

Evaluation of DFID's Country Programme: Mozambique 2006-09

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Introduction

S1. This Mozambique Country Programme Evaluation (CPE) assesses the relevance and effectiveness of DFID's aid budget over the period 2006-2009. The CPE is also the first repeat CPE, following an earlier evaluation in 2006. The 2006 CPE found that DFID was a leading actor in introducing poverty reduction budget support (PRBS) and in aid harmonisation and alignment in Mozambique. It had a recognisable impact on government reform processes and a less attributable but positive effect on poverty reduction. There were gaps in addressing civil society and confronting the challenge of HIV/AIDS.

Context

S2. Over the evaluation period, poverty has shown a steady decline and economic growth has been robust, averaging 8% a year. Yet Mozambique is still likely to be a low-income country in 2015, with a per capita annual income of around US\$600. Progress against the Millennium Development Goals has been mixed and targets for hunger and HIV/AIDS will not be met. The governance environment also remains of concern. The ruling party, Frelimo, with an increased majority in the 2009 elections, continues to tighten its grip on power and the opposition's effectiveness has declined. Accountability mechanisms such as parliament, media and civil society remain weak and human rights and corruption remain a concern.

S3. General budget support accounts for a third of all aid and with most aid aligned to Government priorities, pro-poor sector spending has doubled since 2005. DFID has been amongst the largest donors and its aid framework has risen from £45 million in 2006 to £81 million in 2009. A group of 19 donors, including DFID, provides budget support and engages in policy dialogue with government. Sustainable development and improvements in basic services also depend on how well the country builds on its economic base: immense energy resources offer a promising path to reduction of aid in the long term, providing these assets are soundly exploited.

Strategy

S4. DFID's emphasis on budget support was justified as was the continuation of support for the aid co-ordination framework, which had improved predictability and mutual accountability. Also balancing PRBS with other aid modalities and interventions at sector level and for work on accountability was appropriate because links between PRBS and service delivery were well established and sector engagement allowed targeted dialogue and monitoring. Moving HIV/AIDS higher up DFID's agenda also responded to the earlier CPE findings as did building mutual accountability across the programme. DFID left others to address gender directly and did not tackle equity. It was correct to continue support for public sector reform and financial management, and to stress civil society strengthening and improved poverty monitoring. In governance, the absence of a strategy was a gap, and though it was right to support civil society and research and public integrity actors, the portfolio seems fragmented and left open the question of why key areas such as political party development, justice or media were not addressed. Equally, the growth and infrastructure pillar is a mix of corporate themes in newer and traditional areas with no evidence of an overarching strategy.

Results

S5. Budget support has been successful in promoting harmonisation and alignment, and increasing allocation of expenditure to pro-poor spending. DFID can take credit for contributing to the steady progress in poverty reduction, through its PRBS but also its increasing sector support. Up to date survey data are still awaited to provide assurance that the funds are efficiently reaching the intended services and improving livelihoods. DFID has effectively pursued a common agenda for health, education and HIV/AIDS around capacity, effectiveness and accountability. In infrastructure, progress on maintenance in roads and water has occurred, but DFID has seen little progress on its alignment agenda. DFID has led an innovative strategy around community-based approaches in land.

S6. DFID's support with others for reform of public finance systems has been moderately successful, reducing petty corruption and improving accountability and budget management. However, the public sector reform programme has been disappointing largely because of weak political will and human resource capacity and a too ambitious reform agenda. DFID's planned exit is problematic and carries risks given the importance of such reforms for accountability and service delivery. In terms of leverage on sensitive governance issues, particularly corruption and human rights, the donor group have found it difficult to prioritise messages, and progress has been restricted to agreeing plans and processes. As the UK moves to chair the group in 2010, there will be a major opportunity to work with the government on a more substantive agenda.

S7. DFID responded well to the 2006 CPE recommendations to scale up HIV/AIDS support, and to using DFID's influence more widely beyond budget support to sectors, projects and in dialogue. DFID did not follow up the recommendation to finding appropriate ways to work on decentralisation, a key challenge now in improving services and reducing regional inequalities. Staff turnover, lack of field exposure and inadequate communications remain of concern. Changes in Head of Office stretched team capacity to deliver on the aid effectiveness.

Lessons and Recommendations

- Where DFID is a leading provider of PRBS, it is still valuable to have strong sector engagement to influence service delivery outcomes and reforms. Especially in the area of fighting corruption, more integrated and joined up approaches are necessary to provide the appropriate incentives.
- DFID needs to review carefully its use of indicative tranches in PRBS as part of its means to leverage a government response on corruption or other sensitive issues. A broader programme of governance measures will also be needed if corruption is to be more effectively addressed.
- Sector exits need to be planned and managed more carefully and strategically timed to coincide with those of other partners so that balanced collective decisions can be made and so that opportunities for making effective exiting decisions are not missed.
- The dialogue around budget support modalities in relationship to multilaterals may most effectively take place at headquarters level rather than at country level. There is a limit to what can be achieved with dialogue at country level.
- Common Funds can be an appropriate alternative to

PRBS where fiduciary risks are too high or where more direct engagement can be generated through such funds given institutional and capacity bottlenecks. However, Common Funds can also involve extensive planning and management for all partners, and realistic timeframes are needed and consistent influencing both globally and locally.

Recommendations

- DFID should undertake a careful review of anti-corruption strategies and graduated response mechanisms within its budget support. It should consider reducing its PRBS core tranche and/or increasing the indicative tranche in order to send stronger signals on corruption and governance.
- In choosing exits, DFID needs to balance the need for predictable financing to sectors with the resources it takes to maintain even minimal involvement. In education, DFID's commitment is essentially a financial and a long term one. In the health sector, its commitment is around policy issues – although this could also be provided by other like-minded donors. DFID should give higher priority to the Division of Labour (DoL) process.
- The current infrastructure and regional linkages pillar needs to be more strategic and with better regional linkages. DFID's bilateral programme should exit from roads and water. Land reform, coupled with the equitable growth agenda and cross-cutting issues like climate change, bio-fuels and disaster relief, could form a new pillar for growth in rural areas.
- DFID should extend current approaches and in collaboration with others design a more substantial civil society support mechanism that will provide core funding to eligible organisations and will focus on district and municipality-based organisations.

Department for International Development

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