EVALUATION DEPARTMENT

Mozambique

Norad

REPORT 8/2016 COUNTRY EVALUATION BRIEF

CONTENT

Main findings

1 Introduction

2 Country context

3 Donor engagements in Mozambique

4 Evaluations of aid

5 Lesson learnt

References
Abbreviations
The purpose of this **Country Evaluation Brief** is to present relevant knowledge about donors’ development efforts in Mozambique. The brief systematises relevant findings from existing evaluations of development interventions in the country. The idea is to present the findings to the reader in a succinct and easily accessible format.

Readers who want to explore key issues in depth can access the underlying reports through the reference list. At our website, you can also find a set of short “Evaluation Portraits” summarising the key contents of those documents.

The Country Evaluation Brief was researched and produced by the Chr. Michelsen Institute.

---

Oslo, November 2016
Per Øyvind Bastøe, Evaluation Director
Main findings

**FORTY YEARS** of Official Development Assistance has contributed to high macro-economic growth, the development of key national institutions and partial successes in the social sectors, but has failed to contribute to poverty reduction beyond the post-war peace dividend.

**MOZAMBIQUE** remains a centralised party-state under Frelimo, the ruling party. Clientelism still dominates its political economy – giving rise to poor governance and endemic grand as well as small-scale corruption.

**RECENT OCCURRENCES** of large-scale secret loans by the government have seriously eroded the relation and trust between the government and donors.

**GIVEN THE ABOVE**, now seems a good time for a profound reassessment of aid to Mozambique.

**MOST OF** the 24 evaluations under review in this brief are generally positive towards project achievements and recommend continued aid in the same moulds, or with some modifications.

**STILL, SOME POINT** to shortcomings in the theory of change to justify a specific aid intervention, and to the difficulty of attribution and measuring longer-term impact for poverty reduction.

**AT THE SAME TIME**, most evaluations have a ‘technical’ approach and a specific, often narrow mandate, missing societal/systemic dynamics influencing programme impact.

**THE EVALUATIONS** testify to the complexity and high ambitions of many of the development interventions, aiming for development of the state, civil society and the market alike.

**ON THIS BACKGROUND**, a call is made for considering support to basic rural and urban infrastructure, agriculture and informal economic activities and giving direct targeted aid to the poorest – thus adjusting aid to what can be realistically monitored, measured and achieved and at the same time enhancing options for poverty reduction.
MOZAMBIQUE

Population
26.4 mill.

Population under 15 yrs
45.9% (UNDP)

Urban population
32% (UNDP)

Human Development Ranking
180 of 185 countries (UNDP)

Gender Inequality Ranking
135 of 185 countries (UNDP)

Consumption Based Poverty Rate
54.7% (Gov. of Mozambique)

Adult literacy rate
50.6% (UNDP)

Adult literacy rate females as % of males
54.1% (Gov. of Mozambique)

Secondary school net enrollment
17.5% (Gov. of Mozambique)

Life expectancy at birth men
53.6 years (UNDP)

Life expectancy at birth women
56.5 years (UNDP)

Child Mortality Rate
87.2 of 1000 (UNDP)

Aid as Proportion of State Budget
36% (Gov. of Mozambique)

Corruption Index Ranking 2015
112 of 167 (Transparency International)
KEY EVENTS 1975–2016

1975
Independence from Portugal

1976 – 1992
Civil war between Frelimo government and Renamo insurgents

1976
First local elections in a few selected cities and towns

1997
First general elections (parliamentary and presidential)

2000
Massive floods followed by peak in aid

2005
Armando Guebuza replaces Joaquim Chissano as President

2007
Mozambique debt cancellation

2008
China emerges as a new financer of Mozambique

2009
Household Survey confirms halt in poverty reduction

2012
Tension between Guebuza’s government and Renamo increases

2013
USD 850m loan for a state tuna-fishing company (EMATUM)

2015
Filipe Nyusi replaces Guebuza as President

2016
International mediation in war/conflict between the Government and Renamo

2016
Massive floods followed by peak in aid

1994 – 2014
Felimo wins all five general elections

2000
Mozambique debt cancellation

2007
Household Survey confirms halt in poverty reduction

2008
China emerges as a new financer of Mozambique

2009
USD 850m loan for a state tuna-fishing company (EMATUM)

2012
Tension between Guebuza’s government and Renamo increases

2015
Filipe Nyusi replaces Guebuza as President

2016
Massive floods followed by peak in aid

1994
First general elections (parliamentary and presidential)

2000
Massive floods followed by peak in aid

2007
Mozambique debt cancellation

2008
China emerges as a new financer of Mozambique

2009
Household Survey confirms halt in poverty reduction

2012
Tension between Guebuza’s government and Renamo increases

2015
Filipe Nyusi replaces Guebuza as President

2016
Massive floods followed by peak in aid
1. Introduction

The current crisis of confidence between the government of Mozambique and donors, and the dearth of poverty reduction in the country, raises fundamental questions about the legitimacy and relevance of aid to Mozambique.
Mozambique is one of the poorest countries in the world and has been a major recipient of aid for much of the last four decades, but at the time of writing the once trustful relationship between the donor community and the government of Mozambique has come under pressure. The combination of the dearth of poverty reduction in the midst of massive aid and the suspicion of large scale corruption in conjunction with new undisclosed government debt raises fundamental questions about the legitimacy of further aid to Mozambique.

The question then is how to justify a “partnership against poverty and underdevelopment” with the government of Mozambique if its political leadership uses state/aid funds to finance spending, for private or party-political gain, that has nothing to do with the development goals agreed with the donors. How can one ensure that further aid will – apparently contrary to current trends – combat both grand political as well as petty corruption while simultaneously reducing poverty? These major dilemmas now beset the donor community, causing all of the largest donors to withdraw or withhold general budget support to the government.

It is at this cross-roads for Mozambican development aid that this Country Evaluation Brief discusses development aid to the country, based on a review of 24 evaluations of aid programmes and projects since 2010, combined with contextual analysis. The evaluations focus on areas that the authors of this brief see as particularly important for inclusive growth and poverty reduction, i.e. governance, energy, agriculture and local empowerment, and they represent main channels of aid, the most important donors and systemic as well as programme-based aid.

How to ensure that further aid will combat grand political and petty corruption while simultaneously reducing poverty?
2. Country context

In 1992, peace returned to Mozambique after a long civil war, and the governing party Frelimo and the Renamo insurgents became the major players in democratic elections. Mozambique overcame a major debt crisis in the 1990s, and a long period of high economic growth and some major advances followed. Yet poverty remained disappointingly entrenched and once again, war threatens achieved developments.
Following independence from Portugal in 1975, a long and crippling civil war between the ruling party Frelimo and Renamo lasted from 1977 to 1992. Since then, Mozambique has been a multi-party democracy with Frelimo winning all five national elections – sometimes with narrow margins. Opposition parties (Renamo and the Democratic Movement of Mozambique) have held several provincial assemblies/municipalities in the central and northern provinces where they have their strongest following. Albeit currently weakened by resumed hostilities with Renamo in parts of the country, the Frelimo government (and party) maintains hegemony with control of the state apparatus and the economy.

The Mozambican government’s economic policies have focused on the country’s vast natural resources including hydro-power, coal, forestry, fisheries and more recently oil and gas – partly to attract massive inflow of capital from abroad – together accounting for an annual economic growth rate of 7.5 percent over the past decade (Castel-Branco 2014). Currently the main export articles include hydro-power, coal and aluminium but with a high potential in gas, which is expected to come on stream at the earliest towards the mid-2020s (Vines et al. 2015). Tourism is poorly developed and there is a small agro-based manufacturing sector – both with high but still unrealized potential.

Some 70 percent of the population lives in rural and 30 percent in urban areas (INE 2014). While the capital and power-centre Maputo is located in the extreme south of the country, the most populous provinces Zambézia and Nampula are situated between 1500 and 2500 kilometres to the north. The divide is accentuated by differences in historical experience, political affiliation, ethnolinguistic background and religion. The Mozambican population primarily depends on agriculture (in rural areas) and the informal economy (in urban areas) for subsistence and income (Jones et al. 2012).

Two Poverty Reduction Strategies, developed and carried out in close cooperation with donors, guided efforts to reduce poverty between 1997 and 2014 (GdM 1997 and 2007). They gave particular emphasis to infrastructure, health and education, but most economic sectors have been included. In the current Government Five Year Plan, substituting the Poverty Reduction Strategies and with less donor influence, the Government of Mozambique gives more emphasis to development of the private sector (RdM 2015).
Despite these efforts, Mozambique has consistently ranked among the ten worst performers in the world in UNDP’s Human Development Index measuring income, educational attainment and longevity (UNDP 2016). The consumption-based poverty rate has remained persistently high at 54.5 percent in 2002/03 and 54.9 percent in 2009/10 (INE 2010). With the exception of Maputo, which scores well on most indicators, Mozambique is also characterised by having near-equal urban and rural poverty rates.

Figures from the 2013/2014 National Household Expenditure Survey has not been officially disclosed at the time of writing – but preliminary data show progress in some indicators, including asset ownership, but without significant changes in the consumption-based poverty rate (INE 2015). Also, as of 2016 growth rates have slowed abruptly, inflation is spiralling and the value of the national currency is half of what it was a year ago – giving reason to fear that poverty rates may again be on the rise.

Mozambique also scores low on women’s rights and gender equality indicators (UNDP 2016; WEF 2016). Progress has been made in political representation, education and health, but the socio-economic position of women remains weak in vital areas such as employment, income and sexual and reproductive rights (INE 2011). There are important differences between various parts of the country in gender relations/the position of women (Tvedten et al. 2009 and 2010).

Research also highlights a stagnant agricultural sector and a large informal urban economy – which continues to be detached from the formal structures and yield limited returns – as the main challenges for poverty reduction (Arndt et al. 2015). Formal employment remains low, and is concentrated in the larger urban centres/public institutions with a weak private /manufacturing sector (Jones et al. 2013).

Important advances have been made in education and health, with a sharp increase in school attendance (but not equally so in terms of quality) and improvements in child and maternal mortality rates – but with educational advances so far having limited implications for employment and income. In fact, research shows that large parts of the population, particularly in rural areas, are in the process of losing faith in education as a way out of poverty (Orgut 2015).

Recent developments have highlighted the challenge of poor governance and corruption (CIP 2016; Martini 2012). Undisclosed foreign loans – including the so-called EMATUM case in which he government took up a loan of ca. USD 850 million in the name of a non-producing publically owned tuna-fishing company and a similar scheme of USD 1.2 billion – have led to a total public debt at an estimated 78 percent
of GDP. Not only has this debt hampered the Mozambican economy itself, but also (by August 2016) led to a confidence crisis and halt in payments from donors (IESE 2016). The crisis may also result from the government’s apparent lack of dedication to its stated principles of good governance and objective of poverty reduction.

The current confidence crisis has been in the making for a while. It is compounded by the centralisation of political and economic power in the Frelimo party elite (Sumich 2010), which is also an important part of the backdrop for explaining the escalation of political tensions, a deteriorating business climate, increased corruption, and relatively few solid improvements in the management of the public sector and its resources.
3. Donor engagement in Mozambique

Official Development Assistance (ODA), while always substantial, has since independence passed through a series of phases, each dominated by their own paradigm rooted in changing ideas about the role of the state, and therefore of the Frelimo government.
From its beginning following independence in 1975, the aid paradigm in Mozambique was dominated by project support with a heavy presence of external aid personnel. From the late 1980s, the paradigm prescribed structural adjustment programmes. These approaches lost credibility as projects tended to fall apart when external support was discontinued and as many aspects of structural adjustment proved to be counter-productive (Hanlon 1991).

From the early 2000s, the paradigm was overtaken by a stronger emphasis on recipient responsibilities and systemic interventions in the form of support to institutional development – culminating with Budget Support, which represented up to 40 percent of total aid in the mid-2000s (Vines et al. 2015). However, from around 2010 this paradigm also lost credibility as issues of limited donor control, poor governance and the absence of poverty reduction came to the fore (Niño and LeBillon 2013).

Without a discernible paradigm, aid to Mozambique is currently a mixed bag – combining “everything” from good governance with social development to reach the Millennium/Sustainable Development Goals to infrastructure, private sector development and more. After 40 years of aid to Mozambique and continued problems of development and poverty, this lack of a guiding paradigm also reflects an “existential crisis” of long-term development cooperation in the country.

Official Development Assistance (ODA) has played an important part in the economic development of Mozambique, representing an average of around 45 percent of the state budget/government expenditure since independence in 1975 (Arndt et al. 2015). Peaks were recorded at the end of the civil war in 1992 and during the devastating floods in 2000. In 2006, ODA represented 56 percent of government expenditure.

Since 1975, ODA has averaged around 45 percent of government expenditure.
By 2014, aid had dropped to 38 percent of the state budget, partly due to the increasing importance of non-western actors such as China, Brazil and South Africa, partly due to spending financed by commercial loans, and partly due to a scale-down of aid to Mozambique. Among the bilateral donors, Sweden and the UK have maintained Mozambique as a major partner. The allocation from Norway dropped from NOK 412 million to NOK 264 million during the same period (2006-2014), making Norway the 12th largest donor in Mozambique (Figure 1).
The overall ODA to Mozambique between 2010 and 2014 has varied between a total annual disbursement of USD 1349 million to USD 1692 million, with concentrations around social infrastructure and services (primarily health and education) and commodities. A smaller proportion has been allocated to economic infrastructure, services and production sectors – including agriculture and the informal economy (Figure 2). Most likely these levels will drop significantly in 2015 and 2016 as donors withdraw their direct budget support.
During the same period, 60 percent of all ODA to Mozambique was channelled through the public sector, with smaller proportions going through multi-lateral and non-government organisations (Figure 3). The aid has been heavily concentrated in Maputo and central government/ministries receiving 50 percent of all projects, with a much smaller part allocated to provinces and districts. The provinces of Zambézia and Nampula, containing 40 percent of the country’s population, only have 10 percent of current projects (www.odamoz.org.mz).
The approximately 3500 aid projects registered in Mozambique over the past ten years have generally been administered through a large number of bilateral agreements between individual donors and recipient institutions (www.odamoz.org.mz). The exception is a unique Programme Aid Partnership between the government and donors giving budget support (G19, now G14), through which aid has been sought aligned with government policies for poverty reduction (http://pap.org.mz; see also Schmitt 2016).

According to Arndt et al. (2009), aid has made an “unambiguous positive contribution in the conflict, post-conflict and reconstruction period” and has been important for economic growth, even though the authors also acknowledge that the large influx of aid has tended to tilt the government’s attention in the direction of donors rather than towards the population. Niño and LeBillon (2013) argue that this has contributed to a weakening of government structures and accountability mechanisms.

Hanlon and Smart (2012) state that only 10 percent of the vast amounts of aid given since 1995 has directly benefitted the poor, with 90 percent being spent at central and intermediate levels (or being unaccounted for). While the calculation behind such a statement is not quite clear, the fact that 40 years of development cooperation has failed to produce significant poverty reduction lends it credibility and relevance.

Since around 2010, the relative drop in the volume of aid to Mozambique has also reduced donors’ political influence. Moreover, the longer-term implications of the current crisis of confidence between the government and donors remain unclear, but the immediate projections point to a sharp decline in development aid. On the other hand, the economic problems in the country are likely to increase the pressure to keep the country “afloat” through external assistance.

60 percent of all ODA to Mozambique was channelled through the public sector.
4. Evaluations of aid

**What can we learn** about aid and development in Mozambique from a sample of evaluations of development interventions – and what relevant factors remain unaccounted for?
We have selected 24 evaluations and reviews in this brief by narrowing down the alternative projects on the basis of i) the main challenges for inclusive growth and poverty reduction in the country as the authors see them; ii) representation of the main channels of aid; iii) the size and importance of the donors, iv) a combination of systemic and programme based aid; and v) the time of the evaluation (after 2010 and as recent as possible). The final sample was selected on the basis of their theme/title and not read in advance, in order to avoid a selection bias.

The selected bilateral donors are USAID, DFID, Sida and Norway; the multilateral donors are IMF, World Bank, EU, UNDP and UNICEF; and among the non-government organisations we have selected Norwegian People’s Aid and the unique Action Programme for Inclusive and Responsible Governance or “AGIR”-mechanism encompassing four international NGOs (Diakonia, IBIS, Oxfam Novib and We Effect).

The sectors identified as particularly important for inclusive growth and poverty reduction in Mozambique are i) governance/decentralisation, ii) energy (oil, gas and electricity), iii) agriculture/the informal economy, iv) community development and civil society empowerment. When relevant, we also relate to cross-sectoral evaluations and reviews.

The evaluations and analysis under each sector/theme encompass i) interventions at the systemic level, where the intention is to support and promote structural and economic development/change processes, and ii) interventions more directly targeted at the poor, usually through concrete programmes and projects with a defined target group.

GOVERNANCE
Under the new good governance aid paradigm, donors sought to strengthen both the state, the private sector and civil society – a hugely ambitious undertaking with considerable challenges.

At the turn of the millennium, donors started to increase their focus on governance issues. Public financial management, transparency and anti-corruption were given priority. By 2012, the World Bank wrote in its strategy for 2012-2015 (IEG 2011) that “weak governance and public sector capacity underlie Mozambique’s myriad development challenges.” Furthermore, this...
At the turn of the millennium, donors started to increase their focus on governance issues. Requires the involvement of civil society and citizens. Thus, the same World Bank strategy aimed to “stimulate the demand for good governance by increasing citizen participation in the monitoring of public services and the effective use of public resources” (ibid, p. 42-3, authors’ emphasis). The implicit theory of change was that well designed aid could induce the fix that both Mozambican state and society needed. In essence, better governance was treated as a technical (or non-political) issue, a question of providing enough resources and know-how to both the state and civil society.

**Economic governance**

Transparency and accountability became the central parts of the economic governance agenda. The evaluations are largely satisfied with the achievements in these areas, however with a few calls for concerns about corruption.

The central instrument for support to governance in Mozambique has been general budget support and the related Programme Aid Partnership discussions. Governance and the fight against corruption are an integral part of these. In addition, the major multilateral donors, as well as many bilateral donors and NGOs addressed the governance challenges with their aid and development programmes.

In the field of public financial management, the IMF and the World Bank have been particularly important players. The IMF makes regular follow-ups where the Mozambican public financial management framework is evaluated/inspected (IMF 2015, IMF 2016). Also, the EU commissioned an independent evaluation of all donors’ budget support to Mozambique (ITAD 2014). The World Bank’s Country Partnership Strategy (IEG 2011) was also relevant to assess donor’s contribution to governance.

With regard to public financial management, donors considered it of paramount importance to ensure the “capacity” to handle the expected huge windfalls from the extraction industries. Still in early 2016, the IMF had praised Mozambican improvements (as had the World Bank), and on that basis recommended continued support to the government, including direct budget support and the IMF’s preferential credit facility. This recommendation came after and despite the EMATUM case. Then, a few months later, the discovery of a similar scheme led the IMF head, Christine Lagarde, to accuse the Mozambican government of corruption (AllAfrica May 25, 2016).

In general, the evaluations indicate satisfaction with the donors’ contributions to improving the Mozambican public financial system and transparency, recognising the achievement of rolling out a unified and modernised public accounts system and a corollary online version usually referred to as SISTAFE. The evaluation
of general budget support finds some notable improvements in parliamentary and civil society scrutiny. However, this improvement is fragile and has taken place from a low baseline. Some major concerns are highlighted throughout: One is the state’s potential liabilities with regard to parastatal companies in which it has significant shareholding responsibilities. Another is the lack of transparency and possible graft in the National Institute of Social Securities.

DFID has had a leading role in the specific reform of the Revenue Authority. The Revenue Authority evaluators’ mandate (Gerster/MB Consulting 2015) was strictly technical: to address the effectiveness and efficiency of the use of donor funds and the particular aid modality of a Common Fund. Consequently, the evaluation offers little contextual analysis on the role of taxation in Mozambican society and political economy. Yet when stressing the importance of the fight against corruption to strengthen the institution’s very legitimacy as a taxation agent, they hint at crucial issues affecting the overall success of revenue generation to be found outside the scope of the evaluation mandate.

The Revenue Authority is also criticised by the evaluators for a very inadequate monitoring and evaluation system, as well as threats against its sustainability. Despite the successful increase in revenue collection until 2012, the recent stagnation of revenue collection figures appears to support the concerns about sustainability. In fact, the Norwegian Revenue Authority recently pulled out of a programme for enhanced taxation of the petroleum and fishery sectors with reference to the low priority given to the project from their Mozambican counterpart (Bistandsaktuelt 31.05.2016).

**Decentralisation**

Decentralisation was a key pillar of the aid to improved governance, involving many donors with large and ambitious projects. While evaluations are generally positive towards the technical capacity building, a lack of power-sharing has contributed to democratic deficits.

Since 1997, the Mozambican government has followed a two-pronged decentralisation process, one urban and one rural. In the cities and some major towns, it created locally elected municipal governments (autarquias). In the rural areas, where the majority of the population lives, the government insisted on a “gradualist” approach to the introduction of locally elected municipalities (Weimer et al 2013). In reality, the government postponed the creation of autarquias in the rural areas indefinitely. Meanwhile, Frelimo remained in total control through its appointment of the leaders of the local organs of the state (provinces, districts, administrative posts), which donors and the government now agreed to strengthen.
The two evaluations of support to decentralisation and local development (IEG 2014, Mugabe 2012) were positive with regard to the outcomes. Donors set out to improve the institutional performance of district administrations to plan and manage small infrastructure investments in a participatory and transparent manner in response to community demands. They designed ambitious plans for “decentralisation” that included participatory planning, Millennium Development Goals alignment, accountability, integrated services, legislative reform, rule of law, access to justice, human rights, strengthening civil society organisations’ capacity, national planning and, finally, local economic development.

The evaluators confirmed a substantial increase in technical-administrative capacities at the local/district levels. UNDP was praised for taking a long-term approach to supporting decentralisation, and for using a pilot project in Nampula province as a way to generate lessons that were incorporated in a nation-wide programme (Mugabe 2012). The World Bank was evaluated as “highly satisfactory”, but the government’s dedication to democratic decentralisation was found wanting in sincerity; the evaluators graded the government’s performance “moderately satisfactory” (IEG 2014, see also Orre and Forquilha, 2013).

In a critical passage (IEG 2014), the evaluators also point out the problem with the government’s lack of a comprehensive decentralisation strategy for more than a decade. The focus on the local organs of the state rather than the autarquias as the unit of support may have entrenched the least democratic part of Mozambique’s two-pronged decentralisation.

PETROLEUM AND ENERGY

The discovery of major gas reserves off shore of northern Mozambique, as well as hydropower and mineral riches on land, led many to prepare for a major breakthrough in Mozambican economic development. Some achievements were noted in the energy sector, but uncertainty remains about its real contribution to overall poverty reduction.

The prospect of major oil and gas production has been crucial for Mozambique’s macro-economic situation particularly since the huge discoveries of gas outside the northern coast of the Cabo Delgado province in 2010-2013. According to the IMF, investments could be the largest ever in Africa with USD 40 billion in the first phase and USD 100 billion by 2030 (IMF 2016). With the nationalisation of the Chora Bassa dam in the Tete Province in 2004, electrification has been defined as key to the country’s socio-economic development, particularly in rural areas (RdM 2015).

Donors, including Norway, have been involved in institutional development of relevant public
The prospect of major oil and gas production has been crucial for Mozambique’s macro-economic situation.

entities since the early 1980s. In oil and gas, support has been given to the Ministry of Natural Resources, the National Petroleum Institute and the National Hydrocarbon Company. In electricity, support has been given to institutional development of the Ministry of Energy and the Mozambican Electrical Utility – but also in the form of power stations and extensive electricity grids particularly in rural areas.

As appears from some evaluations (Norad 2012, Riksrevisjonen 2014, Noppen 2014) support to institutional competence and capacity development in the energy sector has been long-term and costly, but is also considered relatively successful. The most consistent achievements have been helping Mozambique to put in place appropriate frameworks for sector development, and enhance technical capacity among its staff through extensive training arrangements. The longevity of the cooperation and the ensuing trust between the partners were also essential.

Since 2006, Norwegian support has centred on the Oil for Development programme (Norad 2012). This broadened the scope of support to the petroleum sector to also include governance, the environment, civil society, anti-corruption efforts and subsequently also gender issues. While it is early to draw conclusions on each of these, the evaluation finds that insufficient attention has been given to governance issues as reflected in unclear divisions between public and private roles and interests and limited real attention to the cross-cutting issues (see also Tvedten et.al 2015).

In terms of physical outputs of the support to the hydro-power/energy sector, where the World Bank, Sweden and Norway have been major donors, there have also been partial successes (Riksrevisjonen 2014, Noppen 2014). Albeit well below original objectives of the aid programmes for rural electrification, 15 percent of the rural population currently has access to electricity. By 2015 practically all 135 district capitals in the country had been connected. Counting urban areas, 26 percent of all households in Mozambique now have access to electrical power (Noppen 2014).

Results are more mixed in terms of their development impact (poverty reduction and gender equality). At the community level, improved access to electricity has primarily benefited already existing enterprises, with few
new establishments. Poor households cannot afford electricity despite subsidised prices, and women/female headed households are underrepresented among commercial as well as domestic consumers (Noppen 2014).

As summed up by Noppen (2014), a major failure with most rural energy programmes has been the tendency to see electricity as an isolated intervention for its own sake rather than an integral element in a district’s development. This has made many electricity supply programmes “missed opportunities” for more targeted interventions contributing to poverty reduction and gender equality (see NORPLAN 2013 for an alternative view).

The large majority of Mozambicans depend on small-scale agriculture and the informal economy for subsistence and income (Jones et al. 2014). Nevertheless, agriculture has been given limited attention by government (as measured in budget allocations) as well as by donors. For the large majority of the population, the sector remains rudimentary with low levels of technology – including use of improved seeds, fertilisers and simple forms of irrigation – and low productivity.

In urban areas, the informal sector represents 67 percent of all employment and is marked by crowding around informal trade/commerce at the expense of production/manufacturing (Jones et al. 2013). The sector is particularly important for urban female-headed households and an important basis for their economic independence. Moreover, as many as 30 percent of the urban population is involved in agriculture, mainly for subsistence.

From around 1995, aid to agriculture focused on Mozambique’s national programme for agricultural development (PROAGRI) through a donor Common Fund and Technical Assistance. The objective was to contribute to poverty reduction and improved food security by supporting farmers to access seeds, fertilisers, tools and markets while also promoting sustainable natural resource management and conservation. However, the programme was largely unsuccessful mainly due to inadequate decentralisation and inability to reach the poorest farmers (Cabral et al. 2012).

More recently, support to agriculture has become more fragmented. Some donors gave increasing attention to integrated rural development, land security and land use (GRM 2014), and commercial agriculture (IEG 2016). They
are complex interventions involving a number of donors and programme managers; extensive in terms of covering several provinces and districts; and integrated including diverse objectives beyond agriculture. Both evaluations report very limited goal fulfilment, arguing that there have been problems both with integrating the programme into government structures (seen as necessary for sustainability) and in terms of limited responsiveness to interventions to support investments in commercial agriculture among smallholders.

Nadeau (2012) also focuses on commercial agriculture, but in one geographical area, with only one implementing partner and with the explicit objective to bring about an increase in the production and marketing of soy-beans. This project was successful in assisting farmers to obtain legal ownership of their land and increase production of soy-beans. In addition, it redirected its approach following a mid-term review to include more women as commercial producers by introducing a literacy course and nutritional training – thereby also relating to stated goals of poverty reduction and gender equality.

The urban informal sector is arguably the most neglected sector in development aid to Mozambique. Three notable interventions indicate the potential involved in what arguably are the most dynamic (but also the most volatile) social formations in Mozambique. The World Bank has implemented its broad-based ProMaputo project on urban management and infrastructures together with the Municipality of Maputo since 2005, monitored through a unique series of “Citizen’s Report Card” evaluations (COWI 2014). The EU has recently initiated a municipal development programme on urban management covering 26 municipalities in the country. And DFID is in the early phase of a project supporting economic activities/entrepreneurship of young women in poor areas of Maputo. None of these have been formally evaluated, but they are promising in terms of reaching their target populations.

CIVIL SOCIETY DEVELOPMENT AND EMPOWERMENT

The outcomes and impacts of support to civil society development and empowerment have proven difficult to measure and monitor. Good results have been noted for national advocacy organisations and interventions reflecting local needs, while there is less evidence of “deep” socio-cultural change brought about by such aid interventions.

In the early 2000s, a myriad of projects and programmes appeared which aimed to empower civil society/NGOs at large and the poor, peasants, women, their communities and their associations in particular. All the programmes evaluated here (Orgut 2015, Adorna 2011, Kelpin et al. 2013, NIBR 2016) attempt to support and affect changes on a large number of disparate entities throughout the country.

The evaluations of the multi-donor AGIR programme and the Norwegian People’s Aid programme of support to rural/peasant unions bring out the difficulty of contributing to change through supporting a multitude of associations.
Whereas the intermediary international NGOs understand their role as running a coherent programme, their Mozambican civil society partners were less conscious about it.

The evaluation of UNICEF Mozambique’s Child and Youth Participation programme (Adorna 2011) brings out many practical lessons and recommendations that could improve genuine and meaningful participation through improved project design and “buy-in by implementers”. Yet it includes little conceptual discussion of “child and youth” or about the possible comparative advantages of a UN agency in supporting child and youth participation.

The final evaluation of the Norwegian Peoples’ Aid programme (NIBR 2016) showed that the national farmer organisations supported increased their organisational capacities with impressive improvement of advocacy. Judging from these evaluations, it seems foreign support is crucial to advocacy-focused NGOs and civil society movements – but that its ability to create political and socio-cultural change at the local level is more limited.

Some Mozambican “civil society organisations” are in reality donor-created, or would not exist without donor support. The AGIR evaluators propose that some good civil society organisations should “graduate” and thus no longer be eligible for donor funding and support (Kelpin et al. 2013). The Norwegian People’s Aid (NIBR 2016) presents a related problem: The main problem it battles, land grabbing, is not affecting many peasants, in contrast to lack of general agricultural/rural development. The dependence on donors may lead civil society organisations to focus for too long on problems identified in an outdated programme log-frame.

Orgut 2015 stands out from the others by practising ongoing evaluation (dubbed “Reality Checks”) and by systematically consulting local populations about their relations with government and donor development interventions, in this case local communities in one urban, one rural and one urban/rural district in the province of Niassa. The most inclusive interventions in the three communities in question were infrastructure investments in roads, potable water, mills etc. reflecting basic local needs. To reach the poorest and most destitute (approximately 20 percent of the population incl. many women), however, interventions had to be targeted directly (see Bastagli et al. 2016).
CROSS-CUTTING ISSUES
Few of the evaluations describe an explicit theory of change leading from the specific intervention to general and sustainable impacts on poverty reduction and gender equality. Despite being high on the public agenda, most of the evaluations hardly mention the problem of corruption.

Poverty Reduction
Most of the evaluations assessed refer to poverty reduction as a direct or indirect objective of the programme evaluated, albeit without being explicit about what this actually entails and the specific links between the intervention and reduction of poverty (i.e. theories of change). The multi-donor Budget Support Programme (ITAD 2014) most explicitly relates to poverty reduction, showing that alignment with Mozambique’s Poverty Reduction Programmes is one of its major achievements. A focus on poverty reduction is also more prominent in programmes with a local base, as evident from the evaluation of the AGIR mechanism to support local civil society organisations (Kelpin et al. 2013). For most programmes evaluated, “poverty reduction” remains an elusive objective without clear and specific implications for project planning, implementation and evaluation.

Gender Equality
“Women’s Rights and Gender Equality” is a cross-cutting objective of practically all aid organisations in Mozambique, and largely phrased in terms of gender mainstreaming. However, there are significant differences between donors in the extent to which gender equality actually is included in projects. Sweden has by far the largest proportion of gender-marked projects as per OECD/DAC standards with 66 percent, with Norway as number 11 on the list of bilateral donors in Mozambique with 33 percent. In the programmes assessed, gender equality is largely framed as an objective in and of itself, and not as a means of attaining other objectives such as economic growth and poverty reduction. The issue is most explicitly addressed in programme/project activities implemented by NGOs (Kelpin et al. 2013, NIBR 2016). Other programmes such as in energy (Riksrevisjonen 2014) have general “gender mainstreaming” goals, but with limited goal fulfilment (see also Tvedten et.al 2015).

Anti-Corruption
Programme and project evaluations rarely relate corruption explicitly to the wider context and political economy in which they are implemented, but rather focus more narrowly on the use of the donors’ own funds (“zero tolerance”, “fiduciary risk management”, “do no harm” etc., see Marquette et al. 2015). Examples are the Fiscal Transparency Evaluation by the IMF (IMF 2015), which pointed in the direction of a corruption crisis looming large but gave no explicit recommendations for dealing with or avoiding it. Both micro-credit evaluations (ELIM 2014, IBTCI 2014) referred to small-scale corruption in the national District Development Fund but without assessing possible similar problems in the programmes evaluated.
5. Lessons learnt

While several evaluations report positive results from development interventions in Mozambique, there is a lack of documented impact on poverty reduction and sustainability of interventions. Most evaluations are unable to situate the evaluations in a plausible theory of change, and sufficient context analysis is often wanting. The current crisis calls for a stronger focus on poverty reduction.
The 24 evaluations discussed here vary in terms of their scope (reviews, mid-term evaluations, on-going evaluations, final evaluations, impact evaluations etc.), the approach and methods used (primary/secondary data, with/without fieldwork; qualitative and/or quantitative data), and the level/ambition of measuring results (outputs, outcomes, impact).

Overall, development aid has a strong impact on Mozambican society. The multilateral agencies in Mozambique have relatively clear mandates, while Sida and DfID stand out among the bilateral donors for grounding their portfolios in forward-looking country strategies based on careful analyses of context and aid experiences (Chapman et al. 2010, Sweden 2014). Other donors, including Norway, do not have such strategies and the basis for their choice of sectors, channels and programmes/projects are more difficult to ascertain.

There are positive results recorded in terms of transparency and accountability in economic governance, technical capacity building for decentralisation, the competence of central energy institutions, the capacity of national advocacy organisations and individual interventions in agriculture at the local level, to mention some.

The limited time and task of the evaluators – combined with their often technical/sector-specific background – usually preclude a discussion of the role of the programme as part of a whole system of relations between state and society. Thus, most of the aid interventions and their evaluations share inadequate context analyses.

The dearth of contextual analyses is particularly obvious with interventions at the governance/systemic level, with complex processes and often contradictory interests. While the relevant evaluations repeatedly acknowledge challenges in terms of the competence and capacity of government structures, cooperation tends to continue even where severe constraints have been identified – having resulted in the (unintended) strengthening of the centralised Frelimo-State apparatus that is largely incompatible with the good governance agenda.

In terms of evaluation methods, the evaluations generally report on achievements and
challenges with respect to outputs and outcomes rather than impacts. Quantitative indicators may be relatively straightforward to formulate, whereas indicators for issues such as enhanced institutional competence and capacity, local empowerment, changes in gender relations etc. may be harder to define. Most of the evaluations do not have a well-developed set of qualitative indicators for measuring results.

Sustainability concerns the extent to which programme or project activities continue after the termination of donor support, and whether the intervention will have a lasting impact on the target group. Hardly any of the evaluations assessed give a good basis for assessing longer-term impacts for example on poverty, as they are either done mid-term or immediately after the termination of the programme.

LOOKING AHEAD
Mozambique’s decade-long position as a “donor darling” has faded for several reasons. Firstly, the high economic growth did not “trickle down” sufficiently to the Mozambican population in the form of reduced poverty. Secondly, the government itself bears a heavy responsibility for the major governance failures of late, and for deviating from the poverty reduction framework agreed with the donors.

Though generally recommending some modifications, the evaluations relate to aid as if it would and should continue largely along the same lines. We think that is neither probable, nor desirable. Despite massive amounts of aid over a long period of time, the Mozambican population remains one of the poorest and most deprived in the world. Thus:

> Finding a new basis for the legitimacy of aid will necessarily require a thorough reconceptualisation of the overall aid approach.

> Given that poverty reduction remains the overall objective of donors, this means a new theory of pro-poor change.

The G19 and Programme Aid Partnership cooperation (mainly “Western” donors) could possibly be the organisational vehicle for such a process, but it needs to include a variety of analytical expertise.

The key question in such a process will be how donors should relate to the party-state and its governance failures while strengthening the focus on poverty reduction. These are some steps to strive for:

> to stop rewarding the government’s lack of commitment to agreements with more aid and more loans; and

> to direct more of the development assistance towards programmes and projects at the local level and closer to the poor as the ultimate target group.

Increased leverage for Western donors to criticise
There are signs of “aid fatigue” also in the Government of Mozambique, as witnessed by examples of deficient government commitment. However, alternative sources of financial underpinning that some years ago challenged
the Western aid hegemony are no longer readily available. This may once again give the Western donors clout to pressure the government on good governance and poverty reduction. There is at the moment considerable scope for donors to step up its diplomatic pressure on the government with much tougher criticism against its failure to honour its commitments to donors – but most importantly, to the Mozambican people.

Development versus poverty reduction?
The real focus of much aid to Mozambique has for decades been the goal of “development” with a corollary focus on “institutional change” – with poverty reduction being a more indirect or distant goal. With the current political regime and governance challenges, donors may have to think separately about development and poverty reduction. While focusing on the latter, donors should be realistic about the ability of aid to create a “developmental state” and wider socio-cultural changes and focus more on specific programmes and projects for poverty reduction.

Hands on aid – to avoid corruption
Except for a few key ministries for national development (such as Finance and Petroleum), aid to government institutions should be decentralised in order to get closer to the target group and to encourage better monitoring of aid money. Donors can focus on specific provinces or districts and develop better contextual knowledge, better relationships with stakeholders and better mechanisms to respond to anomalies – primarily through specific programmes and projects.

Targeting the poor
The ultimate goal of poverty reduction notwithstanding, aid to Mozambique has neglected agriculture and the (urban) informal economy. A more effective poverty-reduction strategy requires shifting aid towards the sectors where intervention matters most: agriculture and the informal economy in urban areas.

Support to agriculture should target the vast majority of small-holders with improvements ranging from more extension workers to improved technologies and infrastructure/market access. In urban areas, the focus should be on creating legal frameworks as well as the physical and social spaces to facilitate further development of informal economic activities and small-scale entrepreneurship.

Targeting women
There are also strong arguments for giving priority to women and female-headed households. Women are central actors in agriculture and the informal economy and generally poorer than their male counterparts, they are still subject to oppressive practises including early

Mozambique Island, Nampula province, listed as World Heritage by UNESCO, is the crossroads of various civilizations (Portuguese, African, Indian and Arabic). PHOTO: GUIZIOU FRANCK/HEMIS/NTB SCANPIX
marriages, child motherhood and domestic abuse – and female-headed households have proven more responsive to development interventions than their male counterparts, particularly in urban areas.

**Targeting the destitute**
The government and aid organisations should also act on the acknowledgement that the poorest and most destitute in rural villages and urban shantytowns need targeted interventions in the form of social protection measures or cash transfers, whether these are conditional or not. With the likely further reduction of aid to Mozambique in the coming years, this is the most sensible support donors can give if the ultimate goal of poverty reduction is to be more than a slogan.

**Building counter-forces**
There are arguments for aid to support counter-forces, including civil society and the private sector. This is clearly controversial, but the alternative of channelling all aid through the current government is only slightly less so. To be more effective, civil society support should work through collective mechanisms and be more decentralised in order to avoid the concentration of aid in Maputo and clientelism forming around the allocation of donor funds. Private sector support should be made with reference to development rather than commercial priorities – with entrepreneurship and labour intensive manufacturing industries being possible targets.
References


CIP 2016. The Impact of Mozambique’s Hidden Debt Service Payments. Maputo: Centro de Integridade Pública

CIP 2016. The Costs of Corruption to the Mozambican Economy. Why It is Important to Fight Corruption in a Climate of Fiscal Fragility. Maputo: Centro de Integridade Pública


Gerster 2015. External review on the Common Fund (CF) for the Implementation of the Revenue Authority (At) reform in Mozambique.


Noppen 2014: Evaluation of Sida Financed Interventions for Increased Access to Electricity for Poor People. http://www.sida.se/contentassets/90b0e31b97c74e1681b122a306a3fa2/evaluation-of-sida-financed-interventions-for-increased-access-to-electricity-for-poor-people-drawing-on-international-experi_3759.pdf


Tvedten et. al 2015. Evaluation of Norway’s support to women’s rights and gender equality in development cooperation (Mozambique case study report).


# Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGIR</td>
<td>Action Programme for Inclusive and Responsible Governance</td>
</tr>
<tr>
<td>DfID</td>
<td>Department for International Development</td>
</tr>
<tr>
<td>EMATUM</td>
<td>Mozambique Tuna Company</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>IMF</td>
<td>International Development Fund</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>NOK</td>
<td>Norwegian Kroner</td>
</tr>
<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
</tr>
<tr>
<td>OECD/DAC</td>
<td>Organisation for Economic Cooperation and Development/Development Assistance Committee</td>
</tr>
<tr>
<td>SISTAFE</td>
<td>State Financial Management System</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations Children's Fund</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
</tr>
</tbody>
</table>
Commissioned by
The Evaluation Department

Carried out by
Chr. Michelsen Institute (CMI)

Written by
Inge Tvedten, Aslak Orre

NOVEMBER 2016

This report is the product of its authors, and responsibility for the accuracy of data included in this report rests with the authors alone. The findings, interpretations, and conclusions presented in this report do not necessarily reflect the views of the Norad Evaluation Department.