Bank
WFP	World Food Programme (UN)
WLSA	Women and Law Association in Southern Africa
WP	Working Paper
WUS	World University Service

Exchange rates

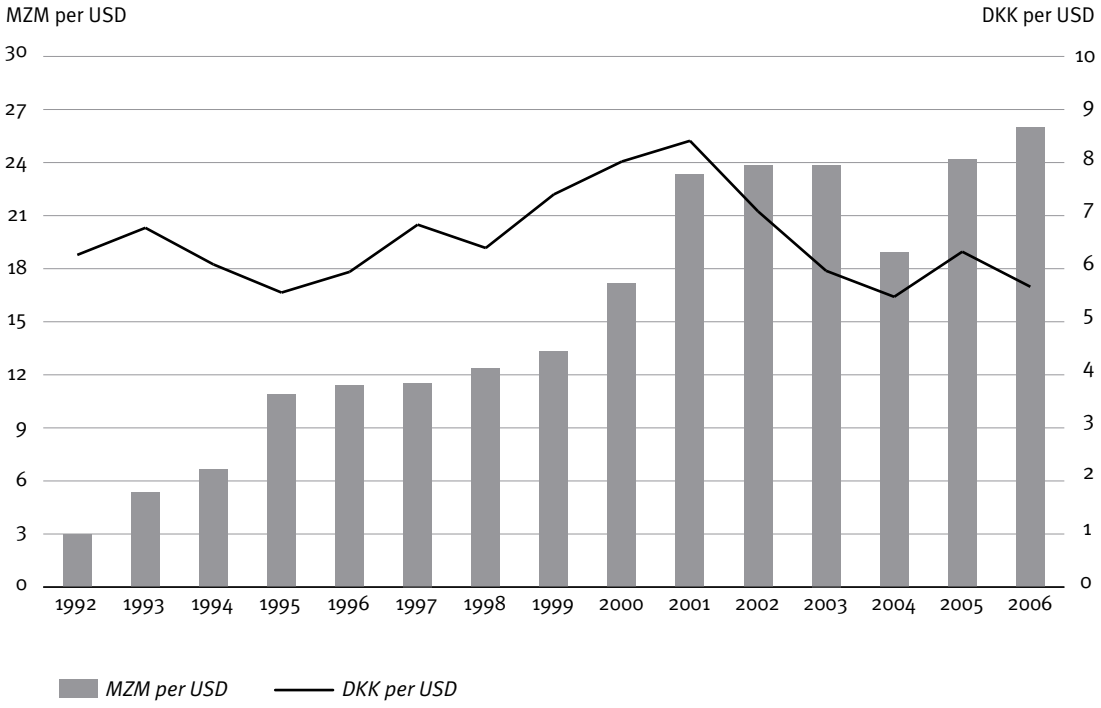
Exchange rates (March 2008)
Danish Krone
USD 1 = DKK 4.72

Mozambican Metical
USD 1 = MZM 24.08

NB: In July 2006 the Metical was redenominated at a rate of 1000:1, in effect removing three zeroes from the currency.

The chart below shows the historic rates of DKK and MZM against the USD during the evaluation period.

Danish Krone and Mozambican Metical vs. US Dollar 1992-2006



Source: IMF International Finance Statistics online

Financial years
Mozambique and Denmark
January – December

Executive Summary

Evaluation objectives and approach

This is an evaluation of the entirety of Danish Aid to Mozambique since 1992. The main purpose is to evaluate achievements against the overall development objective of poverty reduction as formulated in the overall development strategies for development in Mozambique, and development strategies relating to Danish development cooperation in general and with Mozambique.

The evaluation is based on a thorough review of available documentation, supplemented by interviews with a range of those involved with the Danida programme. A study of stakeholder perceptions was an important source of evidence, and is presented as a separate volume in the report. The analysis in the present volume also draws on a series of sectoral and thematic Working Papers.

The evaluation approach was first to assess Mozambique's overall performance and the contribution of aid as a whole (Part II), then to assess the Danish contribution (Part III).

Recovery and aid since the peace accord

Political context
After the end of Portuguese rule in 1974, Mozambique spent almost 17 years embroiled in a war. More than a million people are believed to have died and much of Mozambique's public and private infrastructure was destroyed during this conflict, in which the party which had achieved independence, FRELIMO, was challenged by the externally sponsored RENAMO.

Many factors, both political and economic, contributed to the peace settlement between RENAMO and FRELIMO in 1992. Important external factors included the end of the Cold War and political change in South Africa. The Nordic countries, including Denmark, were prominent in the diplomatic efforts to secure an accord, and to make it work.

As a condition of the settlement, the country moved to a multi-party system and held democratic elections in 1994. FRELIMO has won successive parliamentary and presidential elections, with RENAMO as its only major challenger. Although some of its margins of victory were narrow, FRELIMO has by far the strongest organisation and presence throughout the country. Thus the transition from war to peace, and the adoption of a pluralistic constitution, has not brought with it a realistic prospect of a democratic change of government. The boundaries between party, state and government are blurred, and most observers see FRELIMO as consolidating party channels of influence and control.

Economic framework
The war was a massive burden on the government budget, and the state-centred path of economic development that FRELIMO had adopted became increasingly untenable. By the mid-1980s Soviet support declined and Mozambique had to reconsider its economic

and political options. It became increasingly reliant on Western support, and joined the IMF and the World Bank. The government embarked on market-oriented economic reforms.

The peace accord of 1992 and the subsequent elections created favourable conditions for economic and social development. From a very low post-war level, Mozambique was one of the world's fastest growing economies in the period 2001-06, with a significant part of this growth driven by inflows of foreign aid and foreign-financed 'mega-projects' based on natural resources.

However, the transition to a market economy in Mozambique was not straightforward. The pool of skilled Mozambicans remained very small, and the formal private sector, major foreign investments apart, was weak. There was an inevitable overlap between the business and political elites. The Party has been reluctant to relinquish control over the economy and there is much continuity between the old era of socialism and the new era of capitalism. This is not surprising, but it means that, in economic as well as political terms, Mozambique does not conform neatly with the ideals of its western international partners.

In 1997, the external debt of Mozambique stood at USD 6.0 billion and the ratio of external debt to GDP at 233%, the highest for a country in Africa at the time. In 1999 and 2001 the country benefited from two rounds of HIPC debt relief. The HIPC process required the preparation of a Poverty Reduction Strategy (PRS), and Mozambique's first strategy for the reduction of absolute poverty, PARPA I, was prepared in 1999. Successive PARPAs became a focus for coordination of donor support.

The role of aid

Following the collapse of Soviet assistance to Mozambique, Western donors flooded in with support. The Nordic countries were early supporters of independent Mozambique, and still feature prominently among its bilateral donors. Non-OECD donors were of minor significance during the evaluation period, but some, such as China, are likely to be more important in the future.

In 1992, during the relief and reconstruction efforts, aid dependence was at its highest, with aid comprising 87% of GNI. Subsequently the volume of aid has increased from an annual average of just over USD 900 million during the 1990s to an annual average of around USD 1.3 billion from 2003-05.

In the early years, there was naturally a transition from humanitarian aid towards rehabilitation, both of infrastructure and of institutions. Later attention turned towards Mozambique's debt burden, with the same intent – that debt relief could make more resources available for poverty reduction.

There were related shifts in aid modalities. Sector-wide approaches (SWAps) were developed from the late 1990s onwards, and more radically, a system of joint coordination and dialogue about general budget support (GBS) was developed, which became linked to the PARPA. The group of Programme Aid Partners (PAPs) grew from a handful to nearly 20 by the end of the evaluation period. There has been a substantial shift towards more programmatic aid modalities, but project aid has remained substantial and has recently continued to grow in volume.

In Mozambique the capacity of Government (GOM) institutions, especially during the 1990s, was very weak. Initial donor efforts to strengthen public finance management (PFM) focused on ensuring alignment of public expenditure outlays with government policy objectives. In the late 1990s and during the present decade the focus of PFM reform gradually shifted towards the machinery of financial administration. Progress in the modernisation of the Mozambican system of public finance management is generally considered to have been good, but there are continuing constraints in planning, budgeting and PFM.

Some broad outlines can be drawn of Mozambique's performance over the evaluation period. Macroeconomic growth has been impressive, poverty reduction has been significant, and social service coverage has improved. Studies also show that aid has contributed explicitly to rehabilitation, expansion and operation of public infrastructure and services, and that aid has contributed to the development of public institutions. However, it is also necessary to point to several possible drawbacks of aid: the tendency for aid to be channelled in ways that undermine government capacity and coherence, the possible links between aid and corruption, and the wider issues of aid and national accountability. The evaluation therefore considered possible negative as well as positive effects of Danish aid.

The Danish contribution

Denmark's aid strategy in Mozambique
Danish aid is seen by OECD/DAC peers as generous and of high quality. It is also regarded as unusually focused on a limited number of programme countries and of sectors within those countries. A consensus supporting high levels of aid has been nurtured by attention to the Danish 'resource base' (businesses, academics and NGOs with a direct interest in aid).

As regards aid modalities, Denmark was an early advocate and practitioner of partnership with recipient governments and of the use of government systems so as to build capacity and promote ownership. It was an early mover away from isolated projects towards programmes designed at sector level. However, because of concerns about accountability and about the need for distinct visibility of Danish aid, it has been cautious about disbursing through government financial systems, and has had reservations about budget support.

Danish aid to Mozambique is not strictly governed by formal strategy documents. Country strategies became an important feature for Danida only in the mid-1990s, and only two such documents have been adopted by Danida for Mozambique during the period, namely in 1995 and 2000. These strategies played a process role and helped to crystallise thinking and plans, but they were not a rigid guide to resource allocation. In practice, the country programme is a rolling one, with considerable flexibility and scope for annual adjustments.

The evaluation of Danish strategy in Mozambique suggests a contrast between two broad periods: the 1990s were characterised by optimism and innovation, which gave way to uncertainty in the new millennium.

The Danish aid programme in Mozambique
Denmark's bilateral aid to Mozambique has a number of funding streams including the country programme, funding for advisors, Mifresta (Environment, Peace and Stability Fund), Private Sector Programme, NGO projects, and humanitarian aid.

A brief overview of Danish aid figures to Mozambique:

- Total Danish aid expenditure to Mozambique from 1992-2006 was almost DKK 4.5 billion (very roughly USD 700 million at contemporary exchange rates).
- There was a general upward trend in annual disbursements, with small dips in 1997, and again from 2003-05. At the beginning of the period the annual total was less than DKK 150 million; in the five years to 2006 this was closer to DKK 400 million.
- Denmark's share of official aid to Mozambique sat at just over 4% for the 1992-99 period, and rose to just over 5% for the 2000-06 period.

The main sectors in which Danida remained engaged through the period were Financial Support (Debt Relief, Import Support and GBS), Government and Civil Society, Education, Agriculture, and Health. Support to Energy has been substantial since 1997, and support to Environment since 1999. There was a small programme for Business and Industry over the period.

Significant amounts of Danish aid have been targeted to the provincial level. Danida has a history of support to Tete province, and the programme in Tete was broader and more coherent than in any other province.

Main components of the Danish aid programme

Financial support

The category of 'financial support' includes commodity import support, balance of payments (BOP) aid, debt relief and GBS. During the evaluation period, financial support amounted to DKK 748 million, or 17% of all expenditures over the entire period (less than the 20-25% anticipated in the country strategies).

At the beginning of the evaluation period, Mozambique was in the process of liberalising its economy, but foreign exchange dealings were still heavily restricted. With liberalisation, tied balance of payments support became less appropriate and more difficult to use, and there was increasing attention to budget support and debt relief.

The Ministry of Foreign Affairs (MFA) of Denmark had left the Mozambique country programme free to chart its own course on financial aid and budget support. Denmark became one of the leaders in the move towards debt relief, and in the system of coordinated budget support that has developed in Mozambique.

There have been two separate interruptions of Danish budget support. In 2004 budget support was withheld because of Denmark's concern about a court case involving the arrest of three Danish citizens. The temporary 'freezing' of budget support in 2006 followed Danida's dissatisfaction with progress in resolving the issues surrounding the financial management of funds for the education programme in Zambézia. The evaluation considers that both of these actions were an abuse of the budget support system, and rightly damaged Danida's reputation and credibility.

Apart from these blemishes, Denmark's financial support was an extremely valuable component of its aid to Mozambique. Financial support was highly relevant to Mozambique's needs in supporting macroeconomic stabilisation and reform and easing the constraints of the government budget. The Danish financial support operations were valuable in themselves, but their wider benefits in setting a pattern for other donors were probably even greater.

Agriculture, rural development and fisheries
Denmark's expenditure in this sector was DKK 488 million over the period (11% of total disbursements). The share of agriculture in the programme declined, but Danida remained the second most important donor to a sector that has experienced considerable donor fatigue.

Danish support to fisheries was mainly focused on semi-industrial fishing and on attempts to put in place a fisheries master plan. Neither effort was successful. The government failed to regulate fishing in a manner that would protect the interests of shore-based fishermen, and Denmark finally withdrew from the sub-sector in 2002.

As regards agriculture and rural development, Danida continued to support projects that had begun in the 1980s in Zambézia and Tete. During the 1990s, like other donors, Danida became increasingly concerned that fragmented project assistance was not developing effective capacity in the responsible sector ministry. It was prominent in the group of donors that developed ProAgri, a pioneering sector-wide approach for agriculture. From 1999 onwards Denmark's own efforts were formulated as Agriculture Sector Programme Support (ASPS) which included pooled support for ProAgri, supplemented by inputs to rural roads and a private sector support programme. The link with Danida's traditional provinces of focus was maintained through technical assistance.

All its initiatives in agriculture reflected Danida's understandable concern to contribute to the policy debate at the national level, to be involved with the practical aspects of developing the functional components of the agricultural system (i.e. production, training and extension, research, marketing, input supply and credit and regulation) and, most importantly, to remain committed to the realities of small-scale agriculture on the ground in selected areas by providing technical assistance to provinces, while grappling with the cross-cutting issues of gender, the emerging problems of HIV/AIDS and environmental protection and management.

However, there is a strong impression that Danida has spread its efforts too thin, while results from ProAgri have been disappointing. In the view of the evaluation, the time has come for a fundamental review of ASPS. Sector budget support should continue, but with links to efforts to devise and test practical solutions to current problems at district level. This is likely to be more attainable by focusing on a single province and sponsoring a more joined-up approach to rural development.

Energy
Danish support to the energy sector began in 1992 and is currently planned to be phased out. Energy was one of the major sectors supported by Danida's programme, and Danida was also a major donor to the sector, committing 25% of total bilateral funding over the evaluation period. As in several other sectors, isolated projects were later linked to a sector programme which sought to strengthen the main institutions in the sector.

Overall, Danida support to the Energy sector in Mozambique has been beneficial and relevant to the needs of the sector. The sector programme support was a step forward in terms of the coherence and efficiency of aid delivery. Denmark is now withdrawing from the sector, as part of longstanding efforts to streamline the country programme, and on the basis that other funding sources are available.

Education
Education accounted for DKK 492 million (11%) of total programme spending. Due to the war, at the start of the evaluation period the education system was in disarray. The challenge was to move from an emergency-oriented approach to a longer-term development vision, and in 1998, the government's Education Sector Strategic Plan (ESSP) was prepared and approved, focusing on access, quality and capacity building.

The first phase of Danida support to education was initially focused on four basic level technical schools. In 1995, Danida supported a one-year project to pay salaries of over 800 teachers in Tete province, and the preparation of its first education programme, over a five-year period. In the second phase, from 2002-06, Danida developed the Danish Support to the Education Sector Strategic Plan which closely followed ESSP priorities, and was implemented in Zambézia and Cabo Delgado, as well as Tete. This programme suffered major setbacks in 2005 from the discovery of accounting irregularities and the subsequent freezing of most activities (though contracts under way were continued).

The Project Completion Report for the first phase of the education programme emphasised that it was relevant and implemented well. For the second phase, no comprehensive overview is available, but it is clear that the suspension of funds following the accounting problems had a negative impact on the programme progress.

Health
Following the war, the health sector was also in disarray. Coordination was seen as an important issue, and mechanisms for joint donor funding of the sector were developed somewhat earlier than for education.

Health absorbed slightly less of the programme (9%) than education, with total expenditure DKK 412 million, but with less fluctuation. The first Danish Health Sector Programme in Mozambique was from 1992-96, with the second from 1996-2001. In both phases, support was provided to the provincial health directorate in Tete province. The major areas of focus were capacity building at provincial level, the rehabilitation of the primary health care system and construction and support to the Provincial Training Institute. The third phase was 2002-07. From 1999 support was also provided at national level.

There is substantial evidence that Danida support both at national level and in Tete contributed considerably to the improvement of the operation of the health system, with consequent improvements in health outcomes for Mozambicans. However, these improvements have been less prominent in the areas of quality and efficiency of care at the primary health care level.

Comparisons and contrasts between health and education
The evaluation found a number of points of comparison and contrast between Danish aid to the health and education sectors. Both had been generally relevant and successful in supporting basic social services, with a particular impact on Tete province. However, the health programme was more successful in its integration with the sector-wide approach, whereas the second phase of the education programme did not sufficiently reflect available lessons from the first phase. Although, as in health, Danida's programme was fully aligned with Mozambican strategies and programmes, it was not so well harmonised with other donors or integrated with Mozambique government systems.

Private sector development
Although Danida has always acknowledged private sector growth as important for the development of the Mozambican economy, a specific strategy for business and private sector development (PSD) did not feature until 2000. The private sector development programme was separately funded from Copenhagen, and based on business-to-business links with Danish firms.

The evaluation concluded that Danida's support for PSD in Mozambique has been marginal. Only a few companies were supported under the programme, and the tying of aid here also limits its usefulness. The more fundamental problem is that this programme does not address the constraints faced by the private sector in Mozambique. Danida needs to reorient its approach, so as to focus on supporting an enabling environment for PSD and addressing the key constraints faced by SMEs.

Environmental management
Danish assistance to Mozambique for environmental management started in 1996 using Mifresta funds for purely project-based assistance to resolve specific environmental problems, and gradually moved to a more programmatic approach, aimed at building the capacity of institutions at national and provincial level. Danida's main partner has been the Ministry for the Coordination of Environmental Affairs (MICOA), and support has focused on three main overlapping aspects of environmental management: Natural Resource Management, in particular Integrated Coastal Zone Management; Hazardous Waste Management; and Urban Environmental Management.

Despite the efforts of Danida and other donors, the capacity of MICOA remains weak. Only when international consultants have had a strong hand in the management of projects, have the immediate objectives been met. Further, where donors have stepped back from such direct involvement, results have been disappointing. The low political priority accorded to environmental management in Mozambique probably lies at the heart of the problem. It has resulted in a chronic lack of leadership, management and professional capacity in the sector.

Government and civil society
Support to government and civil society has been a major part of the Danida programme in Mozambique, with expenditure of DKK 617 million comprising 14% of the total programme. It is also clear that Danida has become an increasingly important donor in the sector. Between 1992 and 1999, Danida was the 8th largest donor in the sector; by 2005 Danida was ranked as the 3rd largest in terms of commitments.

Danida has made a substantial contribution to public sector reform, to the improvement of public finance management and to the strengthening of analytical capacity in government. Denmark's long and close relationship with the government has facilitated these interventions.

For two decades, Danida has also been at the forefront of donors to the justice sector in Mozambique, a poor country with fragile legal institutions and a history of executive interference and close control over the justice system. The nature of support has evolved from an initial focus on dealing with practical problems of capacity to a much more complex engagement designed to encourage greater coordination and integrated planning amongst the various justice sector institutions. Support for the justice system has been linked to broader support for democratisation and human rights.

Progress has been slow and uneven. There are signs that Danida's persistence in supporting better coordination and strategic planning across the sector may now be paying off. At the same time Danida can point to many tangible achievements, including its support for legal training and law reform, and it efforts to make legal aid more widely available.

The evaluation underlines the fact that Danida has often gone where other donors have hesitated to venture, and Danida's commitment over the years is seen as a sign of strength and is appreciated. The evaluation also highlights that many governance problems persist. This should not be read as a criticism of Danida's past support, but rather as underlining the need for vigilance to be maintained and increased, particularly in the context of the general budget support dialogue with the Mozambican authorities.

Cross-cutting issues and modalities of support

Provincial aid and support to Tete province

During the evaluation period, Denmark implemented a considerable part of its Mozambique country programme at a sub-national level. Three provinces, Tete, Inhambane and Maputo have accounted for the largest proportion of Danida's sub-national funding during that period. Since 1998 Tete has been the largest recipient of Danish aid funding provided at sub-national level, and also been the province that received the widest range of Danish funded aid initiatives.

Danida-supported activities in Tete province from 1992 until 2006 consisted mostly of extensions of nationally defined sector programmes. The evaluation concludes that the choice of Tete as an area of concentration was a valid one given the experience Danida already had in Tete, the fact that Tete had suffered disproportionately during the war, and the trend towards donor concentration in particular geographical areas. Danish aid had positively contributed to the rehabilitation of key infrastructures in priority areas in health, education, agriculture, energy and water & sanitation. Also its capacity building initiatives had a positive impact in improving government systems and skill levels in the public administration.

HIV and AIDS mainstreaming

The prevalence rate for HIV in Mozambique is 16%. The impact of HIV and AIDS is felt in all sectors of the economy and in all spheres of life, and women bear a heavy share of the burden: they constitute 58% of people living with HIV and AIDS, and 76% in the 15-19 age group.

HIV and AIDS activities have been financed in large part under the umbrella of the health sector, and through education sector support. Danida has used a number of approaches over the last five years to encourage mainstreaming of HIV and AIDS within the public and private sectors and the evaluation finds that Danida has led the field in practical mainstreaming of HIV and AIDS in Mozambique. This strategy is in line with national and international HIV and AIDS programming. However, more action is needed to explicitly link HIV and AIDS mainstreaming with gender considerations.

Gender

Gender relations in Mozambique are characterised by women's subordinate position, based on gender roles defined by traditional culture. As a result, gender inequality continues to be an obstacle for poverty reduction, as women have less access than men to productive resources, basic services and justice, and are disadvantaged in terms of power, participation, opportunities and security.

The government has developed several institutional mechanisms to promote gender equality, but their impact has been very limited. Evidence suggests that bilateral donors have also underperformed in addressing gender issues over the evaluation period.

Most Danida sector support programmes have had a gender component integrated into them, and Danida has also supported other gender programmes and projects. In addition to this, a special fund was established in 2002 by the Government of Denmark for initiatives aimed at promoting women and poverty reduction in its priority countries, which include Mozambique.

There have been some tangible achievements in the education and health sectors but overall, the results of Danida's attempts to integrate and mainstream gender into its programme in Mozambique have been mixed, as have been the results of trying to mainstream gender into sector-wide programmes.

To date, Danida has been focusing on mainstreaming gender and HIV/AIDS independently in its programmes, and there is evidence that these issues must be considered jointly, and in conjunction with poverty reduction interventions for the most significant impact.

Accountability and corruption
It is widely agreed that corruption is spreading and increasing at all levels, with especially negative effects on the poor, especially through impacts on social services and corrupt land management practices. Aid agencies have an immediate interest in accounting for the aid that they provide and a wider interest in combating corruption more generally. Danida traditionally takes a hard line on safeguarding its funds. At the same time it is committed to working with government bodies and strengthening government financial management and accountability systems.

Efforts to strengthen accountability are a pervasive feature of the Danish aid programme. Danida was one of the first donors to recognise the negative effects of fragmented aid delivery on government systems, and was one of the architects of the programme aid partnership which allows GOM and donors to address such issues collectively and on a government-wide basis.

For most of the evaluation period Danida tended to make financial management and monitoring one of the key functions of its TA staff, to the detriment of other advisory and capacity development roles. Although working closely alongside government bodies, Danida nevertheless tended to set up parallel disbursement procedures for its own interventions, which put additional pressure on its administration, especially at the Danish Embassy.

There have been several cases where Danida programmes have been held up by delays in resolving problems over financial irregularities, the most obvious example being the Zambézia case. As already noted, the freezing of budget support was inappropriate. There are deeper lessons that lie in the background to the episode: firstly, Danida relied too much on separate systems; and secondly, the experience shows that heavy reliance on TA to supervise and monitor programmes does not eliminate risk. The evaluation recognises the importance of insisting on high fiduciary standards, but unless reactions are graduated, they risk damaging programme performance to a disproportionate extent.

Aid modalities
The evaluation was required to review the appropriateness of the aid modalities used in the Danish programme for Mozambique. The Paris Declaration encapsulates current thinking about harmonisation among donors and alignment with government systems as well as government strategies. It sets targets for increasing the use of programme based approaches, reducing the number of separate programme implementation units, and for delivering aid through government systems.

In 2004 Danida commissioned a report on its aid modalities in Mozambique. It found that a high proportion of disbursements in 2003 were through projects and individual components of Sector Programme Support; and that the proportion of funds disbursed through the Ministry of Finance was remarkably low. These findings were distorted by the interruption to budget support in that year, and Danida has recently been increasing its commitments to the use of government systems and joint donor funding mechanisms. Nevertheless, the evaluation found it hard to reconcile the pattern of aid modalities used over the period with Danida's stated policies.

Danida's configuration of aid modalities is the result of a whole series of separate decisions in the course of choosing areas of intervention and then designing specific interventions. Such decisions have been influenced over the years by Danida's concern for separate visibility, by perceptions of fiduciary risk, by scepticism about the ability of government systems to deliver resources effectively to sector and provincial levels, by a reasonable belief in the value of maintaining a mix of modalities, and by a readiness to do things in a different way than other donors.

The evaluation's detailed sector-by-sector review shows that not all choices have been equally effective and decisions have not always been consistent across sectors. Signals from the Mozambique government are often mixed, since different government stakeholders have different interests and there are legitimate concerns about the capacity of government systems. Nevertheless, the current balance of modalities is a cause for concern. A particular challenge is to move much more of Danida's aid on budget. This is not simply a matter of making more use of budget support; it is equally important to move project aid on budget.

Future strategy should also recognise that such a plethora of separate interventions magnifies Danida's administrative burden. There is a strong impression that, despite good intentions, Danida's efforts in Mozambique are being spread too thin.

Capacity development and TA
All commentators highlight the scarcity of skills and the weakness of government institutions at the end of the war. Danida made the strengthening of capacity a central objective in most of its interventions. The evaluation's sector reviews find that the main Danida-supported programmes made substantial efforts to build up institutional, organisational and technical capacity through training and other forms of capacity development. Danida has made significant contributions to capacity development in its programmes, as well as in its support to public financial management and public sector reform.

Throughout the evaluation period, Danida supported a relatively large contingent of long term technical assistance personnel (TA), and such TA were usually an ingredient of its main programmes. The general perception is that most TA were of high quality and made a significant contribution. However, an approach to TA that was appropriate in the

circumstances of the early 1990s became less appropriate over time. As in other countries, Danida's deployment of TA was strongly influenced by their role in programme management and as financial watchdogs.

Not until 2005 was there a decisive change in Danida TA policy. The new guidelines sought to do away with the double role of advisors, making them clearly responsible to the host institution; TA is to be more clearly demand-driven, and its costs are to be fully and transparently incorporated in programme budgets; and much greater flexibility in programme design should allow TA inputs to be tailor-made for local context and requirements. This new approach came at the end of the evaluation period, and will take time to work through, but there have already been important changes in the working arrangements for Danish TA in Mozambique and a reduction in their numbers.

Management of the Danida programme
In the course of 15 years there were some major changes in the way that Danish aid was managed. In 2003 the Embassies in Danida's programme countries took on much greater decentralised responsibility for country level strategy and administration of the programme. This was accompanied by a system of agreed work plans to be monitored by the quality assurance section of the MFA. This was a major change, and most observers regarded it as positive. Today, however, the capacity of the Danish Embassy is under pressure because of the scope and complexity of the programmes it has to manage, while its professional staff numbers have been reduced since decentralisation.

Assessment
Overall assessment
There are ways (with hindsight) in which Danish aid could have been made more efficient and effective. But the evaluation's overall judgement is that Danish aid has generally been of high quality, and that Denmark made a valuable contribution to Mozambique's progress.

Relevance
Mozambique's explicit poverty reduction strategies were available only in the second half of the period and GOM planning and prioritising has tended to be weak. This has left aid agencies with considerable freedom of manoeuvre. Danida, however, was always careful to link its activities to GOM priorities, and most of the interventions Danida supported were clearly relevant to the relief and reduction of poverty.

Overall, the programme is judged very relevant. Elements highlighted as strongly relevant include: humanitarian relief; early support to the restoration of infrastructure; the focus on basic education, health and agricultural services; the focus on more needy provinces (Tete); support for the justice and legal sectors; focus on environmental problems affecting the poor; and support for the mainstreaming of HIV/AIDS. Weakly relevant or irrelevant elements include support to semi-industrial fisheries and to the private sector development programme. In terms of the cross-cutting issues and priority themes, most of these have been judged to be relevant. Attention to governance, human rights and democratisation has been one of the strengths of the programme, as has the support for HIV/AIDS mainstreaming.

Effectiveness
Overall, the programme is judged effective. Strongly effective elements to highlight include: humanitarian work and rehabilitation in the early years; support to Tete, includ-

ing restoration of social and physical infrastructure; support to recurrent costs of education and health; support to capacity building, and to the water supply; financial support programmes; support for PFM reforms; support to legal training; and the mainstreaming of HIV/AIDS. Ineffective elements to highlight include support to fisheries, environmental management in Lake Niassa and the Greater Maputo area, and the private sector development programme. Some programmes were less effective than was hoped, but in areas where the context was especially difficult. This applies to agricultural support and ProAgri; to the environmental management programme; and to Danida's support to governance and justice.

Efficiency
Overall the programme is judged efficient. However, there is room for improvement in the overall efficiency of the current programme, particularly by streamlining and sharpening its focus while improving the balance between the different aid modalities used. Factors which worked towards enhancing the efficiency of the programme included: the geographical focus on Tete; attention to recurrent costs as well as capital cost requirements; and the strong focus on improved planning, budgeting and monitoring capacity in both education and health.

Special mention should be made of elements which had a multiplier effect – influencing the efficiency and effectiveness of other aid and development programmes. These included: the strengthening of planning and budgeting systems mentioned above; Denmark's advocacy role for Mozambique; its pioneering of debt relief; its role in developing the Programme Aid Partnership for budget support; the five cities project in environmental management; and recent work on low-cost school construction.

Several factors also served to reduce the efficiency of the programme. These included: the tying of financial support in the 1990s; the maintenance of parallel project and programme accounting systems; disproportionate reactions to some accountability problems; and in a broader sense, not carrying through the degree of concentration and streamlining that Danida's strategies have called for.

Impact/Results
The combined assistance of donors has clearly had a positive impact on the welfare of Mozambicans. Danish aid has played its part. In terms of specific results, Danish aid clearly contributed to increased school enrolment for both boys and girls and also to overall improvements in policy, planning and implementation. There is substantial evidence that Danida support contributed considerably to the improvements in health services. Provision of energy to remote rural settlements where most poor people live, while not commercially viable at the time, helped improve the quality of life of ordinary Mozambicans in smaller towns and enhanced the effectiveness of local hospitals, schools and small businesses.

Results have been less visible but also much more difficult to achieve in agriculture and environment. There are no indications of positive impacts in the fisheries sector. In governance, there have been some significant achievements, e.g. training of judges and justice personnel, law reforms, public sector reform and in public financial management. Even so, corruption has been of growing concern and major challenges remain in this field. Support to civil society has proven difficult because of the incipient state of development of Mozambique's civil society organisations.

Sustainability
In general, Danida's interventions have been strongly influenced by the concern to achieve continued long-term benefits. This is reflected in a systematic preference for working with government institutions rather than in free-standing projects, and for linking interventions to coherent national and sector policies (where these exist). There have been strong components of training, system development and capacity building, while Danida's concern for sustainable results is also reflected in its commitment to long-term support of Mozambican institutions.

Coherence and complementarity
Notably positive aspects in the Danida programme include: the design of programmes that are strongly aligned with the priorities established in sector and national plans; efforts to anchor its activities in sector programmes; deliberate efforts to pick geographical areas and programmes that were underserved by other donors; efforts to attain a critical mass of support in Tete; a leading role in support to governance and justice; a role in establishing Mozambique's budget support system; and its HIV/AIDS mainstreaming work.

There are, however, contextual factors that make coherence and complementarity difficult to achieve. The weakness of GOM institutions makes alignment with national policies more difficult, while the number and variety of active donors adds to the challenge of harmonisation.

There have also been several shortcomings in Danida's efforts, notably, at the strategic level, a chronic failure to cut the number of sectors it was involved in; at the sector level a tendency for 'sector programmes' to consist of a cluster of separate projects; and a tendency to spread activities too thinly across some sectors; a tendency to rely too much on parallel systems of project management and disbursement; and the pursuit of an isolated approach to private sector development.

Recommendations
The evaluation highlights a number of lessons to be learned from the experience of Danish aid in Mozambique. These are reflected in the recommendations summarised below.

Lesson learning
Danida should be more systematic in ensuring that the lessons of experience are built into successive phases of programme design. This would include: explicit consideration of lessons learned in project documents; more systematic identification and monitoring of performance criteria, including those that relate to capacity development; and strengthening the system of project completion reports and interim progress reports.

Country strategy
The need for coherence among all aid partners changes the way an individual donor's programme and strategy are viewed. It is right to draw performance indicators primarily from the strategy documents of the partner country. However, the hiatus since the 2000-04 strategy has added to uncertainty. It remains important for the Danida programme to be guided by a long-term strategy, governing its objectives, areas of intervention, approach to aid modalities and so forth.

On the concentration and focus of the country programme
It is right to reduce the number of sectors, but the challenge of streamlining goes further. It requires reviewing the internal coherence of activities in the sectors that are retained. In particular it is important to strike a balance between staff-intensive project activities, and the pursuit of broader support and policy objectives through pooled donor approaches, including sector and general budget support. This aspect should be explicitly addressed at the level of each sector component in the programme.

On areas for continued Danida involvement
It is not the evaluation's role to design a complete strategy, but in light of the need to reduce the number of main sectors, the following views are offered: the decision to exit from energy should be upheld; Danida should remain involved in agriculture, because of the sector's importance, Danida's accumulated experience, and the tendency of other donors to neglect it; if Danida is serious about concentration in line with EU commitments on the division of labour, it will not be able to justify continued direct involvement in both the education and health sectors. Continued involvement in governance and justice is particularly important, because of the subject matter, and because of Danida's accumulated experience and ability to be one of the leading agencies in the sphere. There should be stronger links between gender and HIV/AIDS as cross-cutting themes. Danida should continue to work at provincial as well as central level, but in harmony with government systems and with attention to the links between the different levels of involvement.

On aid modalities
The evaluation agrees that the choice of modality should be driven by practical considerations, and that there needs to be a balance between modalities. The next country strategy should explain more clearly how different modalities will complement each other in the pursuit of the programme's objectives. Danida should adopt a stronger presumption in favour of working with joint donor approaches and disbursing through country systems. It should seek to ensure that a much higher proportion of all its aid is on-budget at all relevant stages of the budget cycle.

On staffing and TA
Changes in the aid environment also imply the need for different skill sets and activities from staff (project management requires different expertise from running broad sector programmes and participating in harmonised management and dialogue). The new approaches to TA embodied in Danida's 2005 guidelines should be followed through. This will have broader implications for the way Danida projects/programmes are designed and managed.

On accountability and corruption
Danida should continue to be vigilant, and continue to work to strengthen government systems (and civil society demands for accountability). At the same time, Danida should try to minimise stop-go effects by applying graduated and proportionate responses to accountability problems. Budget support should not be misused as a short-term political or diplomatic lever.

On public understanding
Concerns about how the aid programme may be viewed in Denmark have been one of the sources of uncertainty in recent years. It is important to raise public understanding about the practicalities, the politics and the benefits of aid.

Part I: Introduction

1. Evaluation objectives and approach

1.1 Objectives

This is an evaluation of the entirety of Danish aid to Mozambique since 1992. This does not include Danish aid via multilateral agencies (e.g. through Danish contributions to the UN system, the World Bank, etc.), but it does include Danida-funded activities by Danish NGOs in Mozambique, as well as several different lines of Danida funding. These are fully explained in Chapters 5 and 6 below.

The Terms of Reference (ToR) are at Appendix A. The evaluation objectives, as summarised in the ToR, are reproduced in Box 1.1.

Box 1.1: Purpose of the evaluation

The main purpose is to evaluate achievements against the overall development objective of poverty reduction as formulated in the overall development strategies for development in Mozambique and development strategies relating to Danish development cooperation in general and with Mozambique. (ToR, §3.1)

From the Evaluation Matrix (appended to the ToR):

The overall purpose of the evaluation is to assess how Danish aid has responded to the rapidly changing circumstances in the aid context and development needs in Mozambique – not just through its choice of modalities but as much through its choice of partners, time perspectives, geographical and institutional focus, etc? What lessons can be learned from the Danish support that may be useful for the future development assistance to Mozambique and other countries?

The evaluation will try to answer if, and to which degree, Danida's assistance to Mozambique

- Has been *relevant* in relation to country needs (poverty reduction, transition and development)
- Has been *relevant* in relation to national policies and strategies, including the Mozambican PRSP (PARPA I & II)
- Has been sufficiently aligned with national policies and harmonised with the assistance of other donors
- Adhere to overall Danish and Mozambican policy goals concerning poverty reduction as well as cross-cutting issues and priority themes
- Has been *effective* in making contributions and/or attributions to the overall political, economic and human development of Mozambique – both at the national and local level – and in specific sectors.

- Has been *efficient*, i.e. compared to different ways of delivering assistance. And efficiently aligned with national policies (e.g. PRSP) and harmonised with assistance of other donors
- Has been *sustainable* in relation to its choice of modalities, i.e. whether it was developed and undertaken in cooperation with relevant national and local authorities and in different sectors?
- And is *sustainable* in the sense that it strengthened the organisational capacity of relevant national and regional and local authorities

The evaluation should review the achievements against the specific indicators of the two country strategies covering (1995-2000)[sic] and (2000-04) respectively – and make recommendations for the future focus of the Danish support to Mozambique within the context of the future Joint Assistance Strategy for international support to Mozambique. Achievement of *long term effects* will be assessed in the context of the overall level of achievements of the combined support from donors to Mozambique and the country's own efforts.

Source: ToR, including Evaluation Matrix (see Appendix A).

The ToR describe the intended users of the evaluation as follows:

The main users of the evaluation include the Ministry of Planning and Development (MPD) in Mozambique; the Ministry of Foreign Affairs in Mozambique; members of the Parliament in Mozambique as well as relevant Mozambican partners (ministries, public and private plus civil society institutions) and the Danish Embassy in Maputo.

In Denmark the intended main users of the evaluation are the Board of Danida, Danish parliamentarians, the country desk and other relevant departments in Ministry of Foreign Affairs, Copenhagen.

The general public and civil society in Denmark and Mozambique will constitute secondary target groups for the evaluation.

The ToR further specify that:

In the spirit of the Paris Declaration, the evaluation will be carried out as a joint exercise under the leadership of the Ministry of Planning and Development in Mozambique and the Evaluation Department in the Ministry of Foreign Affairs of Denmark (MFA).

1.2 Approach

Evaluating an entire donor programme poses many challenges. It requires the evaluators to go beyond an analysis of its component projects. The ToR emphasise the need to focus on the level of strategic choices (e.g. of sectors, partners and aid modalities). The long

time period (the 15 years from 1992 through 2006) magnifies the challenge. It is much easier to locate documents and witnesses for the recent past than for the earlier period. Equally, while it is easier to document expenditures and the tangible outputs of the programme, it is important to investigate also the intangible influences that it may have had.

Inevitably, there have been major changes in context and in the objectives and standards applied to aid in general and to this programme in particular. It is important to be sensitive to the objectives and standards of the time, although forward-looking lessons and recommendations will be rooted in a contemporary understanding of aid effectiveness.

The objectives of the evaluation have been highlighted in Box 1.1. The ToR also set out a methodological framework, of which the main elements were:

(a) A systematic, sequential approach to analysis, beginning with the broader performance of the country and the influence of aid in general, then focusing in on the Danish contribution. This is reflected in four headings/levels for the evaluation:
   1. Context and framework conditions.
   2. Combined donor efforts.
   3. The contribution of Danish financed activities to Mozambique's development.
   4. Implementation modalities and follow-up of Danish development assistance.

(b) An evaluation matrix, attached to the ToR, which followed these levels and proposed detailed questions/issues plus relevant indicators and data.

(c) Adherence to OECD/DAC principles and evaluation criteria (see Box 1.2).[1)]

(d) A perception study as an important source of evidence and an additional evaluation output (see Box 1.3).

Box 1.2: The DAC evaluation criteria [2)]

The five DAC evaluation criteria are:

- *Effectiveness:* The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
- *Efficiency*: A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.
- *Relevance:* The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies.
- *Impact*: Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
- *Sustainability*: The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.

Source: OECD/DAC 2002 (Glossary of Key Terms in Evaluation and Results Based Management).

1) These are the foundation for Danida's Evaluation Guidelines (November 2006).

2) As anticipated in the Inception Report, this evaluation also makes special reference to criteria of coherence and complementarity (see Chapter 9).

The evaluation process and timetable are described in Appendix B [3)]. Valuable preliminary work was undertaken separately (a) to compile documents and data from the MFA and the Danish Embassy in Maputo on the Danish aid programme in Mozambique – the so-called pre-study (NCG 2007), and (b) to provide a synthesis of relevant studies and evaluations (Nordeco 2007). The main period of field work was in November 2007, and included field visits to Tete and Cabo Delgado. The Inception Report spelt out the methodology and work programme in detail, and was the focus of a valuable workshop in Maputo on 15 November 2007. People consulted are listed in Appendix C, and references are provided after the main text of this report. The references include a list of the sectoral and thematic Working Papers which facilitated an in-depth treatment of the main issues and also facilitated a clear demarcation of roles within the evaluation team. The Working Papers were an essential platform for this evaluation report.

Another crucial input – also published on the CD-ROM – was the Perception Study (see Box 1.3). It was compiled as an integral part of the evaluation process, drawing on all the interviews undertaken by the evaluation team. It systematically juxtaposes the perceptions of "Danida" and "non-Danida" stakeholders. Its evidence is inherently subjective, and most interviewees have a direct interest in Danish aid. Nevertheless, it provides interesting insights, and has been a valuable complement to the data and documentary research undertaken by the evaluation. At certain points this report refers to the Perception Study as a key source of evidence; but even where it is not explicitly referred to, the evaluation has drawn on the information and insights from the interviews in arriving at judgments. Quotations in this volume that are not otherwise attributed are drawn from the perception study data base; speakers are not named, but their affiliations are indicated (see the key below).

Informant categories

	No. informants	Abbreviation
Non-Danida	**146**	
Central government	45	ND-GOM
Local government	47	NDE-LG
Donor	20	ND-Donorw
NGO & CSO	18	ND-NGO
Agency (independent, semi-autonomous, government)	12	ND-Other
Other	4	ND-Other
Danida	**57**	
Technical Assistants	20	D-TA
MFA Danida, Maputo	29	D-RDE
MFA Danida, Copenhagen	8	D-MFA
Total (149 men, 54 women)	**203**	**(149 men, 54 women)**

3) Apart from the ToR, appendices are included on the CD-ROM but not in the printed version of this report.

Box 1.3: The perception study

Objective: The ToR envisage a perception study which:

Should be designed so as to collect and document assessments of the Danish support, its modalities, strategies and in general of the way Danish support is delivered, as seen from the Mozambican side, by the representatives of Mozambique's central government, local governments and civil society, and as seen by development partners.

Method: The study draws primarily on interviews conducted by the study team, but also draws on perceptions gleaned from documentary sources, such as newspaper articles. A range of informants were interviewed covering the different fields and periods of Danish assistance. A total of 166 interviews were undertaken with 203 informants. In order to maintain accuracy and authenticity, most interviews were conducted by at least two team members. Notes were written up as soon as possible after the interview, and were checked by all the team members who had been present. Interviews were not tape-recorded, so there is not a complete verbatim record. However, phrases presented in quotation marks in this volume were noted at the time as direct speech. Other paraphrases also follow the original notes very closely.

Many of the interviews took place in Portuguese, but all the interview notes were written up in English. Many of the quotes are therefore the interviewer's translation of what was said in Portuguese.

Scope of the perception study report: The report systematically juxtaposes the views of Danida informants with those of other stakeholders, with perceptions recorded by theme and sector. It begins by noting international perspectives on Danida and Danish aid that appear in the donor peer reviews published by the OECD/DAC). It then examines perceptions by different themes such as the kind of donor and organisation Danida is perceived to be and how the Danish Mozambique Programme is perceived to have developed. Issues such as Danish attitudes towards corruption and accountability, harmonisation and alignment and aid modalities adopted are also addressed. Detailed perceptions from the following sectors are outlined: Agriculture, Health, Education, HIV/AIDS, Energy, Environment, Gender, Governance, Justice, Human Rights & Democratisation, Private Sector Development, and Technical Assistance. A section on perceptions of Danish support to Tete province is also included.

1.3 Report structure

The evaluation followed the logic of the evaluation methodology in its work plan (see the study process at Appendix B). The same logic determines the structure of this report.

The present introductory chapter constitutes Part I of the report. Part II addresses levels 1 and 2 of the evaluation framework (Mozambique's overall performance, and the contribution of combined donor efforts). Part III then analyses the Danish contribution.

Part II: Mozambique's development and the contribution of aid

2. Political and economic context

2.1 Introduction

The evaluation period begins with the peace accord of 1992. This chapter briefly describes the background to the evaluation period, and sketches the main political and economic developments subsequently. (A much fuller treatment is provided in Working Paper 01.) Chapters 3 and 4 then address aid relationships in more detail, and assess Mozambique's performance in poverty reduction, and the overall contribution made by aid.

2.2 Political framework

Colonialism, independence and war
During the later part of the Portuguese period in Mozambique, powerful companies dominated the extraction of primary commodities in what constituted enclave developments, using cheap labour. Disparities developed between the districts and provinces that had been chosen for investment and those that had not. Investment in social infrastructure for the advancement of the indigenous population was intentionally discouraged. Portugal clung on to its African colonies long after France and Britain had relinquished theirs. As a result, the independence movements in Mozambique and other Portuguese colonies resorted to armed struggle – a struggle which was seen as part of the broader resistance to white minority regimes in Southern Africa.

In April 1974 the powerful bloc of conservative military and social forces ruling Portugal was brought down in a left-wing coup. Partly as a result of the huge cost of the colonial wars, one of the first acts of the new government in Lisbon was to negotiate the rapid withdrawal of Portugal from its African colonies.

Thus, in June 1975, after ten years of war, the liberation front, FRELIMO, took control of the territory. Within a year, almost all the Portuguese population had left. The new government had to resort to the junior levels of the state bureaucracy and members of the urban working class in Maputo in order to ensure that the new nation could keep going.

Nordic countries sponsored the newly independent state and supported the goals of reducing poverty and inequality. The first agreement on development cooperation with Denmark, which was signed in 1977, included support for a joint Nordic agricultural programme, 'MONAP'. In the meantime, young 'New Left' volunteers – nurses, doctors and engineers – helped to fill the gaps; many were indirectly funded by the Danish Government through the World University Service (WUS), the forerunner of Ibis.

The new government showed solidarity with the Zimbabwean freedom fighters. In turn, the Smith regime in Rhodesia backed the operations of the National Resistance

Movement (RENAMO) as a destabilising force in Mozambique. After Zimbabwe's independence in 1980, RENAMO drew continued support from South Africa.

The human cost of the independence war and the subsequent conflict over a combined period of 17 years was enormous and blighted two generations. In a decade-long proxy war, more than one million people are believed to have died and much of Mozambique's public and private infrastructure was destroyed. Forty percent of the population lost their homes, were internally displaced or became refugees, many of them from the central provinces.

Peace settlement and multi-party democracy
Many factors, both political and economic, contributed to the peace settlement between RENAMO and FRELIMO in 1992. Important external factors included the end of the Cold War and political change in South Africa. The Nordic countries, including Denmark, were prominent in the diplomatic efforts to secure an accord, and to make it work.

As a condition of the settlement in Mozambique, the country moved to a multi-party system and held democratic elections in 1994. The freedom to form new political parties and to run for election was exercised by a number of groupings, but there has yet to be the same reconciliation between political adversaries as occurred in South Africa. Nonetheless, Mozambique has managed to introduce an electoral regime in which movements that were formerly in violent opposition have moved towards fragile pluralist practices. The electoral system that was adopted has favoured large parties. FRELIMO has won successive parliamentary and presidential elections, with RENAMO as its only major challenger. Although some of its margins of victory were narrow, FRELIMO has by far the strongest organisation and presence throughout the country. Party allegiances have followed mainly geographic and historic lines, and RENAMO has been the predominant party in the central provinces, where about 40% of the population live.

Thus the transition from war to peace, and the adoption of a pluralistic constitution, has not brought with it a realistic prospect of a democratic change of government. The ruling party is long accustomed to the exercise of state power, while the rebel-turned-into-opposition party is still fragile and unorganised, has poorly articulated policies and lacks experience of political office. The boundaries between party, state and government are blurred, and most observers see FRELIMO as consolidating party channels of influence and control.

2.3 Economic framework

Economic travails after independence
In 1975 the state was reborn as a people's republic, a modernising, socialist state, nationalising land and strategic assets, including the banks. Meanwhile, the volume of income from migrant labour and the transit trade through Maputo decreased rapidly. The degree of state intervention was at first selective. It took over only those enterprises for which it had sufficient personnel and experience to manage, but in the 1980s the colonial legacy of state intervention was deepened and expanded. The government's proposals for the development of industry and agriculture were ambitious. The 10-year plan 1980-90 projected an investment of one billion USD for agriculture and industrial projects. But, owing to lack of funds and skilled labour, most of the schemes had to be shelved.

The war was a massive burden on the government budget. By the mid-1980s Soviet support declined and Mozambique had to reconsider its economic and political options. It became increasingly reliant on Western support, and joined the IMF and the World Bank. The government embarked on structural adjustment programmes and the dialectic of Marxism was replaced by the discourse of the market; privatization supplanted the state's socialist programmes.

However, the transition to a market economy in Mozambique was not straightforward. The pool of skilled Mozambicans remained very small, and the formal private sector, major foreign investments apart, was weak. There was an inevitable overlap between the business and political elites. The Party has been reluctant to relinquish control over the economy and there is much continuity between the old era of socialism and the new era of capitalism. This is not surprising, but it means that, in economic as well as political terms, Mozambique does not conform neatly with the ideals of its western international partners.

Recovery after the peace accord

The peace accord of 1992 and the subsequent elections created favourable conditions for economic and social development, and Mozambique achieved exceptionally rapid rates of growth as it rebounded from the ravages of war. Resumption of agriculture was a vital early driver, but the economy also underwent important structural changes, with the share of agriculture in GDP declining from 38% in 1995 to 23% in 2002. A significant part of the strong economic growth was driven by inflows of foreign aid and foreign-financed, enclave 'mega-projects', partly owned by large South African multinationals in collaboration with international capital and International Finance Institutions (IFIs), involving aluminium and energy, natural gas, and mineral sands. The average growth of GDP in real terms rose from 7% in 1987-95 to 10% in 1996-99. In 2005 the growth rate was 7.7% and in 2006 it reached 8.5%.

Poverty reduction strategies

In 1997, the external debt of Mozambique stood at USD 6.0 billion and the ratio of external debt to GDP at 233%, the highest for a country in Africa at the time. In 1999 and 2001 the country benefited from two rounds of HIPC debt relief. The HIPC process required the preparation of a Poverty Reduction Strategy (PRS), and Mozambique's first strategy for the reduction of absolute poverty, PARPA I, was prepared in 1999. It responded to findings about the extent and depth of poverty derived from a 1996/97 household survey, and successive PARPAs (see Box 3.1 below) became a focus for coordination of the donor support that is discussed in the next chapter.

3. Aid relationships

3.1 Introduction

Ideas about aid effectiveness, the aid modalities used, and the framework of relationships among donors and the Government of Mozambique all changed so much during the evaluation period that the aid landscape in Mozambique in 2006 was radically different from what it had been in 1992. It is impossible to evaluate Denmark's contribution without taking these changes into account (and, as will become clear in Part III, Danida was often one of the innovators). In this chapter therefore, the main features of aid relationships in Mozambique as they have evolved since the peace accord are briefly sketched.

3.2 Volumes and sources of aid

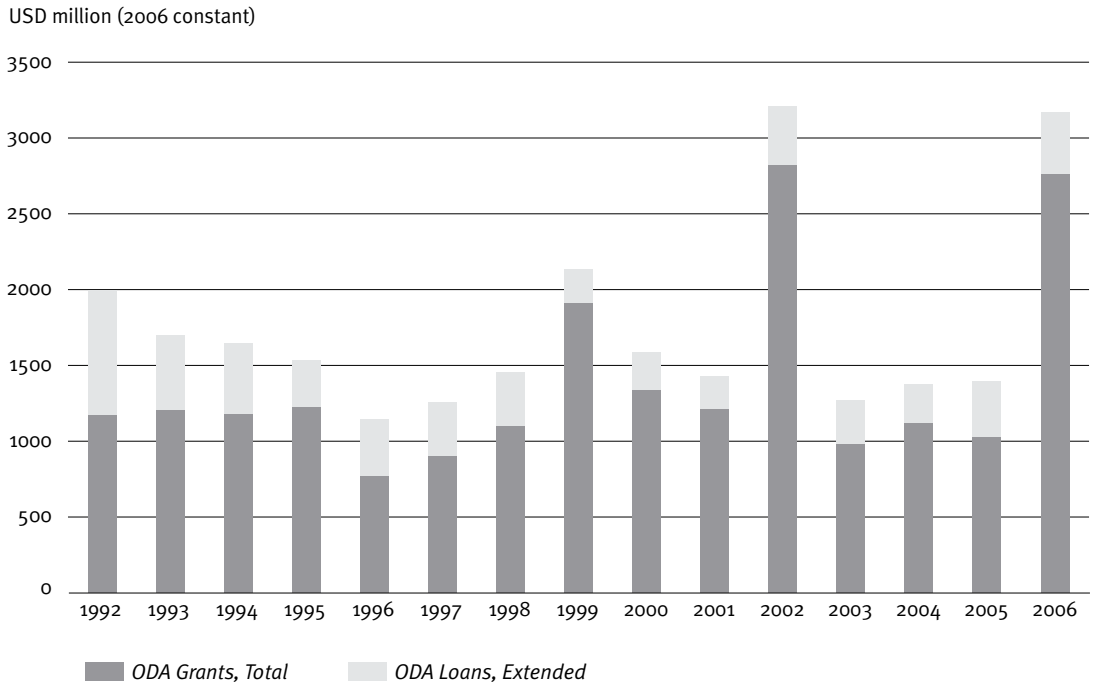
Aid volumes [4)]
In real terms, aid flows were at their highest during the relief and reconstruction efforts at the beginning of the evaluation period. In 1992 aid dependence was at its highest, with aid comprising 87% of gross national income (GNI). Subsequently, the volume of aid has increased from an annual average of just over USD 900 million during the 1990s to an annual average of around USD 1.3 billion from 2003-05.[5)]

Figure 3.1 shows that there has been a shift from loans towards grants over the period. The grant share rose from 59% of total ODA in 1992 to 73% in 2005. The peaks in 1999, 2002 and 2006 reflect successive rounds of debt relief. In practice the effect of debt relief on the GOM budget is spread out over the years when debt service would otherwise have been due. As discussed below, debt relief had a fundamental influence on aid relationships.

4) In Mozambique, as is the case for most aid recipients, there is a lack of consistent data on ODA. Unless otherwise specified, this chapter uses OECD/DAC figures on aid commitments and disbursements. This provides a comprehensive data series, but has the disadvantage that the reported figures are often higher than actual ODA received. Nonetheless, the data does allow analysis of broad patterns and trends.

5) In current USD terms; note that Figure 3.1 uses 2006 constant USD.

Figure 3.1: Total grants and loans extended from donors to Mozambique



Source: OECD/DAC.
Note: Based on ODA loans extended plus ODA grants; these totals may differ slightly from ODA total net.

Aid dependence

Mozambique receives some of the largest volumes of aid flows in Africa, as illustrated in Table 3.1. In terms of aid per capita and the ratio of aid to GNI, it is one of the most aid dependent countries. In 2005, donor support comprised around 44% of total public spending and around two thirds of public investment. However, the final column shows Mozambique's aid was substantially less concentrated than in other countries – in the sense that the smaller donors (those outside the top ten by volume) provided nearly 30% of the aid. This reflects the exceptionally large number of aid agencies active in the country. Mozambique's popularity among donors reflects several factors: the country's high political profile in southern Africa, its poverty and the desperate humanitarian and reconstruction needs after the war, the international respect enjoyed by its leaders, and a track record of making effective use of aid against the background of its striking post-war recovery. Mozambique is often cited as a 'donor darling'.

Table 3.1: ODA flows, selected African countries (average 2003-2005)

	ODA (USD million)	Aid / GNI	Aid per capita, (USD)	Aid Concentration[a)]
Burkina Faso	652.98	12.57%	51.01	81.63%
Ethiopia	1890.51	18.80%	27.02	80.86%
Ghana	1696.21	13.03%	78.29	85.30%
Kenya	812.65	4.00%	24.26	77.74%
Mali	714.99	13.07%	54.58	86.65%
Mozambique	**1251.80**	**21.93%**	**64.41**	**71.46%**
Rwanda	502.64	25.93%	56.48	81.93%
South Africa	694.67	0.33%	15.27	83.89%
Tanzania	1017.11	14.93%	27.05	80.37%
Uganda	1256.26	15.93%	45.13	82.44%

Source: Warren-Rodríguez 2007

a) Aid concentration is measured by calculating the percentage share of the top ten donors in total aid.

Principal donors

Table 3.2 shows the principal donors to Mozambique over the period. Prior to the peace accord, Western donors had already largely displaced the former Soviet bloc. The Nordic countries were early supporters of independent Mozambique, and still feature prominently among its bilateral donors. More recently, special-purpose funds have become more prominent, most notably in the health sector, but also the USA's Millennium Challenge Account (MCA). Non-OECD donors were of relatively minor significance during the evaluation period, but some, such as China, are likely to be more important in the future.

Table 3.2: Mozambique's principal donors, 1992–2006 (USD million, current prices)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total
All Donors, Total	**1459.7**	**1175.5**	**1198.9**	**1062.4**	**885.7**	**948.1**	**1040.2**	**804.8**	**876.1**	**931.1**	**2200.7**	**1036.7**	**1234.9**	**1276.6**	**1611.0**	**17742.5**
Multilaterals	**448.3**	**360.6**	**464.2**	**362.2**	**331.4**	**325.8**	**327.1**	**206.9**	**247.2**	**193.8**	**536.0**	**325.2**	**484.3**	**500.1**	**667.5**	**5780.6**
WB	105.9	93.0	176.3	159.8	220.2	146.6	128.4	78.0	93.7	53.0	297.2	159.1	194.2	242.7	244.4	2392.4
EC	89.5	82.9	101.4	79.0	62.0	70.8	84.1	89.1	78.8	73.6	137.8	90.2	151.1	162.6	174.6	1527.2
UN	155.8	131.6	143.5	93.4	27.9	30.0	34.7	26.4	26.8	30.2	33.4	45.0	42.8	39.9	47.6	909.0
Other Multilateral	97.2	53.2	43.0	30.1	21.3	78.4	79.9	13.5	47.9	37.0	67.7	31.0	96.1	55.0	200.9	952.0
Other Donors	**1011.3**	**814.9**	**734.7**	**700.2**	**554.3**	**622.3**	**713.2**	**597.9**	**628.9**	**737.3**	**1664.7**	**711.6**	**750.7**	**776.4**	**943.5**	**11961.9**
United States	52.0	61.0	73.0	96.0	45.0	71.0	70.5	70.6	115.5	91.8	159.7	135.4	110.0	85.4	108.9	1345.7
Italy	249.9	97.0	93.9	26.9	34.8	20.4	110.6	11.6	13.1	13.1	446.5	15.1	27.0	21.6	30.2	1211.5
Germany	36.3	136.2	101.3	110.9	41.3	40.5	85.2	51.6	47.8	40.7	156.9	37.9	38.7	42.6	64.9	1032.6
United Kingdom	40.7	47.0	38.7	35.6	35.4	72.5	53.0	49.4	82.7	185.2	48.0	63.4	65.9	80.8	99.4	997.5
Sweden	97.2	71.8	73.5	54.2	61.3	52.1	31.9	51.4	46.3	42.6	45.3	56.5	67.9	79.3	91.8	922.9
France	80.1	52.5	33.2	42.9	20.7	45.0	37.1	34.0	16.1	15.3	431.6	16.6	14.6	13.7	9.0	862.3
Norway	73.1	59.1	72.2	52.2	51.8	54.7	49.5	36.7	38.2	32.6	38.7	54.1	61.1	67.9	64.3	806.2
Netherlands	54.2	42.5	41.7	54.5	45.7	42.7	48.5	43.9	61.6	86.6	52.0	47.3	54.7	64.5	59.7	799.8
Portugal	161.0	104.9	39.2	59.1	51.4	89.4	61.5	52.7	32.8	34.3	23.9	19.1	24.3	22.6	21.7	797.6
Denmark	26.6	31.9	36.4	45.5	46.8	30.1	47.6	51.5	46.9	48.3	51.9	66.4	67.4	64.9	71.1	733.2
Japan	38.7	18.9	43.3	39.8	30.1	38.1	40.6	63.3	20.0	33.5	69.7	35.3	19.4	14.8	106.8	612.2
Switzerland	19.0	19.1	30.1	27.0	27.1	18.1	21.8	17.6	25.1	23.4	21.6	20.8	27.7	24.6	22.4	345.4
Canada	28.6	29.2	17.4	5.8	13.4	9.1	12.9	11.7	8.0	13.9	9.0	26.7	27.3	56.2	49.4	318.4
Spain	10.6	16.6	4.4	16.5	16.7	7.2	10.7	8.0	23.5	11.7	33.5	22.6	32.5	29.4	33.6	277.3
Finland	22.8	9.5	12.6	11.9	10.9	10.1	12.2	14.8	11.6	10.6	11.8	22.0	25.7	24.8	28.4	239.4
Other	20.6	17.8	23.9	21.6	22.2	21.4	19.8	29.3	39.9	53.9	64.6	72.4	86.6	83.6	82.2	659.8

Source: OECD/DAC (April 2008); in rank order of total disbursements (but note distortion by differing volumes of debt relief and use of current prices).

3.3 Aid focus and changing aid modalities

Changing focus of aid

In the early years, there was naturally a transition from humanitarian aid towards rehabilitation, both of infrastructure and institutions. The peace dividend was seen partly in terms of a shift from defence spending towards basic social services. Later attention turned to Mozambique's debt burden, with the same intent – that debt relief could make more resources available for poverty reduction. There were controversies on the donor side about the appropriate macroeconomic strategy and fiscal targets for Mozambique. In the mid-1990s a number of the bilateral agencies put pressure on the IMF to set less rigid fiscal conditions, so as to allow Mozambique to make more effective use of the grant aid that was available. In due course multilateral debt relief funded by a group of bilateral agencies was superseded by the HIPC initiative, in which large-scale relief was linked to an explicit poverty reduction strategy. Box 3.1 shows key features of successive poverty strategies.

Box 3.1: Mozambique's poverty reduction strategies

The priority areas for action in PARPA I were: education, health, basic infrastructure, agriculture and rural development, good governance, and macroeconomic and financial administration. PARPA I, over the period 2001-05, was used as a focus for harmonisation of donor programmes and their alignment with government objectives. The degree of domestic participation in the PARPA process and the arrangements for PARPA monitoring and evaluation (M&E) were problematic throughout, although the government did address the consultation issue by creating the Poverty Observatory (PO), which helped to provide space for more civil society input.

After an evaluation of the implementation of PARPA I by the government, civil society and the international community, PARPA II was drafted in 2006 and is now under implementation (2000-09). PARPA II continued the priorities of PARPA I, while increasing the focus on conditions for sustained economic growth, support to small and medium enterprises (SMEs), and development of both the internal revenue collection system and methods for allocating budget funds. PARPA II has three main pillars: governance, human capital, and economic development. Objectives were also defined for eight cross-cutting topics: gender, HIV/AIDS, the environment, food and nutrition security, science and technology, rural development, natural disasters, and de-mining. PARPA II also highlighted the objective of increasing donor alignment and harmonisation, but an action plan for collecting and processing the required M&E data was still not specified. While both PARPA I and II target good governance, PARPA I stresses the need for this as a condition for poverty reduction, while PARPA II places more emphasis on economic growth through decentralisation, and creating the conditions for sustained economic growth.

Changing aid modalities and aid management structure

There were related shifts in aid modalities. Donors began to recognise the problems associated with large numbers of uncoordinated projects, their tendency to bypass government channels, and the difficulty of achieving sustainable results. Reactions included joint donor efforts to work with government on a sector-wide basis. Sector-wide approaches (SWAps) were developed from the late 1990s onwards in the health, education and agriculture sectors. More radically, a system of joint coordination and dialogue about general budget support (GBS) was developed, which, in due course, was linked to

the PARPA. From a handful of bilateral agencies, the group of Programme Aid Partners (PAPs) grew to nearly 20 by the end of the evaluation period. Moreover, agencies not providing GBS were also associated with the process, and the overall dialogue was linked to a comprehensive series of GOM/donor working groups at sector and thematic levels. A system of annual joint reviews was linked to an agreed Performance Assessment Framework (PAF). Also, in the spirit of mutual accountability, independent assessments of performance focused on donors' performance as well as the GOM's. In contrast to some other countries, the move towards a systematic budget support dialogue was not led by the IFIs, but by a group of bilateral donors, Denmark included, which had a longstanding close relationship with the government (see Batley et al 2006).

There has been a substantial shift towards more programmatic aid modalities, but project aid has remained substantial and has recently continued to grow in volume. It is difficult to get consolidated information on different donors' modalities for disbursement of ODA. Table 3.3 gives information reported by 18 donor agencies giving programme aid to Mozambique who constitute the majority of aid donors. The table shows that 28% of ODA disbursed by the PAP donors in 2005 was through GBS, 25% through sector aid and 36% through projects. Interestingly, although there was an increase in funding for GBS, there was also an increase in funds directed to projects. Current levels of GBS and programme aid are below the GOM targets which are for 70% of total aid to be disbursed as programme aid and 40% through GBS. It is also estimated that 43% of G19 donor support is off-budget (see the discussion of PFM issues below).

Table 3.3: ODA by modality, estimates on PAPs sample

	2004	% Total aid	2005	% Total aid
1. BOP Support	60,071,616	6.64%	--	0.00%
2. GBS	183,274,000	20.27%	284,825,713	27.79%
3. Sector Aid	254,204,238	28.11%	254,268,471	24.81%
4. Project Aid	287,501,085	31.79%	372,448,019	36.34%
5. Private Sector Support	25,710,822	2.84%	21,214,666	2.07%
6. NGO Aid	57,911,057	6.40%	71,934,630	7.02%
7. Others	26,873,256	2.97%	16,387,926	1.60%
8. Decentralisation	8,780,213	0.97%	3,870,000	0.38%
Total	**904,326,287**	**100.00%**	**1,024,949,425**	**100.00%**
Programme aid (1+2+3)	**497,549,854**	**55.02%**	**539,094,184**	**52.60%**

Source: Warren-Rodríguez, 2007

3.4 Issues in partnership

Planning and public finance management

Virtually all donors proclaim a desire to align their assistance with the national priorities of the recipient. In Mozambique, however, the capacity of GOM institutions, especially during the 1990s, was very weak, and GOM plans and budgets did not provide a very convincing guide to the allocation of donor resources. GOM financial management systems were also archaic and weak, so there was a natural reluctance by most donors to entrust their funds to

government disbursement. These issues are reviewed in detail in Working Paper 07, which notes that public financial management (PFM) and its reform have been at the centre of the policy debate and structural reform agenda in Mozambique throughout the evaluation period. Initially, during much of the 1990s, debates and reform efforts in the sphere of PFM focused on ensuring alignment of public expenditure outlays with government policy objectives, in terms of guaranteeing an appropriate level of budget funding to priority policy areas, especially in social sectors. In the late 1990s and during the present decade the focus of PFM reform gradually shifted towards the machinery of financial administration.

Focus on the quality of PFM systems was intensified by the need to monitor the use of debt relief and budget support, and, more recently, aid agencies have agreed on a common PFM diagnostic – the PEFA (Public Expenditure and Financial Accountability) indicators. Against these criteria, progress during past two decades in the modernisation of the Mozambican public financial management system is generally considered to have been good, as evidenced by the various studies conducted on these issues, including the 2006 PEFA assessment of Mozambique (Lawson et al 2008). Nevertheless, there are continuing constraints in planning, budgeting and PFM, as highlighted in Box 3.2.

Box 3.2: Continuing constraints in planning, budgeting and PFM

Despite positive steps and a generally positive public financial management outlook in Mozambique, there are continuing shortcomings in planning, budget and PFM systems which undermine planning and budget formulation processes, the transparency of public finance activities in Mozambique and the efficiency of the Mozambican PFM system. Thus, the Processo Único still remains to be institutionalized as the methodology for planning and budget preparation, in terms of giving it legal status and streamlining it into the internal regulations and management procedures of the ministries of Finance, Planning and Development and line ministries. Similarly, the government still has to establish the institutional mechanisms that ensure inter-ministerial coordination in the planning and budget process. This has become an especially urgent matter in light of the recent break-up of planning and budget formulation functions into two separate ministries. Moreover, although the most recent version of the Medium Term Expenditure Framework (MTEF) has been approved by the Council of Ministers, as of 2006 it was still not truly being used as an instrument for strategic planning and budgeting, so that budget preparation continued to be largely undertaken on an incremental basis.

Planning and budget formulation continues to be largely sector-driven, and does not have a clear framework for dealing with territorial and cross-cutting considerations. Moreover, there is still not a clearly defined national monitoring and evaluation system nor a reporting system, and those that already exist are frequently inadequate, fragmented and incompatible with each other.

With regard to audit functions, both the internal and external audit subsystems require further capacity building improvements, in terms of better human resources, skills, experience as well as a strong legal framework that enables these institutions to effectively pursue cases of fraud, misappropriation and financial mismanagement of public funds. Many of the improvements that have taken place over the past decade have been at a central level. The capacity and quality of financial management systems and processes at provincial, district and municipal levels tend to remain weak and under-resourced.

Source: Working Paper 07.

In Mozambique, as in many other countries, it was recognised that the profusion of off-budget arrangements was undermining both planning and financial system development. Concerted efforts have been made to bring more aid on budget (see Warren-Rodríguez 2007). These have had considerable success, aided more recently by the introduction of a Single Treasury Account system, and the development of an electronic financial management system (e-SISTAFE) which facilitates disbursements at provincial as well as central government levels. However, substantial amounts of official aid to the government sector are still off-budget.

Decentralisation and the provincial focus of aid

Local government reform has been pursued in terms of (a) decentralisation of urban areas, granting municipalities some political, administrative and fiscal autonomy and (b) administrative deconcentration in rural areas, with the central government delegating some responsibilities while retaining fiscal control. In the bulk of the country, provinces and districts form an integral part of the national government. Each provincial government is headed by a governor, who is nominated by and responsible to the President. The provincial governments have a series of provincial directorates, politically subordinate to the provincial governors, but technically and administratively guided by their respective ministries at national level. The provincial and district directors of line departments are now formally appointed by and subordinate to provincial governors and district administrators.

Historically aid agencies have chosen to focus on supporting specific provinces or even districts over a wide range of sectors in areas such as health, education, roads or agriculture. From the mid-1990s, the trend has been a shift towards sector-wide strategies with the establishment of donor common funding arrangements created at the national level. In this development, some donors have withdrawn most of their aid to Mozambique at this sub-national level, largely focusing on national-level programmes. For those operating at provincial level, the inefficiency of GOM disbursement systems has been a problem, with donors (and provincial/sectoral recipients) often preferring to rely on direct disbursements by the donor. (Working Paper 10 explores these issues in detail.)

Mutual accountability, harmonisation and alignment

Concerns for aid effectiveness have been taken up at international level and coordinated by the OECD Development Assistance Committee. The 2005 Paris Declaration has provided a joint agenda for aid agencies and partner governments seeking to strengthen the management of aid and the effectiveness of combined donor and government resources. These issues have been actively taken up in Mozambique, where, as noted, there is now a very elaborate structure for aid coordination and dialogue. An important consequence for bilateral donors is that their direct bilateral relationship with GOM tends to be submerged by the mechanisms for collective discussions amongst donors and with the government, both at sector and national levels.

4. Poverty reduction and the aggregate contribution of aid

4.1 Introduction

The evaluation methodology requires the Danish contribution to be assessed in the context of Mozambique's overall performance and the contribution of aid as a whole (i.e. headings one and two of the evaluation framework – see Chapter 1). However, the ToR stipulate that:

> this part of the evaluation will be based almost exclusively on existing data and knowledge, including a synthesis paper on existing evaluations and related studies on development and development assistance to be prepared as an input to the main evaluation.

The synthesis referred to (Nordeco 2007) is a comprehensive survey of available literature. This chapter draws directly on its findings, and more particularly on the analysis of the effects of aid in Arndt et al. (2006). The chapter first summarises the conclusions on overall performance and the contribution of aid that have informed the rest of the study. It then highlights a number of issues concerning the possible negative effects of aid and its role in the future – issues which are particularly relevant to the analysis of Danish aid in the rest of this report.

4.2 Economic development and poverty reduction

Data on Mozambique leave much to be desired. The poverty trends that are usually cited are those between 1996/97 and 2002/03, which are the dates of two major surveys; there is considerable debate about their detailed findings, and the possibilities of geographical and other disaggregation are limited. [6)]

However, the broad outlines of country performance are clear, as follows: [7)]

(a) **Macro-economic growth is impressive.** It is broadly agreed that Mozambique has experienced impressive growth rates over the last 10-15 years. From 2001 to 2006, it was one of the world's fastest growing economies and the average GDP growth rate in real terms rose from just under 7% in 1987-95 to 10% in 1996-99. In 2005 the growth rate was 7.7% and in 2006 it reached 8.5%. Initially an important driver of growth was the rebound from war, with the rural population able to resume a normal economic life. Later, as noted in Chapter 2, a few mega-projects have had a strong influence on overall performance but without much direct linkage to other sectors.

6) For a survey of the issues see the recent Poverty, Gender and Social Assessment (World Bank 2007).

7) See Nordeco 2007 for details of the secondary sources from which these conclusions are derived.

(b) **Poverty reduction is significant.** The incidence of poverty [8] declined from 69% in 1996/97 to 54% in 2002/03, a significant achievement, albeit starting from a very low post-war level. Mozambique is judged to be on track on the MDGs related to poverty, child mortality, maternal health and malaria, but less likely to meet the goals on hunger, education, gender, HIV/AIDS, water and sustainable development. Regardless of which method is used to adjust for household composition, poverty in Mozambique fell dramatically between 1996/97 and 2002/03.

(c) **Social service coverage has improved.** Access to basic health and education services has been extended, although there are continuing concerns about the quality of services, and about regional disparities in provision.

Table 4.1, drawn from Mozambique's 2005 MDG report, shows how some key indicators evolved between 1997 and 2003. Apart from the decline in poverty already cited, there were substantial reductions in child and maternal mortality and an increase in life expectancy (despite an ominous doubling of HIV/AIDS prevalence). There were large increases in primary school enrolment and completion rates, with an improvement in the gender ratio.

At the same time, growth and poverty reduction also exhibit some problems. All the studies and evaluations reviewed by Nordeco conclude that, despite significant economic growth, there are still serious problems in relation to poverty reduction and in relation to benefits of economic growth reaching the poor. The rural family farming sector in particular is not profiting from the growth, and rural poverty remains Mozambique's overriding problem. Mozambique remains near the bottom of the rankings on per capita GDP and the Human Development Index.

4.3 The contribution of aid

The Nordeco study reports that: all the analyses and assessments reviewed agree that aid has contributed significantly to the macro-economic performance and overall development process in the country. The following contributions are identified:

- Resource transfers have stabilised the economy and in the process have facilitated other domestic and foreign investments.

- Aid has contributed to the rehabilitation, expansion and operation of public infrastructure and services.

- Aid has contributed to the development of public institutions, through direct support and through policy advice and technical assistance.

8) *Poverty incidence is measured against a country-specific poverty line, derived from estimates of households' basic requirements for food and non-food items. For an explanation of the methodology, see World Bank 2007.*

Table 4.1: MDGs and other key indicators, 1997-2003

Selected indicators	1997					2003					2015
MDG Target Indicator	**Total**	Urban	Rural	Men	Women	**Total**	Urban	Rural	Men	Women	**Target**
1. Population living below the national poverty line (%)	**69.4**	62.0	71.3	-	-	**54.1**	51.5	55.3	-	-	**44.0**
2. Underweight children (under-five, %)	**26.0**	14.8	30.7	26.5	25.6	**23.7**	15.2	27.1	24.7	22.6	**17.0**
3. Primary completion rate (%)	**22.0**	n/a	n/a	n/a	n/a	**38.7**	n/a	n/a	n/a	35.4	**100.0**
4. Ratio of girls to boys, first phase of primary education	**0.71**	n/a	n/a	-	-	**0.83**	n/a	n/a	-	-	**1.00**
5. Under-five mortality rate (per 1,000 live births)	**219**	150	237	224	212	**178**	143	192	181	176	**108**
6. Maternal mortality rate (per 100,000 live births)	**1,000**	n/a	n/a	-	-	**408**	n/a	n/a	-	-	**250**
7. HIV/AIDS prevalence among adults (15-49, %)	**8.2**	n/a	n/a	n/a	n/a	**16.2**	n/a	n/a	n/a	n/a	**n/a**
8. Prevalence & death rates associated with malaria (%)	**7.0**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**3.5**
9. Land area covered by forest (%)	**21.0**	n/a	n/a	-	-	**n/a**	n/a	n/a	-	-	**n/a**
10. Population with access to improved water source (%)	**37.1**	66.8	26.1	-	-	**35.7**	57.7	26.4	-	-	**70.0**
11. Household with access to secure tenure (%)	**n/a**	n/a	n/a	-	-	**n/a**	n/a	n/a	-	-	**n/a**
Other indicators											
Population size (million)	**16.1**	4.6	11.5	7.7	8.4	**18.5**	5.6	12.9	8.9	9.6	**-**
GDP per capita (USD)	**217**	-	-	-	-	**262**	-	-	-	-	**-**
Gini coefficient (income inequality)	**0.40**	n/a	n/a	-	-	**0.42**	n/a	n/a	-	-	**-**
Life expectancy at birth (average years)	**42.3**	48.8	40.2	40.6	44.0	**46.3**	50.1	44.9	44.4	48.2	**-**
Adult literacy (15 years and above, %)	**39.5**	67.0	27.8	55.4	25.9	**46.4**	69.7	34.3	63.3	31.2	**n/a**
Net enrolment rate in first phase of primary education (%)	**44.0**	n/a	n/a	49.0	39.0	**69.4**	n/a	n/a	72.4	66.4	**100.0**
Children immunized against measles (1 year-old, %)	**57.5**	93.0	47.1	57.8	57.1	**76.7**	90.8	70.8	77.4	76.0	**95.0**
Population with access to improved sanitation (%)	**41.1**	74.7	28.7	-	-	**44.8**	71.7	33.4	-	-	**60.0**
Births attended by skilled health personnel (%)	**44.2**	81.4	33.9	-	-	**47.7**	80.7	34.2	-	-	**n/a**

Source: Republic of Mozambique 2005

Note: 1997 and 2003 are the years of national household surveys from which the key data are drawn.

Arndt and colleagues are equally clear in their conclusions:

> Mozambique is clearly a success story in terms of growth and poverty reduction since 1992. We have demonstrated that aid has played a determinant role in making this possible. Without sustained aid at a high level there is no way in which Mozambique would have been able to: (i) establish peace so smoothly; (ii) manage the challenge of post-war stabilisation; and (iii) carry out widespread reconstruction. *(Arndt et al. 2006)*

However, they also draw attention to the possible drawbacks of aid, highlighting three areas: the tendency for aid to be channelled directly to sectors, [9] the possible links between aid and corruption, and the wider issues of aid and national accountability.

On the negative effects of channelling aid directly to sectors, the study (like many others) notes:

> the historical tendency of channelling external funding directly towards sectors, bypassing central review and management, has contributed both to weak central planning capacities and poorly coordinated policy interventions. As expressed in a World Bank expenditure review: "The policy process does not always consist of formulating a strategy and then having donors contribute to specified parts of it. Instead donors make proposals and, in a decentralized fashion, projects are taken on. The result is a mosaic of programs based on different philosophies, of differing quality and with widely differing cost structures". *(World Bank, 2003: 33-34) (quoted in Arndt et al. 2006)*

They recognise that pooled funding has been a response, but also observe that this does not necessarily resolve the fragmentation of planning and the undermining of GOM's public finance management system. Thus:

> particularly at the sector level, pooling instruments have been developed on an ad hoc basis with little interaction between sectors or with central planning functions. This further exacerbates the sectoral dimension of aid flows. *(Arndt et al. 2006)*

It is universally observed that corruption has become a more serious and visible problem in Mozambique. Arndt et al. argue that: *The relevant issue here is not whether corruption exists or has intensified, but rather what relation these perceptible trends have had with external aid.* The increased flow of resources may increase opportunities for corruption, but it has deep underlying social and political roots. However, it is argued:

9) i.e. the issue of appropriate aid modalities.

> Of further interest is the extent to which external agencies have understood and/or attempted to redress these negative institutional dynamics associated with external aid. Certainly the recent donor emphasis on public financial management and justice reform represents recognition of deficiencies in these areas that may be aggravated by external funds. Evaluations of past interventions however have noted insufficient attention to institutional strengthening such as the development of internal checks and balances through internal audit and an independent judiciary... *(Arndt et al. 2006)*

There are broader questions about aid and accountability:

> A wider dimension to this discussion relates to the impact of external aid on political institutions and the state-citizen relationship. External aid can reinforce patron-client relations and weaken the public accountability (legitimacy) of the government due to a reduced need to develop an effective and efficient tax administration system. A consequence can be increased fiscal indiscipline and disinterest in coherent developmental policies supportive of a more constructive state-citizen relationship. [There is some support for] the hypothesis that political attention to internal revenue generation probably has been undermined by the availability of external finance. Hodges and Tibana (2005) go further, arguing that the quality and public relevance of political processes such as the government budget have been weakened by the government's access to and reliance on external funding. Certainly one observes a split in political accountability to the public, via democratic institutions on the one hand, and the donors via extra-democratic processes on the other. *(Arndt et al. 2006)*

Finally, Arndt et al. warn against complacency.

> In spite of the achievements since 1992 ... Mozambique remains one of the poorest countries in the world, and the economy is characterised by, at best, an incipient private business sector. The population is still mainly rural, depending on peasant agriculture and highly vulnerable to climatic vagaries. Aside from the contribution of the mega-projects, there is limited penetration into world markets and imports are heavily financed by external aid. Despite progress in the expansion of public infrastructure and social services, coverage of these public goods remains limited.
>
> We would also argue that there is a need to be alert to the possibility that high rates of return to aid in the past do not provide a guarantee that aid will be productive in the future. Three areas of concern illustrate this:
>
> - First, there is increasing evidence that absorptive constraints are starting to bind, especially in the social sectors where internal resources to cover recurrent expenditure may not expand in line with investment plans.

- Second, continued returns to aid depend on addressing the institutional effects of heavy aid inflows. Shifting domestic incentives towards critical assessment of aid and its impact with a view to informing genuine domestic policy formation stands out as a major issue. While government will obviously have to deal with the donor community, it is fundamental that accountability and transparency vis-à-vis the Mozambican public is deepened. Both government and the donor community should take a pro-active stance in this regard.

- Third, as already alluded, part of the development of an effective development-oriented government will involve the deepening of its relationship with the Mozambican public. ... The nurturing of effective checks and balances on government activity will represent an important element in enhancing the credibility of democratic processes. Again, in this both government and donors should be pro-active. *(Arndt et al. 2006)*

4.4 Implications for the evaluation

These findings and perspectives have implications at two levels for this evaluation:

(a) In reviewing the past, the evaluation needs to consider not only whether Danish aid contributed to the positive effects of aid, but also whether it exacerbated or helped to mitigate the possible negative effects of aid.

(b) In considering forward-looking recommendations, the evaluation needs to take account of the challenges posed by Mozambique's pattern of development and the complex influences of aid on Mozambican society and governance.

Part III: The Danish contribution

5. Denmark's aid strategy in Mozambique

5.1 Introduction

Danish aid strategy for Mozambique is subject to three main sets of influences: the Mozambican country context, the context of what other donors do and advocate, and the context of Danish influences. The country and donor contexts have been addressed in Part II: the characteristics and evolution of Danish aid to Mozambique are considered next.

5.2 The Danish aid context

Aid levels
Denmark provides consistently high levels of aid relative to GDP (see Box 5.1). In 1988 Denmark decided to concentrate aid on selected "programme countries". Mozambique has always been one of these programme countries.

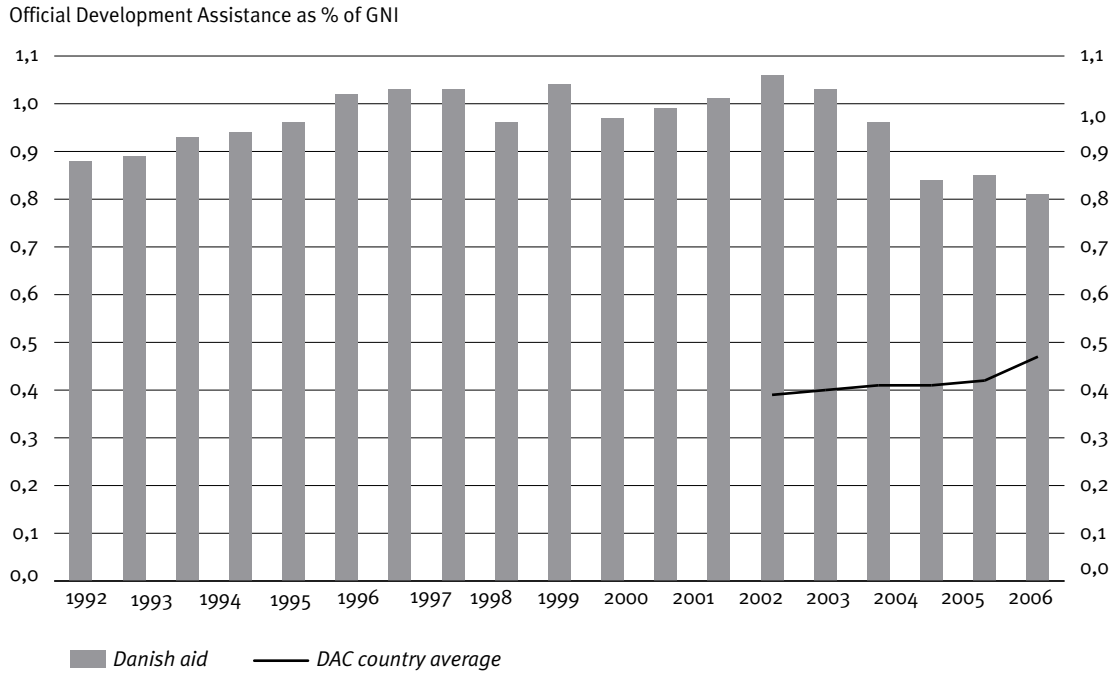
Generous aid levels are sustained by political consensus, which is nurtured by the so-called "Danish resource base". This refers to the involvement of Danish consultants, academic institutions, NGOs and business interests in the aid programme. The OECD/DAC peer review in 1995 commented:

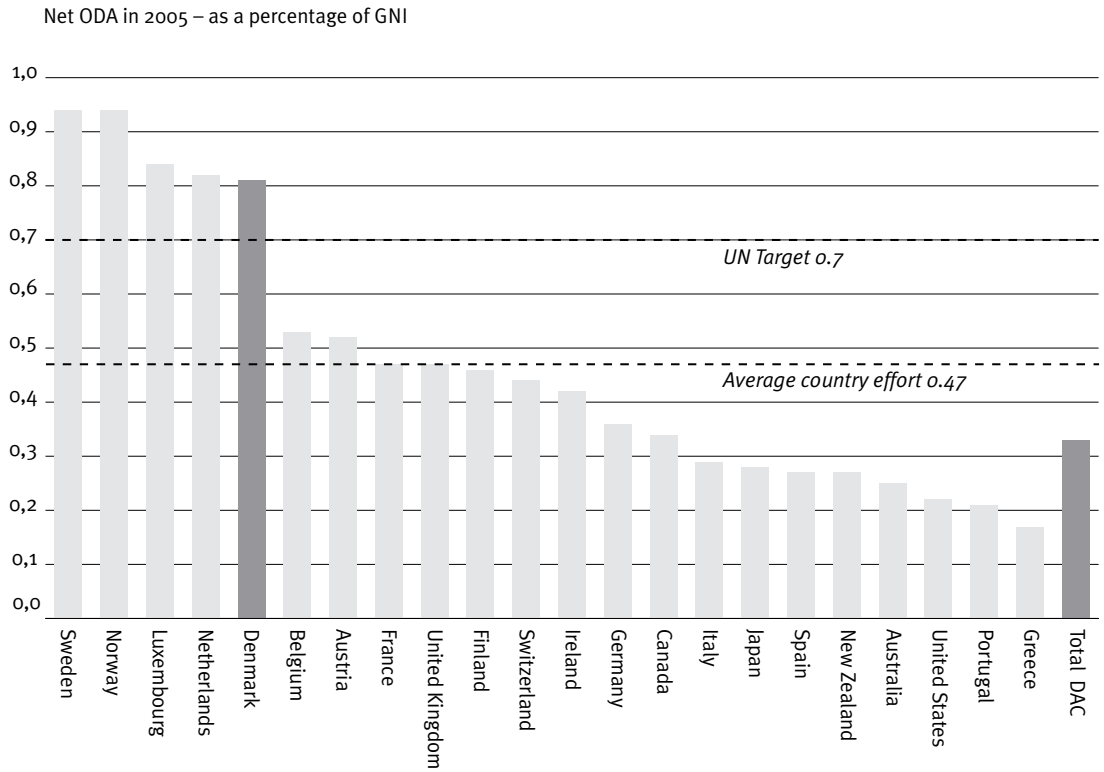
> There are some particular features which distinguish the Danish aid system from others and contribute to its positive image with the public. One of these elements is the strong involvement of all components of Danish society in the conception of aid policy, also in its implementation. Non-governmental organisations (NGOs), consultancy firms, researchers, trade unions and the private business community form the so-called "Danish Resource Base" for the aid programme. *(OECD/DAC 1995)*

The concern to maintain the support of the Danish public has had implications for the (separate) visibility of Danish aid, linked to the need for Danida to be able to demonstrate credibly its proper use and effectiveness. Danida also long maintained an element of tying its aid to Danish goods and supplies. This was justified partly as a way of maintaining political support for its high aid levels. A supplementary argument was that Denmark lacked colonial, and therefore commercial, connections with its programme countries; therefore tying was seen as a way to make them more aware of Denmark's potential as a supplier (see F436). For much of the period, tying was a somewhat contentious issue between Denmark and the Development Assistance Committee of the OECD. [10] The Perception Study notes, however, that "Since November 2006 all Danish

10) More details in the Perception Study, Chapter 2.

Box 5.1: Aggregate Levels of Danish Aid





Source: OECD International Development Statistics online.

Note: During the 2005 election, the government made a commitment that Danish aid would not fall below 0.85% of GNI.

aid is untied, except for the Mixed Credit Programme (3% of all aid) and the (OECD/DAC) review strongly urged Denmark to consider untying the latter assistance",

Nevertheless Danish aid is seen by OECD/DAC peers as generous and of high quality. It is also regarded as unusually focused on a limited number of programme countries and sectors within those countries. Chapter 2 of the Perception Study provides a summary of international perceptions of Danish aid.

Danish aid organisation and strategy
The diplomatic and aid functions of the MFA are thoroughly integrated (they were fused just before the beginning of the evaluation period). Until 1991, "Danida" denoted a distinct agency; since then it has just been a brand name for Danish development assistance, delivered through the MFA. In 2003, Danida implemented a policy of greater decentralisation to its Embassies in programme countries.

As regards the objectives of Danish aid, this has always focused on poverty reduction, allied to strong concerns for democratic governance and high accountability standards. The 1994 statement of Danish aid strategy (MFA Danida 1994a) made poverty reduction a more explicit concern than it had been hitherto [11)] and also heralded a focus on explicit country strategies and on sector programmes rather than isolated projects.

As regards aid modalities, Denmark was an early advocate and practitioner of partnership with recipient governments and of the use of government systems so as to build capacity and promote ownership. It was an early mover away from isolated projects towards programmes designed at sector level. However, it has been cautious about disbursing through government financial systems, and has had reservations about budget support (because of concerns about the need for distinct visibility of Danish aid, connected to a strong view of accountability for Danish funds). Danida professes "zero-tolerance" of corruption or misuse of Danish aid, and takes pride that it is one of few donors that succeed in having misused aid refunded.

The Danish political context
The Danish national consensus on aid was disturbed after the 2001 Danish election. A new coalition government was dependent on partners who were more sceptical about aid, and there was an important strategic review (MFA Danida 2002a). Denmark withdrew from some programme countries and cut back in others, but Mozambique was relatively unaffected. The strategic review concluded:

> In the case of Benin, Bolivia, Ghana, Mozambique and Tanzania, the review has underscored the positive economic and democratic development which, inter alia by means of Danish support, is taking place in these countries. The necessary basis thus exists for continuing development cooperation at current levels. *(MFA Danida 2002a)*

The subsequent strategy paper on Denmark's global aid strategy (*A World of Difference*, MFA Danida 2003a) confirmed a continued high level of aid to Mozambique.

11) See Udsholt 1997a for an analysis.

More recently, the pressure on the Danish aid budget seems to have eased. During the 2005 election campaign, the government undertook that the aid target would not fall below 0.85% of GDP. And after the 2007 election, the re-elected Prime Minister established an Africa Commission, which he chairs. Its role is described as follows:

> The Commission is charged with presenting new, innovative strategies to improve international development cooperation with Africa, focussing on young people and employment. The Commission will also focus on economic growth, women's role in development, climate change and education. *(MFA Danida 2008)*

Mozambique's Prime Minister is among the Commission's members, and its final report is expected in the first half of 2009.

Over the evaluation period, Mozambique's profile in Denmark has diminished. In 1992, it was at the centre of the anti-apartheid struggle and therefore seen as a country of regional significance. Nowadays it is not a "special case" in the same way. There is a linguistic barrier and there are few natural ties between the two countries, other than those generated by the aid programme itself.

5.3 Denmark's Mozambique country strategy

The role of country strategy documents
Danish aid to Mozambique is not strictly governed by formal strategy documents. Country strategies became an important feature for Danida only in the mid-1990s but only two such documents have been adopted by Danida for Mozambique during the period, namely in 1995 and 2000. These strategies played a process role and helped to crystallize thinking and plans, but they were not a rigid guide to resource allocation. In practice, the country programme is a rolling one, with considerable flexibility and scope for annual adjustments.

Initially the preparation process fell principally within the remit of the donor agency, which took the lead in a more or less self-directed process. Over time, there has been greater emphasis on country ownership and participation, and on coordination with other aid agencies. Thus the process prescribed in Danida's current guidelines requires a much higher degree of engagement and commitment by partner governments and the donor community (MFA Danida 2007a). In Mozambique, the GOM role in developing the country strategies appears to have been a passive one; nonetheless Danida has been serious about consultation, and about aligning its programme with Mozambique's national and sector strategies.

The evaluation period opens during the currency of a 1988-93 country strategy document, and by the end of the period Danida was considering participation in a joint strategy with other donors, which was the subject of a draft Concept Note to the Danida Programme Committee. In the rest of this chapter the three strategy documents covering

12) See WP11 for details on the Programme Committee, the Danida Board, etc.

the evaluation period and the draft Concept Note are reviewed, noting their preparation process, their main strategic issues and the common themes that emerge.

The first, *Strategy for Danish Aid to Mozambique 1988-93* (F399 [13]), was developed before the 1992 peace settlement in the midst of a war and a humanitarian crisis. The second, *Strategy for Danish Bilateral Development Cooperation with Mozambique 1995-99* (F400/401) was prepared during a period of post-war recovery and optimism about what could be achieved by Danida across a wide range of sectors. The third, *Strategy for Development Cooperation between Denmark and Mozambique 2000-04* (F402/403) was formulated when there were increasing concerns about improving the effectiveness of aid and ensuring the sustainability of the economic recovery. The 2006 Concept Note (F289) followed a gap in country strategies (and in formal bilateral consultations) which is further discussed below.

The 1988-93 Strategy

Background and preparation

In 1988, the war was moving southwards to the Capital and Danish advisers were confined to the coastal towns of Maputo, Quelimane and Beira. Hope was pinned on a recent agreement with western donors and IFIs on the financing of an economic recovery programme. Among the reasons for Danish support was that Mozambique was one of the poorest countries in Africa. At independence in 1975, it had been left practically without any trained technicians and managers. There were geopolitical reasons too. The country was a 'frontline state', and support to Mozambique was seen as part of the wider anti-apartheid struggle. By providing transport links from the coast to countries in the interior, stability in Mozambique could benefit the region.

Main strategic directions

The primary goal of Danida's assistance was to improve the living conditions of the impoverished rural population. Because of the difficulties of getting into the rural areas and because Mozambique had recently turned away from a centrally planned economy, the country strategy contained broad proposals to help with projects to stimulate the development of trade, industry and distribution. In the event of an improvement in the security situation in the rural areas and towns in the interior, the plan was to extend support to the agricultural project in Tete and establish similar projects in other provinces (as it turned out, in Zambézia). New projects were to: provide help for artisanal fisherfolk; supply materials for the rehabilitation of transport, communications and energy; supply water in Tete; and support education, especially vocational and technical training, and primary health care. Technical assistance was to be provided by direct recruitment and also with the help of the long-established Danish NGOs operating in Mozambique.

The document includes a note on the need to concentrate Danish aid more effectively:

> The guiding principles for project aid – the validity of which has most recently been confirmed during the aid negotiations in November 1987 – require that support should be concentrated on a smaller number of better funded projects, especially in the sectors of agriculture, water supply and fisheries. *(F399, translation from the Danish text)*

13) Published in Danish only.

Nevertheless, according to the pre-study's review of strategic issues:

> The main lesson learnt from the implementation of this first [Country Strategy] – according to an internal Danida assessment [14] – was that the large number of sectors and dispersed projects was too burdensome for both Danida and the GOM. In spite of the strategy's intention at the outset to concentrate the assistance, the number of isolated projects rather grew over time. The assessment also concluded that there were very few Portuguese speakers in the Danish resource base, that the GOM's absorptive capacity was limited at all levels, and it was difficult to identify suitable counterparts for the around 50 Danida contracted technical advisers. *(NCG 2007, Annex 7)*

The 1995-99 Strategy

Background and preparation

With the peace settlement, to which Denmark contributed, the situation had greatly improved. Mozambique had acquired a democratic constitution. Further, the prospect of the first democratically elected government in South Africa was expected to open up opportunities for economic development in the southern provinces of the country. Accordingly, in the Annual Consultations between Denmark and Mozambique in 1993, it was agreed that a more sector-based country strategy would be prepared.

The preparation coincided with the new Danida strategy *A Developing World, Strategy for Danish Development Policy towards the Year 2000* adopted by the *Folketing* in 1994. A major tenet of the policy was the importance of re-organising from project assistance to sector programme support in the 20 programme countries. Development assistance had to be organised in a manner that promoted: sustainable and redistributive economic growth; development of the social sectors (education and health); and popular participation in the development process, building a society based upon the rule of law and good administrative practice. Cross-cutting themes were: regard for women's participation; regard for the environment; and promotion of democracy and human rights.

The new country strategy was developed in a participatory manner and took due account of the priorities of Mozambique's government. A draft, developed by the Danish MFA in cooperation with the RDE in Maputo, was discussed with stakeholders before the final Country Strategy was approved and published. Critical issues discussed in the workshops are reproduced in Box 5.2.

14) *This account is based on the NCG pre-study's review of correspondence between the Embassy in Mozambique and MFA in Copenhagen.*

Box 5.2: Issues raised in the preparation of the Country Strategy 1995-99

- The alignment of the BOP support to IMF's structural adjustment programme, which in the view of some stakeholders had carried too high a social cost. A thorough investigation and evaluation of the facility's effectiveness and impact was requested.
- The discussion on tied/untied aid has been a constant issue throughout the entire reviewed period, [15] i.e. to strike the balance between incentives for the involvement of Danish business and the cost-efficiency of the goods and services provided. The debate was partly public and candid, and reflected a wide gap between the standpoints of Danish NGOs and stakeholders representing Danish business interest.
- In connection to tied aid, the selection of the energy sector also caused a public debate regarding its relevance for poverty reduction in comparison with rural rehabilitation and improved social services.

Source: Pre-Study, Annex 7 (NCG 2007).

Main strategic directions
The new country strategy aimed to move from project support to Sector Programme Support (SPS) in five sectors, to be reduced to three in 1999 (see Box 5.3 below). The GOM was to be responsible for preparation and implementation of the sector plans. The capacity to prepare and manage implementation was to receive attention, particularly the decentralised levels of the administration. The strategy envisaged Danish support to democracy and human rights and the rule of law. Gender and environmental concerns were to receive more attention. Human resource development, trade promotion and conditions for debt relief were themes running through the strategy paper. Regional assistance within SADC was to be more closely integrated in Denmark's country programme. Increased involvement of Danish business expertise in the development of the country was envisaged.

In retrospect it can be seen that a central theme of the country strategy, re-organising the aid programme along the lines of SPS, progressed reasonably well. However, for Mozambique, still recovering from the disastrous setbacks of the 1980s and desperately short of professionally qualified people, this approach proved to be more complicated and time-consuming than originally envisaged. Much depended on the sector concerned (see the programme reviews in Chapter 7).

The 2000-04 Strategy
Background and preparation
For the Mozambique Country Strategy formulated in 1999, the process was shorter than in 1994. The economic situation in Mozambique had improved considerably. Hearings were conducted to discuss draft versions of the strategy with stakeholders in Mozambique

15) *In January 2004, Denmark opened up aid-funded procurement to firms from EU countries. This was a significant shift from the policy of Danish source procurement, but was not fully compliant with the DAC recommendation from 2001 to include non-EU members for aid procurement to Least Developed Countries.*

and Denmark. Danida had long expressed the wish to reduce the broad scope of its assistance in order to concentrate better on a limited number of sectors and thus increase the efficiency and effectiveness of its assistance. In a visit to Mozambique in October 1998, Danida's Board had recommended that the number of sectors be reduced from six to seven SPS-like commitments to three to four.

The preparation of this strategy overlapped with a review by the Danish government of its overall development policy, which officially commenced in October 1999 and was adopted by the *Folketing* in November 2000. *Partnership 2000* (MFA Danida 2000) retained the fundamental objectives and principles contained in *A Developing World: Strategy for Danish Development Policy towards the year 2000* (MFA Danida 1994a, adopted in 1994). But, in the light of the rapid pace of global change, the priorities were defined more sharply, not least with regard to the HIV/AIDS epidemic in southern Africa. Poverty reduction continued as the overriding objective of the development policy. *Partnership 2000* stressed the importance of building on existing capacities, and of dialogue based on trust and openness, in order to arrive at a shared understanding of goals and means, and the division of responsibilities with governments. Thus, partnerships had to be based on respect for human rights, environmental concern, gender balance, and good governance.

Main strategic directions
The 2000-04 strategy for Mozambique (F402/403) was published in May 2000. It supported government policies which gave priority to macroeconomic stability and continuing to build up the private sector. The importance of investment in economic and social infrastructure, especially its regional distribution, was recognised. Agricultural and rural development continued to be seen as the principal means for reducing poverty in rural areas. The need for reform of the public sector was also acknowledged, in theory if not yet in practice.

The perennial issue of the number of sectors was temporarily resolved by the decision that the new Country Strategy would concentrate and expand support to three sectors in the period 2000-04, namely agriculture, education and energy, while the support to fisheries, basic health, airports, telecommunication and urban water supply would be discontinued. Except for the decision to phase out basic health, there was nothing new about this decision. Mozambique's Minister for Foreign Affairs visited Copenhagen in June 1999 and expressed a strong interest in Danida's Private Sector Programme, which was introduced in 2000 and extended by a loan facility in 2004.

Draft Strategy Concept Note 2006
Background and preparation
At the expiry of the 2000-04 strategy, it was decided to delay preparation of the next one, so that it could be aligned with PARPA II, which was then being prepared. Subsequently, the possibility arose of synchronising with other donors in a joint assistance strategy, and this occasioned further delay. [16)] In any case RDE was preoccupied with crises in managing the existing programme (arising from the arrest of some Danish citizens, and from the discovery of major irregularities in the education programme in Zambézia).

16) However, the proposed joint assistance strategy has not materialised.

The result has been a long hiatus without a formal country strategy in place. Although, as noted earlier, the country strategy is only an indicative document, it is not usual to manage without one for so long. (In early 2007 a web review showed that country strategies were current in all but four of Danida's 15 programme countries.) There have been important changes of context since a full country strategy was prepared: internationally, the Rome and Paris Declarations on aid effectiveness have been adopted; in Mozambique the PARPA has been revised, as have the working arrangements between GOM and the Programme Aid Partners (the PAP group). As noted in the first part of this chapter, there have been significant changes in Denmark's global aid strategy, and decentralisation has substantially increased RDE's responsibilities for managing the programme. Pending a formal strategy, a Concept Note (F289) was prepared by the RDE in 2006 for submission to the Danida Programme Committee. This reveals the trend of Danida/RDE thinking.

Main strategic directions
The Concept Note sought approval in principle for Denmark's participation in a joint assistance strategy process, and it again addressed the perennial issue of concentration and focus (in this case proposing that both the energy and education programmes should be allowed to expire; Box 5.3 summarises the intentions of successive strategy documents on this issue). The Note continued the trend of emphasising Danida's alignment with national strategies and relying, with GOM and other aid agencies, on an agreed common set of performance indicators.

Strategy implementation and annual consultations
The three Country Strategies summarise the outcome of prior understandings and future expectations regarding the Danish assistance to Mozambique. More detail is to be found in the Agreed Minutes of the Annual Consultations [17] Until 2001, consultations took place annually and then every other year. The last round of consultations during the evaluation period, the so-called 'High Level Consultations' (HLCs), took place in 2004. [18] The HLCs planned for 2006 were postponed; they were finally held in May 2008.

Annual Consultations were preceded by the preparation of detailed reports of progress against objectives for each sector and mandate memoranda from Copenhagen on issues to be raised by the Danish delegation. In these consultations, the Danish delegation reported on progress with the implementation of the Danish Mozambique Country Strategy and discussed issues arising with the appropriate Ministers and senior officials. The Mozambican Delegation, on an equal footing, shared concerns and observations of the GOM regarding the cooperation. The Agreed Minutes were then endorsed by the respective heads of delegation. They represented a systematic technical and administrative review of the performance of the Danish-financed assistance, as well as a discussion of the political environment, macroeconomic performance and other relevant issues. They were important in increasing understanding between stakeholders and in building working relations. The hiatus since 2004 is therefore cause for concern.

17) *Documents F239-247.*
18) *In 2003, Danida introduced new guidelines for the dialogue and changed the name to High Level Consultations. The Agreed Minutes are to be more concentrated and selective, reflecting the instructions of the new guidelines.*

Box 5.3: Focus of key Denmark/Mozambique strategy documents

Strategy document	Sectors to be funded (sector-like commitments)	Sectors explicitly to be phased out	Key Danida policies
Strategy for Danish Aid to Mozambique 1988-93 (F399)	*Projects* Fisheries Water Supply Education Health Energy, communications, transport and industrial rehabilitation		
Strategy for Danish Bilateral Development Cooperation with Mozambique 1995-99 (F401)	1. Small-scale agriculture Tete and Zambézia 2. Semi-industrial fisheries 3. Primary education 4. Primary health care in Tete 5. Electricity/infrastructure (Macro finance BOP) (Human Rights and Democracy) (Environmental assistance 1997)	Technical training Airports Water supply Telecommunications Fisheries	*Towards the Year 2000* (1994) Reorganisation from project assistance to sector programme support
Strategy for Development Cooperation between Denmark and Mozambique 2000-04 (F403)	1. Small-scale agriculture 2. Primary education 3. Regional health ('with falling share') 4. Energy (Macro-financial support) (Human Rights and Democracy) (Environmental assistance) (Private sector programme 2001)	Semi-industrial fishing Urban water supplies Health in Tete (in '5–8 years')	*Partnership 2000* (November 2000) Environmental assistance reorganised
Danish development cooperation with Mozambique during the next country strategy cycle (2007-11). Concept note for the Programme Committee (F289)	1. Agriculture 2. Environment 3. Health (GBS/macro-financial support)	Education [19] Energy	Strategic review and *A World of Difference*. More decentralisation to RDE level. Paris Declaration

19) But a three-year continuation of the education programme has subsequently been agreed, based on a re-programming of unspent funds.

However, as noted earlier, circumstances have changed since the last full strategy was prepared. The next country strategy (now expected to follow on from the report of the Africa Commission) should define an appropriate role for systematic bilateral consultations that takes account of the various forums for joint donor dialogue around GBS and at sector level.

Periodisation

The evaluation of the Danish strategy in the context of developments in Mozambique, Denmark and internationally, suggests a contrast between two broad periods, with the 1990s characterised by optimism, which in the 2000s gave way to much greater uncertainty. This is shown schematically in Box 5.4. The contrasts are not absolute, but the evaluation found many echoes of this division within the individual sectors and thematic topics evaluated – as will be apparent in the subsequent chapters. The final chapter returns to the issue of how well Danida adapted to changing circumstances in Mozambique.

Box 5.4: Optimism and uncertainty in Danish aid to Mozambique [20)]

1990s Optimism	2000s Uncertainty
• Includes the period covered by the 1995-99 country strategy.	• Includes the period covered by the 2000-04 country strategy.
• Period of post-war recovery, with great optimism about Mozambique's political as well as economic development.	• More emphasis on collective action among donors, both internationally and in Mozambique.
• Danish domestic consensus on aid is unthreatened, and Danida has considerable freedom of manoeuvre in Mozambique.	• Growing doubts about the economic and political pattern of Mozambique's development.
• Danida among the first donors to adopt a sector-strategy approach.	• After 2001, erosion of the aid consensus in Denmark increases Danida's risk-aversion.
• Danida heavily involved in donor coordination, plays a leading role in donor group that develops budget support system.	• Danida finds itself more of an outlier among the "like-minded" donors in Maputo (e.g. in its use of parallel disbursement systems, and long- term TA)
• Danida's self-confidence unthreatened.	• Danida's Mozambique programme increasingly disrupted by corruption/ fiduciary concerns (especially the Zambézia case and its repercussions).

20) Originally derived from Perception Study analysis. See more detailed chronology in Appendix E.

6. Danish Mozambique programme overview

6.1 Introduction

This chapter reviews the level and the composition of Danish bilateral aid to Mozambique. In both dimensions it reviews the relative importance of Danish aid. It also notes the significance of Mozambique within Denmark's total aid portfolio.

The chapter's purpose is to outline the strategic dimensions of Danish aid to Mozambique during the evaluation period. The content of the programme is then reviewed by sector in Chapter 7, and through cross-cutting lenses in Chapter 8.

The main data source on Danish disbursements in Mozambique is the evaluation pre-study (NCG 2007), with additional information collection and analysis by the evaluation team. OECD/DAC figures on aid flows provide the international and cross-donor comparisons.

6.2 Components of the bilateral programme

The evaluation is focused on Denmark's bilateral assistance to Mozambique. Denmark also provides indirect support to Mozambique and other developing countries: for example it provides general funding to UN agencies that are active in Mozambique, and, as a member of the European Union, it helps to finance the aid administered by the European Commission. However, such indirect support is not part of this evaluation.

Denmark's bilateral aid to Mozambique itself has a number of components, as follows:

- The country programme [21] is the focus of the Annual Consultations between Denmark and Mozambique [22]. This is the major part of bilateral assistance and in principle is jointly programmed by the two governments.
- Funding for "advisers" (technical assistance personnel, TA) is provided separately. However, their work is an integral part of country programme delivery. Procedures for administering this expenditure have changed over the years with an increasing tendency for such expenditure to be included within the country programme itself [23]. Therefore the breakdown between "advisers" and "other bilateral" is not consistent over the years, and the expenditure figures for "advisers" understate the share of TA.
- Following the United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro, Brazil, June 1992, Denmark established the *Miljø, Freds- & Stabilitetsramme* or "Mifresta" (Environment, Peace and Stability Fund) to assist with the funding of environmental initiatives. These funds are separate from, and additional to, the country programme.

21) Also referred to as "other bilateral" in the NCG pre-study (e.g. see Table D3 in Annex D).

22) See Chapter 5; in principle High Level Consultations should now be held every two years in Denmark's programme countries.

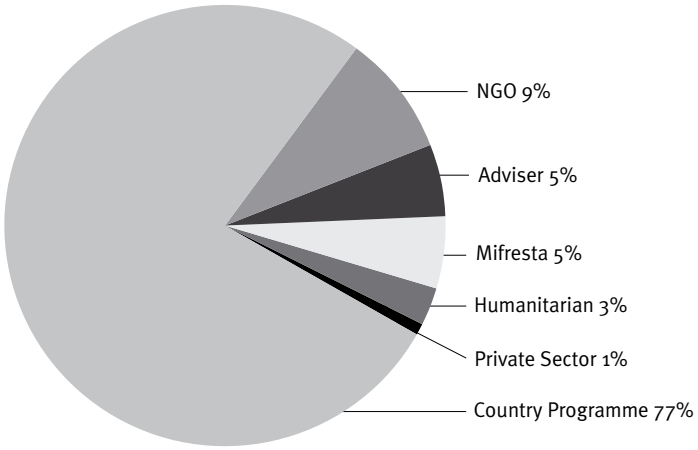
23) The integration of TA in the country frame is now mandatory. Se Working Papers 12 for details.

- In the latter part of the programme period, Danida has operated a private sector programme. This too is a separate funding channel. [24)]
- The inclusion of "NGO projects" is something of an anomaly. This category covers expenditure on Mozambican projects by Danish NGOs funded directly by Danida in Copenhagen. [25)] The figures have been added retrospectively to the analysis, but this assistance was not explicitly planned as part of the country strategy. Nevertheless Danish NGOs had an important influence on the overall programme, especially in the early years of transition from humanitarian to developmental aid. They helped to set the geographical pattern for Danish aid, and influenced the early design of programmes in several sectors.
- Finally, humanitarian aid is provided exceptionally in response to humanitarian emergencies. [26)]

6.3 Total bilateral aid: components and trends

The breakdown between these elements over the entire period is shown in Figure 6.1. [27)] The total disbursements under review are almost DKK 4.5 billion (in current prices; very roughly USD 700 million at contemporary exchange rates [28)]. The core aid programme (country programme plus advisers) accounts for more than 80% of disbursements, and aid through Danish NGOs for almost 10%.

Figure 6.1: Total expenditure by programme type



	DKK million
Country Programme	3,423.1
NGO projects	397.6
Adviser	237.7
Mifresta	234.2
Humanitarian	124.8
Private Sector	27.9
Total	**4,445.5**

Source: NCG 2007

24) The private sector programme is the subject of Working Paper 09. Note that the OECD DAC sector "business and industry" does not precisely coincide with the private sector programme (see sector review in Appendix F).

25) There is additional financing of NGOs within Mozambique through the country programme, notably through the Local Grant Authority.

26) The pre-study did not focus on humanitarian aid. Thus: Projects and programmes that fall within humanitarian assistance have in general not been included in the document search (NCG 2007).

27) The detailed figures and percentages behind these graphs are in Appendix D (see Tables D1, D2 and D3).

28) For exchange rates see page 12 and Appendix D

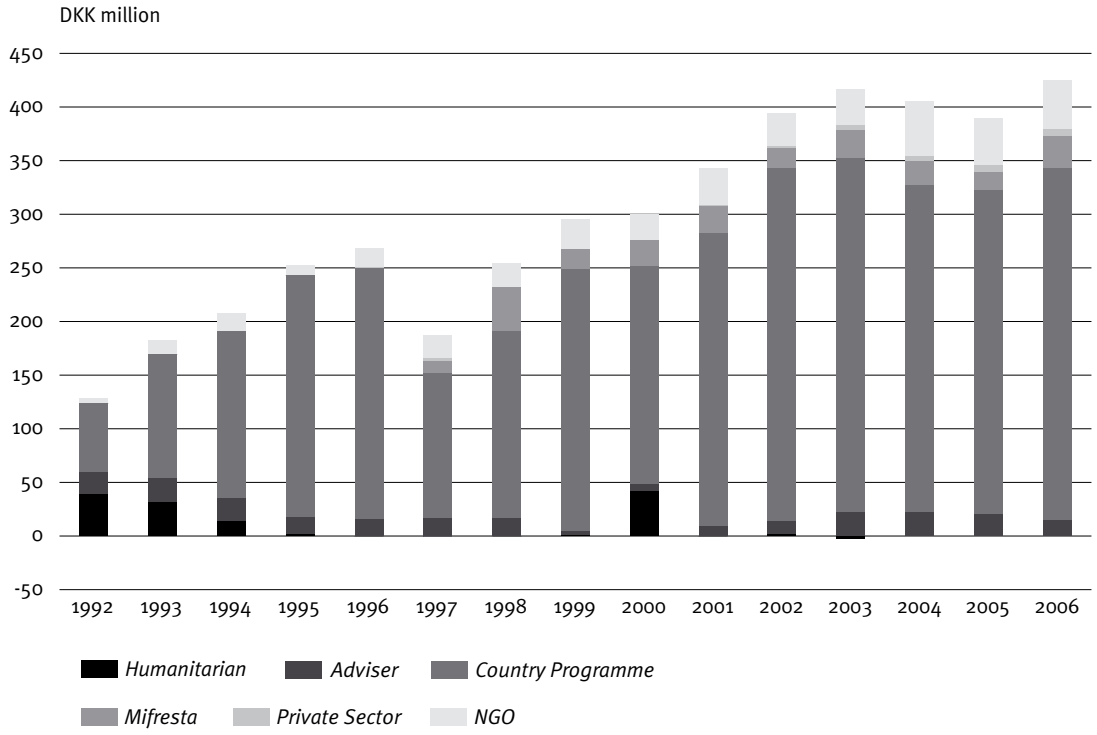
Figure 6.2 shows the trend (in DKK terms) of total Danish aid disbursements for Mozambique, and its composition by programme type. Main features are:

- A generally upward trend in aggregate disbursements, but with apparent dips in 1997 and again from 2003-05. At the beginning of the period, the total was less than DKK 150 million; in the five years to 2006, the annual total was closer to DKK 400 million.

- The dip in 1997 was less dramatic than it appears. In 1996 there was a large (DKK 57 million) debt relief payment. Although recorded as spent by Danida in 1996, the debt relief was actually received by Mozambique (via the Multilateral Debt Relief Fund (MDRF) over a three-year period.

- In 2003-05, there were serious problems in disbursing important elements of the programme (education sector expenditure and budget support). In the circumstances it is remarkable that there was not a more pronounced effect on total disbursements.

Figure 6.2: Annual Danida expenditure, by programme type, Mozambique 1992-2006



Source: Pre-Study (NCG, 2007). The underlying figures are shown in Appendix D, Table D3.

- Humanitarian aid (shown as the light-coloured tips of the annual columns) was significant from 1992-94. The war had resulted in millions of internally displaced people and a large number of refugees had fled to neighbouring countries and were now returning. As a result, 30% of the Danida programme in 1992 was focused on emergency relief. By 1995, however, humanitarian aid had given way entirely to

regular development expenditures. After then, the only major humanitarian disbursement was in 2000, in response to the major floods of that year. (This clearly substituted for some of the regular programme.)

- Mifresta funds have averaged about DKK 23 million annually since 1997. There was an exceptionally large expenditure in 1998 (DKK 41 million, 16% of total spending), mostly accounted for by the project for disposal of obsolete pesticides. In subsequent years, Mifresta has provided about 6% of the programme funding.

- The private sector programme has never been more than a very small component of total disbursements. However, there is a rising trend, from DKK 1.3 million in 2001 to nearly DKK 7 million in 2006. (But note that the "business and industry" classification for sector analysis is a broader category – see Table 6.2 below.)

6.4 Planned and actual expenditures

Table 6.1 shows the indicative country programme figures from country strategy documents against the actual expenditures that took place. In most years, actual expenditures have been more – and sometimes very substantially more – than anticipated. The main exception is 1997, for which see the explanation in Section 6.3 above, second bullet.

There seem to be two reasons for this buoyancy of expenditures. First, Mozambique has been seen as a good performer, able to absorb funds effectively. It has thus been able to secure more than the targeted level of resources. Secondly, Danida (and the RDE) have considerable flexibility in reallocating funds within the programme (see the discussion in Chapter 5). If disbursements are below expectations in part of the programme, other elements may be accelerated.

The Perception Study found that this is seen as one of Danida's most notable attributes:

> At the same time, Danida is (still) perceived to be a very flexible donor. Many non-Danida informants commented on this. This flexibility stems from the ability to respond quickly to requests for funds from government and other organisations to fill financing gaps, and to reallocate programme funding if it is unspent. *(Perception Study)*

6.5 The sector composition of Danish aid

Overall sector composition
Sector analysis of programme expenditure is based on the OECD/DAC sector definitions. (These do not always coincide precisely with the operational definitions of Danida programmes. [29])

Table 6.2 shows totals for the whole evaluation period, while the annual pattern of expenditures is shown in Figure 6.3. Notable features:

29) For example the DAC "Government and Civil Society" classification is broader than the scope of Danida's Governance and Justice Programme in Mozambique (see WP08).

Table 6.1: Indicative planning figures and actual expenditures (DKK million)

	Planned				Actual (NCG figures)	
Year	1993 Annual Consultations	1995-99 strategy	2000-04 strategy**	Concept note 2006 ***	Country programme	Total programme
1992 *					64.1	128.7
1993 *	150				115.8	182.6
1994	160				156.4	207.2
1995	175	165			225.9	253.1
1996	190	140			234.0	268.1
1997	200	150			134.8	186.9
1998	210	175			174.1	253.6
1999		225			244.8	295.1
2000			200		203.3	300.1
2001			240		273.9	342.5
2002			240		329.0	394.2
2003			240		330.4	413.9
2004			240		305.4	404.4
2005				320	302.7	390.1
2006				320 → 350	328.5	425.1
2007				320 → 350		
2008				350		

Note: "country programme" figures taken refer to the NCG pre-study category "other bilateral", see Appendix D, Table D3.

* *The 1988-93 strategy (F399) does not give planned expenditures for these years.*

** *By 2003, planned expenditures had been adjusted upwards. A World of Difference, the strategy published in 2003, gave the following country programme figures (DKK million) for Mozambique:*

2003	**2004**	**2005**	**2006**	**2007**	**2008**
270	*290*	*290*	*290*	*290*	*320*

*** *The 2006 concept note (F289) was not a formal document but it says the indicative country frame in 2005 is DKK 320 million, increasing to DKK 350 million in 2008 and the following years.*

- "Financial support" is the largest sector (nearly 17% of all expenditures over the period), but falls short of the 20-25% target figures mentioned in strategy documents (see Chapter 5).

- The other major sectors are energy, government & civil society, education, agriculture and health. Together, they account for a further 60% of the programme.

However, as Figure 6.3 demonstrates, the time profiles of expenditure on different sectors are very different. Thus:

- Financial support grew during the 1990s (with the debt relief peak in 1996) but fell far below its trend levels in 2003, 2004 and 2006. This was because of difficulties in the aid relationship between Denmark and Mozambique which are discussed in the next two chapters.

- Energy expenditures were very small before 1997, but it was a major sector for the rest of the period (see WP05).

- The share of the programme for Agriculture, Fisheries, etc. was much higher in the 1990s than more recently. This is partly, but not wholly, explained by the termination of the fisheries programme (WP02).

- Over the entire evaluation period, the amounts disbursed for education and for health have been fairly similar (11% of the total programme on education, and over 9% on health). However, as Figure 6.3 shows, the pattern of education spending has been much more erratic (WP03).

- Government & civil society has been an important component throughout the period (WP08). Conversely, business & industry has been a minor one (WP09). The environment sector (WP06) attracted much more funding after Mifresta funds started to flow than before.

- Finally, in the miscellaneous category:

    - In the early years there were some substantial expenditures on transport, communications, and water, but these quickly tailed off. (More recent transport expenditure includes the rural roads component of the agriculture sector support programme.)

    - The 2005-06 surge in 'miscellaneous' spending happens to have offset the recent decline in financial support. It mainly reflects a large telecommunications project, funded by a mixed-credit programme.

    - The miscellaneous expenditures are reviewed in more detail in Appendix F.

Table 6.2: Total Danish expenditure by sector (1992-2006)

Sector	DKK million	Share of total expenditure
Financial Support (Debt Relief, Import Support, and GBS)	691.2	16.8%
Energy	662.8	14.9%
Government and Civil Society	616.5	13.9%
Education	491.9	11.1%
Agriculture	488.0	11.0%
Health	412.3	9.3%
Environment	192.7	4.3%
Transport	150.9	3.4%
Communication	132.2	3.0%
Water	93.2	2.1%
Business & Industry	85.3	1.9%
Other Social Infrastructure	81.7	1.8%
Other	346.6	6.5%
Total	**4,444.5**	**100.0%**

xsSource: Pre-study (NCG 2007).

Cross-sector analyses
A number of cross-sector analyses are also interesting. In this section are reviewed:

- the sector breakdown of NGO projects;
- the geographical focus of expenditures, with special reference to Tete; and
- the Local Grant Authority.

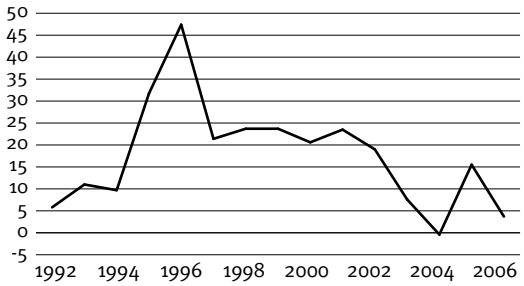
Sector Focus of Danish NGOs
Table 6.3 provides a sector breakdown of NGO disbursements. It is striking that these are so dominated by social and administrative sectors. NGO projects accounted for nearly 18% of expenditures in the government & civil society sector, and were also significant (over 12%) as a share of education sector spending. [30)]

30) But the high share for "other social infrastructure" appears to be an error; see the notes to Table 6.3.

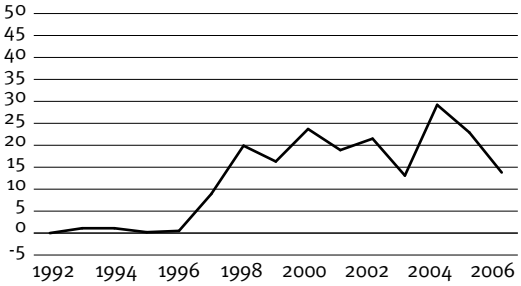
Figure 6.3: Danida programme – Trends in sector shares, 1992-2006

- These charts are based on the data in Tables D1 and D2 of Appendix D.
- They all use the same scales to allow visual comparison.
- The "miscellaneous" category (bottom right) aggregates the 'communication,' 'transport', 'water', 'other social infrastructure', and 'other' categories in the source tables.

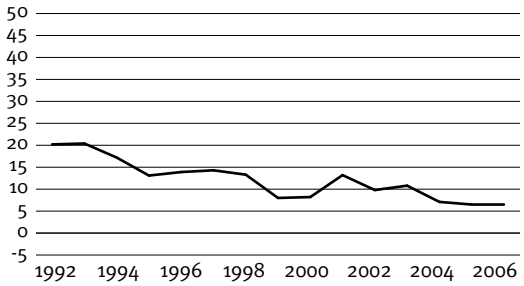
Aid to Financial Support (%)



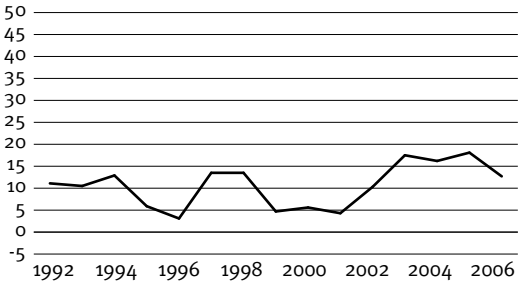
Aid to Energy (%)



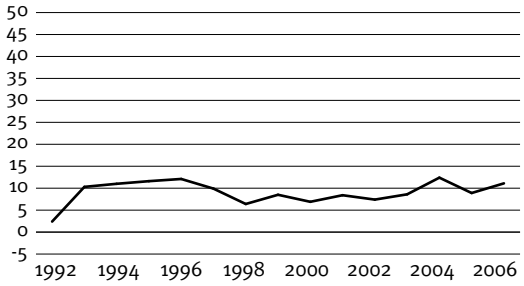
Aid to Agriculture, Fisheries and Natural Resources (%)



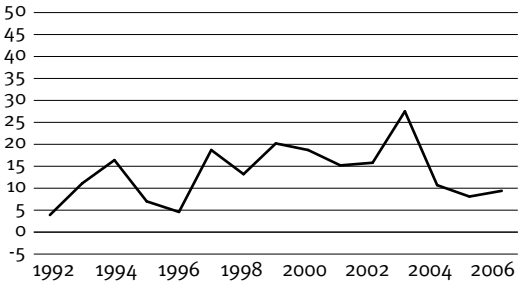
Aid to Education (%)



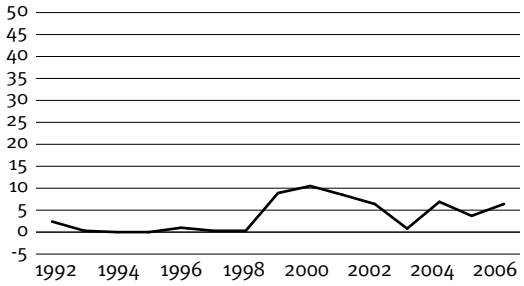
Aid to Health (%)



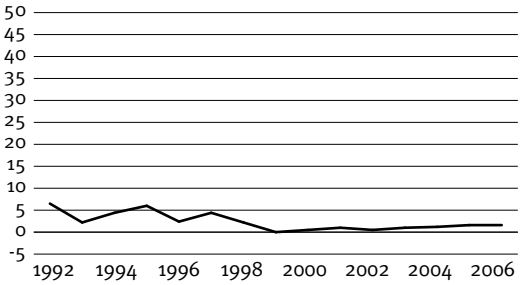
Aid to Government and Civil Society (%)



Aid to Environment (%)



Aid to Business and Industry (%)



Aid to Miscellaneous (%)

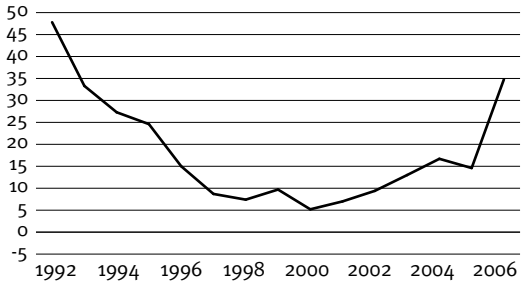


Table 6.3: NGO projects sector breakdown

Sector	DKK million	Sector share of NGOs total	NGOs share of sector total
Government and Civil Society	110.59	28.4%	17.9%
Education	60.35	15.5%	12.3%
Other Social Infrastructure	61.44	15.8%	75.2%
Business and Industry	25.12	6.4%	9.8%
Health	27.67	7.1%	6.7%
Agriculture	13.20	3.4%	2.7%
Energy	11.91	3.1%	1.8%
Communication	6.73	1.7%	5.1%
Other	72.47	18.6%	25.0%
Total	**389.48**	**100.0%**	

Source: Based on Pre-study Table – and Appendix D, Table D1.

Notes: (a) The NGO total given here is less than the amount shown in Figure 6.1 above (DKK 397.7 million). One project (Milange pilot project, Phase II, with a grant of DKK 9.8 million) was defined as N/A on the sector classification, so it appears that the disbursements on this project explain the discrepancy.
(b) There appears to be a classification error under "other social infrastructure", with support to the national statistics institute (disbursement DKK 34.8 million) wrongly included as an NGO project. This would also mean that total NGO expenditures were about 9% less than the figures given in the pre-study.

Geographical focus of expenditures

The ToR express special interest in the role of aid to the provincial level, and especially Danida's history of support to Tete province. This topic is addressed as a cross-cutting issue in Chapter 8 below, and is reviewed in detail in Working Paper 10. Table 6.4 below summarises available data on the geographical distribution of the Danida programme. The information is derived from the records of disbursements by the RDE in Maputo. The breakdown between provincial and national programmes is an approximate one (and disbursements managed from Copenhagen, e.g. for advisers in most years of the period, and NGO projects, may also have a provincial dimension). [31)]

These figures indicate that provincial projects/programmes accounted for about 30% of expenditures, while Tete Province received only one third of provincial expenditures and less than 10% of all expenditures. However, as discussed in WP10, these figures are influenced by the location of a few large infrastructure projects in other provinces; the programme in Tete was broader and more coherent than in any other province.

31) Table 6.4 accounts for DKK 3.3 billion of expenditures, vs. the grand total of DKK 4.4 billion (Figure 6.1 above). The difference is partly because not all components disburse via the Embassy, and partly because the RDE figures do not cover all of the locally-disbursed expenditures in the years prior to 1998 (see the note to Table 6.4).

Table 6.4: Geographical focus of expenditures (overview)

DKK million	"1998"*	1999	2000	2001	2002	2003	2004	2005	2006	Total**
National Programme	882.1	194.4	199.9	216.4	200.1	183.0	144.1	155.9	186.0	2,362.1
Provincial Programme	165.1	43.8	44.3	54.9	128.4	147.0	145.9	143.9	71.3	944.8
Of which Tete	*89.3*	*7,4*	*10,1*	*21.1*	*29.6*	*50.7*	*32.7*	*19.9*	*18.0*	*278.6*
Grand Total	**1,047.2**	**238.2**	**244.3**	**271.4**	**328.5**	**330.0**	**290.0**	**299.8**	**257.3**	**3,306.9**
Percent share										
Provincial Programme	15.8%	18.4%	18.2%	20.2%	39.1%	44.6%	50.3%	48.0%	27.7%	28.6%
Of which Tete	*8.5%*	*3.1%*	*4.1%*	*7.8%*	*9.0%*	*15.4%*	*11.3%*	*6.6%*	*7.0%*	*8.4%*
National Programme	84.2%	81.6%	81.8%	79.8%	60.9%	55.4%	49.7%	52.0%	72.3%	71.4%
Grand Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Financial data from RDE Mozambique.

* *The figures for 1998 are an anomaly. RDE changed its accounting system in 1998. The expenditures recorded for that year are in fact the cumulated expenditures of all projects that were active in 1998. Thus the "1998" figure includes a large proportion of expenditures from several previous years, as well as all the expenditure that took place in 1998.*

** *Activities managed from MFA such as for instance humanitarian aid, special environmental assistance (Mifresta), the Private Sector Programme (now B2B), some expenditures for TA and finally some major contracts are not included in the table. This, in addition to the incomplete capture of pre-1998 expenditure (see previous footnote), explains the discrepancy between the figures in Figure 6.1 and this table.*

The local grant authority
Danida's local grant authority gives autonomy to Embassies in funding projects up to a ceiling of DKK 5 million. [32] Table D5 in Appendix D provides details of these projects, and the sector totals are summarised in Table 6.5 below. As with NGO projects (Table 6.3 above), the government & civil society sector is the largest (42 out of 110 LGA projects, and 40% of all disbursements). But agriculture and health are also prominent (20 agriculture projects, 18% of disbursements; 14 health projects, 13% of disbursements).

Table 6.5: Local grant authority: Projects and expenditure by sector

Sector	Projects	Period	Disbursed DKK	Share
Government & Civil Society	42	1992-2008	62,405,321	40.8%
Agriculture	20	1992-2002	27,113,339	17.7%
Health	14	1990-2007	19,473,925	12.7%
Energy	7	1998-2002	15,145,200	9.9%
Other Social Infrastructure	4	1999-2003	6,186,956	4.0%
Communication	2	2000-2004	6,000,000	3.9%
Environment	5	2000-2006	5,020,239	3.3%
Education	7	1994-2002	4,611,436	3.0%
Business & industry	1	2000-2002	3,146,871	2.1%
Water	3	1992-1997	2,614,000	1.7%
Other	6	1992-2007	1,095,827	0.7%
Transport	1	1999-2001	125,000	0.1%
Total	**110**	**1992-2006**	**152,938,114**	**100.0%**

Source: Pre-study data (NCG 2007); details in Appendix D, Table D5.

Table 6.6 shows the time profile of LGA disbursements. A sharp fall in disbursements coincides with the increased autonomy for RDE from 2003. The RDE itself has suggested that its declining staff resources may have been a factor leading to less use of this administratively demanding instrument.

32) The ceiling was changed from DKK 3 to 5 million in 2004.

33) See WP08 for discussion of grants to NGOs in the field of human rights, which have been streamlined for more efficient management.

Table 6.6: Local grant authority: Annual expenditures

Year	DKK disbursed
1998 *	50,767,076
1999	19,381,515
2000	21,332,246
2001	17,202,239
2002	20,725,836
2003	5,077,127
2004	6,278,949
2005	3,543,043
2006	4,727,522
Total	**149,035,553** **

Source: RDE Maputo financial records.

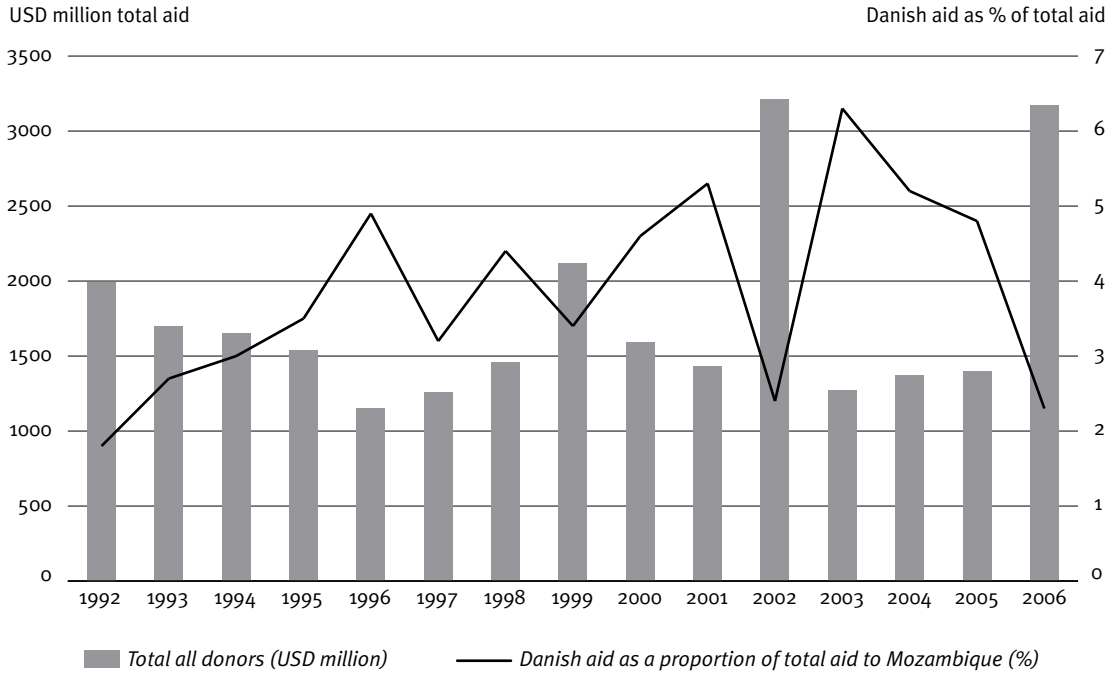
* *"1998" figure is actually for the cumulated expenditure of all projects active in 1998.*

** *The difference between this total and the total of Table 6.5 is at least partly because the RDE figures do not capture all expenditures prior to 1998.*

6.6 Relative importance of Danish aid to Mozambique

This section helps to put Danish aid into the context of overall international aid to Mozambique. Figure 6.4 shows total flows of ODA to Mozambique and Denmark's percentage share. Total aid was at its highest in the post-conflict recovery period and then levelled off (the very high figures for 1999, 2002 and 2006 reflect exceptional debt-relief). Denmark's share grew until 1997 and subsequently levelled off at around 5% of total aid (see also Table 6.7 below, which shows that Denmark has consistently been among Mozambique's top ten aid partners since 1998).

Figure 6.4: Danish aid as a proportion of all aid to Mozambique



Source: OECD/DAC database (accessed April 2008). Figures in 2006 constant prices.

Table 6.7: Danish aid vs. total aid to Mozambique 1992-2006

	Total all donors (USD million)	Aid from Denmark (USD million)	Denmark's ranking *	Danish share of total aid to Mozambique (%)**
1992	1,994	35.3	17	1.8
1993	1,698	45.3	13	2.7
1994	1,650	49.8	12	3.0
1995	1,536	54.2	10	3.5
1996	1,148	56.6	7	4.9
1997	1,255	40.6	12	3.2
1998	1,458	64.4	11	4.4
1999	2,117	71.5	4	3.4
2000	1,588	73.1	6	4.6
2001	1,432	75.7	6	5.3
2002	3,212	75.6	8	2.4
2003	1,269	80.1	4	6.3
2004	1,373	71.8	6	5.2
2005	1,395	67.1	8	4.8
2006	3,169	71.5	8	2.3

Source: OECD/DAC database (accessed 21 April 2008). Data at constant 2006 prices.

* *Where 1 is the donor that disbursed the largest amount of aid in the year.*

** *The relatively low shares in 1999, 2002 and 2006 reflect the large volumes of debt relief from other donors in those years. See Figure 6.4.*

It is difficult to be precise about the shares of Danish aid at sector level, because of the poor quality of available data on the sector allocation of other donors' aid. Table 6.8 gives an approximate indication of the importance of Danish aid in various sectors, relative to aid provided by other donors. The figures for the more recent sub-period reflect Danida's concentration on particular sectors, and its persistence in agriculture at a time when overall assistance to the sector was declining.

Table 6.8: Danida's share and rank among donors in key sectors

	1992-99			2000-05		
	Danida commitment % of total	Rank	Number of donors in sector	Danida commitment % of total	Rank	Number of donors in sector
All sectors	4.03%		23	5.16%		27
Agriculture, forestry, fishing	24.53%	2	18	11.60%	2	17
Education	7.24%	4	15	15.13%	3	15
Government and civil society	8.14%	8	17	12.42%	3	21
Health	6.45%	7	12	4.97%	9	15
Transport and storage	4.30%	11	12	0.03%	n/a	6

Source: OECD/DAC CRS database (approximate because of some obvious anomalies in the source data).

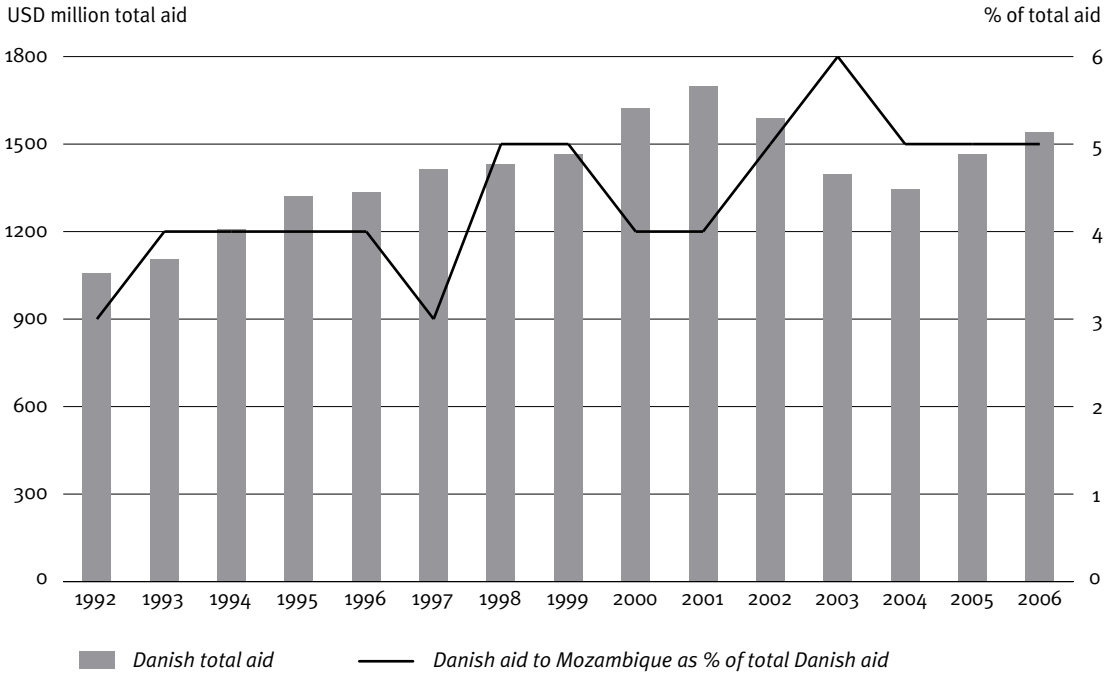
Note: Current price data. Ranking: 1 = donor with the largest commitment.

Caveat: Based on commitments, not disbursements. Since Danida has a comparatively strong disbursement record, the table may tend to understate Danida's relative importance in terms of aid actually delivered.

6.7 Relative importance to Danida of the Mozambique programme

Figure 6.5 looks, conversely, at Mozambique's importance to Danida as an aid partner. This shows that the 1997 dip in Mozambique programme expenditure was not related to any cuts in overall Danish aid, which was rapidly growing. Between 2001 and 2004, on the other hand, Mozambique was largely protected from the overall cuts in the Danish aid programme.

Figure 6.5: Total Danish aid and Mozambique's share, 1992-2006



Source: OECD/DAC database (accessed April 2008).
NB: Constant prices (2005 USD)

7. Danish Mozambique aid programme (main components)

7.1 Introduction

This evaluation is not a primary evaluation of the various component activities within the Danish aid programme. However, it draws on available programme documents, reviews and evaluations to make an assessment of Danish-supported activities and their contributions to overall development within each of Danida's main programme areas. The assessment is based not only on the direct outputs of Danish-funded activities but also on indirect influences on policies, institutions and capacities. This chapter provides the evaluation's assessments of each of these main programme areas. The evaluation report draws on the more detailed descriptions and reviews of the main interventions in the evaluation's Working Papers. [34)] Stakeholder perceptions (reported in the separate Perception Study) also made an important contribution to the evaluation's assessments. Chapter 8 draws on the same sources to consider issues that cut across sectors and programmes, and Chapter 9 then assesses the Danish aid programme as a whole.

7.2 Financial support

Context and Danida's interventions
Scope of financial support
The category of 'financial support' includes commodity import support, balance of payments (BOP) aid, debt relief and general budget support (GBS). During the evaluation period, financial support amounted to DKK 748 million, or 16.8% of all expenditures over the entire period (rather less than the share anticipated in the country strategies).

Mozambique context
At the beginning of the evaluation period, Mozambique was in the process of liberalising its economy, but foreign exchange dealings were still heavily restricted. Balance of payments support from the International Financial Institutions (IFIs) was crucial in supporting the currency, facilitating imports and, through the counterpart funds generated, financing government expenditure. Bilateral agencies augmented this support, either by co-financing World Bank operations, or through separate import support arrangements, which were commonly tied to procurement from the donor country.

With liberalisation, tied balance of payments support became less appropriate and more difficult to use. There was increasing attention to the public expenditure side of the equation, and pressure to relieve GOM from its accumulated burden of debt repayments. This culminated in successive rounds of HIPC debt relief, and the development of a joint donor framework for general budget support linked to the PARPA. The OECD/DAC

34) See also Appendix F for more detailed summaries of the programme's intervention areas. Appendix F is based on the extended version of this chapter that was included in the draft evaluation report and includes tabulations of the main component programmes and summaries of annual disbursements for each sector.

Joint Evaluation of General Budget Support (IDD and Associates 2006) included a case study of Mozambique, whose conclusions were strongly positive:

> This has been a very successful case of donor-government collaboration. PGBS ["Partnership General Budget Support"] has contributed positively to conditions for economic growth and poverty reduction in Mozambique. An important factor in explaining the success of PGBS, and other forms of aid, is the long-established relationship of trust between government and some core donors.
>
> The clearest and most direct effects of PGBS were seen in:
> - Harmonisation between a large number of partners and their increasing alignment on national systems.
> - PGBS's increasing contribution to the proportion of public expenditure that goes through a growing state budget.
> - Strengthening planning and budgeting systems, policy processes, and macro-economic performance. *(Batley et al 2006)*

Danida's financial support programmes
Between 1992-99 there was a series of five financial aid programmes, all classified as balance of payments support or import support. Beginning in 1996 as a joint operation with the Netherlands, the sixth programme was Mozambique's first debt relief operation. Foreshadowing the later HIPC approach, the debt relief fund was designed to ensure that *the money would not stay with the Bank of Mozambique but would finance strengthening of the social sector* (F429). It also reflected an increasing trend towards collaboration with other donors. Thus Denmark's seventh programme was the subject of a joint review of the BOP aid provided by Denmark, Norway, Sweden and Switzerland (F440). By the time of this review, the fact that BOP support is tantamount to budget support was clearly acknowledged. Finally, beginning in 2000, Denmark undertook a series of budget support operations to support the PARPA. However, in 2003, 2004 and 2006 Denmark withheld large amounts of planned GBS because of disputes with GOM (see discussion below).

The financial support operations were directly and indirectly linked with various elements of TA and policy conditions. As well as TA more or less directly linked to the management of BOP aid, Danida provided support to strengthen GOM's statistical and analysis capacity. There was joint Nordic support to the national statistics office, and Denmark was principal sponsor of what is now the National Directorate of Policy Research and Analysis; national capacity for poverty analysis linked to policy formulation was substantially enhanced through a combination of TA with short and long-term training for Mozambicans (F938). Financial aid involved close dialogue with GOM on overall budget issues, and was linked to public sector reform and, in particular, to the strengthening of PFM, where Denmark played a prominent role in the development of the financial management system (SISTAFE) – see WP07. The GBS system linked budget support to an agreed performance assessment framework, and became a complementary avenue for pursuing cross-cutting issues such as governance.

Denmark's financial support strategy
In 1994 Danida commissioned an evaluation of its BOP aid (T&B Consult 1994), in which Mozambique was one of the country case studies. The study found some confusion

about such aid. It was regularly viewed from the perspective of relieving a foreign exchange constraint without focusing on its simultaneous role of increasing the funds available to the government budget. The report correctly foresaw that the budget aspect would become increasingly important, and recommended that *Danida considers BOP support as a permanent aid form and further develop the criteria to be applied when deciding whether to use BOP support as an instrument*. However, the official Danida response rejected this: *BOP support can and should take different forms relating to the different circumstances in different recipient countries. Developing universal criteria to govern all BOP support is therefore not seen as a resource effective way of making decisions with regard to BOP support.* (MFA Danida 1994b).

As forms of GBS developed in subsequent years, Danida HQ found itself generally in the sceptical camp, but there was enough room to manoeuvre at country level for Denmark to become a leader in the move towards debt relief and in the system of coordinated budget support that has developed in Mozambique. There were several factors at work in what developed. First, successive strategy documents reveal a consistent thread of scepticism about IFI policies towards Mozambique, and a willingness to argue the Mozambican case. [35] Second, Danida showed an early appreciation of the importance of recurrent cost financing and of the constraints on the GOM budget. Denmark had pioneered support to recurrent expenditures in Tete. (An RDE informant recalled: *we said there is no point in doing the maintenance programme if you don't also pay the salaries for the teachers. And it was allowed! A year later we did the same for nurses. You can argue a lot in front of a Danida Board when per capita GDP is USD 80.)* Third, this awareness reinforced an appreciation of macroeconomic constraints and of the debt problem. Finally, during the second half of the 1990s, Denmark was active in a group of long-established bilateral donors which had a very close working relationship with the government. [36] These factors led to a strikingly different Danida path in Mozambique than in Uganda (Mokoro 2006, Chapter 8). In Uganda, Denmark stayed out of an emerging budget support system; in Mozambique, Denmark was one of its architects.

Successive country strategy documents saw financial support as a key component of the Danish aid programme. In each case it was expected to comprise about 25% of the country programme, but the rationale evolved, with increasing emphasis on the budget support aspect and on the associated reforms that this aid could stimulate and help to finance.

Issues and assessment

Tying to Danish procurement

For several of the operations in the 1990s, tying to Danish procurement was a drag on efficiency. The T&B study (1994) had already reported that tied funds were systematically slower to disburse, and in some cases remained unused. Tying became even less practical as the forex market was liberalised. Nevertheless, there was domestic pressure for Danida to keep an element of tying, and several operations included special allocations linked to procurement of medical supplies from Denmark. Among other criticisms, these were seen as distorting the GOM budget process. The 1996 BOP support programme document

35) *In 1995 four ambassadors, including Denmark's, wrote to the managing director of the IMF, calling for changes in the IMF's policies in Mozambique, which were demanding cuts in public expenditure. Informants recalled: This took some doing because in Denmark the IMF is not the responsibility of the MFA, but of the Central Bank. ... We worked on the basis that we could either ask for forgiveness or ask for permission [they didn't ask for permission]. But I think it was the best thing we ever did. (D-RDE).*

36) *When we were the G5, we used to sit with [the then finance Minister] on every third Friday of the month and go through the budget. Now look at the huge monster that is the G19. (D-RDE).*

(F438) notes that allocating tied funds to the import of medicines amounts to double tying, tying to procurement in Denmark and tying to the health sector, and is thus in conflict with DAC and SPA guidelines but it adds that this only formalises the existing situation. For debt relief and for general budget support, tying is no longer an issue.

Interruptions in budget support
There have been two separate interruptions of Danish budget support. In 2004 budget support was withheld because of Denmark's concern about a court case involving the arrest of three Danish citizens. RDE's 2005 report explains this as follows:

> The Embassy's ability to pursue [country strategy] objectives was severely constrained [inter alia] by ... *The preparation of a court case against three Danish citizens working in Mozambique as advisers*. The case was eventually dismissed, but meant that preparation of new activities was put on halt for 10 months and that the Danish contribution to direct budget support was cancelled in 2004. ... [However] in terms of aggregate financial disbursements, the Embassy managed to use the country frame in 2004 despite the shortfall caused by the cancelled disbursement of the envisaged DKK 60 million in budget support. *(F286)*

This withholding of budget support was rightly damaging to Danida's reputation. Using budget support as a diplomatic lever undermines its credibility as a reliable financing instrument (and the damage extends beyond Danida to the PAP group as a whole). In urging the GOM to interfere in the judicial process, Denmark was undermining the credibility of its own support for the justice sector, which aimed at reinforcing the separation of powers. And the RDE's successful effort to maintain the planned level of aggregate aid raises questions about the coherence of the Danish government's actions.

There is a similar issue about coherence in the second episode: the "freezing" of budget support in 2006. On this occasion Danida disbursed only 25% of the budget support promised for 2006, stating that the remainder was "frozen" (not cancelled) primarily because of Danida's dissatisfaction with progress in resolving the issues surrounding the financial mismanagement of funds for the education programme in Zambézia. In the event, the frozen funds were disbursed in February 2007. Once again, as noted in Chapter 6, RDE apparently managed to avoid a significant dent in aggregate programme expenditure. Nonetheless, this too was an abuse of the budget support system. It did not conform with agreed procedures the PAP donors had signed up to – procedures designed to minimise the likelihood of such short-term unpredictability, and it was not appropriate to make budget support hostage for problems in a separate project operation. Once again, Danida's action undermined the credibility of the Programme Aid Partners as a group.

Assessment
Despite the blemishes of some inefficient tying at the beginning of the period, and the unfortunate interruptions more recently, Danida's financial support programme was an extremely valuable component of its aid to Mozambique during the evaluation period. Financial support was highly relevant to Mozambique's needs in supporting macroeconomic stabilisation and reform and easing the constraints on the government budget (especially in a context where so much aid was allocated off-budget and according to donor priorities). The Danish financial support operations were valuable in themselves, although they only ever accounted for a modest proportion of total financial flows to Mozambique.

However, their wider benefits were probably even more valuable. Throughout the period up to 2000, Danida consciously sought such wider benefits. For example: co-financing of World Bank credits was seen as an encouragement to other donors to do likewise; later BOP operations were deliberately designed to nurture an incipient forex market (from a 1994 appraisal (F420): *Although Danish import support is likely to prompt a relatively small impact overall, positive benefits may spill over to other funds' efficiency of utilisation.);* the debt support operation hastened, and set a pattern for, subsequent HIPC relief and the current GBS system. Danida's keen awareness of the macroeconomic issues and its active role in the donor community during the 1990s paid high dividends. After 2000 Danida's stance became more ambivalent. A principal reason seems to be a much greater wariness of the Danish government's reactions (see the selection of comments in Box 7.1).

Box 7.1: Perceptions on macroeconomic aid and budget support

Budget support and related forms of macroeconomic aid have usually accounted for around 20% of Danida's assistance to Mozambique. Denmark was one of the pioneers of general budget support in Mozambique, but had to manage its use carefully:

- An informant who was in Mozambique in the early years of budget support was clear that Denmark fully supported it, but commented that at the same time they had to be careful of the Danish reaction at home. (D-RDE)
- *Danida was one of the pioneers of budget support in 2000. Then there were only six donors; now there are nineteen. … The main uncertainty regarding budget support comes from the politicians.* (D-MFA)
- The first debt relief that Mozambique ever had was from Denmark and Holland – a joint buy-back of loans before HIPC got going. The understanding was that government would move spending away from the army and into social services.
  In that time no one knew anything about the national accounts, not even the Swedish had that access, even working in that area. This is an irony now as when budget support was started there had been no government accounts since 1997. Now there are complaints if they are a couple of years late. (D-RDE)
- *We never thought that Mozambique should look like Sweden before we could give budget support.* [The important thing was] if tomorrow is better than today and we are helping things in the right direction. (D-RDE)
- GBS is a hugely successful undertaking; we were in the lead group, but not any longer. (D-RDE)
- *GBS generates more concern here than in the UK. This is curious because we were ahead of the game in 2000. We were the forerunners, not only of Sector Budget Support but also GBS. We pioneered macro-budget support. Perhaps Denmark has a more strategic approach – not only looking at sectors but the types of processes we are supporting.* (D-RDE)
- *Politicians have been more reluctant to embrace Budget Support than the 'system' has been advocating, despite the fact that corruption may be less with budget support. … We are under pressure from our political masters.* (D-MFA)

Source: Perception Study.

7.3 Agriculture, rural development and fisheries

Context and Danida's interventions
Expenditure
Denmark's expenditure in this sector was DKK 488 million over the period (11% of total disbursements). Between 1992 and 1999, Danida committed 25% of all the ODA to the Agriculture, Forestry and Fishing sector in Mozambique. This dropped to 12% between 2000 and 2005, but over the entire evaluation period, Danida remained the second most important donor to a sector that has experienced considerable donor fatigue.

Agricultural projects and programmes
Provincial agricultural projects 1985-99: Danida continued to support agricultural projects that had begun in the 1980s in Zambézia and Tete. The Tete Agricultural Project extended from 1985 to 1999, after which Danida channelled its aid to small-scale agriculture through ProAgri (see below). The project went through several phases, starting with the emergency supply of agricultural inputs, slowly developing more comprehensive support and finishing with the objective of enabling the Provincial Directorate of Agriculture to take over activities on Danida's withdrawal. Danida's approach in Zambézia was more low-key, and implemented in collaboration with Ibis.

National agricultural projects 1989-2002: Danida projects at the national level also supported national seed control, plant protection and in-service training centres. From 2000 onwards most such support was subsumed within Denmark's contribution to the ProAgri common fund, but between 1999-2002 Danida also fostered collaboration between Mozambique's National Institute for Agricultural Research and the International Service for National Agricultural Research.

Preparation of ProAgri 1996-99: During the 1990s, like other donors, Danida became increasingly concerned that fragmented project assistance was not developing effective capacity in the responsible sector ministry. It was prominent in the group of donors that developed ProAgri, a pioneering sector-wide approach (SWAp) for agriculture. Denmark provided some DKK 5 million to finance the ProAgri planning process, and an important meeting of the donors involved was held in Copenhagen in 1997. The meeting resulted in agreement on a number of principles and procedures relating to financial management, joint external audits, flow of funds, joint reviews, reporting, monitoring and evaluation, procurement, joint donor policy on incentives for government staff, etc. It was several years, however, before the financial systems were sufficiently robust to ensure that funds regularly reached the provinces.

Agriculture sector programme support, from 1999: From 1999 onwards Denmark's assistance was formulated as Sector Programme Support. This aimed to assist the family farming sector by: (i) contributing to national public expenditure for agricultural development incurred by the Ministry of Agriculture (i.e. to the ProAgri common fund mechanism); (ii) contributing to the rehabilitation and maintenance of rural roads at the provincial level; and (iii) initiating assistance to the private sector [37] to facilitate the marketing of inputs and outputs. Links to the provincial level were maintained through TA.

37) *Through ADIPSA – Apoio ao Desenvolvimento de Iniciativas Privadas no Sector Agrário (see Section 7.6 on 'Private Sector Development').*

Support to fisheries
Danida had been supporting fisheries before the peace accord. Its subsequent interventions focused on semi-industrial fisheries, providing support for the renovation of the fleet and seeking to facilitate on-shore processing and use of the by-catch from shrimp trawlers. It also provided extensive technical support to a fisheries master-planning exercise. Danida eventually withdrew from the fisheries sector in 2002.

Assessment
Agriculture and rural development
An impact study of Denmark's agricultural programme in Tete was undertaken by the Danish Centre for Development Research (MFA Danida 2002b). This found that for a number of reasons (the long-running war, the location of the project in a politically contested area, the manner in which agricultural inputs had been distributed, and the lack of substance to the 'extension message') the project had had very limited impact on the livelihood of the majority of small farmers and their families. Box 7.2 highlights some of the wider issues raised by this evaluation, including the contribution of aid to national stability. In Zambézia too, there were indications that costs were high relative to the number of beneficiaries.

Box 7.2: The 2002 Impact Study of support to agriculture in Tete

Agricultural support in Tete exemplifies some of the issues with decentralised support. The 2002 impact study of the Tete agricultural project supported by Danida concludes that the project provided expensive infrastructure and transport and financed extension services that were overly expensive in a well-defined geographical area resulting in little impact but much local attraction of attention as a source of support.

The shift from project to Sector Wide Approaches has been perceived locally as a move away from provision of some tangible input to a new situation where only talk from disillusioned extension workers under ProAgri was provided.

Moreover, it states that moving from emergency aid to development aid in a geographically focused project is a difficult undertaking; many relationships need to be changed and the move from hand-outs to sustainability is difficult to accept for beneficiaries. The transition should be handled with care and the actual developments showed that strategic choices in the various stages of the project were directed more by official policies than by an understanding and acceptance of the situation on the ground in Tete.

The impact study finds that provision of area-based support in Tete is relevant, but the circumstances under which it has been delivered have been very difficult and this ought to have been carefully assessed in the successive development of the project phases.

However, the support has probably contributed to keeping the country together and avoiding a complete collapse of the state in Tete. In this sense, it has contributed to the political stability of the region.

Source: MFA Danida 2002b, adapted from Nordeco 2007.

Danida and other donors worked with GOM to launch ProAgri, the first Sector Wide Approach (SWAp) for agriculture in sub-Saharan Africa. In an effort to provide more effective aid, the donor partners committed themselves to making greater use of the financial and management systems of the government and harmonising the way aid was delivered to the sector. Danida was responding to the changing circumstances and the perceived needs of Mozambique and took a leading role in the process.

However, ProAgri took longer to establish than anyone anticipated. In its initial years (1999-2001), there were serious delays in getting resources to the provinces. Since its establishment, several reviews of ProAgri have been conducted. There is general agreement that progress has been made in setting up the common funding mechanism, the planning and budgeting framework, and the financial and reporting arrangements. However, no hard evidence was found that ProAgri has improved the capacity of the Ministry to deliver services to smallholders. The ProAgri I Final Evaluation (PWC 2007) found that impact on agricultural production and income in the family farming sector had been negligible. The Ministry of Agriculture has become isolated in the Capital while fundamental changes are taking place in the decentralised arrangements for the disbursement of funds and for agricultural administration and its implementation in the districts. Another review concluded that the funding partners had become trapped in the means and had lost sight of the ends (Cabral et al 2007).

Two further criticisms of ProAgri were highlighted during discussions of the draft report. First, there is a contention that ProAgri was undermined by the donor prescription that agricultural services should increasingly be privatised. On this view, at the same time as ostensibly harmonising support for GOM agricultural services, donors were undermining the raison d'être for them. Second, it is argued that the donor energy that went into hammering out the arrangements for ProAgri had a high opportunity cost in diverting attention from other sectors where more progress might have been possible.

All its initiatives in agriculture, in one way or another, reflected Danida's understandable concern to contribute to the policy debate at the national level, to be involved with the practical aspects of developing the functional components of the agricultural system (i.e. production, training and extension, research, marketing, input supply and credit and regulation) and, most importantly, to remain committed to the realities of small-scale agriculture on the ground in selected areas by providing technical assistance to provinces, while grappling with the cross-cutting issues of gender, the emerging problems of HIV/AIDS and environmental protection and management.

The second phase (2006-10) of the Agriculture Sector Programme Support (ASPS II) has followed the pattern of the first phase, but the programme is in increasing difficulty of meeting tests of coherence and relevance. The basket-funding of ProAgri, which has been central to the ASPS strategy, no longer gives reason for confidence. In November 2007, the Ministry of Agriculture was reported to be in serious difficulty over the loss of key professional staff. There were also unresolved issues relating to the practicalities of merging the economic directorates at district level on which the new, more decentralised multi-sector model for the delivery of rural development depends and to which ProAgri funds are channelled. There are continuing uncertainties over the vertical and horizontal channels for planning and budgeting – through vertical ministry hierarchies and/or through district governments. Of the activities funded 'outside' ProAgri, the rural roads component appears to be doing well, but the private sector initiative (ADIPSA) has still to make convincing progress.

This evaluation concludes, that the time has come for a fundamental review of ASPS II, not with the purpose of withdrawing from ProAgri, but by continuing with sector budget support and devising and testing practical solutions to current problems at district level. This is likely to be more attainable by focusing on a single province and sponsoring a more joined-up approach to rural development.

Fisheries
Danida's support to fisheries was conceived before the peace accord and economic reforms of the early 1990s. Privatisation and changing government policies rendered the projects irrelevant, and subsequent evaluations found that they have been designed in blue-print fashion and poorly executed. The master-planning exercise was undermined by competing interests. Under pressure from foreign firms, GOM departed from the agreed master plan, which aimed to keep quotas to sustainable levels and required by-catch to be landed for processing. Danida withdrew from the sector when it became clear that its aims would not be realised. Despite Danida's efforts, over-fishing by mechanically-powered vehicles close inshore has undermined the livelihoods of artisanal fishermen.

7.4 Energy

Context and Danida's interventions
Danish support to the energy sector began in 1992 and is currently planned to be phased out. Energy was one of the major sectors supported by Danida's programme, absorbing DKK 663 million, or 15% of total disbursements. Danida was also a major donor to the sector, committing 25% of total bilateral funding over the evaluation period.

In the 1990s the two main projects were the construction of the transmission line between Xai-Xai and Inhambane. There was then emergency support for rehabilitation of electricity generation after the flooding and cyclone in 2000. From 2000, support was channelled through the Energy Sector Programme Support (ESPS). This marked a shift by Danida away from a project approach towards a significantly larger programme for the whole sector. The ESPS gave higher priority to institutional support and capacity building, and the programme included support to the three major agencies in the sector and the sub-sectors of generation and distribution. Renewable energy was an additional focus of the programme.

In 2006 a review for a phase out strategy for ESPS was carried out. The report recommended that Danida withdraw from the energy sector, as there was a need to focus Danish assistance on a smaller number of sectors to bring the programme in line with the objectives of the Paris Declaration. As a result it was decided not to extend the ESPS with a Phase II (2007-12) as foreseen when the agreement for ESPS 2002-07 was signed. This change of strategy was driven by factors external to the programme in Mozambique: the continuing concern to focus on fewer sectors was reinforced in this case by a HQ-level decision to concentrate on other sectors in Africa. Other donors were expected to continue supporting the sector, while Danish support might still be accessed through mixed credits.

Assessment
Overall, Danida assistance to the energy sector in Mozambique has had positive benefits and has been relevant to the needs of the sector. There is little doubt that support to the development of the power supply in Inhambane, the assistance to enhancing the distribu-

tion network in different areas, as well as the substantial support to the rehabilitation of energy systems after the natural disaster in 2000 were important contributions and very relevant to the country's needs at the time.

The sector programme support represented a step forward in terms of efficiency of aid delivery. The ESPS represented an effort by Danida to align with Mozambican policies and strategies. The rationale and intentions behind energy sector interventions became clearer and Danish assistance became more coherent. Moreover, Danish support was oriented towards ensuring policy coherence within the energy sector in Mozambique, e.g. by strengthening Electricity of Mozambique 's institutional performance in ways that would enhance its ability to serve, and to cross-subsidise, rural consumers. The intention of the ESPS to work with different players at different levels and support different complementary strategies for more effective energy management appears also to have been effective.

Capacity development in the Ministry of Energy (MoE) was a less successful element, partly because the MoE did not have the resources to act as partner as foreseen in the project documentation. (In comments on the draft report, MoE officials pointed out that this was partly due to the need to focus on rehabilitation efforts after the floods in 2000.)

The evaluation noted – and Danida has acknowledged – that Denmark's withdrawal from the sector was not handled as transparently or as efficiently as it might have been. [38] However, the evaluation does not disagree with the logic of that withdrawal.

7.5 Education and health

Overview
The evaluation deliberately undertook a combined analysis of Danida's education and health support programmes, in order to maximise opportunities for learning from comparisons and contrasts between the two sectors (see Working Paper 03).

Danish country strategy papers for the evaluation period show that there was an increasing emphasis on the social sectors throughout the time period, with a growing focus on streamlining this support through sector and geographical concentration and, from 2000 onwards, a concern with the impact of HIV and AIDS. [39] As part of this process it was intended that support to health would be phased out after the completion of the third health programme in 2007. This decision to exit the sector was reversed in 2004, after Danida's revised global strategy *(A World of Difference)* emphasized long-term Danish support to social and economic development, including to health.

Both sectors experienced a significant increase in Danida funding over the evaluation period. Expenditure on education increased from DKK 14 million in 1992 to DKK 54 million in 2006 and in health it rose from DKK 3.1 million in 1992 to DKK 47 million

38) The RDE commented on an earlier draft as follows:
The embassy agrees that the process in relation to pulling out of the energy sector could and should have been more transparent. The main reason for the lack of clear messages was an unfortunate delay in the development and approval of a new country strategy, which meant that the formal decision to pull out was also delayed.

39) Danish support to mainstreaming HIV and AIDS is reviewed in Chapter 8 below.

in 2006. As a share of the overall portfolio, Danida's support to education averaged 11% but fluctuated between 3% in 1996 and a high of 18% in 2003. Health expenditures have fluctuated less, and have on average been somewhat lower at 9%. Total expenditures from 1992-2006 were DKK 492 million for education and DKK 412 million for health. The bulk of Danish funding has gone to government partners, followed by multilateral support. NGOs have also been constant partners. Education accounts for 15% and health for 7% of disbursements to NGOs over the period (Chapter 6, Table 6.3).

Education

Context and Danida's interventions

Due to the war, at the start of the evaluation period the education system was in disarray. The challenge was to move from an emergency-oriented approach to a longer-term development vision, and in 1998, an Education Sector Strategic Plan (ESSP) was prepared and approved, focusing on access, quality and capacity building.

Up to 1994 Danida support under its first strategy for Mozambique was directed at four basic-level technical schools with an annual expenditure of USD 1.6 million. In 1995 Danida supported two main activities in the education sector, which were a one-year project to pay salaries of over 800 teachers in Tete Province (see Box 7.3) and the preparation of its first education programme in Tete. This programme, with a budget of over USD 10 million, started in 1995 for a five-year period and was in line with the priorities of the Education Sector Plan. It covered six components: i) in-service training; ii) management; iii) improvement of primary schools; iv) budget support; v) construction; and vi) national level capacity.

Box 7.3: Post-war support for teachers' salaries

At the end of the war in 1992, the return of refugee populations required a large number of teachers to be quickly employed. Government funds were not at short notice available for the employment of these additional teachers. In 1994 the MOE therefore sought and received support from Danida for the financing of a supplementary salary fund for the temporary recruitment of 2,700 teachers who previously lectured in refugee camps. This was very innovative at a time when donors were generally reluctant to pay for recurrent costs.

The fund was established for a period of two years (1995-96) with the provision that during that period the MOE would undertake the necessary steps to employ these teachers. The payment of teachers' salaries went hand in hand with the organization of upgrading courses for all the teachers concerned and a computer was provided to each of the provinces to set up a data base for the management of data on teachers. The programme successfully ended after two years when the MOE integrated these temporary teachers in the civil service payroll.

Source: Ministry of Education 1994.

For the second programme from 2002-06, Danida developed the Danish Support to the Education Sector Strategic Plan which closely followed ESSP priorities, and was implemented in Zambézia and Cabo Delgado as well as Tete. Its immediate objective was to improve access to quality education in an equitable and sustainable manner. The programme suffered a considerable set-back in March 2005 when the discovery of account-

ing irregularities in Zambézia led to the suspension of funding to all three provinces, although contracts under way continued to be honoured. (For more on this case and its ramifications, see the discussion of accountability in Chapter 8 below.)

Assessment
The Project Completion Report for the first phase of the education programme emphasised that it was relevant and implemented well. (For details on education outcomes, see Appendix F). For the second phase, no comprehensive overview is available, but it is clear that the suspension of funds following the accounting problems had a negative impact on the programme progress. It can, however, be seen that progress was made in the components of teacher and staff training at provincial levels, and in the provision of equipment, in the construction and rehabilitation of infrastructure, and in HIV/AIDS awareness and prevention.

Health
Context and Danida's interventions
After the war, the health sector was also in disarray; coverage had been severely reduced, health facilities destroyed and staff displaced. The focus immediately after the war was therefore on rehabilitating the health network and on ensuring that services returned to previously closed areas. Donor activity turned to longer and more development-oriented programmes, and geographical concentration became an important strategy for decentralized development and service delivery.

Coordination was seen as an important issue, and a common fund for developing and launching the health strategy was created and funded by various donors in 1998. A year later the provincial common fund was created. The first National AIDS Strategic Plan was launched in 1999. In 2001 the Strategic Plan for the Health Sector was finalised, and in 2003 the PROSAUDE health common fund was established.

The first Danish Health Sector Programme in Mozambique was from 1992-96, with the second from 1996-2001. In both phases, support was provided to the provincial health directorate in Tete province. Major areas of focus were capacity building at provincial level, the rehabilitation of the primary health care system and construction and support to the Provincial Training Institute. In parallel to the Tete health programme, Danida also gave important support to the central Mother and Child programme, although in 1996 Danida took a unilateral decision to move out of this programme.

The third phase (2002-07) was developed in 2001 with the intention of phasing out Danida's support to the health sector. The idea at the time was to exit from health gradually over a five to eight year period, but, as already noted, the decision to exit the sector was reversed in 2004 (see F1174).

Assessment
Danida support can be roughly divided into two levels – support to Tete province and, from 1999, support at national level. There is substantial evidence that Danida support on both these levels contributed considerably to the improvement of the operation of the health system. (For details on health outcomes, see Appendix F). However, these improvements have been less prominent in the areas of quality and efficiency of care at the primary health care level.

Comparisons and contrasts between health and education
The evaluation found a number of points of comparison and contrast between Danish aid to the health and education sectors. Both had been generally relevant and successful in supporting basic social services, with a particular impact on Tete province. However, the health programme was more successful in its integration with the sector-wide approach, whereas the second phase of the education programme did not sufficiently reflect available lessons from the first phase.

The Working Paper on Health and Education (WP03) identified the following major trends in the two sectors:

- Over the evaluation period both the health and education sectors went through strong policy development exercises. Increasingly these were linked to national level mechanisms and consultations, such as the PARPA.

- Joint funding mechanisms were put in place (health was earlier than education in this respect) and there was a strong focus on better donor coordination. An increasing number of donors joined in both sectors and international agendas played a strong role.

- Important differences in funding to the sectors emerged. Education got a much higher percentage of the state budget, but donors provide a higher proportion of health sector funding. In the education sector, pooled funds have doubled in the last two years whereas in health an increase in vertical funding is evident.

- Health has a somewhat longer history in terms of Danida's engagement in Tete province. The presence of health and agricultural activities in Tete was a strong motivating factor for placing the education programme in that province too.

- There was a strong and sustained move towards SWAps in both sectors and a corresponding emphasis on harmonisation and on alignment.

- Funding by Danida to both sectors increased substantially over time.

- Key education and health sector indicators at provincial level improved significantly over the evaluation period (for details see Appendix F).

- The move towards a SWAp was embraced more quickly in health than in education by Danida. HSSP III which started in 2000 already had a strong national level component because of the need to scale up Tete experience and to cope with the HIV pandemic (F1159). In 2001 the new education programme focused on Tete and on two new provinces but the national level involvement was less strong.

- There was continued use of technical assistance, with growing numbers of advisors in education, mostly placed at provincial level. In the health sector there was a shift from provincial focus in terms of technical support to national level, and a decrease in the total number of TA for the programme.

The evaluation highlights the following observations and lessons:

- The education programme was particularly innovative in terms of the design of its first programme.

- The involvement of central level officials in the monitoring of programmes which take place at decentralized levels is important. This has been more present in the health programme than in the education programme.

- Lesson learning has been more explicit in the health programme than in the case of education, but nevertheless needs to be more explicitly built into programme monitoring and into the design and documentation of subsequent phases.

- In the health sector, the Danida programme stayed closer to the overall developments in the sector, and made corresponding adjustments both in terms of the changing aid modalities, and also in terms of staffing and participation at different levels (central versus provincial).[40)]

- The modalities for programme design and management have had implications for ownership of the programmes in both cases. This has been a more pronounced problem in education than in health. (Chapter 8 below returns to the issue of aid modalities across the whole Danish aid programme.)

7.6 Private Sector Development

Context and Danida's interventions
Development of Mozambique's private sector has been limited despite rapid GDP growth which has averaged 8% a year since 1992. Growth has primarily been driven by three mega-projects (the MOZAL aluminium smelter, the Cahora Bassa hydroelectric plant and the SASOL gas pipeline to South Africa), which are the main export earners, and the agricultural sector, where most private sector activity takes place. Despite this there has not been significant growth in the formal private sector and small and medium-sized enterprises (SMEs) have not been well supported by GOM policy. The business environment remains difficult due to a lack of infrastructure, restricted access to credit and restrictive bureaucracy.

40) The RDE has commented on this point as follows:
We do not agree with the general statement that Danida has stayed "much closer to overall developments" in the health sector as compared to education. While this may be true in terms of funding – where the transition to common fund financing has been slower in education than in health – it is not so in terms of contents and organization. The education programme mirrors the sector strategy and its activities have been a subset of the GOM annual activity plan from the outset, to the extent that GOM saw Danida as the main source of funding of its annual activity plan in Cabo Delgado, Tete and Zambézia and consequently directed government budget resources to other provinces.
The evaluation agrees that, in education as in other sectors, Danida has sought to support GOM priorities and programmes. The judgment is about the degree of harmonisation with other donors and alignment with GOM systems in the course of implementation.

The private sector has always comprised a fairly small share of Danida's programme in Mozambique (details in Appendix F, Table F11). In 1992 "business and industry" [41] comprised 6.5% of overall programme disbursements, which fell to 1.6% by 2005. The disbursements for the 1992-98 period are prior to the formal private sector development programme which was instituted in 2001. Danida supported five major projects during the earlier period. (These were modernization of two machine factories in Chimoio and Tete from 1987-93, support to the soap industry in Mozambique through deliveries of raw materials 1990-93, support for rural artisans in Sofala Province 1989, 1996 and two Ibis NGO projects for handicrafts and small industries in Sofala.)

Danida private sector support activities have comprised:

- The **Private Sector Programme** has been running since 2001, and was re-launched as B2B (Business to Business) in 2005. The programme is run by Danida in a variety of countries which receive Danish support. The scheme operates by matching local Mozambican businesses with Danish companies who provide technical assistance and know how. Eight partnerships have been supported since the beginning of the PS Programme. [42] There has been support to 16 Start-up Facility collaborations, but not all have continued to the project phase, and around five others are in the pipeline for potential support.

- **ADIPSA** *(Apoio ao Desenvolvimento de Iniciativas Privadas no Sector Agrário).* Coordinated support for the private sector development component of the Agricultural Sector Programme Support (ASPS) which began in 2001. This support for the development of private sector initiatives in the Agricultural Sector (ADIPSA) is now in its second phase. It aims to address problems in the agricultural production and marketing chain.

- **Mixed Credit Support Programme** which began in Mozambique in 2005. [43] This provides partially tied, interest free or low interest loans of 8-15 years' maturity to finance development projects undertaken by Danish exporters in developing countries. There are currently six projects under way or approved for mixed credit support in Mozambique (see Appendix F, Table F17). The mixed credit programme is not a private sector strategy as such, but an alternative financing modality available for quasi-commercial projects.

41) This is the relevant OECD/DAC classification, used in the sector analysis of Danida expenditures.

42) There have not yet been any disbursements in one of the projects (Royal Fish Denmark A/S and Pescadan Ltd).

43) There has long been a mixed credit element in Danish aid, but it was not applied in Mozambique before the programme was revised in 2005. Under this revision, there are no longer any requirements for Danish content in the commercial contract (except for China where it was 25%). The objectives of the projects financed under the mixed credit programme have to be in accordance with Danida's overall development objectives.

Assessment
Overall, Danida's contribution to PSD in Mozambique has been marginal, mainly because Danida's activities have been relatively narrow. Only a small number of companies have been supported under the PS Programme which is a stand-alone programme with few linkages with the GOM or other donors. The tying of the aid through providing support only from Danish companies also limits its usefulness and means that the support can be higher cost, particularly for inputs, and less relevant to the Mozambican context, than if it were sourced from countries in the region. A more fundamental problem is that it does not aim to address the constraints faced by the private sector in Mozambique which are the main obstacles to private sector growth and business development. Finally, it is not clear how the design of the programme activities fits with the overall objective of the Danida programme which is to *reduce poverty by promoting economic growth and social development in developing countries.* There is no analysis of the mechanisms through which the programme is expected to achieve this, nor is there provision for monitoring whether this is achieved in practice.

The ADIPSA programme has been undertaken in a different manner as it is a complement to ProAgri, which is the main sector support programme for agriculture. Therefore it has been more integrated into agricultural sector activities as a whole. Progress in the first phase was slow as the intended activities proved difficult to implement and although a few successes were achieved, implementation was below what had been originally envisaged. This was primarily because the business environment turned out to be weaker than expected, it proved to be difficult to reach the smallholder sector, and interventions were not sufficiently focused and cost-effective (F116). The new phase instituted in 2006 was designed to overcome these difficulties.

Lessons from the experience of Danida's programme in Mozambique point to a need for Danida to reorientate its Mozambique PSD approach, so as to focus on supporting an enabling environment for PSD and addressing the key constraints faced by SMEs. Overall, best practice suggests that Danida should move from direct support to enterprises towards support for the development of markets at the macro and meso level, with a focus on strengthening development partner institutions to facilitate an enabling environment for private sector development.

7.7 Environmental management

Context and Danida's interventions
By 1992, Mozambique had experienced at least 15 years of economic disruption and decline. Hazardous waste and pollution were accumulating and natural resource depletion was threatening livelihoods. The Ministry for Coordination of Environmental Affairs (MICOA) was formed in late 1994, and the Environment Law promulgated in 1997. In 1992, Denmark established 'Mifresta' (the Environment, Peace and Stability Fund) to assist with the funding of environmental initiatives. For a number of reasons, including the perception that Mozambique was less seriously affected by environmental problems than its neighbours, the programme was slow getting started. However, over the entire evaluation period, environmental management received 4% of Danida disbursements (DKK 193 million).

Environmental projects and programmes
From 1996, the main aim of Danida's support was strengthening the capacity of the national environmental agency to fulfil its regulatory responsibilities. For most of the

period, the work was project-based, despite efforts by the RDE to develop a programme approach. Environmental Programme Support (EPS) was finally launched in 2006, consisting of several decentralised components linked by one dealing with overall policy and planning at central level and appropriately aligned disbursement arrangements. Danida's support has focused on the following overlapping aspects of environment management.

Integrated Coastal Zone Management (ICZM): In the initial phase (1997-2000), Danida aimed to develop MICOA's competence in ICZM, to establish models of good practice and to improve environmental health. The project undertook the execution of pilot projects which were found to be beyond MICOA's capacity and remit. In Phase II (2000-04), assistance was better aligned to national and local government institutions and, with the help of international TA, it made progress with the piloting of community-based natural resource management. By contrast, the *Lake Niassa ICZM Project (2001-04)* undertaken by MICOA, but with very little international TA, was a failure. It was designed when the provincial directorate had the required personnel, but when these were transferred elsewhere it was unable to continue. Renewed efforts are being made with an ICZM component under the Environmental Programme Support.

Management of Hazardous Waste: Between 1997 and 2001 Danida aimed to assist GOM to comply with international agreements and dispose of imported obsolete pesticides domestically, principally through high-temperature incineration in a converted cement kiln. This drew opposition from environmental groups, concerned that Mozambique would become the focus for toxic waste disposal from other countries. RDE eventually instructed the Danish contractor to re-export the waste for incineration in Europe. Following this, Danida provided MICOA with support for Integrated Industrial Pollution Prevention (IIPP) (2000-06). The purpose was to reduce the negative impact of industrial pollution by establishing a waste management system and enabling MICOA to assess and monitor the generation and safe disposal of hazardous waste.

Urban Environmental Management (UEM) (2002-06): Phase I of the project was to improve living conditions of the poor in the urban areas of Mozambique by the reduction of environmental threats. The project was based in Nampula in Northern Mozambique and involved five cities. It was based on the recognition that their environmental problems negatively affect the livelihoods of very large numbers of people. Technical expertise was developed in MICOA's Centre for Sustainable Development at Nampula, which focuses on the built environment. TA was managed by Danish consultants. The main project outputs were environmental plans and small projects (e.g. water and sanitation, solid waste management, etc.). The project has been followed up under the EPS in which closer attention is being paid to the alignment of disbursement arrangements with government systems and to harmonisation and partnership with other bilateral donors.

Assessment

Danish assistance to Mozambique for environmental management started in 1996 using Mifresta funds for purely project-based assistance to resolve specific environmental problems, and gradually moved to a more programmatic approach.

The overall approach to ICZM adopted over the ten-year period (1996-2005) was probably over-ambitious and lacked sufficient focus on so-called 'hot spots' and local community involvement. Despite considerable efforts on Danida's part, ICZM, especially the Lake Niassa project, remained a vision rather than an operational activity.

With regard to the disposal of obsolete pesticides, the change of strategy to re-export the waste significantly increased costs, but to a large extent met the project's immediate objectives of ridding Mozambique of unsafely stored waste scattered throughout the country. The overall objective of equipping the country with the capacity to dispose of hazardous waste domestically, mainly by high temperature incineration, was not accomplished. The subsequent assistance with IIPP helped the formation of a public-private partnership agreement for the establishment of a landfill facility for hazardous waste and to provide technical advice and assistance for its construction and operation. However, the work was frequently hampered and delayed by changes in MICOA's management and related organisation, which contributed to the decision by Danida not to continue with the support of IIPP activities under the EPS.

A completion report of Phase I of the UEM project, submitted by the contractor in 2006, assessed the performance of the project as 'satisfactory', both in terms of the achievement of the immediate objectives and the fulfilment of the overall objective of poverty reduction. It stated that it was not feasible to relate overall socio-economic changes in the cities to the local improvements obtained. On the other hand, the planning and implementation of the projects had demonstrated what could be achieved by the authorities and provided a basis for capacity building, the immediate objective. It was recognised that the municipalities needed to give more attention to improving planning and budgeting and to widening their tax base.

The search for a coherent strategy for the resolution of the country's environmental difficulties has been made difficult by the lack of harmonisation and alignment and the fragility of institutional arrangements. Relations between the RDE and the ministry have been marred by misunderstandings, particularly relating to the management of aid funds. Danida assistance to environmental management in Mozambique has focused on building the capacity of institutions at national and provincial level. Despite the efforts of Danida and other donors, the capacity of MICOA remains weak. Only when international consultants have had a strong hand in the management of projects have the immediate objectives been met. Further, where donors have stepped back from such direct involvement, results have been disappointing. The low political priority accorded to environmental management in Mozambique probably lies at the heart of the problem. It has resulted in a chronic lack of leadership, management and professional capacity in the sector.

7.8 Government and civil society

Scope
The ToR for this evaluation include, as a main evaluation question:

> To what extent has Denmark's support to the development of the legal sector improved the delivery of justice sector services, quantitatively as well as qualitatively, and, thus, contributed to building a society based on the rule of law?

This topic is a principal focus of Working Paper 08. However, the DAC sector of "government and civil society" is much broader than law and justice, and Danida's activities

in the sector have been extensive. This is reflected both in WP08 and in the summary of findings below.

Context and Danida's interventions

Trends in governance

Forms of governance in Mozambique have, on the face of it, changed radically in the past two decades. Constitutional changes have laid the basis for the administrative and political independence of the courts from executive and party control, introduced a comprehensive Bill of Rights which places the citizen more firmly at the centre of the concept of the state, have established the Assembly of the Republic (AR) as a democratic institution for multi-party legislative oversight, and have introduced new and autonomous decentralised authorities, accountable to local constituencies. The establishment of appropriate governance mechanisms to give effect to this new constitutional framework has, however, been the focus of continuing political struggle. In respect to judicial independence, there has been tension between the judiciary and executive, as the courts attempt to assert their independence. Parliamentary oversight of the legislative process has been eroded by the increasing use of new forms of legislation that permit the Council of Ministers to arrogate legislative authority from the AR. The independent municipalities have remained limited in number and their role and powers have become confused by the political appointment of separate administrators. Mozambique's history produced a closed and non-consultative governance culture which has been slow to change. Organised civil society in Mozambique remains relatively weak.

Over the period of the evaluation a general confidence amongst the donor community in Mozambique that it would be possible to gradually establish the institutional pillars of a liberal democracy (free and transparent elections, an independent judiciary, a strong parliament, vibrant and independent media, decentralised government and an active and organised civil society) has given way to a pragmatic acceptance that the outcome so far remains short of this ideal – the elements are not absent, but they are all weaker than hoped.

Overview of Danish support

Support to government and civil society has been a major part of the Danida programme in Mozambique, with expenditure of DKK 617 million comprising 14% of the total programme. It is also clear that Danida has become an increasingly important donor in the sector. Between 1992 and 1999, Danida was the 8th largest donor in the sector; by 2005 Danida was ranked as the 3rd largest in terms of commitments (see Chapter 6, Table 6.8).

Support for reform of the public sector

Denmark has been a leading supporter of public sector reform, which attracted more Danish funding over the period than its governance and justice programmes (see Appendix F, Table F15). Danida was among the first supporters of the public sector reform (PSR) programme, providing initial set-up support for the Technical Unit for Public Sector Reform (UTRESP) [44)] and additional support for later phases of its activities. The support programme exhibited a high level of cooperation with other donors active in the field, and the Danida strategy in this area has mostly been to use joint donor financing mechanisms, or to channel funds through international institutions or other donors.

44) Unidade Técnica de Reforma do Sector Publico.

This support was conceived as an important complement to Danish budget support. Inter alia, UTRESP was also instrumental in promoting the anti-corruption agenda within government for several years, and was responsible for conducting a national *Governance and Corruption Perception Survey*. The UTRESP also drafted the Anti-Corruption Strategy in 2005. As already noted in the discussion of financial support, the provision of good quality technical expertise led to successful support for the development of poverty monitoring systems and the improvement of analytical capacities in the public sector.

Support for governance and justice
Danida has indisputably been the key donor to the justice sector in Mozambique, with support having been provided throughout the entire evaluation period and with other donors looking to Danida to provide both direction and a focal point for coordination and dialogue with the GOM. The nature of support has evolved from an initial focus on dealing with what were perceived to be practical problems of capacity to a much more complex engagement designed to encourage greater coordination and integrated planning amongst the various justice sector institutions. As part of a general trend, Danida's engagement with the GOM in respect to the justice sector has also shifted over this period, from an initial bilateral dialogue to one that is increasingly conducted within the PARPA framework, although Danida has to date maintained direct financial support to the sector and continues to engage on a bilateral basis (as do the other donors involved in the sector).

Danida's main activities under this heading included Institutional Support to Teaching and Administration of Law; a Programme of Assistance to Human Rights and Democracy; ProJustiça, a programme focused on the development of the justice sector policy framework and a new focus on traditional conflict-resolution structures, and support to Human Rights initiatives (which latterly was incorporated within ProJustiça). These activities are described in more detail in Appendix F, and reviewed at length in WP08.

Assessment
Danida has made a substantial contribution to public sector reform, to the improvement of public finance management and to the strengthening of analytical capacity in GOM. Denmark's long and close relationship with the government has facilitated these interventions.

For two decades, Danida has also been at the forefront of donors to the justice sector in Mozambique, a poor country with fragile legal institutions and a history of executive interference and close control over the justice system. Progress has been slow and uneven. There have been delays and setbacks in achieving the objectives of the various phases of support. The evaluation has underlined the fact that Danida has often gone where other donors have hesitated to venture; in the process it has gained respect and appreciation for the role it has played, supporting politically fraught processes of reform and sector coordination. Danida's commitment over the years is seen as a sign of strength and is appreciated. As noted in Appendix F, persistence in supporting better coordination and strategic planning across the sector appears now to be paying off.

Danida can point to a number of tangible achievements where its support has played a role. The CFJJ (Centre for Legal and Judicial Training), a substantial beneficiary of Danida support, is widely respected and has introduced positive changes to the profes-

sional training of justice sector personnel. The substantial and sustained institutional support to this training centre has improved the qualified and professional staffing situation within many key justice institutions and has contributed directly to an increase in the coverage of the formal justice system throughout the country. Recent indications are that the CFJJ will now receive funding through the general government budget, rather than being forced to depend on donor funds. Improvements have been registered in relation to case-management and the vast number of pending cases in the courts has begun to fall. Although progress has often been slower than hoped, the agenda for legal reform has been extensive and a number of important laws have been approved by Parliament, including organic laws for the judicial courts and for the prosecution, as well as gender screening and consultations on major pieces of legislation. [45)] The approval of a new family law, which improves the legal situation of women, was a particular milestone. Danida was also an important sponsor of legal research.

Most Danish support has been aimed at the systemic and institutional levels, which are fundamental. However, the support channelled through civil society in particular has had immediate pro-poor results and has supported the development of broad national ownership over these processes. The Mozambique Human Rights League, for example, has provided free legal assistance to poor citizens.

The evaluation has also highlighted governance problems which persist, not just within the justice sector, which is susceptible to corruption and political influence. Continuing problems include free but not entirely transparent elections, a parliament that undertakes only limited legislative initiatives and does not pose a challenge to the government to make it more accountable, an ambiguous and limited decentralisation policy, and a ruling party that has more effective power now than before the democratic transition. There is concern that the democratic gains made by Mozambique in the period since the end of the armed conflict are now being rolled back before they have had a chance to become truly embedded within society.

The persistence of these issues should not be read as a criticism of Danida's past support, but rather as underlining the need for vigilance to be maintained and increased, particularly in the context of the general budget support dialogue with the Mozambican authorities. If, today, justice issues are high on the agenda for dialogue between the GOM and its international partners, this is largely due to Danida. Those issues that have been difficult to deal with to date will remain as the challenges for the future.

Other interventions

Other, or 'miscellaneous' interventions captured 17% of Danida expenditure over the evaluation period (DKK 748 million), and much higher percentages during the early stages. This category includes Danida interventions in Communications, Transport, Water and Other Social Infrastructure. They are reviewed in more detail in Appendix F. The high share in the first four years of the evaluation period reflected high levels of expenditure in the transport sector, particularly for Beira Port. There were also some relatively large post-war recovery projects managed by Ibis. The relatively high proportion of expenditure in this miscellaneous category in 2006 reflects the disbursement for the grant components of two mixed credits for communications in the central and northern regions of the country. Mixed credits are set to become a much more significant funding source in future. (See Section 7.6 and Appendix F).

45) WP08 includes a list of legislation where Danida support was significant.

8. Cross-cutting issues and modalities of support

8.1 Introduction

Chapter 7 reviewed the entire Danida programme from a "sectoral" perspective. The present chapter addresses cross-cutting issues and themes. However, two of Danida's standard cross-cutting issues (environment and governance) have also been treated as distinct programmes in Mozambique, and are therefore already covered in Chapter 7. The present chapter's topics are: provincial aid and Danida's support to Tete province; the mainstreaming of HIV and AIDS; gender; accountability and corruption; aid modalities; capacity development and TA; and overall management of the Danida programme.

8.2 Provincial aid and support to Tete province

Scope
Danida has had a special relationship with Tete Province throughout the evaluation period. The evaluation ToR therefore required that: *"particular attention should be paid to the Danish support to the Province of Tete. Possible impacts of Denmark's long-term involvement in Tete should be explored, particularly in so far as they may have contributed to lasting and general improvements in the ability to meet the needs of citizens in the Province".* Accordingly, this dimension was given particular attention in all the evaluation sector reviews and in the Perception Study; the team visited Tete, and Working Paper 10 focuses on this topic. It is important to see Denmark's assistance to Tete in the context of other Danida initiatives at provincial level, and of the ways in which other donors have addressed the provinces. This is reflected in the summary that follows, as well as in WP10 itself.

Context
Mozambique is a highly diverse country, with important natural, social, economic, political and even cultural differences across its various geographical and political divisions. These differences result from historical, political and cultural factors and dynamics, as well as from regional and international events that have had an uneven impact on different parts of the country.

In the past decade, there have been substantial improvements in living standards throughout most of Mozambique. Although there was a large fall in the incidence of absolute poverty between 1996/97 and 2002/03, from 69% down to 54%, there has been a disparity of outcomes across the various Mozambican provinces and regions, both in terms of poverty incidence and of other relevant indicators. There has not been a convergence of poverty levels across the country and its 11 provinces.

Policies and government interventions at the sub-national level
Government interventions at the sub-national level in Mozambique do not seem directly to address these territorial imbalances. In part, this reflects problems affecting national planning and budget formulation processes. However, local provincial governments have also had difficulties in executing their budgets, especially the investment component. This has tended to exacerbate regional imbalances in the provision of public goods.

Imbalances have persisted despite considerable government decentralization down to the provincial and district level. In fact, deconcentration of central government operations down to provincial and district administrations has been a key area of public sector reform in Mozambique at least since the mid-1990s. An important step in this process of decentralisation was the approval in 2003 of the Law of State Local Authorities and its regulations. As part of these decentralisation efforts, districts are now considered as autonomous bodies for fiscal purposes and are eligible for direct budget funding. Line ministries have also started introducing decentralisation initiatives in their sectoral programmes.

Despite these decentralisation initiatives, provincial governments, district administrations and municipalities continue to face important challenges. One critical problem is their generally weak institutional capacity in relation to planning, budget formulation, financial management, project execution and revenue collection. There is also a need to clarify the role of provincial governments vis-à-vis district administrations.

Donor initiatives at the sub-national level

The GOM has recently expressed its choice of GBS as its preferred aid modality. However, it does not preclude and continues to favour other approaches to aid, including sub-national aid, on the basis of the same reasons put forward by donors to provide aid at this level. In any case, there is a natural tendency for the recipient government bodies to welcome aid funds that are disbursed to them directly. However, there is no guiding policy framework to orient provincial donor aid. As a result, donor preferences have often dictated the nature and forms of aid, rather than there being an explicit attempt by the government to direct aid flows into Mozambique into specific sectors or regions. The GOM's resource allocation policy has been more concerned with defining sector-level expenditure outlays than with their territorial dimension. Although the need to address geographical inequalities is acknowledged, this is not translated into a clear framework to serve as a basis for distribution of resources among provinces. The pattern of donor aid to sub-national levels appears to have emerged more in an ad hoc way than as a planned strategy by the GOM.

Aid initiatives at the sub-national level have been justified on the grounds that (i) constraints and bottlenecks in PFM systems obstructed the flow of funds down to provinces and districts, impeding the implementation of initiatives in priority sectors at these levels; (ii) national planning and budget systems were excessively 'centralised' and 'sector driven', lacking a territorial dimension, overlooking regional concerns and leading to inter-territorial imbalances in government interventions; (iii) available funding was insufficient to cover the funding needs identified at the provincial or district levels; (iv) it was necessary to directly support ongoing reforms and government activities, by ensuring that lower levels of the public administration had the necessary capacity and means; and (v) acting at this level gave donor agencies a valuable first-hand understanding of problems unfolding 'on the ground'.

These concerns have led most donor agencies to set up and run projects at the sub-national level. However, there are substantial differences in the way different donors articulate these interventions, as well as in their evolution over time. Some donors have chosen to focus on supporting specific provinces and districts over a wide range of sectors. Others focus on specific sectors across various provinces; whilst other donors have over the years actually withdrawn most of their aid at this sub-national level, focusing instead on national-level programmes. Donor agencies have used a variety of modalities in their support to provinces, districts and municipalities, including: project aid; using the services of NGOs; channelling funds through common funding mechanisms; earmarking funds to specific districts or provinces; running projects in certain regions, in some cases

integrated within government systems; financing and providing technical assistance to provincial or district institutions; or even taking a more programmatic approach, setting up integrated provincial programmes. (See WP10 for details and illustrations.)

Danish support

Provincial support in general

During the evaluation period, Denmark implemented a considerable part of its Mozambican country programme at a sub-national level. Danish sub-national aid has consisted of both countrywide initiatives and more specific interventions in specific locations in individual provinces, districts or municipalities.

A key principle guiding Danish sub-national assistance in Mozambique has been that of geographical concentration. Denmark's 1988-93 Country Strategy for Mozambique (F399) already highlighted the importance and benefits of geographically concentrating its funding at this level, as a way of achieving greater complementarities and synergies between aid activities.

The 1995-99 Country Strategy for Mozambique (F401) again stressed the importance of concentrating sub-national aid to a limited geographical area, identifying Tete and Zambézia as the provinces on which it should focus, given Denmark's past involvement in these provinces (including the work of Danish NGOs), plus the context of GOM's decentralisation agenda.

Denmark's 2000-04 country strategy (F403) continued to put emphasis on geographical concentration. This was to be done in a context in which Danida was continuing in its efforts to move towards more programmatic aid modalities, focusing its assistance on a few priority sectors, in line with its earlier 1995-99 Strategy. This same strategy document also clarified the nature and role of Danish sub-national aid in Mozambique and opened the possibility of providing aid to other provinces in addition to Zambézia and Tete.

Tables 8.1 and 8.2 analyse the provincial allocation of the Danish aid programme. Overall, Danish aid at this sub-national level has accounted for a proportion of its total ODA to Mozambique of between 15.8%, reached in 1998, and 50.3% achieved in 2004, with an average share of 28.6% throughout this period. Danish sub-national aid to Mozambique has been unevenly split among the various Mozambican provinces. Three regions – Tete, Inhambane and Maputo – have accounted for the largest proportion of Danida's sub-national funding with overall shares of 8.4%, 7.0% and 5.1%, of total Danish aid to Mozambique during the period. Other provinces, such as Niassa, Nampula, Gaza or Sofala, on the other hand, have received little or no funding at all from Danida, especially in more recent years. Of the main recipients of Danish aid, Tete and Inhambane are two of the provinces with highest poverty incidence, but Maputo City and province have the lowest poverty incidence.

Even within these provinces there are substantial differences. In regions such as Maputo or Inhambane province Danida's support has been mostly directed to one or two large projects in the energy sector. In other provinces, Danish aid has been directed to a wider range of sectors, including initiatives in health, education, agriculture, water and sanitation or public financial management and public sector reform. This is the case with Danida's support to the provinces of Zambézia, Cabo Delgado and, especially, Tete. Since 1998 Tete has not only been the largest recipient of Danish aid funding provided at sub-national level, but has also been the province that received the widest range of Danish-funded aid initiatives.

Table 8.1: Danida-Mozambique provinciali nitiatives (DKK 'ooo)

	'1998'*	1999	2000	2001	2002	2003	2004	2005	2006	Total
Cabo Delgado	1,177	-	1,571	6,623	12,173	27,715	8,148	16,596	5,868	79,871
Gaza	267	-	-	-	-	-	-	-	-	267
Inhambane	60,665	33,479	27,849	21,179	39,299	13,106	(2,385)	40,052	(335)	232,909
Manica	1,776	-	4,403	3,335	10,518	11,028	4,276	9,953	3,174	48,462
Maputo	4,114	-	-	2,975	18,085	25,244	72,490	27,092	18,118	168,118
Nampula	-	-	449	66	-	-	-	-	299	814
Niassa	-	-	-	-	-	-	-	-	-	-
Sofala	4,152	-	-	28	4,819	5,165	7,756	12,528	(1,572)	32,875
Tete	**89,258**	**7,373**	**10,097**	**21,063**	**29,570**	**50,733**	**32,692**	**19,850**	**17,978**	**278,615**
Zambézia	3,736	2,975	-	(347)	13,886	14,030	22,942	17,864	27,741	102,825
Provincial programme	165,145	43,827	44,369	54,920	128,350	147,021	145,919	143,935	71,271	944,757
National programme	882,104	194,420	199,956	216,492	200,170	182,988	144,108	155,850	186,025	2,362,113
Grand total	**1,047,249**	**238,247**	**244,325**	**271,412**	**328,520**	**330,009**	**290,027**	**299,785**	**257,296**	**3,306,870**

Source: Financial data from RDE Mozambique.

* *The figures for 1998 are an anomaly. RDE changed its accounting system in 1998. The expenditures recorded for that year are in fact the cumulated expenditures of all projects that were active in 1998. Thus the '1998' figure includes a large proportion of expenditures from several previous years, as well as all the expenditure that took place in 1998.*

Table 8.2: Danida-Mozambique provincial initiatives, structure (%)

	'1998'*	1999	2000	2001	2002	2003	2004	2005	2006	1998-2006
Cabo Delgado	0.7%	-	3.5%	12.1%	9.5%	18.9%	5.6%	11.5%	8.2%	8.5%
Gaza	-0.2%	-	-	-	-	-	-	-	-	-
Inhambane	36.7%	76.4%	62.8%	38.6%	30.6%	8.9%	-1.6%	27.8%	-0.4%	24.7%
Manica	1.0%	-	10.0%	6.1%	8.2%	7.5%	2.9%	6.9%	4.5%	5.1%
Maputo	2.5%	-	-	5.4%	14.1%	17.2%	49.7%	18.8%	25.4%	17.8%
Nampula	-	-	1.0%	-	-	-	-	-	0.4%	-
Niassa	-	-	-	-	-	-	-	-	-	-
Sofala	2.5%	-	-	-	3.8%	3.5%	5.3%	0.8%	-2.2%	3.5%
Tete	**54.1%**	**16.8%**	**22.8%**	**44.3%**	**23.0%**	**34.5%**	**22.4%**	**13.8%**	**30.8%**	**29.5%**
Zambézia	2.3%	6.8%	-	-	10.8%	9.5%	15.7%	12.4%	38.9%	10.9%
Total provincial programmes	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Total provincial programmes as % of grand total	**15.8%**	**18.4%**	**18.2%**	**20.2%**	**39.1%**	**44.6%**	**50.3%**	**48.0%**	**27.7%**	**28.6%**

Source: See Table 8.1

* *See note to Table 8.2.*

Two different phases of Danish intervention at the sub-national level can be identified during the evaluation period. The first period runs until the beginning of the 2000s, in which project assistance to the provinces was the predominant approach, resulting in a high fragmentation of the Danish aid portfolio and a plethora of projects being implemented under different schemes within and across provinces. During a second phase, starting in the early 2000s, Denmark's aid efforts have been geared towards greater sector concentration and sector programmatic support, in line with the Danish aid strategy adopted since 1995, as noted above.

Support to Tete province
Assistance to Tete province started as emergency project aid to agriculture and evolved to support the agriculture sector as whole. Other sectors were then included and Tete province was seen as the main geographical focus of Danish aid. Most of the Danida support to the different sectors started during the war or in the period of transition from war to peace. Their main feature in the first years was the re-establishment of the destroyed infrastructure and systems. The main programmes were as follows:

- *Agriculture sector support 1985-2006*: This was implemented in two periods: *(a) the agricultural development project 1985-99:* initially this support was run as project emergency aid and was more focused on seed and tool distribution. Danish support gradually evolved into project development aid and finally institutional support. *(b) The agricultural sector programme support 2000-10*: during this period activities are related to extension services with a focus on small farmers and natural resource management. The main components are support to ProAgri, rural roads, and private sector support (ADIPSA).

- *Water supply project support 1989-2004*: Danida assistance to the water supply in the province was provided through two projects: the water supply project to Chitima and the urban water supply and sanitation project to Tete City. The Tete City Danish support project included the construction of a new water supply system, the rehabilitation of the old water supply and enhancing the distribution network which included a community involvement component for the maintenance of the public standpipe taps.

- *Health sector 1992-2006*: Danida support basically covered all National Health Services (NHS) activities; in the early years project implementation was focused on the rehabilitation of primary health care units. Danida also provided budget support to supplement the state budget which covered all recurrent costs. In addition, Danida funded various activities intended to contribute to the improvement of the human resource capacity in the province. In the last years, Danida support was planned to put more focus on strengthening institutional capacity at both Provincial Directorate of Health (DPS) and Provincial Directorate of Planning and Finance, HIV/AIDS-related activities, and improvement of the Tete City health network and the Provincial Hospital.

- *Education sector 1994-2006*: In the first two years, Danida implemented two projects: the first provided assistance to four basic technical schools (technical support and infrastructure, material and equipment), and the second was to pay the salaries of over 800 primary school teachers who were refugees returned from neighbouring countries (see Box 7.3). In the period 1996-2000 Danida implemented the Support Programme to Basic Education in Tete Province, providing budget

support for recurrent expenditure and capacity building in management for the whole province and in-service training, quality improvement for schools, and construction in a few selected pilots. This approach was selected due to accessibility difficulties in the province. Later, Danida support was to be expanded in order to contribute to the implementation of all education activities in the province rather than earmarking its funding for specific activities.

- Assistance to semi-industrial *fishing support project*, technical support to the development and management of the kapenta fisheries in Cahora Bassa.

- Finally, throughout the evaluation period *Danida has also funded several NGO*s, Danish and non-Danish, in the province of Tete, to implement projects in areas complementing Danish assistance to government institutions in that province.

Assessment
Danida-supported activities in Tete Province from 1992 until 2006 consisted mostly of extensions of nationally defined sector programmes. WP10 contains a detailed assessment of their effectiveness in terms of the DAC principles, and the Tete dimension is addressed in the other sector Working Papers as well as the Perception Study (see Box 8.1 below). The evaluation concludes that the choice of Tete as an area of concentration was a valid one given the experience Danida already had in Tete, the fact that Tete had suffered disproportionately during the war, and the trend towards donor concentration in particular geographical areas. The choice to focus on provincial and district development was widely cited during the evaluation as having been a critically important one to begin to counteract years of centralistic priority setting. Danida's interventions at the provincial, district and municipal level generally had a positive overall development impact.

Box 8.1: Non-Danida informants on Danida support to Tete province

Non-Danida informants have the overall perception that Danida support to Tete province has been valuable and relevant for provincial needs. The following are a selection of views on Danish assistance.

- Health: The informant's view is that Danida provided an enormous amount of support and helped [the Provincial Directorate of Heath] (DPS) to 'grow up' but always let DPS take the lead in all the processes. (ND-LG)
- Health: The informant considers that Tete with Danida support was a model province (ND-LG).
- Water: … stated that *Danida had been a good partner*. (ND-LG).
- Health & HIV/AIDS: In general the informant praised the visible way in which Danida has supported the DPS and the health system in the province (ND-NGO).
- Development in education, health, agriculture is particularly due to Danish cooperation, which is responsible for the very visible infrastructure in Tete – *even the children will say 'Danida' when you ask them who are the cooperating partners in Tete*. This is true not only in the city of Tete but in the districts (ND-LG)
- Government authorities: *I would like to salute Danida support to Tete* (ND-LG).
- Education: *In the education services, Danida was for us a driving force.* … (ND-LG).

Source: Section A8.5, Perception Study

Danish aid had positively contributed to the rehabilitation of key infrastructure in priority areas in health, education, agriculture, energy and water & sanitation. Also, its capacity building initiatives, with locally and internationally sourced technical assistance had a positive impact in improving government systems and skill levels in the public administration.

It is possible that an integrated programme, specifically designed for the province, might have been a more efficient way of delivering Danish aid to Tete and of addressing the main challenges to the province. However, Danida opted to work with existing government structures, and therefore, almost inevitably, was constrained by the tension between sectoral and geographical approaches in the GOM version of decentralisation.

8.3 HIV and AIDS mainstreaming

Scope
HIV and AIDS is one of Danida's cross-cutting themes, and in recent years Danida has taken a leading role in supporting the mainstreaming of HIV and AIDS in Mozambique. The ToR include a specific evaluation question on this topic:

> What lessons can be drawn from Danida's emphasis on mainstreaming of the response to HIV/AIDS throughout the country programme? In this context particular emphasis would be paid to the linkages with gender equity issues.

This is extensively addressed in Working Paper 04, and its findings are summarised below.

Context – HIV and AIDS, including gender dimensions
The prevalence rate for HIV in Mozambique is 16%. An estimated 1.8 million people are living with HIV and AIDS and there are an estimated 510,000 AIDS orphans. [46)] The impact of HIV and AIDS is felt in all sectors of the economy and in all spheres of life. Small-scale agricultural production is the mainstay of livelihoods for over 80% of the Mozambican population and there is emerging evidence that HIV and AIDS is affecting incomes (in the long-term) of agriculturally dependent households.

HIV/AIDS has a female face in Sub Saharan Africa. In Mozambique, women constitute 58% of people living with HIV and AIDS, representing an estimated 960,000 women. Each year 140,000 of them risk transmitting the virus to their unborn children. In the 15-19 age group, girls constitute 76% of those living with HIV and AIDS.

Reasons put forward for the unequal impact of HIV include: the patterns of sexual relations which include early sexual debut and relations with older men; physiological vulnerability in which penetrative vaginal sex puts the female partner at greater risk than the male, especially in the context of high levels of sexually transmitted infections; and women's powerlessness to negotiate safe sex, which is linked to low levels of girls' education and lack of value for girls' literacy (which often leads to early sexual debut). Not only are women at increased risk of contracting HIV and AIDS, they also bear an unequal burden of the consequences of the illness. The increased burden of care often leads to girls

46) Data from UNAIDS 2006 Report on the Global AIDS Epidemic (www.unaids.org).

dropping out of school; in addition, female children from impoverished households are particularly susceptible to sexual abuse from older relatives or men outside the family. The vast majority of people living openly with HIV and AIDS are people who are extremely poor. With high levels of stigma still existing, the lack of disclosure by prominent figures in society hampers advocacy efforts by agencies working in the field.

The GOM has established a political, legal and administrative framework for HIV and AIDS programming, through the National AIDS Council (CNCS), and the second Poverty Reduction Strategy (PARPA II) recognises the potential impact of HIV on economic growth. There is significant funding to Mozambique for HIV and AIDS interventions through a common fund in the National AIDS Council, the Global Fund for AIDS, TB and Malaria in the health sector, PEPFAR funding (USA) and the Clinton Foundation (to name but a few prominent sources). Many of the main donors to Mozambique provide funds through the common funding mechanisms, with the exception of the USA. However, the majority of donors also provide funding to non-government organisations and the UN agencies through parallel funding mechanisms in recognition of the important role these agencies play, particularly in the areas of prevention and mitigation at community level. Although there is a treatment programme for people living with HIV and AIDS in the country, to date only an estimated 16% of people in need of antiretroviral treatment are covered by the national health system.

A number of key donors in the sector, including Danida, Canada, DFID, and the UN agencies (WFP, UNICEF and UNDP), explicitly refer to HIV and AIDS mainstreaming as part of their country strategies. UNDP and Danida have taken specific and proactive measures to ensure that mainstreaming of HIV and AIDS is operationalised.

Danish assistance – activities and assessment
Danida has used a number of approaches over the last five years to encourage mainstreaming of HIV and AIDS within the public and private sector. Recent consolidation of the mainstreaming plans through the provision of TA in CNCS to service all stakeholders is particularly relevant to the current situation where the public and private sector are being encouraged to seek CNCS funding for the operationalisation of their mainstreaming plans.

Danida HIV and AIDS activities have been financed in large part under the umbrella of the health sector (channelled to the MOH, National AIDS Council, the UN and NGOs) and through education sector support. Funds were also provided through other mechanisms for the energy sector and the agricultural sector. Danida has been active in supporting mainstreaming in all the sectors shown in Box 8.2 below.

Danida's HIV and AIDS interventions are reviewed in detail in WP04. The evaluation finds that Danida has led the field in practical mainstreaming of HIV and AIDS in Mozambique. This strategy is in line with both national and international HIV and AIDS programming. There have been important strides in mainstreaming in the country since a Danida appraisal in 2000 which indicated that little or nothing had been achieved. However, in the majority of sectors, mainstreaming activities are restricted to prevention and sensitization activities with sector workers, and non-institutionalised social support. Most mainstreaming activities are also gender blind. The exceptions are the agricultural and education sectors where policy changes and development have taken into consideration the impact of HIV and AIDS, and specific gender questions have been incorporated. Attribution of the change in attitude solely to Danida is not possible.

However, the direct support offered to sectors by Danida to carry out mainstreaming activities was influential in the development and implementation of HIV and AIDS mainstreaming plans of action across a range of sectors.

Progress has been assisted by the pragmatic use of a range of funding modalities, working with a range of partners, and encouraging innovation. The move towards increased support to centralised funding through CNCS should be reviewed carefully in the future, to ensure that cumbersome bureaucratic procedures do not lead to stagnation and lack of commitment to these important cross-cutting issues within the sectors. The budgetary implications of HIV and AIDS mainstreaming for Danida are minor, but the impact is potentially high, given the accumulated experience and knowledge of the target sectors.

Danida is aware of the increasing evidence on the importance of taking into consideration gender in HIV and AIDS programming, but so far there is little evidence of this being done in practice. More action is needed to link HIV and AIDS mainstreaming explicitly with gender considerations.

Box 8.2: The impact of HIV and AIDS mainstreaming support by Danida

Sector	Mainstreaming strategy	Observations on the level of dissemination
Health	Strategy exists. TA support from Danida provided from 2002. Later moved to CNCS to support overall public sector mainstreaming.	Weak beyond national level. Problems with conceptualization as HIV and AIDS is core business to the sector.
Education	Strategy exists and HIV and AIDS considerations part of planning process. TA support from Danida from 2002. Funding for mainstreaming activities from Danida made available from 2002. 2004 National Prevention programme and mainstreaming HIV and AIDS in teacher training resulting from Danida TA	Incorporated in national education programme. Active focal points at all levels of the system. Integral part of planning process and incorporated into state budget.
Agriculture	Strategy exists, approved in 2006. Evaluation in 2003 of ProAgri does not mention HIV and AIDS as one of the cross-cutting issues (gender and environment). Has been incorporated into sectoral policy/ implementation and budgets. Danida heavily supported the sector. TA for the agricultural sector for mainstreaming from 2002.	National HIV and AIDS strategy in the agriculture sector approved, and activities are funded through regular planning cycles. Incorporation of HIV in policy, programme and activity planning. Weaker planning at provincial/district level.

Sector	Mainstreaming strategy	Observations on the level of dissemination
Energy	Early Plan approved in 2002 by CNCS. Sector Strategy approved in 2005. TA support from Danida from 2002. Funds made available by Danida for the development of the 2005-09 strategy and the implementation of the activities.	Sector level, mainly "1st generation" activities, including prevention, awareness-raising and care for HIV positive workers. Widespread implementation of the activities throughout the sector.
Media	Support to community and national radios to increase coverage of HIV and AIDS questions. UNESCO: 2002-04.	Important intervention in terms of increasing awareness of HIV and AIDS questions throughout the country. Important support to the development of community radio network.
Justice	In preparation.	
Private Sector	Funding was given as part of the PS (now B2B) programme of DKK 100,000 for raising awareness in businesses in the private sector in the B2B programme (2005-07).	Prevention and awareness raising activities as part of accepted proposals under the B2B programme. Danida funded an umbrella organisation to promote workplace policy and mainstreaming in small and medium size enterprises.
National AIDS Council (CNCS)	Strategy exists in PEN II. Danida support for the strategy from 2002. TA placed in CNCS from 2007.	Funds directly available through CNCS from December 2007. Mainstreaming is part of The National Strategic Plan (PEN II). Decentralization of mainstreaming through provincial and district level capacity building.
Provincial and District	Support for multi-sectoral research in Tete (health, agriculture, education, youth and culture, social welfare) 2004. Joint planning workshops for HIV and AIDS provincial strategy (2005). District capacity building and training (from 2007).	Danida financed important joint research on the impact of HIV and AIDS at community level. Joint planning workshop was held to integrate recommendations in sectoral plans (2005). In 2007 capacity building on mainstreaming carried out by CNCS at both provincial and district level.

Source: Working Paper 04

8.4 Gender

Context
Gender relations in Mozambique are characterised by women's subordinate position, based on the clearly defined roles for women which are strongly supported by traditional culture. This emphasises women's domestic duties and contribution towards subsistence labour which gives little opportunity for women to participate in political or public life (Sida 1997). These serious gender disparities are reflected in the Gender Development Index, which is low for Mozambique at 0.365 in 2005. A low index indicates a high discrepancy between basic indicators for men and women.

As a result, gender inequality continues to be an obstacle for poverty reduction as women have less access than men to productive resources, basic services and justice and are disadvantaged in terms of power, participation, opportunities and security. Women are more likely than men to be engaged in agricultural production and represent a larger proportion of the poor and of the rural population. The relatively poor performance of agriculture has had a negative impact on women's share of the benefits from economic growth and significant economic disparities remain between men and woman. As discussed earlier in this chapter, women are disproportionately affected by HIV and AIDS.

Donor and GOM initiatives
The government has developed several institutional mechanisms to promote gender equality. For example, the new Family Law enshrines equal rights for women and men in a legal framework, [47] while institutional mechanisms and gender policies as well as gender mainstreaming in key strategies and institutions have been developed. To date the impact of these initiatives has been minimal, as implementation and monitoring have remained a significant challenge (Nordeco 2007).

Evidence suggests that neither bilateral donors nor the GOM have performed well in addressing gender issues over the evaluation period. Danida evaluations have noted that gender has not been adequately addressed in some sectors (MFA Danida 2002c and Section 8.4 below); while an assessment of DFID in 2006 found that it had successfully mainstreamed gender into its overall portfolio, but not yet directly in projects and programmes (DFID 2006). Austria was assessed as not having prioritised gender mainstreaming in a 2005 review, while multilateral donors were deemed to have performed better, with evaluations of the World Food programme and EC assistance stating that gender issues had been seriously addressed since 2000.

One key initiative was the Gender Donor Group, formed in 1998, which is now the Gender Coordination Group. The group includes most of the multilateral and bilateral donors and some civil society organisations, but it functions mainly as a mechanism for coordination and exchange of information about the respective donors' activities to support gender equality.

Danish support
Gender issues have always been highlighted as important in the Danida Mozambique Country Strategies, but were not raised in the Annual Consultations between Denmark

47) The law reform process was substantially supported by Danida's governance and justice programme (see WP08).

and the GOM until the second half of the 1990s. In these consultations Danida stressed the importance of integrating gender issues into all development activities. At this time, a Plan of Action for Women was also implemented by the GOM. By the end of the 1990s, Danida had also developed a Plan of Action for Women aligned to the national gender strategy, with the intention of implementing it in all Danida-supported sector programmes.

This strategy was emphasised in the 2000-04 country strategy. Its fourth objective was *strengthening of women's role in the development process* (F402/403, p20). The focus was to be on gender mainstreaming in the four priority sector programmes of Agriculture, Education, Energy, and Democracy & Justice in order to achieve this objective. Other sectors and programmes such as health, environment, and short-term projects were also to have gender integrated within them, while specific gender-related projects were also supported through special funds.

In terms of gender mainstreaming, different approaches have been used by Danida to mainstream gender into the various sectors. One approach has been to have a gender focal point provided through TA in the education sector, at both provincial level and in the Ministry of Education. Most other Danida sector support programmes (education, roads, agriculture) have had a gender component integrated into them. Danida has also supported gender programmes and projects, such as the Women and Law Association in Southern Africa (WLSA) in Mozambique from 2001-03, and the UNFPA for activities related to sexual and reproductive health and rights.

In addition to this, a special fund was established in 2002 by the Government of Denmark for special initiatives aimed at promoting women and poverty reduction in its priority countries, one of which was Mozambique. [48] Six local institutions were selected for funding with the activities undertaken focusing on strengthening advocacy and training of member organisations to promote gender equality, reducing HIV/AIDS prevalence and a variety of other projects aimed at women. A sum of DKK 15 million was allocated to Mozambique under these special funds (F891), and disbursements were DKK 13.6 million.

Overall, the results of Danida's attempts to integrate and mainstream gender into its programme in Mozambique have been mixed. In the early years of the programme, evaluations of Danida projects in the fisheries sector indicate that gender was not addressed at all (F184) and in the support to agriculture in Tete, gender aspects were not satisfactorily addressed in the most important component of the project, which was extension services (F005). On the other hand, the Project Completion Reports (PCRs) for the Special Funds for gender established in 2002 indicate that the results of this support were satisfactory or highly satisfactory (F1206-F1210). Also a 2001 evaluation of the Danida/ILO support to workers' education noted that activities to raise the working conditions of

48) *At the time, a review of Danida's gender strategy in Mozambique observed:*
From a general perspective, the Danish support to gender issues is mainly focused on government institutions. Civic society groups have received limited support so far, which also means that the more cultural and political aspects of women's advancement have only been marginally targeted.
There appears to be a gap between the attention to gender issues in Danida programme documents and in the actual implementation. On the one hand, it is not a standard procedure, yet, to integrate gender into programme designs. On the other hand, it may also be that activities do take place, which are not fully reported on. (MFA Danida 2002c).

women and their role in the trade unions were important and had resulted in increased visibility of women workers in several workplaces (F546). The WLSA has also become a very active NGO undertaking gender advocacy work, for which Danida support can take considerable credit.

The success of mainstreaming gender into sector-wide programmes has varied. It has proved difficult in national sector programme arrangements in agriculture, education and health to ensure that gender has been adequately mainstreamed into the sector programmes from the beginning. In education there was a gender focal point provided through TA, but there was a perception among those involved in Danida interventions that, although there was a lot of talk of gender mainstreaming, there were few practical achievements as gender was often treated as a separate issue. [49)] Despite this, there were some concrete achievements in that Danida interventions to increase the number of female teachers in rural areas had raised girls' school attendance. The overall assessment of Working Paper 03 is that: *the record with respect to gender mainstreaming in education can be considered good, and was highlighted by a substantial number of the persons interviewed for this evaluation.* Gender awareness was also a feature of the roads component of ASPS and efforts were made to recruit women for the labour-intensive works.

Gender has also been seen as a key aspect in health and HIV/AIDS programmes, although to date, Danida has been focusing on mainstreaming gender and HIV/AIDS independently in its programmes. There is some evidence to suggest that these issues must be considered jointly, and in conjunction with poverty reduction interventions, for the most significant impact. This is because without the consideration of HIV/AIDS and poverty, it is impossible to make significant gains on national gender mainstreaming efforts. (See the discussion of HIV and AIDS mainstreaming earlier in this chapter.)

8.5 Accountability and corruption

Context
The pre-study synthesis (Nordeco 2007) finds a consensus that corruption is spreading and increasing at all levels, with especially negative effects on the poor, particularly through impacts on social services and corrupt land management practices. There is increasing understanding that corruption is not simply explained by the low capacity of public institutions. Although that may be a facilitating factor, corruption has deep roots in social change and the nature of political and economic systems. Although the strengthening of public finance management is an essential component of anti-corruption efforts, this needs to be complemented by efforts to strengthen the rule of law and the mechanisms whereby Mozambican civil society can hold the government to account.

Aid agencies have an immediate interest in accounting for the aid that they provide and a wider interest in combating corruption more generally. Danida traditionally takes a hard line on safeguarding its funds (the "zero-tolerance" policy); at the same time it is committed to working with government bodies and strengthening government PFM and accountability systems; it also takes a leading interest in efforts to improve governance and promote the rule of law. These parallel concerns are not always easy to reconcile, and one lesson of Danida's experience in Mozambique is that a policy of zero tolerance is not

49) See Perception Study.

as straightforward as it sounds. In this section Danida's contributions towards strengthening accountability in Mozambique are noted, and lessons are suggested that may be drawn from its experiences when corruption or financial mismanagement has been discovered in the Danida programme.

Danish support to strengthen accountability
Efforts to strengthen accountability are a pervasive feature of the Danish aid programme. From early days, support in Tete always included efforts to strengthen planning and financial management systems (although this was sometimes done in a manner that was rather specific to the needs of the Danida-funded interventions; see WP10). At a more systemic level, Danida has been the leading donor seeking to bolster legal and judicial systems, and it has complemented this with efforts to strengthen civil society's role (see WP08). Danida has also made specific and continuing contributions to the strengthening of PFM systems (described in WP07). Danida was one of the first donors to recognise the negative effects of fragmented aid delivery on government systems, and was one of the architects of the programme aid partnership which allows GOM and donors to address such issues, including governance and accountability, collectively and on a government-wide basis.

Managing fiduciary risk in the Danish programme
The Perception Study found that Danida has a reputation as an exceptionally strict donor on matters of financial management (see Perception Study). This attracts admiration, but also criticisms that an obsession with safeguarding Danish funds comes at a price in terms of other important objectives. Thus, for most of the evaluation period, Danida was more reluctant than other donors to disburse through regular government systems, or to join donor pool funds that do so. Until recently, Danida tended to make financial management and monitoring one of the key functions of its TA staff, to the detriment of other advisory and capacity development roles (see WP12). Although supporting government strategies and working closely alongside government bodies, Danida nevertheless tended to set up parallel disbursement procedures for its own interventions. Managing and monitoring such procedures put additional pressures on Danida's own administration, especially at the RDE.

There have been several cases where Danida programmes have been held up by delays in resolving problems over financial irregularities (e.g. cases relating to the CNCS and to MICOA) Inevitably, however, discussion of fiduciary risk is dominated by the Zambézia case, and it is worth reviewing some of the lessons that may be learned from this. In early 2005, large-scale financial irregularities were discovered in Danida's education programme in Zambézia. The programme was part of a three-province programme, also involving Tete and Cabo Delgado. Implementation in all three provinces was suspended, although commitments, such as construction contracts, that had already been entered into were carried on, under close supervision by RDE. The affair became a major preoccupation for RDE, and strenuous efforts were made to avoid dismantling the programme altogether. A series of audits led to demands for GOM to refund Danida money that could not be accounted for (an eventual total of USD 2.4 million). Before the matter was resolved, Denmark "froze" a portion of its budget support commitment for 2006 (see Section 7.2 above).

All non-Danida informants regarded Danida's handling of the case as unfair and heavy-handed (see Perception Study). However, this was a very complex case. It is not the role of this evaluation to pass judgement on the details of how it was handled once the prob-

lem was discovered. [50] As already noted (in Chapter 7's review of financial support) the evaluation considers that the freezing of budget support was inappropriate. Otherwise, the deeper lessons lie in the background to the episode:

(a) Relying on separate systems. Working Paper 03 argues that Danida was unduly reluctant to work with the donors in developing and using a joint funding mechanism for the sector. There were, undoubtedly, fiduciary risks attached to that option too, but the experience demonstrates that requiring project-specific management procedures does not eliminate fiduciary risks. It introduces different ones.

(b) Programme design and management. The experience shows that heavy reliance on TA to supervise and monitor programmes does not eliminate risk. Checks and balances are still required, and these involve substantial demands on the RDE's administrative capacity. Thus the Danish State Auditor concluded that: the losses could have been limited or avoided if the Embassy had followed its obligation to supervise the accounting procedure (Danish State Auditor's Report, 2005, unofficial translation).

Thus the evaluation concludes that the Zambézia case was not a simple misfortune. It had roots in design choices based on Danida's mistrust of government systems and pooled funds. These led to a programme design that made heavy demands on administration and supervision by Danida or its appointees, but in a context where Danida's in-country administrative capacity was heavily overstretched. [51] These basic dilemmas remain, and need to be taken explicitly into account both in Danida's overall country strategy, and in the design of the specific interventions it supports.

As already noted, the Zambézia case was the largest but not the only example where fiduciary issues caused serious disruption to Danida programmes. A dispute with MICOA over much smaller sums caused a long hiatus in the environment programme (WP06), and another unresolved case prevented Danida from disbursing through the pooled fund of the National Aids Council for several years (WP04). The evaluation recognises the importance of insisting on high fiduciary standards, but unless reactions are graduated, they risk damaging programme performance to a disproportionate extent.

50) The report of the Danish State Auditor for 2006 concluded:
The State Auditors find that the decision by the Ministry to stop aid to the programme was fully in accordance with Denmark's stance on zero tolerance towards corruption.The State Auditors' assessment is that the Embassy, through the initiatives set in motion, has handled the case on reimbursement of undocumented expenditure in a satisfactory manner. (Translation from the Danish text.).

51) Several MFA comments on the draft report supported this analysis. The RDE reiterated its view that government systems were unproven at the time when the phase 2 education programme was set up. Thus: As the largest donor to the sector at the time and launching a very comprehensive programme, the choice was for a parallel structure but closely integrated with GOM systems. Based on an assessment of government procurement, for instance, it was decided to use government rules for works from the outset while a modified system was adopted for goods and services. There is a tendency to forget that many improvements in GOM systems and procedures are of a recent nature.

8.6 Aid modalities

Scope
The ToR for this evaluation require attention to the aid modalities used in the Danida programme, and the coherence between them (ToR, §5). Judgments in this area require special care. As one of the evaluation's working papers noted: *what is considered to be contemporary best practice was practically unthinkable during the 1990s, given the stage both of Mozambique's development and the composition and nature of the donor environment* (WP08). In all the Working Papers, the evaluation paid special attention to the modalities that were adopted, and how these evolved over time. The Perception Study also reports on these issues (see Perception Study, and more details in the annexes for Tete and various sectors). Often the details are complex, as are the interactions between different actors, including different aid agencies and stakeholders with different interests on the government side. This section takes stock of the current balance between aid modalities in the programme, and notes some of the themes that emerge from our review of this topic.

Evolving "good practice" on aid modalities
The Paris Declaration (2005) encapsulates current thinking. It does not set targets in terms of, say, budget support vs. project modes, but it does reinforce previous guidance about harmonisation among donors and alignment with government systems as well as government strategies. It does set targets for increasing the use of programme-based approaches, reducing the number of separate programme implementation units (PIUs) and for delivering aid through government systems. Aid agencies – EU members in particular – are also seeking to achieve a better division of labour, by reducing the number of sectors each agency is involved in.

Danida's profile of aid modalities
In 2004 Danida commissioned a report on its aid modalities in Mozambique (MFA, Danida 2004). Table 8.3 shows the balance between different modalities that was found in 2003. The report noted that it was not possible to obtain comparable figures for earlier years so as to study trends in detail. Nevertheless these figures are revealing. A first comment is that the trend level of general budget support is understated: the disbursement of financial support in 2003 was less than half of the average level for the previous five years. A snapshot for 2002 or earlier years would have shown a correspondingly higher share for budget support, and therefore also for the share of Danida funds disbursed through the Ministry of Finance.

The most striking findings are (a) that such a high proportion of disbursements were through projects and individual components of Sector Programme Support; and (b) that the proportion of funds disbursed through the Ministry of Finance was so low. Prima facie, this was at odds with Danida's global policy, also cited in the modalities report:

> It is the long-term objective of Danish development assistance to help foster conditions where support is provided to a national policy framework for poverty reduction through the partner countries' own procedures and financial systems. [52)]

52) *From "Modalities for the Management of Danish Bilateral Development Assistance." 2003. MFA, Danida, p. 10.*

Table 8.3: Danida support by financial modality, 2003

	DKK millions	Share of total
General budget support	31	9%
Sector budget support	41	11%
Basket funding	26	7%
Components of SPS and project support	261	73%
Total	**361**	**100%**
Share disbursed through Ministry of Finance		**16%**

Source: MFA Danida, November 2004.

This configuration of aid modalities was the result of a whole series of separate decisions in the course of choosing Danida's areas of intervention and then designing specific interventions. Such decisions were influenced over the years by Danida's concern for separate visibility, by perceptions of fiduciary risk, by scepticism about the ability of government systems to deliver resources effectively to sector and provincial levels, by a reasonable belief in the value of maintaining a mix of modalities, and by a readiness to do things in a different way than other donors. The evaluation's detailed sector reviews show that not all choices were equally effective and decisions were not always consistent across sectors. Dilemmas are made more difficult by weak capacity on the government side (though this is a reason to support government systems as well as to be wary of them) and by mixed signals from government stakeholders, where sectoral and provincial interests may prefer to maintain direct access to aid, rather than rely on the Ministry of Finance system.

Nevertheless, this allocation is a cause for concern. A particular challenge should be to move much more of Danida's aid on budget (in the sense of being integrated with all phases of government budget preparation and implementation, not merely reflected in budget documents). This is not simply a matter of making more use of budget support; it is equally important to move project aid on budget. [53)] Future strategy should also recognise that such a plethora of separate interventions (albeit conceptually linked in a sector programme) magnifies Danida's administrative burden, and makes it more difficult for Danida staff to attend to the analytical work and sector dialogue that are increasingly important. As well as revisiting the allocation between modalities, the programme needs to be streamlined, within as well as between sectors. There is a strong impression that, despite good intentions, Danida's efforts in Mozambique are being spread too thin.

The RDE's response to the draft evaluation report pointed out that the composition of the Mozambique programme has significantly changed since the 'snapshot' shown in Table 8.3. Allocations for 2007 and 2008, for example, make more use of government systems, not only through budget support but also in allocations for pooled funds in agriculture, education, health, public sector reform and HIV/AIDS. RDE also offered evidence of streamlining: *Danida has recently moved out of supporting tax reform, is on its way out of Energy, and has launched a reprogrammed and much tighter Education programme.*

53) *On this topic see Mokoro 2008a, 2008b, and Warren-Rodríguez 2007. Danida's own distinction between "integration" and "reflection" on budget is echoed in these studies.*

8.7 Capacity development and technical assistance

Scope
The ToR show a general concern with the effects of Danish aid on Mozambican capacity, but also pose the following specific questions:

> In terms of TA, Danida continues to fund a relatively large number of advisers, but have their terms of reference and institutional anchorage been adapted in response to emerging needs and opportunities? And what have been the effects of such changes for institutional development efforts?

Again, capacity development was one of the issues reviewed in all the sector Working Papers. In addition, WP12 reviewed the way in which Danida's use of TA evolved over the evaluation period. This section first comments on capacity development in the programme, then summarises the evaluation's findings on the use of TA.

Capacity development
All commentators highlight the scarcity of skills and the weakness of government institutions at the end of the war. Danida made the strengthening of capacity a central objective in most of its interventions. Initially this was often seen in terms of the skills needed by individuals, but there was growing appreciation of the need to address capacity development in broader institutional terms. The evaluation's sector reviews find that the main Danida-supported programmes – in Tete and elsewhere – made substantial efforts to build up institutional, organisational and technical capacity through training, and through other forms of capacity development. For some programmes (e.g. justice, environment) capacity development could be seen as the central objective. The context is difficult, because of the scarcity of skills, high turnover of staff, and the fragility of institutions. Danida's tendency to stay involved with particular sectors, programme and partner institutions is a positive factor, and Danida has made significant contributions to institution building and capacity development in its general programmes, as well as in its support to public finance management and public sector reform.

Technical assistance
Throughout the evaluation period Danida supported a relatively large contingent of long-term technical assistance personnel (TA), and such TA were usually an ingredient of its main programmes. For most of the period they were seen as essential, not only in an advisory or capacity development role, but also to keep programme implementation moving and to ensure satisfactory financial management and control. Perceptions on TA are highlighted in the Perception Study. The general perception is that most TA were of high quality and made a significant contribution. [54] However, there are also concerns that an early approach to TA that was appropriate – even inevitable – in the circumstances of the early 1990s, became less appropriate over time. Partly this was a result of evolving circumstances in Mozambique, where government capacity was slowly increasing. But it

54) One commentator on the draft version of this report pointed out that many of the interventions that the evaluation has singled out as effective (see Chapter 9) were heavily dependent on TA for their implementation.

also reflected a wider appreciation of the possible disadvantages of maintaining separate aid delivery mechanisms that were dependent on TA and difficult to reconcile with country ownership (reducing dependence on long-term TA was one of the early rationales for sector-wide approaches).

Danida's own policies on TA evolved during the period. The approach summarised in *Knowledge and Attitudes* (MFA Danida 1998) made clear that the role of TA in managing programmes on Danida's behalf was primary. A cross-country study of Danish TA policy and practice (Boesen 2001) found that Danida's aspirations to give TA a more clearly developmental role were being thwarted by the de facto requirement that they should continue to be programme managers on Danida's behalf. The present evaluation found that the same problem persisted after 2001. There were some innovations, and efforts to involve host institutions more fully in the selection and management of TA, but Danida did not adapt its TA formula as much as it could have.

Not until 2005 was there a decisive change in Danida policy, reflected in *Technical Assistance in Danish Bilateral Aid* (MFA Danida 2005a). These guidelines seek to do away with the double role of advisers, making them clearly responsible to the host institution; TA is to be more clearly demand-driven, and its costs are to be fully and transparently incorporated in programme budgets; and much greater flexibility in programme design should allow TA inputs to be tailor-made for local context and requirements. This new approach came at the end of the evaluation period, and will take time to work though, but there have already been important changes in the working arrangements for Danish TA in Mozambique and a reduction in their numbers. Ultimately, as Boesen pointed out, a real change in the way TAs are deployed requires parallel changes in the modalities for delivering aid. Danida's continued willingness to provide TA, allied to its accumulated experience of Mozambique, can be a distinctive contribution, but increasingly the challenge will be to make such TA part of joint donor support to country-led capacity development efforts.

8.8 Management of the Danida programme

In the course of 15 years there were some major changes in the way Danish aid is managed. These are reviewed in Working Paper 11. In 2003 the Embassies in Danida's programme countries took on much greater decentralised responsibility for country-level strategy and administration of the programme. This was accompanied by a system of agreed work plans (performance agreements) to be monitored by the quality assurance section (KVA) of the MFA. This was a major change, and most observers regard it as positive. (But some observers with relevant experience argued that, in practice, the RDE had considerable autonomy in the 1990s, when communications were less rapid and the embassy was often left to its own devices.)

The nature of management demands has changed in other ways. In particular, aid management in Mozambique now involves much more collective effort among aid agencies (the harmonisation agenda) and this changes the balance of activities and the skills required, both at RDE level and amongst other programme staff. The 2003 decentralisation took place without an increment in RDE staffing – instead, the number of professionals in post in Maputo actually declined. This was one of a number of factors adding to pressure on the administration of the programme. The 2005 Annual Report (F286) describes the pressures that arose in 2004 from a combination of consular issues (impris-

oned Danish citizens), the Zambézia affair, and discontinuities in staffing. Urgent diplomatic and administrative matters were preventing the Embassy from staying on top of developments in the reform processes. The report rightly observes that: The balance will only be re-established when the scope and complexity of program has been adjusted to the staff resources now available. The cross-cutting issues reviewed in this chapter (accountability, aid modalities, TA) are all relevant to this issue of balance.

9. Assessment and lessons learned

The **overall evaluation question** to be addressed can thus be formulated as follows:
How has Danish aid responded to the needs of Mozambique being a post-conflict society in rapid transition – not just through its choice of modalities but as much through its choice of partners, time perspectives, geographical and institutional focus, etc. – and what lessons can be learned from the Danish support that may be useful for the future development assistance to Mozambique and other countries? *(ToR §5)*

9.1 Introduction

This final chapter:

- Gives the evaluation's overall assessment against the evaluation criteria and the main evaluation questions stipulated in the ToR.
- Reviews the adaptation of the Danish aid programme over the evaluation period.
- Highlights lessons to be drawn from the evaluation.
- Provides recommendations on future directions for the programme.

Offering a verdict on one donor's entire programme over a period of 15 years again raises the challenges of methodology that were mentioned in the first chapter. There is no straightforward way to add up assessments for different sectors/components of the programme. Contexts vary enormously (including in the degree of difficulty of what is attempted, and the ease of measuring what is achieved). It is usually much easier to identify effects than to quantify them. Moreover, it is impossible to know what would have happened in the absence of Danish aid (the counterfactual), nor was there scope to compare this country programme in detail with Danida's programmes in other countries or with other donors' programmes in Mozambique. [55] However, this chapter tries to make clear both the logical reasoning and the evidence base that have formed the evaluation's judgments.

The aid programme under evaluation has been an important part of the life and work of many people. It should be stressed that this is not an evaluation of individuals or of personal performances. The evaluation team has been impressed with the sincerity and dedication of the overwhelming majority of those engaged in the Danida programme in Mozambique (Danes, Mozambicans and others), and its findings are intended to be constructive.

The standard OECD/DAC criteria cited in the ToR are the main reference points for the overall assessment. However, there also needs to be a judgment on the consistency and coherence of the programme elements. Did the Danish programme add up to more than

55) *However, the Perception Study is helpful in that many of the judgments offered involve an implicit comparison of Danida's performance against other donors'. An element of comparison with what other donors were doing is reflected in the sector/component reviews for this evaluation (see Working Papers), and the team has also been able to draw on the experience of evaluating Denmark's assistance to Uganda (Mokoro 2006).*

the sum of its parts? Did it enhance, or conceivably detract from, the other things that the government and donors were doing? Accordingly, the next part of this chapter considers the overall programme against each of the DAC criteria, plus coherence, in turn. The chapter then returns to the overall evaluation question highlighted at the head of this chapter, and considers, in particular, the lessons that should influence future cooperation.

9.2 Assessments against the main evaluation criteria

Overall assessment/impact

from ToR:
Danish assistance will be evaluated in light of Mozambique's national policies, and in the context of activities of other donors. Assessment of long-term effects will mainly be made at the overall level of achievements of the combined support from donors to Mozambique and the country's own efforts. To the extent possible, the evaluation will also assess long-term effects of specific Danish contributions to the development process in Mozambique.

cf. DAC definition: [56]
Impact: Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.

An assessment of Mozambique's general performance and the overall contribution of aid was given in Part II of this report. The evaluation concluded that the overall contribution of aid to Mozambique's performance has been positive. Aid has played a substantial role in the rehabilitation and subsequent development of the Mozambican economy since the peace accord of 1992. It has also been a conduit for ideas and technical know-how. Aid made a significant contribution to political stability as well as to economic growth and poverty reduction.

However, Chapter 4 also noted the down-side to aid, and some of the problems that may arise from its volume, from the prominent role that donors play in the political economy of Mozambique, and from the modalities adopted. When giving Danida a share of the credit, the evaluation also needs to consider to what extent Danida contributed to, or helped to mitigate, these problems in aid effectiveness.

The present focus is on the Danish contribution. Given the positive verdict on combined donor assistance to Mozambique, a negative verdict would imply that Danish aid was, on balance, significantly less effective than aid as a whole. This could be the case if the specific interventions financed by Denmark were ineffective, or if Denmark contributed disproportionately to the negative effects of aid. Danish aid did include a number of unsuccessful interventions, and, as discussed below, there are ways (with hindsight) in which it could have been made more efficient and effective. But *the evaluation's overall judgement is that Danish aid has generally been of high quality, and that Denmark made a valuable contribution to Mozambique's progress.*

56) *Source (for all the DAC definitions): OECD/DAC 2002, Glossary of Key Terms in Evaluation and Results Based Management. (See Chapter 1, Box 1.2).*

Against each of the evaluation criteria that follow, the next paragraphs explain the evaluation's overall judgement, and draw attention to Danish programme elements that seem to be problematic or to have some special merit. This analysis of exceptional elements contributes to the identification of lessons learned.

Any evaluation has the advantage of hindsight. In Mozambique, Denmark chose to work in some difficult sectors and components (e.g. agriculture, governance, environment) and in the more deprived and difficult provinces of Mozambique (notably Tete). Especially during the 1990s, the Danish programme was often innovative. An ambitious programme cannot be expected to get everything right, and the evaluation's criticisms should be seen from that perspective. Moreover, some of the things criticised were standard practice in their day, and much of the evidence for this critique comes from Danida's own evaluations and reviews.

Relevance

from ToR:
The evaluation will answer if – and to which degree – Danish assistance to Mozambique:

- Has been relevant in relation to country poverty needs as expressed in national poverty reduction strategies and sector policies and strategies?
- Has adhered to overall Danish and Mozambican policy goals concerning poverty reduction as well as to policies concerning cross-cutting issues (gender, environment, human rights, popular participation and good governance) and priority themes (children and youth, HIV/AIDS, private sector)?
- Has been sufficiently aligned with national policies and harmonised with assistance of other donors?

cf. DAC definition:
Relevance: The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies.

Mozambique's explicit poverty reduction strategies (the PARPAs) were available only in the second half of the period. GOM planning and prioritisation has tended to be weak. Different interests are expressed by different government agencies, and GOM has not been very assertive about the priorities that donors should follow. This has left aid agencies with considerable freedom of manoeuvre. However, Danida was always careful to link its activities to GOM priorities, and most of the interventions Danida supported were clearly relevant to the relief and reduction of poverty. (Harmonisation with other donors is considered later, under the heading of coherence.)

Overall, the programme is judged very relevant. The evaluation highlights: [57)]

As **strongly relevant** elements:

- Humanitarian relief (in the first years of the evaluation period, and again after the floods of 2000).
- Early support to the restoration of infrastructure (including schools, health centres etc) destroyed in the war.
- Early support to the recurrent costs of education and health services in Tete.
- The programme's focus on basic education, health and agricultural services, and in particular on capacity building in these sectors.
- The focus on more needy provinces, including Tete (although, as WP10 shows, the extent of this focus should not be exaggerated).
- Support for the justice sector and legal system.
- Macroeconomic support.
- Denmark's role in pioneering debt relief and helping to develop the system of joint budget support.
- Focus on environmental problems affecting the poor (in northern region municipalities) and the disposal of hazardous wastes.
- Support for strengthening public finance management, for analytical work and for public sector reform.
- Support for the mainstreaming of HIV and AIDS.

As **weakly relevant or irrelevant** elements:

- Support to semi-industrial fisheries.
- The private sector development programme.

Most of the *cross-cutting issues and priority themes* have already been addressed in the preceding chapters (e.g. governance, environment and the private sector in Chapter 7, HIV/AIDS and gender in Chapter 8). In brief summary:

- Attention to *governance, human rights and democratisation* has, characteristically, been one of the strengths of the Danish programme.
- Danida has given a high profile to *environmental management* issues, and in particular to efforts to strengthen national capacity in this field.
- Danida's *private sector* interventions under the Private Sector Development programme and ADIPSA have, at best, been weakly relevant, because they do not address the fundamental constraints in the private sector environment.
- Although the priority theme of *children and youth* is not strongly advertised within the programme, much of the programme (including the education, health and HIV and AIDS interventions) is highly relevant to this target group.
- As already noted, Danida's support for *HIV and AIDS* mainstreaming has been highly relevant (although all donors were slow to react to the scale of the epidemic). Less obtrusively, Danida has also used a variety of approaches to mainstream *gender* across its programmes. Success has been mixed (with particular success in the education sector), and there is scope for stronger linkages between gender and HIV/AIDS approaches.

57) *This is not meant as an order of priority; items are listed in roughly chronological order. The same point applies under the other criteria in this chapter.*

An important caveat: *relevance* does not guarantee *effectiveness*, which is the next criterion for consideration. (For consideration of how the Danida programme sought to adapt and remain relevant over time, see Section 9.3.)

Effectiveness

from ToR:
The evaluation will answer if – and to which degree – Danish assistance to Mozambique:
- Has been effective in reaching the development objectives identified and in making contributions to the overall political, economic and human development of Mozambique – both at the national and local level – and in specific sectors?

cf. DAC definition:
Effectiveness: The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.

Overall, the programme is judged effective. As would be expected, not all elements were equally effective. The evaluation highlights:

As **strongly effective** elements:

- Humanitarian work and rehabilitation in the early years, including the restoration of social and physical infrastructure in Tete, and support to the recurrent costs of education and health; macroeconomic support and debt relief.
- Water supply in Tete.
- Support to basic education and health, especially in Tete; [58] elements that stand out as effective include support to capacity building, to the expansion of access to services, and strengthening of management.
- Financial support programmes, and Denmark's role broadly in the creation of the Programme Aid Partnership scheme and its associated mechanisms of government-donor dialogue.
- Support to legal training and the staffing of law institutions.
- Support to rural roads in Manica and Tete (under ASPS II).
- Support for key PFM reforms, such as SISTAFE.
- Support to the mainstreaming of HIV and AIDS.

As **ineffective** elements:

- In fisheries: early post-war support to fishery parastatals that were soon to be privatised; support to semi-industrial fisheries.
- In environmental management: the Lake Niassa Integrated Coastal Zone Management, and the Greater Maputo Area planning initiatives.
- The private sector development programme.

Some programmes were less effective than was hoped. This applies to agricultural support and ProAgri, to the environmental management programme, and Danida's support

58) Although design and implementation problems tended to limit the effectiveness of the second phase of education support.

to governance and justice. [59] In each of these cases, however, Danida was engaged with many other actors in sectors that were important but inherently difficult. There were important elements of success in each case, and work that can be built on.

Efficiency

from ToR:
The evaluation will answer if – and to which degree – Danish assistance to Mozambique:
- Has been efficient, i.e. compared to different ways of delivering assistance? (And efficiently aligned with national policies (e.g. PRSP) and harmonised with assistance of other donors.)

cf. DAC definition:
Efficiency: A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.

Overall, the programme is judged efficient. As would be expected, not all elements were equally efficient, and the evaluation noted a number of systemic factors which (positively or negatively) affected the overall efficiency of the programme. There is room for improvement in the overall efficiency of the current programme, particularly by streamlining and sharpening its focus while improving the balance between the different aid modalities used.

A number of factors have worked towards enhancing the efficiency of the programme or key elements within it. These include: the geographical focus on Tete (although the synergies between different elements of the programme were not as great as expected); attention to recurrent cost as well as capital cost requirements; the strong focus on improving planning, budgeting and monitoring capacity in both education and health with corresponding efficiency gains to the sectors (i.e. better services being delivered for less cost).

Special mention should be made of elements which had multiplier effects – influencing the efficiency and effectiveness of other aid and development programmes. This category includes the strengthening of planning and budgeting systems mentioned in the previous paragraph. In addition, Denmark's economic advocacy for Mozambique, its pioneering of debt relief, and its role in developing the PAP system of budget support and dialogue all had indirect benefits above and beyond the direct effects of Danish finance. In environmental management, the five cities project in northern region had a significant multiplier effect. The pooled funding of drugs has resulted in important efficiency gains for the health system. Recent work on low-cost school construction also promises large efficiency gains.

A number of factors also served to reduce the efficiency of the programme. The tying of financial support in the 1990s was inefficient. The maintenance of parallel project and programme accounting systems has often been less efficient than alternatives. Disproportionate reactions to some accountability problems have been inefficient. More broadly, Danida has not carried through the degree of concentration and streamlining (between and within sectors) that its strategies have called for.

59) As already noted, the legal training component was certainly effective, but broader objectives related to law reform and institutional development of the sector proved more difficult to achieve.

Sustainability

from ToR:
The evaluation will answer if – and to which degree – Danish assistance to Mozambique:

- Can be deemed sustainable, i.e. whether strategic choices of partners, modalities and focus (whether geographical, sector-wide or otherwise) have resulted in increased and sustained organisational capacity of national and local institutions for service delivery and fulfilment of mandates? (Has been sustainable in relation to its choice of modalities, i.e. whether it was developed and undertaken in cooperation with relevant national and local authorities and in different sectors?)

cf. DAC definition:
Sustainability: The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.

In recent years, the programme aid partnership has recognised, in effect, that sustainability needs to be considered at an aggregate level. Mozambique remains an extremely poor country which should attract aid for the foreseeable future. For the time being, Mozambique's partners are, among other things, supporting the recurrent costs of basic services which in due course will have to be financed out of the country's own revenues. The sustainability of aid overall depends on linking it to coherent macroeconomic and budgetary planning at national level.

In general, Danida's interventions have been strongly influenced by the concern to achieve the "continued long-term benefits" that form part of the DAC sustainability definition. This is reflected in a systematic preference for working with government institutions rather than in free-standing projects, and for linking interventions to coherent national and sector policies, where these exist. There have been strong components of training, capacity building and system development, although such efforts have had to contend with high staff turnover and, on occasion, changes in the structure or priorities of the organisations Danida has worked with. (Also, in some cases the development of Danida-specific systems militated against sustainability.) Danida's concern for sustainable results is also reflected in its commitment to long-term support for Mozambican institutions (an approach which characterises its efforts on governance and on environmental management).

When Danida was expecting to exit the health sector in Tete, it planned an exceptionally long phasing out (Four to eight years) in order to ensure sustainability. (In energy, by contrast, there was less anticipation of the likely exit. [60])

60) *The hiatus between country strategies made it more difficult for Danida to be decisive and transparent in its intentions for the energy sector.*

Coherence and complementarity

from ToR:
The evaluation will answer if – and to which degree – Danish assistance to Mozambique:

- Has been sufficiently aligned with national policies and harmonised with assistance of other donors?
- As far as modalities for development assistance is concerned, how well has Denmark (in dialogue with the Government of Mozambique) been able to use and promote a strategic coherence in the country programme, including synergy between different types of modalities (Balance of Payment/General Budget Support /reform and project/programme interventions)? [emphasis added]

The standard DAC criteria do not separately include coherence. However, the Inception Report defined this criterion as follows:
The evaluation proposes under coherence to consider:

(a) the consistency of Danida programme elements with each other (do/did they complement each other in a positive way?);
(b) consistency between interventions supported by Danida and the wider activities of the government and other aid partners. [61)]

Coherence is not just a matter of a static "balance" between elements of the programme: it concerns also the dynamics of building relationships and applying influence.

The five main DAC criteria discussed so far can be applied equally to all the sub-elements of the programme. However, judgements on coherence have to take account of other elements of the Danida programme, and also the fit between Danish-supported activities and those undertaken by other donors and by GOM itself. As a result, activities that are, in themselves, effective may still fail the test of coherence. On the other hand, activities that particularly enhance the efforts of other actors will score highly on coherence.

On the coherence and complementarity of the Danida programme, the evaluation highlights as notably positive aspects:

- The design of programmes that are strongly aligned with the priorities established in sectoral and national plans.
- Danida's efforts, ahead of many other donors, to anchor its activities in sector programmes.

61) *Efforts to streamline and rationalise donor programmes in Mozambique are guided by concepts of complementarity and division of labour. These are described as follows in Danida's Aid Management Guidelines Glossary: Complementarity (often also referred to as division of labour). Donors divide sectors and thematic areas among themselves with a view to avoiding the crowding of donors in particular sectors and areas. The consequence will usually be that donors end up focusing on a relatively limited number of areas or sectors and sometimes have to even disengage from some areas or sectors. The Nordic Plus donors have formulated a set of complementarity principles. The key principle is that the Nordic Plus donors will be guided by the partner country in the division of labour and the selection of areas/sectors. (MFA Danida 2006b).*

- Deliberate efforts to pick geographical areas (e.g. Tete) and programmes (e.g. justice) that were under-served by other donors.
- Efforts to attain a critical mass of support in Tete.
- Danida's leading role in support to governance/justice.
- Denmark's role in establishing Mozambique's budget support system and the dialogue between GOM and the Programme Aid Partners.
- HIV and AIDS mainstreaming work with its potential to add value to a range of donor programmes.

On the other hand, there are contextual factors that make coherence and complementarity difficult to achieve. The weakness of GOM institutions and poorly articulated GOM plans make useful alignment with national policies more difficult, while the number and variety of active aid agencies adds to the challenges of harmonisation.

There have been a number of shortcomings in Danida's efforts towards harmonisation, alignment and strategic coherence, notably:

- At strategic level: a chronic failure to cut the number of sectors Danida is involved in, despite the intentions of successive country strategies.
- At sector level, a tendency for "sector programmes" to consist of a cluster of separate projects; a related tendency to spread activities too thinly across some sectors (e.g. agriculture); the accumulation of unwieldy numbers of active projects.
- A tendency to rely too much on parallel systems of project management and disbursement, and not to join fully in joint donor funding mechanisms.
- The pursuit of an isolated approach to private sector development.

These problems were not helped by the hiatus in strategic planning for the Danida programme after the expiry of the 2000-04 strategy. The next section considers the closely related question of how well Danida has adapted to changing circumstances and requirements over time.

9.3 Programme adaptation and lessons for the future

How has Danish aid responded to the needs of Mozambique being a post-conflict society in rapid transition – not just through its choice of modalities but as much through its choice of partners, time perspectives, geographical and institutional focus, etc. – and what lessons can be learned from the Danish support that may be useful for the future development assistance to Mozambique and other countries? (ToR §5)

The evaluation should feed into the process leading to the development of a new strategy for Danish support to Mozambique to be finalized by mid-2008 – preferably as part of a Joint Assistance Strategy for Mozambique. As and where feasible, the evaluation should make recommendations of relevance not only for Danish assistance but for all development cooperation in Mozambique and for development cooperation with other countries experiencing difficult times of conflict and transition (i.e. pointing at lessons that might be useful in a wider context). (ToR §3.1)

Responding to changing needs and circumstances
The overall evaluation question (repeated above) highlights the responsiveness of Danish aid to changing circumstances and demands. To repeat, the evaluation's judgment for the evaluation period as a whole is clearly positive. However, the evaluation also concluded that Danish aid adapted more successfully through the 1990s than it has done in more recent years. This section discusses how and why this was so.

Chapter 5 (Box 5.4) drew attention to the contrast between the optimism of the 1990s and the uncertainty of the 2000s. The contrast is reflected in the Perception Study findings on how Danida is viewed as a donor (see Box 9.1).

The reasons for the difference are both internal and external to Danida. The context in the 1990s was in some ways simpler. Needs were immense and obvious; it was not difficult to find useful things to do. In practice, Danida allowed the country programme considerable freedom of manoeuvre. The weakness of GOM institutions was a concern, but this too allowed room for manoeuvre. The aid landscape was less cluttered, and Danida was one of the first of the bilateral donors to grapple with issues of aid coordination and effectiveness. The Danish programme had a positive influence that was more than proportionate to its size.

In the 2000s (the PARPA era), Mozambican priorities and strategies were, in principle better articulated, and Danida contributed to systematic efforts to align overall aid better and make it more effective. But Danida became somewhat marginalised from these efforts by a combination of (a) often setting a high threshold for use of government implementation systems or involvement in donor pools; (b) the distraction of fire-fighting diplomatic and accountability issues; and (c) the related delay in reformulating the country strategy. This delay was ostensibly so as to align with the new PARPA, but was also influenced by the demands of crisis management, and meant that the strategy was not reformulated after MFA's decentralisation of more responsibilities to Embassy level (see Chapter 5 and Section 8. 8). The sense of uncertainty was exacerbated by the background of changing political scenery in Denmark, which made Danida less willing to take risks in Mozambique. Danida continued to make a number of distinctive and valuable contributions to the overall aid effort during this period, but it was less self-confident and less influential than before.

It is important to note that, in both periods, the areas where Danida most clearly made a distinct difference (i.e. clearly added value to the overall donor effort) were not necessarily things which themselves spent a lot of money. Nor did influence necessarily depend on the "visibility" of Danida's activities; Denmark's influence via the programme aid partnership is an important case in point.

Danida's ability to adapt was constrained by a number of tensions and contradictions in its objectives and approaches, which are revealed in the following patterns:

- the persistent difficulty in exiting sectors and in streamlining the Mozambique programme;
  a sensible desire to retain a portfolio of implementation modalities, but sometimes being too reluctant/slow to participate fully in joint donor efforts;
- some excellent TA, but a TA model that for most of the period was rather inflexible and didn't (at least until recently) resolve the dilemmas of contradictory tasks imposed on TA personnel;

- justified vigilance about corruption, but this led to persistence with parallel disbursement systems which have their own risks, and to rigid enforcement of accountability, sometimes at a disproportionate cost;
- a praiseworthy willingness to take on difficult challenges, and to do things differently from other donors, but not always enough reflection about Danida's own approaches.

Box 9.1: What kind of donor is Denmark perceived to be?

The overall image of Danish aid
The overall image of Danish aid is positive and the long-term commitment of the Danish aid programme to Mozambique is appreciated.

Its visibility
Non-Danida informants perceive Danida as having a low level of visibility[62] in Mozambique. At the same time, Danida feels under pressure to make its activities easily identifiable by home constituencies in Denmark.

Its ratings for innovation
In the 1990s Danida was quite innovative, and Denmark was among a leading group of bilateral donors. Nowadays, Danida is not perceived to be an innovative donor and is seen as a 'follower' rather than a 'leader'.

Its ratings for flexibility
Danida is considered to be a flexible donor due to its ability to respond quickly to requests for funds and to reallocate programme funding if it is unspent. On the other hand, it is seen as having very rigid financial procedures.

Danida's stance on corruption and accountability
There are mixed views on Danida's approach to corruption and accountability. Some Danida and non-Danida informants saw this approach as being useful; others considered that Danida's reactions are sometimes counterproductive. Non-Danida perceptions of Danida's handling of the Zambézia case were uniformly negative.

Dialogue and influence
Danida's role in political dialogue seems to have diminished in recent years. Non-Danida informants do not think Danida has as much influence on other donors as some Danida informants believe.

What differentiates Danida?
Danida staff see Danida's way of doing things differently as a strength of their approach.

Source: Perception Study.

62) *Several commentators on the draft report took these perceptions on visibility as negative. They pointed out, correctly, that visibility should not be confused with influence, and that there are many examples of progress that has resulted from unobtrusive persistence. The evaluation is happy to clarify that the "visibility" perceptions it reports were not expressed in a negative sense: Danida was seen as donor that is not unduly concerned with "attaching a Danish flag" to its activities. The evaluation sees this as a positive attribute.*

On this last point, it was clear that Danida has generally been a self-conscious and reflective donor, and that considerable learning took place, both in Mozambique and for Danida generally. But the evaluation found that some opportunities to learn from experience were not fully exploited. It found less evidence than expected for the transfer of learning from Danida's provincial activities to inform central programmes. There were some cases (e.g. the planning of the second phase of education support) where available lessons from earlier phases were not taken on board. More generally, it is unfortunate that programme preparation documents did not routinely include a section on lessons learned from earlier experience. Monitoring and evaluation of a number of programmes, and the documentation of their results, could have been stronger. Given the emphasis on capacity building, it is a pity that criteria for monitoring success were rarely established. Project Completion Reports (PCRs) were not always available, and in any case many lessons need to be captured earlier in the process.

9.4 Lessons learned

The Working Papers, and the main chapters of this report, include many specific and detailed findings and lessons. This section highlights some general lessons that cut across the programme.

The constraints of context and the limits of influence
In terms of government capacity and government leadership, Mozambique has been a difficult environment for aid agencies. Donors increasingly realised that Mozambican ownership is an essential ingredient for success, but there are numerous examples where efforts were frustrated by the absence, or the weak capacity, of a needed partner.

There are also the country-specific constraints of political circumstance. For example, Mozambique achieved a remarkably successful transition from war to peace, and to a democratic framework – but one in which the possibilities of a democratic change of government are in fact limited. As noted in Part II, aid agencies, including Danida, may wish for a different configuration, but political change is slow, and external influence is limited. So donors need (a) to take a long and realistic view of what they can hope achieve, and how fast; (b) to be more systematic in analysing the stakeholder interests involved; and (c) to work with a range of partners on the Mozambican side (i.e. seeking to strengthen civil society and the GOM's domestic accountability, as well as working to strengthen the performance of the GOM itself).

On concentration and focus
The evaluation found that a common weakness in the Danida programme is a tendency to spread efforts too thinly. This applies to what is done within sectors, not just the number of sectors as such. The following example is from agriculture:

> One has to ask if Danida is spreading its effort too thinly. In all those years in Tete, Danida was able to 'focus' on only two or three districts. In addition to the problems posed by the lack of geographical focus, there is the wide scope of subject matter which the programme is aiming to tackle. Understandably, Danida is striving to provide assistance (directly or indirectly) to all the functional components of the agricultural system – extension, research, marketing, credit, input-supply, road access, land administration and also to support to the institutional development of the Ministry at district, provincial and national level. Danida could rightly argue that all these warrant attention if farmers' production and income are to increase and living standards are to improve in the countryside. Nonetheless, it is difficult to support so many interventions over so large an area, with different agro-ecologies and with farmers at different stages of development. (WP02)

The evaluation supports two conclusions:

(a) That a more concentrated and focused overall programme would indeed be more effective, and more efficiently managed (the same applies to programmes at sector level).
(b) But it is extremely difficult to achieve. Danida has been preaching this doctrine at least since the 1988-93 programme[63] (i.e. for two decades). Although there has been some progress (and Danida is internationally recognised as one of the more focused donors – see the Perception Study summary of OECD/DAC peer reviews), there must be very deep-seated reasons why concentration on fewer sectors is so difficult to achieve.

This remains a major challenge to address going forward. It is at the root of issues about overstretched management. It is linked to the desire to present a balanced and attractive Danish aid portfolio to home constituencies (see Box 9.2), and to political decisions to enter or remain in particular sectors. Exits are difficult – partly because there will always be Mozambican stakeholders who want Danida to remain in a sector, partly because of legitimate concerns to exit gracefully and with attention to sustainability.

Persistence and staying engaged
There is great merit in Danida's persistence and willingness to stay engaged with the same partners, sectors and issues over long periods. For example:

- *Sustained support to sectors over the years has also been a very important contribution and is seen as extremely valuable by the Mozambican government. The long-term interventions in both education and health have made it possible to make a real impact on service delivery and to play a major role in strengthening planning and management systems for both sectors, with most impact being felt at provincial and district level.* (WP03)

63) *The guiding principles for project aid – the validity of which has most recently been confirmed during the aid negotiations in November 1987 – require that: "support should be concentrated on a smaller number of better funded projects, especially in the sectors of agriculture, water supply and fisheries" (from 1988-93 strategy (F399), translation from Danish).*

- Long-term support was similarly valued in the justice sector, from which the following example of persistence is taken:
  N*otwithstanding this critique, something positive did finally emerge. When the Inter-Ministerial Law Reform Commission was established as the successor to the Law Reform Commission, Danida's own judgement was that its very existence was a "major success of long-standing support and advocacy through Danish programmes focussing on the justice sector" and that it had "taken over six years of nurturing for the law reform priority to grow from an understaffed MOJ technical body…to a high level…Inter-Ministerial Commission…and professional Technical Unit" (*F1042). *The present evaluation largely agrees with this judgement. (*WP08)
  More than in any other sector, some of the areas where Danida has been less successful must also be seen as a consequence of the fragile context within which they and other development partners have operated. It should be noted in this respect, that Danida's commitment in sticking with issues is seen as a sign of strength and is appreciated. (WP08)

9.5 Future directions and recommendations

Context
Danida's future support to Mozambique will take place against the background of the donor community's increased aid commitments, especially to Africa. These are linked to international peer pressure to make aid more effective (the High Level Forums in Rome (2003) and Paris (2005) will be followed by Accra in 2008). Denmark's own level of interest in Africa is high, as indicated by the recent Africa Strategy (Government of Denmark 2007) and the ongoing Africa Commission.

In Mozambique, needs will remain great; there are possibilities for positive economic and political developments, but there are sure to be difficulties in the aid relationship too – not least around issues of governance, corruption, and equality.

Although Mozambique is a congested aid arena, Denmark, with its long relationship, has much to offer. The room for manoeuvre in reshaping the Danida programme is constrained by ongoing commitments, but this reinforces the need to have a clear long-term strategy, and not to move forward in an ad hoc way. Box 9.2 draws attention to the links between internal and external coherence of the Danida programme.

The evaluation's recommendations take these background factors into account. They mainly take the form of good practice guidance for the next country strategy, and beyond.

Recommendations
Lesson learning: Danida should be more systematic in ensuring that the lessons of experience are built into successive phases of programme design. This would include: explicit consideration of lessons learned in programme documents; more systematic identification and monitoring of performance criteria, including those that relate to capacity development; and strengthening the system of PCRs and interim progress reports.

Country strategy: There has, rightly, been a shift in emphasis from bilateral to multilateral consultations between Mozambique and its aid partners, both at sector and macro levels. The need for coherence among all aid partners changes the way an individual donor's

programme and strategy are viewed (see Box 9.2). It is right to draw performance indicators primarily from the strategy documents of the partner country. Nevertheless, it remains important for the Danida programme to be guided by a long-term strategy, governing its objectives, areas of intervention, approach to aid modalities and so forth.

Box 9.2: Balance and coherence in an individual donor programme

The following observations from the Uganda evaluation (Mokoro 2006) are equally relevant for Mozambique:

Increasing attention to harmonisation and alignment under government leadership changes the way in which the internal coherence of an individual donor's aid programme should be viewed. The more that donor interventions are consciously fitted into an overall national strategy and national priorities, the less relevant it is to expect an individual programme to be internally "balanced", e.g. between sectors or geographically: what matters is whether there is an appropriate balance in the aggregate efforts of donors and government. It also means that, for individual components of the Danida programme, coordination with what other actors are doing in the same field is likely to be more important than coordination with what Danida is doing in other fields.

At the same time, all agencies have to take account of their financiers (in Danida's case, ultimately, Danish taxpayers) as well as their partner-country beneficiaries. From this point of view, the balance of the programme continues to be a relevant concern (e.g. in continuing to contribute to economic growth, to social services and to institutional development, in demonstrating a Danish contribution towards reducing the fiduciary risks faced by its aid, and so forth). There is also a legitimate concern to avoid a focus so narrow that it might undermine Danida's country-level understanding of Mozambique's situation and requirements.

On the *concentration and focus of the country programme*: it is right to reduce the number of sectors. However, the challenge of streamlining goes further. It requires reviewing the internal coherence of activities in the sectors that are retained. In particular, it is important to strike a balance between staff-intensive project activities and the pursuit of broader support and policy objectives through pooled donor approaches, including sector and general budget support. This aspect should be explicitly addressed at the level of each sector component in the programme. (See also the recommendations on modalities below).

On *areas for continued Danida involvement*: it is not the evaluation's role to design a complete strategy, but in light of the need to reduce the number of main sectors, the following views are offered: the decision to exit from energy should be upheld; Danida should remain involved in agriculture, because of the sector's importance, Danida's accumulated experience, and the tendency of other donors to neglect it; if Danida is serious about concentration in line with EU commitments on the division of labour, it will not be able to justify continued direct involvement in both the education and health sectors[64].

64) *Indirect support could continue through a silent partnership with another donor and/or through general budget support.*

Denmark's continued involvement in governance and justice is particularly important, because of the subject matter, and because of Danida's accumulated experience and ability to be one of the leading agencies in this sphere. Gender and HIV and AIDS will undoubtedly remain as themes, and stronger links between them should be developed. Danida should continue to work at provincial as well as central level, but in harmony with government systems and with attention to the links between the different levels of its involvement.

On *aid modalities*: the evaluation agrees that the choice of modality should be driven by practical considerations, and that there needs to be a balance between modalities. The next country strategy should explain more clearly how different modalities will complement each other in the pursuit of the programme's objectives. For example, work on governance issues (and in other sectors) is linked to the performance targets that are linked to general budget support or to sector budget support. Danida should adopt a stronger presumption in favour of working with joint donor approaches, and disbursing through country systems. It should seek to ensure that a much higher proportion of all its aid is on-budget at all relevant stages of the budget cycle.

On *staffing and TA*: changes in the aid environment also imply the need for different skill sets and activities from staff (project management requires different expertise from running broad sector programmes and participating in harmonised management and dialogue). The new approaches to TA that were inaugurated in Danida's 2005 guidelines are appropriate and should be followed through; as this report has noted, there are corresponding implications for the way Danida projects/programmes are designed and managed.

On *accountability and corruption*: Danida should continue to be vigilant, and continue to work to strengthen government systems (and civil society demands for accountability); at the same time, it should try to minimise stop-go effects by applying graduated and proportionate responses to accountability problems; it should not misuse budget support as a short-term political or diplomatic lever.

On *public understanding:* concerns about how the aid programme may be viewed in Denmark have been one of the sources of uncertainty in recent years. It is important to raise public understanding about the practicalities, the politics and the benefits of aid.

References

Working Papers
The following Working Papers were prepared by the evaluation team (and are published on CD-ROM alongside this report):

WP01: The Political and Social Context (Martin Adams)
WP02: Agriculture, Rural Development and Fisheries (Martin Adams)
WP03: Danish Assistance to Education and Health (Muriel Visser-Valfrey, Amélia Cumbi)
WP04: HIV/AIDS – Danish Contribution to Mainstreaming in Mozambique (Kerry Selvester)
WP05: Danish Aid to the Energy Sector (Mette Visti)
WP06: Environmental Management (Martin Adams)
WP07: Public Financial Management and Reform (Alex Warren-Rodríguez)
WP08: Justice, Governance, Democratisation and Human Rights (Simon Norfolk, Alicia Calane)
WP09: Private Sector Development (Ann Bartholomew)
WP10: Geographical Pattern of Danish Assistance and Danish Aid to the Province of Tete (Amélia Cumbi, Alex Warren-Rodríguez)
WP11: Management of the Danida Programme (Mette Visti)
WP12: Technical Assistance and Capacity Development (Ferry Philipsen)

Perception Study (Ann Bartholomew, with Amélia Cumbi, Alicia Calane, et al.)

F-series Documents
The F-number references refer to the documents collected during the Pre-study[65], and listed in full in the revised Annex 8 of that study. All the F-number documents are in the Pre-study CD-ROM of electronic documents. The key which follows is for documents cited in the evaluation report.

F-number	Details	Date
F005	*Agricultural Development. Province of Tete. Mozambique. Project Document. MFA Danida.*	January 1993
F098	*Mozambique: Strategy for the Danish Development Cooperation Programme: Agriculture. Report prepared for Danida, Maputo, by Yussuf Adam.*	1998
F116	*Mozambique. Appraisal of the second phase of Danida's Agricultural Sector Programme Support. ASPS II. Appraisal Report. MFA Technical Advisory Services.*	July 2005
F184	*Semi-Industrial Fisheries Sector. Mozambique: Sector Programme Support Document*	July 1996
F238	*Backbone Transmission Network, Phase II Projektbevilling. UBK's møde den 31. oktober 2005 [in Danish]*	October 2006
F239	*Annual Consultations: Agreed Minutes*	June 1998
F240	*Annual Consultations. Agreed Minutes*	July 1999

65) NCG (2007) Pre-study, commissioned by MFA Denmark, and MPD Mozambique.

F-number	Details	Date
F241	*Mozambique-Denmark Development Co-operation Programme. Agreed Minutes. High Level Consultations. Maputo 30 June-1 July 2004*	July 2004
F242	*Agreed Minutes of the Annual Consultations on Mozambican-Danish Development Cooperation Programme*	November 1993
F243	*Agreed Minutes of the Annual Consultations on Mozambican-Danish Development Cooperation Programme*	April 1995
F244	*Mozambique-Denmark Development Cooperation Programme. Agreed Minutes. Annual Consultations*	May 1996
F245	*Agreed Minutes of the Annual Consultations on the Mozambican-Danish Development Cooperation Programme*	May 1997
F246	M*ozambique-Denmark Development Cooperation Programme. Agreed Minutes. Annual Consultations*	October 2000
F247	M*ozambique-Denmark Development Cooperation Programme. Agreed Minutes. Annual Consultations. Maputo 27 February-1 March 2002*	March 2002
F286	*Format for Representation's Assessment of Country Programme End October 2004-End October 2005*	November 2005
F289	*Danish development cooperation with Mozambique during the next country strategy cycle (2007-2011). Concept note for the Programme Committee. Danish Embassy, Maputo*	10 June 2006
F399	P*erspektivanalyse og bistandsstrategi for Mozambique (Strategy for Danish Aid to Mozambique) (no cover). MFA Danida*	1988
F400	L*andestrategi for Mozambique. Strategi for dansk bilateralt udviklingssamarbejde med Mozambique (1) (see F401 for English version)*	November 1995
F401	*Mozambique. Strategy for Danish Bilateral Development Cooperation with Mozambique (2)*	November 1995
F402	*Landestrategi for Mozambique. Strategi for dansk udviklingssamarbejde med Mozambique. MFA Danida. (See F403 for English version*)	May 2000
F403	*Mozambique. Strategy for Development Cooperation between Denmark and Mozambique (2). MFA Danida*	May 2000
F404	*Promoting shared growth through empowerment of citizens and institutions. Mozambique Country Partnership Strategy 2008-2011. World Bank Group*	2007
F418	*Project Completion Report: Tied import support/ credit line to Mozambique 1993/95. Mozambique. Prepared by Banco de Moçambique for MFA Danida*	December 1996
F420	*Appraisal of Danida import support to the Government of Mozambique, 1994-96 (1½ pp.) Karsten Nimb Pedersen*	September 1994

F-number	Details	Date
F426	*Project Completion Report. Tied import support/ credit line to Mozambique 1993/95. Mozambique. Prepared by Banco de Moçambique for MFA Danida*	December 1996
F429	*Project Completion Report. Danish Fund for Debt Relief for Mozambique. 1996. Mozambique. (1½ pp.)*	January 2003
F436	*Balance of Payments support to Mozambique. Notits. Afbinding af bistand (1) [Danish]*	1998
F438	*Programme Document. Final Report. Danish Balance of Payments Support 1996-99. Mozambique. MFA Danida*	1996
F440	*Aide Memoire, Joint Review of Balance of Payments Support. Mission May 1998 to review support by Denmark, Norway, Sweden and Switzerland*	1998
F441	*Appraisal of Proposal for Danish multi-year programme support to Mozambique. March 22nd-April 2nd, 2004. MFA Danida*	2004
F442	*Styrelsesmøde den 25-10-2000. Dagsordenspunkt 3.f. [Programme support for the implementation of Mozambique's poverty reduction strategy] Board Minutes*	2000
F453	*Government Agreement on Direct Budget Support for the Implementation of Mozambique's Poverty Reduction Strategy. Royal Danish Embassy*	November 2005
F463	*Programme Document and Appraisal. Danish Macro Financial Support 2000-03. Mozambique*	November 2000
F516	*Support Programme to Basic Education in Tete Mozambique 1996-2001. Project Completion Report. MFA Danida*	January 2000
F545	*Mid-Term Review of the Danish Support to the Education Sector Strategic Plan in Mozambique. Aide Memoire*	August 2005
F546	*Education Sector Programme Support: Teacher Education in Mozambique. David Webb. (no cover*)	August 2000
F891	*Draft programme document for the implementation of the special fund for women and poverty in Mozambique. 2nd Draft: 19 April 2002*	April 2002
F907	*Review of Danish Support to Public Sector Reform in Mozambique. Component 1. Support to overall coordination, to critical components and to important cross-cutting issues of the Public Sector Reform through UTRESP. Final Report*	April 2004
F938	*Monitoring and Reducing Poverty: Policy Analysis and Training in Mozambique. Final Report (covering the period May 2002-December 2005)*	2006
F1042	*Mid-Term Review of Danish Programme Support to the Justice Sector in Mozambique (2002-2005). Report. MFA Technical Advisory Services – Development Co-operation*	August 2005
F1159	*Appraisal Report. Danida Health Sector Programme Support, Phase III. Mozambique. 9 August-6 September 2001. MFA Danida*	2001

F-number	Details	Date
F1168	*Sector Programme Support Document. Danida Health Sector Programme Support, Phase III. Mozambique. May 2002-April 2007 (including component descriptions).MFA Danida*	April 2002
F1174	*Appraisal Report for HIV/AIDS and Health Sector Support Programme. H-HSPS Phase IV (2007-2011). MFA Danida*	2006
F1206	*Participation in 6th Conference for the Implementation of the Dakar and Beijing Conferences (Gender). Bevillingsnotits 12. November 1999 [Danish]*	November 1999
F1207	*Project Proposal. Participation of Mozambique in 6th regional conference on the implementation of the Dakar and Beijing Conferences. Royal Danish Embassy/ UNFPA*	2000
F1208	*Gender Capacity Building Project at Central Level. Embassy Authorization Document 22.12.1999 [Bevillingsnotits]*	December 1999
F1209	*Project Completion Sheet. Gender Capacity Building Project at Central Level*	January 2005
F1210	*Gender Capacity Building Project at Central Level. Sub-Programme Component Agreement between the Government of Mozambique and the United Nations Population Fund*	January 1999

Other References

Adam, Y. and H. Nielsen (2001). P*overty Reduction through Government Support? An Aid Impact Study of the Danish Agricultural Development Project in the Tete Province, Mozambique.* Copenhagen: Centre for Development Research.

Arndt, Channing, Sam Jones, and Finn Tarp (2006). *Discussion Paper 06-13: Aid and Development: The Mozambican Case*, Department of Economics, University of Copenhagen, 2006.

Batley, R. et al (2006). *Evaluation of General Budget Support – Mozambique Country Report.* Richard Batley, Liv Bjørnstad and Amélia Cumbi. May 2006. London: DFID.

Bistandsfaglige Tjeneste (TSA) (2006). *PAP Performance Assessment Framework Evaluation Report,* Senior Technical Cooperation.

Boesen, N. (2001). *Advisors in Danish Bilateral Cooperation*. Copenhagen: MFA.

Boesen, Nils and Ole Therkildsen (2005) *A Result-Oriented Approach to Capacity Change.* February 2005. Copenhagen: MFA.

Cabral, L., Shrivastava, A. and Muendane, C. (2007). *Sector Wide Approaches in Agriculture and Rural Development: Mozambique – The Case of ProAgri.* London: ODI.

Castel-Branco, Carlos Nuno (2007). *Mozambique Programme Aid Partners Performance Review* 2006, *Final Report*.

Danish State Auditor (2006), *Danish State Auditor's Report*, 2005. [in Danish]

Danish State Auditor (2007), *Danish State Auditor's Report*, 2006. [in Danish]

DFID (2006). *Evaluation of DFID Country Programmes: Country Study Mozambique,* August 2006

Government of Denmark (2007). *Africa Strategy*. August 2007.

Government of Mozambique (2006). *Plano de Acção para a Redução da Pobreza Absoluta* 2006-09.

GOM/PAP (2005). *Memorandum of Understanding: Government of the Republic of Mozambique and the Program Aid Partners for the provision of Direct Budget and* Balance of Payments Support. Maputo, June 2005.

Hauck, Volker and Mario Souto (2007). *Provision of Technical Assistance Personnel in Mozambique: Between 'doing the work' and a 'hands-off' approach*, A case study prepared for the Study on Promising Approaches to Technical Assistance, European Centre for Development Policy Management Discussion Paper No. 75, September 2007.

Hodges, Tony and Tibana, Roberto (2005). *A Economia Política do Orçamento em Moçambique.* Principia, Publicações Universitárias e Científicas. Maputo, maio de 2005.

IDD and Associates (2006). *Evaluation of General Budget Support: Synthesis Report*. May 2006. London: DFID.

IMF (2007). *Republic of Mozambique: Fifth Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, and Financing Assurances Review*. IMF Country Report. No. 07/36. International Monetary Fund (IMF). Washington D.C February 2007

IMF (2008). *IMF International Finance Statistics Online*, IMF 2008.

Lawson, A. et al (2008). *Assessment of Public Finance Management in Mozambique, 2006, Based on the PEFA Methodology.* Andrew Lawson, Mariam Umarji, João Guilherme and Célia Chanine. Report to the Ministério das Finanças, Unidade Técnica de Reforma da Administração Financeira do Estado and to the Programme Aid Partners. February 2008. Oxford: Fiscus Public Finance Consultants, and Maputo: SAL & Caldeira.

Mazive, Alfredo and Simon Vanden Broek (2006). *Mozambique's Initiative to Review the Way Donors Deliver TC*. Presentation to LenCD Forum, Nairobi, October 2006.

MINED (2006). *Apoio Dinamarques ao Plano Estratégico da Educação ADPESE. Relatorio Annual,* 2006.

MINED (2007). *Apoio Dinamarques ao Plano Estratégico da Educação ADPESE. Relatorio Annual*, 2007.

Ministry of Education (1994). *Supplementary Salary Fund for Returning Teachers – Proposal for Financing by Danida*. Maputo.

MFA Danida (1994a). *A Developing World: Strategy for Danish Development Policy towards the year 2000*. Copenhagen: MFA.

MFA Danida (1994b). *Memorandum: Danida's Balance of Payments Support*. December 21 1994.

MFA Danida (1996) *Evaluation of Danish Assistance to the Fisheries Sector in Mozambique,* Final Report, February 1996.

MFA Danida (1998) *Knowledge and Attitudes: Strategy for Personnel Assistance*. Copenhagen: MFA.

MFA Danida (2000). *Denmark's Development Policy Strategy – Partnership 2000*. (October 2000). Copenhagen: MFA.

MFA Danida (2002a). *Summary of the Danish Government's review of Denmark's official development assistance and environmental assistance to the developing countries*. January 2002. Copenhagen: MFA.

MFA Danida (2002b). *The Agricultural Development Project in Tete, Evaluation,* September 2002

MFA Danida (2002c). *Formulation of a Danish Strategy for Gender Equality and Women's Rights: Note on Country Findings from Bangladesh, Benin and Mozambique.* Birgitte Nygaard Markussen, Ref. N. 104.B.39.d, November 2002.
MFA Danida (2003a). *A World of Difference: Government's Vision for New Priorities in Danish Development Assistance 2004-08.* June 2003. Copenhagen: MFA.
MFA Danida (2003b). *Modalities for the Management of Danish Bilateral Development Assistance.* Copenhagen: MFA.
MFA Danida (2003c). *Guidance Note on the Provision of General Budget Support.*
MFA Danida (2004). *Input to a Strategic Framework for Future Danish Development Assistance to Mozambique: Aid Modalities.* Final Report, Denmark, November 2004.
MFA Danida (2005a). *Technical Assistance in Danish Bilateral Aid.* Department of Business Cooperation & Technical Assistance, Copenhagen, December 2005.
MFA Danida (2005b). *A Results-Oriented Approach to Capacity Change,* by Nils Boesen and Ole Therkildsen, February 2005.
MFA Danida (2006a). *Guidelines for Advisers to Mozambique,* Copenhagen, Denmark, July 2006.
MFA Danida (2006b). *Aid Management Guidelines Glossary,* February 2006 (2nd edition).
MFA Danida (2006c). *Guidance note on Danish support for capacity development,* August 2006.
MFA Danida (2006d). *Principles for Provision of General Budget Support*, May 2006.
MFA Danida (2006e). *Evaluation Guidelines,* November 2006.
MFA Danida (2007a). *Guidelines for Programme Management,* April 2007.
MFA Danida (2007b). *Guidelines for the Provision of General Budget Support.*
MFA Danida (2007c). *Aide Memoire of Danish Support to Education Sector.*
MFA Danida (2008). *Press Release, Africa Commission,* April 2008.
Mokoro (2006). *Danish Assistance to Uganda 1984-2005.* December 2006. Copenhagen: MFA.
Mokoro (2008a). *Putting Aid on Budget: Final Synthesis Report. A Study for the Collaborative Africa Budget Reform Initiative (CABRI) and the Strategic Partnership with Africa.* Mokoro Ltd, Oxford, April 2008.
Mokoro (2008b). *Putting Aid on Budget: Good Practice Note. A Study for the Collaborative Africa Budget Reform Initiative (CABRI) and the Strategic Partnership with Africa.* Mokoro Ltd, Oxford, February 2008.
Mokoro and ECORYS (2007). *Inception Report, Evaluation of Development Cooperation between Mozambique and Denmark, 1992-2006*. 21 October 2007.
Mokoro and ECORYS (2008) *Perception Study, Evaluation of Development Cooperation between Mozambique and Denmark, 1992-2006,* February 2008.
NCG (2007). *Pre-study in preparation of an Evaluation of the Danish Mozambique Country Programme 1992-2006*, Research Paper commissioned by Ministry of Foreign Affairs of Denmark and Ministry of Planning and Development, Mozambique, September 2007.
Nordeco (2007). *A synthesis of existing evaluations and related studies on aid and development in Mozambique*. Research Paper commissioned by Ministry of Foreign Affairs of Denmark and Ministry of Planning and Development, Mozambique, September 2007.
OECD/DAC (1995). *Denmark Peer Review.* Development Cooperation Review Series. Paris.
OECD /DAC (2002). *Glossary of Key Terms in Evaluation and Results Based Management.* Paris.

OECD/DAC (2005). *Paris Declaration on Aid Effectiveness*. Paris: OECD.
OECD/DAC (2008). *OECD Online Statistics.*
OECD (2008). *OECD CRS Online Statistics.*
Pavignani E. & Durão J. R. (1999). *Managing external resources in Mozambique: Building New Aid Relationships or Shifting Trends?* Health Policy and Planning, 14 (3): 243-252.
PWC (2007) *ProAgri Final Evaluation*. Price Waterhouse Coopers, Zimbabwe, March 2007.
Republic of Mozambique (2005). *Report on the Millennium Development Goals.* August 2005.
Republic of Mozambique (2006). *Action Plan for the Reduction of Absolute Poverty 2006-09*, (PARPA II), May 2, 2006.
Scanteam (2007). *Strengthening Capacity Development Support Programmes, Mozambique.*
Scanteam (2007). *Synthesis Study on Best Practices and Innovative Approaches to Capacity Development in Low Income African Countries. Inception Report,* August 2007.
Sida (1997). *A Profile on Gender Relations Update 2006: Towards Gender Equality in Mozambique*.
Sulemane, José A. and Steve Kayizzi-Mugerwa (2001). *The Mozambican Civil Service: Incentives, Reforms and Performance*. September 2001, WIDER Discussion Paper No. 2001/85.
T&B Consult (1994). *Evaluation of Danida Balance of Payments Support*. Volume 1: Main Report and Volume 3: Case Studies of Uganda, Tanzania and Mozambique. July 1994.
Timmermans, Notburga (2006). "*Changing Roles of the Adviser", Report of the Danida Technical Adviser Meeting, 9 November 2006, Holiday Inn Hotel, Maputo, Mozambique.* November 2006.
Udsholt, L. (1997a). *Danish Aid Policies for Poverty Reduction.* Working Paper 100. May 1997. London: ODI.
Udsholt, L. (1997b). *Danish Aid Policies for Poverty Reduction: From Non-Committal Statements to a More Strategic Approach.* April 1997. Copenhagen: Centre for Development Research.
Warren-Rodríguez (2007) *Putting Aid on Budget: A Case Study of Mozambique. A Study for the Collaborative Africa Budget Reform Initiative (CABRI) and the Strategic Partnership with Africa*. September 2007. Oxford: Mokoro Ltd.
World Bank (2003). *Mozambique Public Expenditure Review*. 22 September 2003.
World Bank (2005). *An Independent Review of World Bank Support for Capacity Building in Africa: The Case of Mozambique*. 6 April 2005.
World Bank (2006). *Doing Business 2007: How to Reform*. Washington D.C.
World Bank (2007). *Poverty, Gender and Social Assessment*. Africa Region Poverty Reduction and Economic Management.

Appendix A: Terms of Reference

22 June 2007
Ref. 104.A.1.e.66.

Terms of Reference: Joint Evaluation of the Mozambique-Denmark Development Cooperation from 1992 to 2006

1. Introduction

Danish bilateral development assistance to Mozambique was initiated in the 1970s. From 1977 to 1992 total Danish bilateral assistance to Mozambique amounted to around 1.3 billion DKK. Humanitarian assistance was a prominent part of the aid programme during this period reflecting the fact that up to one third of the population depended on food aid for their survival. Other types of support were focussed on agriculture, fisheries, water supply and vocational training as well as rehabilitation of social and physical infrastructure. In general, development cooperation with Mozambique during this period was severely constrained by the armed conflict. For security reasons most of the development assistance was concentrated around Maputo. Activities were also implemented in some of the main provincial towns, including Tete even though this part of the country was severely affected by the armed conflict.

Following the implementation of the [1992] peace agreement, development cooperation with Mozambique gradually changed towards larger and more long-term development programmes within selected sectors. A Danida development assistance office was first established in Maputo in 1985. In 1987 the office was up-graded to an Embassy. In 1989 Mozambique became one out of twelve countries selected for programme cooperation with Denmark.

The first country strategy for the Danish bilateral development cooperation with Mozambique covered the period from 1995 to 1999, while a second country strategy (2000-2004) was launched in May 2000. The second strategy included phasing out from the water and fisheries sector as well as from the health sector in Tete, while support to agriculture, energy, education and public sector reforms would be stepped up.

The Danish bilateral assistance (including NGO-support and technical assistance) grew from DKK 253 million in 1999 with variations over the years reaching a peak of DKK 414 million in 2004. The total Danish funded assistance during 1995-2006 has been about DKK 4.4 billion.[66)] During the period 1992-2006, it is estimated that the Danish aid contribution has constituted between two to four percent of all development aid.

Evaluation of the Danish development cooperation with Mozambique has been part of various broad thematic or sector-based evaluations. A considerable number of reviews of individual projects and programmes, in some cases joint sector reviews, are also available.

66) Equivalent to approximately USD 730 million using an average exchange rate of DKK 6 to the dollar.

None of the evaluations carried out, however, have focussed on the overall strategic choices (e.g. choices of sectors, modalities and geographical focus) made by Mozambique and Denmark as far as the country programme collaboration is concerned. In other words: an evaluation of development cooperation between Denmark and Mozambique in its totality has never been carried out.

The Strategy for Development Cooperation between Denmark and Mozambique 2000-2004 has in principle expired. Discussions concerning future support from Denmark will take place within the context of ongoing efforts to formulate a joint framework for development cooperation between Mozambique and its development partners.

Within this context, Mozambique and Denmark have agreed to carry out an evaluation of the development cooperation between the two countries in order to extract experience from bilateral cooperation and utilise this in the decision-making process concerning future Danish (and international) support to Mozambique.

In the spirit of the Paris Declaration, the evaluation will be carried out as a joint exercise under the leadership of the Ministry of Planning and Development in Mozambique and the Evaluation Department in the Danish Ministry of Foreign Affairs.

In order to provide a timely and relevant input to decisions concerning the future strategy for cooperation between Mozambique and Denmark, the evaluation should be carried out in such a manner that a draft synthesis evaluation report can be available by mid January 2008.

2. Intended users of the evaluation

The main users of the evaluation include the Ministry of Planning and Development in Mozambique; the Ministry of Foreign Affairs in Mozambique; members of the Parliament in Mozambique as well as relevant Mozambican partners (ministries, public and private plus civil society institutions) and the Danish Embassy in Maputo.

In Denmark the intended main users of the evaluation are the Board of Danida, Danish parliamentarians, the country desk and other relevant departments in Ministry of Foreign Affairs, Copenhagen.

The general public and civil society in Denmark and Mozambique will constitute secondary target groups for the evaluation.

3. Purpose and evaluation criteria of the evaluation

3.1 Main purpose

The main purpose is to evaluate achievements against the overall development objective of poverty reduction as formulated in the overall development strategies for development in Mozambique and development strategies relating to Danish development cooperation in general and with Mozambique. The evaluation will analyse and contribute to an increased understanding of how effective Denmark has been in adapting its development assistance to the rapidly changing conditions in post-war Mozambique.

The evaluation will cover the period from 1992 to 2006. This period includes the transitional support from 1992 to 1995 as well as the two country programme strategies covering 1995-2000 and 2000-2004 respectively. The main focus will be on the period from 2000 onwards. The efforts, achievements and strategic choices made will be assessed against the contemporary context and standards prevailing at the time when decisions were made, and in light of the larger development cooperation efforts made by Mozambique and its development partners.

Danish assistance will be evaluated in light of Mozambique's national policies, and in the context of activities of other donors. Assessment of *long term effects* will mainly be made at the overall level of achievements of the combined support from donors to Mozambique and the country's own efforts. To the extent possible, the evaluation will also assess long-term effects of specific Danish contributions to the development process in Mozambique.

The evaluation should feed into the process leading to the development of a new strategy for Danish support to Mozambique to be finalized by mid 2008 – preferably as part of a Joint Assistance Strategy for Mozambique. As and where feasible, the evaluation should make recommendations of relevance not only for Danish assistance but for all development cooperation in Mozambique and for development cooperation with other countries experiencing difficult times of conflict and transition (i.e. pointing at lessons that might be useful in a wider context).

3.2 Specific evaluation criteria

The five standard evaluation criteria used by the OECD/DAC will be applied in the evaluation, especially as far as the assessment of the Danish contribution to the development process is concerned. More specifically, the evaluation will therefore answer if – and to which degree – Danish assistance to Mozambique:

- Has been *relevant* in relation to country poverty needs as expressed in national poverty reduction strategies and sector policies and strategies?

- Has been sufficiently aligned with national policies and harmonised with assistance of other donors?

- Has adhered to overall Danish and Mozambican policy goals concerning poverty reduction as well as to policies concerning cross-cutting issues (gender, environment, human rights, popular participation and good governance) and priority themes (children and youth, HIV/AIDS, private sector)?

- Has been *effective* in reaching the development objectives identified and in making contributions to the overall political, economic and human development of Mozambique - both at the national and local level - and in specific sectors?

- Has been *efficient,* i.e. compared to different ways of delivering assistance?

- Can be deemed *sustainable*, i.e. whether strategic choices of partners, modalities and focus (whether geographical, sector-wide or otherwise) have resulted in increased and sustained organisational capacity of national and local institutions for service delivery and fulfilment of mandates?

4. Approach and methodology

Inspired by discussions in the OECD/DAC [67], the evaluation will comprise analyses at the following four levels:

1. Co*ntext, framework conditions and effects of the combined development efforts made by the Government of Mozambique and its development partners:* At this level, focus will be on describing changes in the context and the framework conditions for the Danish financed efforts and the development achieved as a result of the combined Government and donor efforts. In particular the national poverty reduction plan(s), good governance, general reforms of public institutions, including decentralisation of the administration, the legal system and control bodies and reform of legislation will constitute a significant point of focus in the evaluation.

2. Combined donor efforts and their effects on development trends in Mozambique: Focus at this level will be on the effects of the combined donor effort, including issues such as coordination of development assistance, partnership, alignment of support, harmonisation, government revenues (compared to total ODA), remittances, and possible negative effect of ODA. Questions related to the relative importance of development aid (vis-á-vis e.g. trade and remittances) should be discussed and likewise the implications of changes in the aid structure (including emergence of new donors) should be assessed to the extent possible.

3. The contribution of Danish financed activities to Mozambique's development. At this level, evaluation questions concern relevance and effectiveness of the assistance. The evaluation will document the processes and concrete results achieved through Danish efforts and assess – to the extent possible - the long-term effects of Danish support, not least as regards poverty alleviation and cross-cutting issues (gender, environment and human rights, good governance, democracy and popular participation).

4. Implementation modalities and follow-up to Danish development cooperation with Mozambique: At this level key evaluation questions include strategies used for capacity development at different levels, exit strategies, and the efficiency and sustainability of the assistance. This includes the utilisation of parallel systems vs. national systems (i.e. use of project, programme and financial assistance such as general budget support), adviser assistance, NGO assistance, accounting procedures, cost-efficiency and monitoring systems, i.e. important aspects of harmonization and alignment as reflected in different international declarations (Rome, Marrakech and Paris).

The focus of the evaluation – and hence the allocation of the major part of resources – will be on headings three and four, i.e. on the *contribution of Danish financed activities to the effectiveness of the larger development co-operation effort and the implementation modalities used in this process.* Headings one and two will also be covered in the evaluation, but this part of the evaluation will be based almost exclusively on existing data and knowledge, including a synthesis paper on existing evaluations and related studies on development and development assistance to be prepared as an input to the main evaluation.

67) *See DAC Room Document 2: Assessing the contribution of ODA to national development results. DAC Network on Development Evaluation, 9-10 November 2004, Paris.*

The evaluation should include an analysis of the Danish-Mozambican cooperation from 1992 to the end of 2006. The point of departure will be a brief description of overall development trends in Mozambique from 1992-95 and the Danish support during this period. The early stages of the development of the Mozambican parliamentary democracy and the first Danish cooperation strategy would thus conveniently constitute parallel starting points for the more detailed studies. Further, assessment of the achievements of the Danish-supported activities and programmes would primarily be based on existing reviews of sector programme support, or (joint) evaluations carried out. The focus should be on the *strategic levels*, the dilemmas and choices faced, and the decisions (choices) made, not the details of the individual projects or programmes.

The evaluation must be carried out in accordance with the DAC Evaluation Quality Standards (2006) and the Danida "Evaluation Guidelines" (November 2006).

The evaluation work will comprise desk and field studies, including a *perception study* based on interviews of Mozambican and other partners[68]. Based on the input from the desk-study major key issues of debate, implementation modalities and observed results of the Danish assistance will be empirically founded and analysed through the perception study, which is to be carried out in the field by the evaluation team and which will act as documentation for the findings of the main report[69].

Other elements of the main evaluation will be focus-group discussions, analysis of national and regional statistics and poverty profiles, international development trends, etc. To the extent that district or regional poverty profiles can be identified, such profiles should be made use of e.g. in order to evaluate possible effects of geographically specific interventions funded by Danida. *Thematic papers* covering key aspects of the evaluation should be prepared as part of the evaluation process[70] .

68) Persons to be interviewed include representatives of different public and private institutions in Mozambique that have been working with Danida during the period covered by the evaluation. Civil society representatives – including representatives from institutions and geographical areas that have not benefitted from Danish assistance - should be consulted with a view to revealing their perception of strategic choices made (selection of sectors and geographical emphasis of the country programme). Danida staff who have been working with Danish development cooperation with Mozambique and representatives of other donors will also be consulted. To the extent possible, end users of services rendered by institutions that have been supported by Denmark at national and local level could and should also be consulted.

69) Reference is made to the methodology for the perception study carried out in connection with the evaluation of Danish assistance to Uganda (MFA/Danida, 2006).

70) Such thematic papers may cover e.g. general issues such as the political, economic, social and cultural development trends in Mozambique; cross-cutting issues (e.g. gender) or priority themes (including e.g. support to private sector development), but might also focus on particular sectors targeted or modalities used in the development cooperation.

The *final assessment (the main evaluation report)* will present a synthesis of the analysis of the changes in the framework conditions, the changes of ODA modalities and the overall impact of ODA, and the evaluation of how Denmark is assessed to have responded to the changes during implementation of the development cooperation since 1992. Evidence of the concrete results will be a combination of specific outcomes at local levels, and contributions to national capacity and policy development. The final evaluation report will present all major findings and recommendations, including recommendations deemed useful by the Evaluation Team for the future design of Danish development cooperation with Mozambique in the context of a Joint Assistance Strategy or similar mechanism for enhanced coordination of development efforts in Mozambique.

The consultancy team contracted to carry out the evaluation should present a detailed plan for how they will carry out the evaluation based on the proposed methodology for the evaluation in the *Inception Report* to be prepared and submitted to the Evaluation Management in October 2007. The plan should be based on the approach outlined in these Terms of Reference and in the Evaluation Matrix (Appendix 1).

Draft versions of the various documents (including thematic papers, the perception study and the synthesis report) produced by the evaluation team will be commented upon both verbally during workshops and in writing before being finalised.

5. Key evaluation questions and focus of the evaluation

The profound changes experienced during the period under evaluation implies that the context in which aid interventions were conceived, formulated and executed has changed dramatically from the early post-conflict years where much external assistance had a humanitarian character and donor emphasis was on getting things done – hands-on if necessary – through the stabilization and consolidation period where attention was increasingly paid to sustainability and to the current phase with its political preference for aligning and harmonizing aid behind GOM's longer term and more difficult reform efforts.

The overall evaluation question to be addressed can thus be formulated as follows:

> How has Danish aid responded to the needs of Mozambique being a post-conflict society in rapid transition – not just through its choice of modalities but as much through its choice of partners, time perspectives, geographical and institutional focus, etc. – and what lessons can be learned from the Danish support that may be useful for the future development assistance to Mozambique and other countries?

How has Danish aid responded to the needs of Mozambique being a post-conflict society in rapid transition – not just through its choice of modalities but as much through its choice of partners, time perspectives, geographical and institutional focus, etc. – and what lessons can be learned from the Danish support that may be useful for the future development assistance to Mozambique and other countries?

At a more general level, throwing light on this question would help us gauge to what extent Denmark, as a donor, has been a responsive partner for a country in transition from conflict, where very rapid contextual changes could be expected from the outset.

Developing institutions, including trust in institutions, is at the core of the reconstruction, stabilization and development effort in any post-conflict country. The family, the village, the market, formal and informal justice, financial intermediation, the public sector and democratic institutions are examples of institutions that must work for development to take place. How well has Denmark responded (or not) to such needs:

- through the initial period with its emphasis on building core state institutions and extending their reach beyond the city limits and a de facto central planning approach to development of civil society and the private sector?

- through the period of stabilization and consolidation with increased focus on sustainability issues and

- during the current period of development with its increasing focus on civil society and the private sector as key change agents and a shift of emphasis from quantity to quality in service delivery, from central to de-central levels of public administration and from national democratic structures towards locally elected government and democratic processes?

On the surface of things, Denmark seems to have relied on more or less the same mixture of aid modalities and programme emphasis throughout the evaluation period (1992-2006), with a combination of balance of payment/and general budget support and project style aid and with a dual focus on interventions at the level of central government and direct support provided to particular geographical areas – Tete being the area with the longest Danish involvement. However, considerable changes have taken place in the direction and organization of these basic modalities, as General (or Direct) Budget Support has become the main platform for negotiating reform and project aid has become inscribed in Sector Wide Approaches, with a growing portion flowing through common funding arrangements. In terms of TA, Danida continues to fund a relatively large number of advisers, but have their terms of reference and institutional anchorage been adapted in response to emerging needs and opportunities? And what have been the effects of such changes for institutional development efforts?

On the basic premise that institutional development broadly understood has been the key to delivering development results in Mozambique throughout the evaluation period and taking the changing context into consideration, the suggested focus would be on the following main evaluation questions:

- How effective has the Danish contribution been in contributing to the *development of core public sector functions in planning, service delivery and accountability?* The outcomes should be assessed first at an overall level, i.e. the level of direct support of reform and other efforts aimed at enhancing efficiency throughout the public sector, such as Public Sector Reviews and Public Financial Management – and secondly at the level of public service delivery in agriculture, water, health and different types of education (basic and vocational). At this level, particular attention

should be paid to the Danish support to the Province of Tete[71]. Possible impacts of Denmark's long-term involvement in Tete should be explored, particularly in so far as they may have contributed to lasting and general improvements in the ability to meet the needs of citizens in the Province.

- As far as *modalities for development assistance is concerned, how well has Denmark (in dialogue with the Government of Mozambique) been able to use and promote a strategic coherence in the country programme, including synergy between different types of modalities (Balance of Payment/General Budget Support /reform and project/ programme interventions)?* Related questions include whether the different modalities have contributed to making information available about the actual state of management and service delivery in individual sectors and at the levels of provinces and districts to shape the design, execution and adjustment of reforms on the one hand, and on the other to ensure that individual projects and programmes were designed so that they supported the implementation of key reforms and changes?

- Has Denmark reacted appropriately to *emerging needs for stimulating the productive and mobilizing forces of the private sector and civil society?* This part of the evaluation should be made on the basis of an assessment of the context and the programme contents and utilising existing documentation to the extent possible.

- To what extent has Denmark's support to the development of the legal sector improved the delivery of justice sector services, quantitatively as well as qualitatively, and, thus, contributed to *building a society based on the rule of law?* As part of the assessment of this sector particular attention should be paid to the results of support aimed at enabling civil society organisations to play advocacy and advisory roles and in facilitating people's access to justice.

- What lessons can be drawn from *Danida's emphasis on mainstreaming of the response to HIV/AIDS throughout the country programme? In this context particular emphasis would be paid to the linkages with gender equity issues*.

Note: For the full text of the Terms of Reference, including the Evaluation Matrix, please see the CD-ROM

71) Counterfactual or methods for comparison to be considered.

Map of Mozambique

Map No. 3706 Rev. 5 UNITED NATIONS
June 2004

Department of Peacekeeping Operations
Cartographic Section

Ministry of Foreign Affairs of Denmark
Danida

2 Asiatisk Plads
DK-1448 Copenhagen K
Denmark

Tel +45 33 92 00 00
Fax +45 32 54 05 33
um@um.dk
www.um.dk

EVALUATION OF DEVELOPMENT COOPERATION BETWEEN MOZAMBIQUE AND DENMARK 1992-2006

This evaluation focuses on the development cooperation between Mozambique and Denmark during the period 1992 to 2006. It was commissioned by the Department for Evaluation of Development Cooperation in the Ministry of Foreign Affairs of Denmark and by the Ministry of Planning and Development which holds an overall responsibility for evaluations of development strategies in Mozambique.

The main purpose of the evaluation has been to evaluate the achievements and outcomes of the development cooperation and distill lessons learned for future development cooperation. The evaluation is based on a thorough review of an extensive amount of documentation concerning the development cooperation as well as on interviews and group discussions with key stakeholders in Mozambique and Denmark.

Danida

ISBN: 978-87-7087-016-0
e-ISBN: 978-87-7087-017-7
ISSN: 1399-4972

DESIGNGRAFIK / 12542