



Enabling poor rural people  
to overcome poverty

## COUNTRY PROGRAMME EVALUATION



**Republic of Mozambique**

**July 2010**





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**Republic of Mozambique  
Country Programme Evaluation**

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Photo on cover page:  
Fishermen employed by the Institute for Development of Small-Scale Fisheries  
experiment with ecologically sound fishing nets in Moma Town  
Source: IFAD photo by Robert Maass

**Republic of Mozambique**  
**Country Programme Evaluation**

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**(\*) Annexes are available upon request from IFAD's Office of Evaluation ([evaluation@ifad.org](mailto:evaluation@ifad.org))**

## Currency Equivalent

### Exchange Rates

Currency: Mozambique New Metical (MZN)  
Exchange Rates, MZN to US\$ (Interbank rates 1<sup>st</sup> January)

| 2005  | 2006  | 2007  | 2008  | 2009  |
|-------|-------|-------|-------|-------|
| 0.054 | 0.042 | 0.040 | 0.042 | 0.040 |

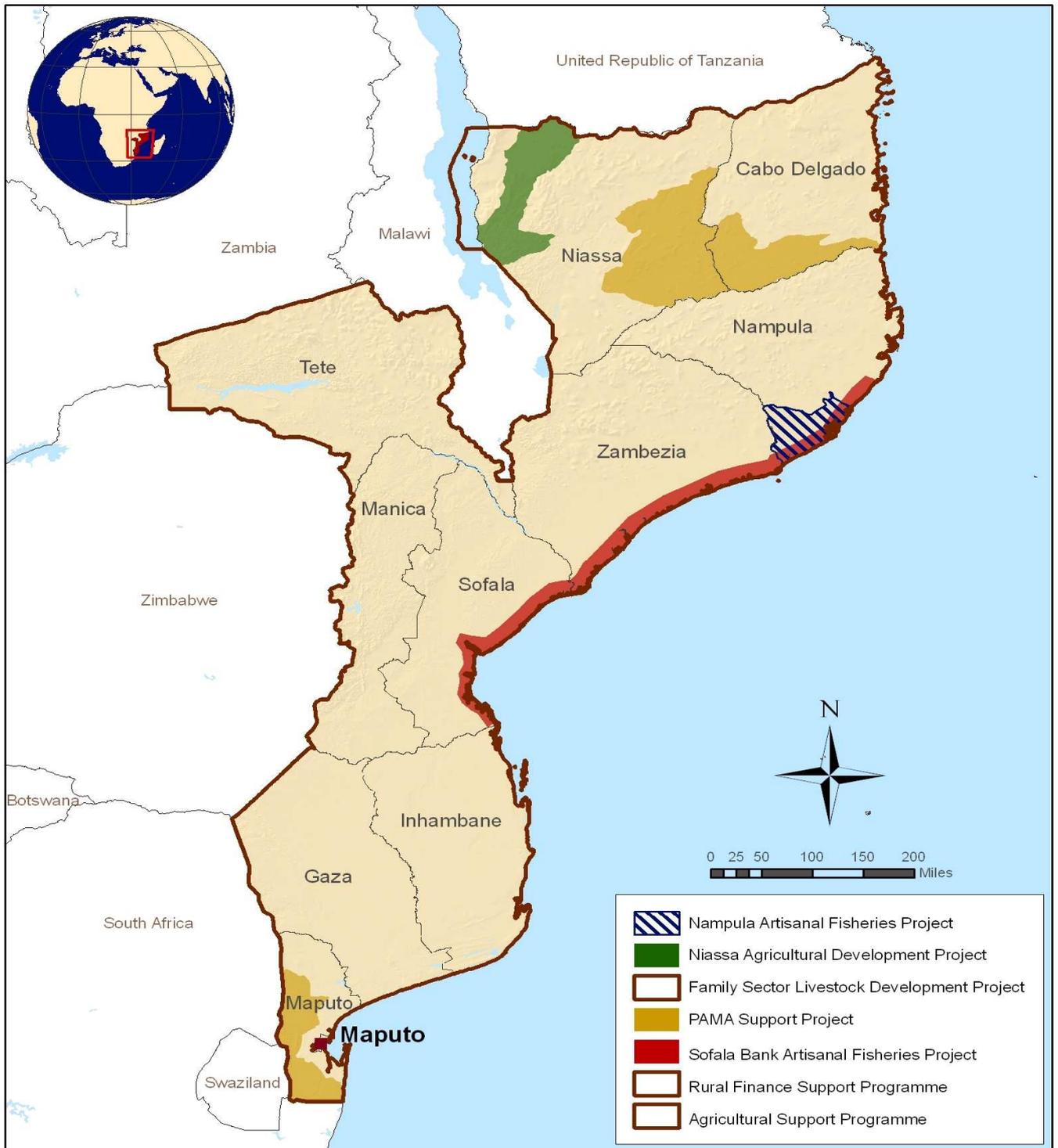
### Abbreviations and Acronyms

|        |  |
|--------|--|
| AfDB   | African Development Bank   |
| AMODER | Mozambican Association for Rural Development   |
| ASCA   | Accumulating Savings and Credit Association  |
| ASP    | Agricultural Support Programme   |
| BDS    | Business Development Services  |
| BFS    | Belgium Fund for Food Security Joint Programme   |
| CFFM   | Common Flow of Funds Mechanism   |
| CI     | Cooperating Institution  |
| COSOP  | country strategic opportunities programme  |
| CPE    | Country Programme Evaluation   |
| CPM    | Country Programme Manager  |
| CPMT   | Country Programme Management Team  |
| DANIDA | Danish International Development Assistance  |
| DNPDR  | National Directorate for Promotion of Rural Development                                      |
| EB     | Executive Board (IFAD)   |
| ESA    | Eastern and Southern Africa Division   |
| FAMA   | Agricultural Marketing Support Fund  |
| FAO    | Food and Agriculture Organization of the United Nations                                      |
| FARE   | Fund for Economic Rehabilitation   |
| FFPI   | Small Industry Support Fund  |
| FSLDP  | Family Sector Livestock Development Programme  |
| GAPI   | <i>Gabinete de Apoio a Pequenas Indústrias</i><br>(Office of Assistance to Small Industries) |
| GBS    | General Budget Support   |
| GDP    | Gross Domestic Product   |
| IDPPE  | Institute for Development of Small-Scale Fisheries   |
| IFAD   | International Fund for Agricultural Development  |
| IOE    | IFAD Office of Evaluation  |
| IOF    | Innovation and Outreach Facility   |
| M&E    | Monitoring and Evaluation  |
| MADER  | Ministry of Agriculture and Rural Development  |
| MFI    | Micro-Finance Institution  |
| MINAG  | Ministry of Agriculture  |
| MPD    | Ministry of Planning and Development   |
| NADP   | Niassa Agricultural Development Project  |
| NAFP   | Nampula Artisanal Fisheries Project  |
| NORAD  | Norwegian Agency for Development Cooperation   |
| ODA    | official development assistance  |
| PAMA   | Agricultural Markets Support Programme (also used for IFAD Project)                          |
| PAPA   | Action Plan for Food Production  |
| PARPA  | Poverty Reduction Strategy Paper (Plan for Reduction of Absolute Poverty)                    |
| PBAS   | Performance-Based Allocation System  |
| PEN    | National Strategic Plan for the Fight against STD/HIV/AIDS                                   |

|         |   |
|---------|---|
| PFU     | Project or Programme Facilitation Unit          |
| PROAGRI | National Programme for Agricultural Development |
| PROMER  | Rural Markets Promotion Programme               |
| PRONEA  | National Programme for Agricultural Extension   |
| SBAFP   | Sofala Bank Artisanal Fisheries Project         |
| SMEs    | small and medium-sized enterprises              |
| SWAp    | Sector-Wide Approach to planning                |
| TAG     | Technical Assistance Grant                      |
| TIA     | Rural Household Income Survey                   |
| TTR     | Tri-Term Review                                 |
| UES     | Unified Extension Service                       |
| UNAC    | National Farmers Union                          |
| UNDAF   | United Nations Development Assistance Framework |
| UNOPS   | United Nations Office for Project Services      |
| VAT     | Value Added Tax                                 |
| VEG     | Village Extension Guide                         |
| WFP     | World Food Programme                            |

# Mozambique

## Country Programme Evaluation



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD



## *Foreword*

*At the time of the Country Programme Evaluation (CPE), IFAD had approved ten loans to Mozambique for a total of US\$175 million. It had also provided debt relief of around US\$16.6 million, and grants for nearly US\$20 million. IFAD's share of total official development assistance to Mozambique is relatively small, but it occupies a leading role in supporting the country's agricultural extension services, artisanal fisheries, rural finance and agricultural marketing.*

*Since 1996, the design of projects in Mozambique has been based on a programmatic approach combining national policy/institutional components with support for disadvantaged areas, primarily in the northern part of the country. Interventions are "self-contained" and multi-sectoral in nature, covering production, marketing and rural financial services and, in some cases, economic and social infrastructure. Recently, the IFAD-Government strategy has been to pursue a coherent country programme, with specialized thematic programmes for support services in production and artisanal fisheries, marketing and financial services, all of which are aligned to national frameworks and complement one another.*

*IFAD-funded operations in Mozambique have been guided by three country strategic opportunities programmes (COSOPs) prepared in 1997, 2000/2001 and 2004 respectively. The overriding strategic objective has been to raise the incomes of agricultural smallholders and artisanal fishermen, by increasing their marketable surpluses and improving the marketing of high-value produce. Supporting strategic thrusts have included decentralized implementation and empowerment of the rural poor and their groups.*

*The selected objectives are seen as highly relevant to Mozambique. However, the focus on geographical areas characterized by particular development challenges has made it difficult to achieve high levels of effectiveness and efficiency. Public/private-sector capacity has been overestimated, and the time and effort needed to develop effective services and self-reliant, viable grassroots institutions from scratch has been underestimated. Nevertheless, moderately satisfactory performance has been achieved in terms of promoting artisanal fisheries, agricultural marketing, and social and economic infrastructure, and, while the support for financial services has encountered challenges, there have been a number of success stories at the national level. A recent IFAD-financed thematic rural finance programme got off to a difficult start and the risk is that it will not achieve its objectives.*

*There is evidence of a positive impact on household income and food security that can be attributed to IFAD's support for feeder roads, market linkages, artisanal fisheries and the development of pro-poor savings and credit services. IFAD has also made an important contribution to developing the policy and institutional framework in the country. The capacity of groups and associations is growing but further assistance is required to make them self-sustaining. A number of innovations included in project design have not been implemented, whereas important and successful innovations, e.g. in rural finance, have been identified and scaled up during implementation.*

*The present evaluation report includes an Agreement at Completion Point summarizing the main findings of the evaluation and setting out recommendations discussed and agreed between the Government of Mozambique and IFAD.*



**Luciano Lavizzari**  
**Director, Office of Evaluation**



## *Prefácio*

*Quando foi efetuada a Avaliação do Programa para o País (CPE), o FIDA havia aprovado dez empréstimos para Moçambique no total de US\$ 175 milhões. Além disso, havia fornecido alívio da dívida de cerca de US\$ 16,6 milhões e doações de quase US\$ 20 milhões. A parcela do FIDA no total da assistência oficial ao desenvolvimento de Moçambique é relativamente pequena, mas ele ocupa um papel de liderança no apoio aos serviços de extensão agrícola do país, pesca artesanal, financiamento rural e comercialização agrícola.*

*Desde 1996, os projectos para Moçambique se baseiam num enfoque programático que combina componentes institucionais e de política nacional com apoio para áreas desfavorecidas, principalmente no norte do país. As intervenções são autônomas e multissetoriais, cobrindo produção, comercialização, serviços financeiros rurais e, em alguns casos, infra-estrutura económica e social. Recentemente, a estratégia do FIDA e do Governo tem sido a de aplicar um programa de país coerente, com programas temáticos especializados para serviços de apoio em produção e pesca artesanal, comercialização e serviços financeiros; todos estão alinhados com arcabouços nacionais e se complementam entre si.*

*As operações do FIDA em Moçambique têm sido orientadas por três programas de oportunidades estratégicas para o país (COSOPs) preparados em 1997, 2000/2001 e 2004, respectivamente. O objectivo estratégico primordial é elevar a renda dos pequenos agricultores e pescadores artesanais, aumentando os excedentes comercializáveis e melhorando a comercialização de produtos de alto valor. O apoio às ações estratégicas inclui implementação descentralizada e habilitação dos pobres rurais e seus grupos.*

*Os objectivos seleccionados são considerados altamente relevantes para Moçambique. Contudo, o foco nas áreas geográficas caracterizadas por determinados desafios de desenvolvimento tem dificultado a obtenção de altos níveis de eficácia e eficiência. A capacidade dos sectores público e privado foi superestimada, e o tempo e esforço necessários para desenvolver serviços eficazes e instituições independentes e viáveis a partir de zero foram subestimados. Todavia, tem-se obtido um desempenho moderadamente satisfatório em termos de promoção da pesca artesanal, comercialização agrícola e infra-estrutura social e económica, e, embora o apoio aos serviços financeiros tenha encontrado desafios, houve uma série de êxitos no âmbito nacional. Um recente programa de financiamento rural financiado pelo FIDA teve um início difícil e corre o risco de não atingir seus objectivos.*

*Há evidência de um impacto positivo sobre a renda familiar e segurança alimentar que pode ser atribuído ao apoio do FIDA a estradas alimentadoras, acesso ao mercado, pesca artesanal e desenvolvimento de serviços de poupança e crédito em prol dos pobres. O FIDA também deu uma contribuição importante ao desenvolvimento das políticas e instituições no país. A capacidade dos grupos e associações está crescendo, mas é necessária uma assistência adicional para que sejam auto-sustentáveis. Várias inovações incluídas nos projectos não foram implementadas, ao passo que inovações importantes e bem-sucedidas, como o financiamento rural, foram identificadas e ampliadas durante a implementação.*

*O presente relatório de avaliação inclui um Acordo no Ponto de Conclusão que resume as principais conclusões da avaliação e apresenta as recomendações discutidas e acordadas entre o Governo de Moçambique e o FIDA.*



**Luciano Lavizzari**  
**Director, Escritório de Avaliação**



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Consultants' Team Leader: *Jakob Grosen*



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**Republic of Mozambique**  
**Country Programme Evaluation**

**Executive Summary**

**I. INTRODUCTION**

**A. IFAD's Assistance to Mozambique**

1. Since the start of its operations in Mozambique in 1982, the International Fund for Agricultural Development (IFAD) has approved 10 loans for a total of US\$175 million, corresponding to 1.7 per cent of IFAD's total lending globally and 9 per cent of lending in the Eastern and Southern Africa region.

2. The total cost of the project portfolio in Mozambique amounts to US\$286.7 million. Cofinanciers have provided US\$48 million. These include the African Development Bank (AfDB), Norway (the Norwegian Agency for Development Cooperation [NORAD]) and the OPEC Fund for International Development (OFID). All loans were provided on highly concessional terms.<sup>1</sup> As part of the Debt Initiative for Highly Indebted Poor Countries (HIPC), IFAD has provided a relief of US\$16.6 million (in nominal terms) in grants to the country.

**B. Evaluation Objectives, Methodology and Process**

3. The country programme evaluation (CPE) had two objectives: (i) assess the performance and impact of IFAD operations (including non-lending activities)<sup>2</sup> in Mozambique; and (ii) produce building blocks for the preparation of the new country strategic opportunities programme (COSOP) to be prepared by IFAD's Eastern and Southern Africa Regional Division (ESA) and the Government of Mozambique following the completion of the CPE.

4. In order to meet its objectives, the CPE addressed three main issues: (i) quality of the country strategy in terms of the main directions defined for rural poverty reduction, selection of geographic areas, subsector priorities and the choice of partners; (ii) implementation of the country strategy through a combination of project and non-lending activities; and (iii) the results and impact of IFAD's strategy and operations.

5. This is the first CPE that IFAD Office of Evaluation (IOE) has undertaken for Mozambique. It includes an assessment of seven IFAD-funded projects approved by the Executive Board since 1993. Of the seven projects covered, three are closed, while four projects are in different stages of implementation.

6. Following standard practice for CPEs, IOE used internationally recognized evaluation criteria to assess portfolio performance and impact. These included assessments of relevance, effectiveness, efficiency, rural poverty impact, and sustainability. In addition, innovation, replication and scaling up, as well as the performance of partners (IFAD, the Government and the co-operating institution) are also assessed.

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<sup>1</sup> IFAD lends on highly concessional, intermediary or ordinary terms. For a more detailed explanation of lending rates, see appendix 11.

<sup>2</sup> Knowledge management, partnership building and policy dialogue.

7. At the outset of the CPE, ESA undertook a self-assessment of the country programme in Mozambique, which provided IOE with the perspectives of those closely involved in country strategy development, project design and implementation. Two of the three closed projects covered by the CPE had previously been evaluated by IOE separately. These project evaluations provided invaluable evaluative evidence, which was used by the CPE.<sup>3</sup>

8. The main CPE mission was fielded for four weeks during September/October 2008. The mission visited the provinces of Cabo Delgado, Gaza, Maputo, Nampula, Niassa and Zambezia, interviewing implementers and service providers and speaking with individual beneficiaries and community groups involved in market linkage development, artisanal fisheries, rural finance, and agricultural extension/livestock. Discussions were also held with Government officials in Maputo and at the provincial and local levels. The comments and inputs of ESA and the Government were duly considered by IOE prior to finalizing the CPE report. The evaluation further benefited from a comprehensive internal peer review process within IOE.<sup>4</sup>

### **C. Economy and Poverty**

9. Mozambique is a sub-tropical country of 799,380 km<sup>2</sup>. Between 1992 and 2003, average annual growth in agricultural GDP reached 6.2 per cent, well above the level for most African countries. However, crop production, mainly rainfed, is subject to significant periodic fluctuations due to droughts and floods. Droughts in 1994 and floods in 2000 resulted in significant declines. During the 2005-2007 period, annual rates of real GDP growth were in the range of 7.3 per cent to 8.8 per cent and most projections suggest that the economy will continue to grow at an annual rate of 5 per cent in the immediate future.

10. Prevalence of HIV/AIDS is increasing at an alarming rate and, in 2004, reached an estimated 16 per cent in the prime age group (ages 15-49). By 2010, an estimated 2 million people will be infected, reducing life expectancy to some 37 years as compared to 50 years for those without AIDS.

11. Approximately 65 per cent of Mozambique's population and 80 per cent of the nation's poor live in rural areas. Between 1997 and 2003, the national poverty incidence declined from 69.4 per cent to 54.1 per cent and the poverty gap was reduced from 29.2 per cent to 19.9 per cent, implying that also those who remained poor increased their consumption.<sup>5</sup> Poverty in rural areas was reduced by 16 points from 71.6 per cent to 55.2 per cent, while urban poverty incidence declined by 12 points from 63.9 per cent to 51.6 per cent. Among farmers, poverty incidence fell from 72.6 per cent to 58.2 per cent.

12. Agriculture (including forestry and fisheries) has the lowest sector share of the GDP (23 per cent) which is unusual for a low-income country. The services sector is the biggest contributor to GDP (47 per cent) followed by industry (30 per cent). The significant contribution of industry to overall GDP is due to a few large investments in the mining and energy sectors as well as in aluminium production. This explains Mozambique's classification as in transition from an agriculture-based country to a transforming country, as outlined in the World Bank's 2008 *World Development Report* on agriculture. Despite the relatively modest contribution of agriculture, the sector employs about 80 per cent of the population, an indication that agricultural productivity is very low compared to productivity in other sectors.

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<sup>3</sup> The Nampula Artisanal Fisheries Project and the Niassa Agricultural Development Project.

<sup>4</sup> The IOE Director and four evaluation officers reviewed and commented on the main CPE deliverables, including the final draft report.

<sup>5</sup> As defined in the National Plan of Action for the Reduction of Absolute Poverty (PARPA) 2001-2005: "inability of individuals to ensure for themselves and their dependants a set of basic minimum conditions necessary for their subsistence and well-being in accordance with the norms of society".

13. Mozambique's average annual public expenditure on agricultural development was estimated at 3.5 per cent in 2007 and 7.5 per cent in 2008, i.e. less than the target of 10 per cent agreed at the Ministers of Agriculture of the African Union Conference in Maputo in 2003. Annual official development assistance (ODA) commitments in Mozambique averaged US\$900 million during the 1990s; since 2004, they have averaged US\$1.3 billion of which about one third is provided by multilaterals. In the period 1996-2006, only 5.6 per cent of ODA was dedicated to agriculture (including forestry and fisheries). However, a part of the General Budget Support (GBS) is also being dedicated - through the national allocation system - to agriculture and rural development. IFAD's average disbursement from 1995 to 2007 was around US\$5.8 million, equivalent to 6.6 per cent of ODA dedicated to agriculture and rural development.

## II. THE QUALITY OF IFAD'S STRATEGY

14. IFAD's overriding strategic goal in Mozambique has been commercialization of smallholder agriculture, emphasizing development and marketing of high-value cash crops and fish. The strategy takes as its starting point the recognition that exclusive emphasis on food crop production will not have a major impact in terms of reducing rural poverty. Rather, increased rural incomes and broad-based economic growth depend upon the ability of smallholder producers to better participate in the rapidly expanding market complex.

15. The CPE assessed the country strategy based on the 2000 COSOP (and its 2001 addendum) and the 2004 COSOP. Both COSOPs embraced this strategic goal through market linkage development for food and non-food production. In the 2004 COSOP, the country strategy in Mozambique was further refined, prioritizing assistance to smallholders by "developing the most promising commodities based on local comparative advantages and on accessible markets, both domestic and international". Other elements introduced may be considered to be supportive of this overriding strategic goal, e.g. the priority given to empowering rural poor people and their organizations, supporting decentralization, and improving access to financial services.

16. In this context, the IFAD-funded project portfolio has focused, since 2000, on the following five broad thematic areas: (i) primary production and fishing; (ii) commercialization and market linkages, including feeder roads; (iii) rural finance; (iv) social infrastructure; and (v) institutions and policies.

17. In terms of geographic focus, IFAD-funded activities have been concentrated in the provinces north of the Zambezi River since the mid 1990s. The major areas of support have included selected districts of Niassa (Niassa Agricultural Development Project [NADP] and Agricultural Markets Support Programme [PAMA]) and Cabo Delgado and the coastal areas of Nampula (Nampula Artisanal Fisheries Project [NAFP]), and Zambezia and Sofala (Sofala Bank Artisanal Fisheries Project [SBAFP]). Minor support has also been provided to Maputo Province (PAMA Support Project) while the Family Sector Livestock Development Programme (FSLDP) provided more intensive support for Gaza, Manica, Tete and Nampula. Although these have traditionally been areas with a high prevalence of rural poverty, the CPE questions the relevance of an exclusive geographic concentration on provinces in the north, in light of emerging data which indicates that rural poverty is increasing in severity throughout the south.

18. IFAD is currently in the process of implementing a paradigm shift in the programmes it supports - from stand-alone self-contained sub-sector projects and programmes that are area-based, towards purely national thematic initiatives specialized in: (i) support services to primary production; (ii) market linkages; and (iii) rural finance. This is based on the assumption that the three areas and support programmes will complement each other. While the new paradigm may lead to a more coherent country programme over time, the CPE finds that it would be prudent to apply this new approach gradually. The stand-alone self-contained projects at the grass-roots level still have some virtues as they allow for greater opportunities for direct impact on the rural poor through more focused targeting, a shorter time lag from project approval by the Board to effectiveness and, often,

greater efficiency as IFAD is able to participate in the selection of executing agencies and modalities in partnership with the Government.

19. Overall, the evaluation found that IFAD has pursued relevant strategic goals and made the correct strategic choices, broadly aligned to IFAD's overall mandate and key policies. There is a satisfactory logic in the Mozambique country strategy, cascading through the hierarchy of the overriding goal and strategy (increasing household income through commercialization), the objectives and their supporting strategies (empowerment, financial services, decentralization), and the related subsectors and thematic areas selected for support.

20. Furthermore, the CPE found that the main strategic thrusts of the country strategy are in line with the needs of the rural poor in the country. However, the alignment with the evolving national policy framework is more debatable. The problem faced today by IFAD and other development partners in Mozambique wishing to align their agricultural sector support with national frameworks is that national priorities and focus have changed within a relatively short period of time. As a result, the strategic thrusts defined in the COSOPs appear to diverge at times from the Government of Mozambique's current priorities of increasingly focusing on food production with a view to achieving greater self-sufficiency.

21. IFAD's strategic thrusts in the country, for example, were well aligned with the priorities of the country's two poverty reduction strategies, the National Plan for the Reduction of Absolute Poverty - PARPA I and PARPA II -, and also with the National Programme for Agricultural Development Strategy (PROAGRI). However, the current policy framework seems to be determined by the policies of the Food Production Action Plan (PAPA), 2008-2011. The plan is a response to the current international food crisis, focuses exclusively on basic food, oilseed crops, poultry and fisheries, and assigns a proactive participatory role to the state in processing and marketing, including interventions to promote food self-sufficiency and market stability.

22. The CPE revealed the importance of focusing on augmenting household income through commercialization, given that: (i) very poor rural households often depend on agricultural production other than traditional food crops for their livelihoods, e. g. cattle, small ruminants, cashew, tobacco, sesame and cotton; (ii) a recent poverty analysis provides evidence that households are more likely to move out of poverty when they engage in cash crop production, livestock, and non-farm income-generating activities; and (iii) food self-sufficiency goals may exclude Mozambique from the potential benefits of comparative advantages and specialization which appear significant given the country's enormous diversity in terms of agricultural potential, population density and market access.

23. The COSOPs, however, did not articulate a coherent targeting strategy in terms of geography or socio-economics. With evidence provided by more recent poverty studies, it becomes difficult to sustain the COSOPs' claim that all rural households are poor, and therefore that the goal of "increasing the income of rural poor" applies to all.

24. Gender mainstreaming and HIV/AIDS prevention activities were introduced as general strategic thrusts relatively late (HIV/AIDS in the 2001 addendum and gender in the 2004 COSOP). Though the priorities were introduced, plans of action on how to implement them have still to be prepared and limited action has been taken in the context of the ongoing portfolio to raise gender mainstreaming issues and promote HIV/AIDS prevention activities.

25. The evaluation found that effectiveness in achieving the COSOP objectives was moderately satisfactory. Nationally and in areas supported by IFAD, smallholders have improved their participation in markets and they have been empowered through increased participation in associations and groups. The increasingly decentralized support is managed with participation of beneficiaries. Financial services have also expanded their outreach into rural areas. However, while the trends are positive, there is still a long way to go to achieve the objectives of increasing the

income of rural poor people through increased marketable production and improved marketing of high-value cash crops and fish.

26. Regional and global technical assistance grants have made only a marginal contribution to the effectiveness of the country programme. The COSOPs provided little elaboration on how these instruments, combined with other measures were to support IFAD-loan funded activities in order to ensure a coherent country programme.

27. The promotion of innovation was not a major feature in the COSOPs. The innovation promotion process remains unsystematic in the absence of a specific strategy for replication and scaling up. A key finding is that several innovations planned in the design were not implemented, while during implementation important innovations emerged and were scaled up by the project team in a process of searching for solutions to practical problems which arose in the field.

28. Development of a coherent country programme may require more resources and capacity for the Mozambique Country Programme Management Team (CPMT). Annual budget resources for country programme management and delivery have almost doubled since 2003, when a proxy IFAD country office was established in Maputo. At the same time, however, the workload has increased substantially, with participation in sector frameworks, the One United Nations process, and direct supervision and implementation support.

29. New ways of planning lending, grant resources and non-lending activities will have to be developed. IFAD need not stay exclusively within the current areas of support (support services to farmers and artisanal fishers, market linkages and rural finance) in the future.

### **III. PERFORMANCE OF IFAD-SUPPORTED PROJECTS IN MOZAMBIQUE**

30. As highlighted in paragraph 5 above, the CPE includes an assessment of seven of the ten projects funded.

31. Supervision has been entrusted to the United Nations Office for Project Services (UNOPS) in six projects and to the World Bank/International Development Association in one project. As of 2007, however, IFAD started to assume responsibility for direct supervision and implementation support in one project - the Agricultural Support Programme (ASP) in support of the National Programme for Agricultural Extension (PRONEA) and, since January 2009, the entire portfolio in Mozambique has been directly supervised by the Fund.

32. In addition to loan-funded operations, Mozambique has also benefited from three types of grants: (i) country grants of US\$316,000, which are relatively small technical assistance grants, managed by the CPMT and therefore may be assumed to have been designed and implemented to enhance the effectiveness of the country programme; (ii) regional/global grants of around US\$3.2 million that cover Mozambique, among other countries and often are executed by Consultative Group on International Agricultural Research (CGIAR) institutions; and (iii) grants of US\$15.2 million, supporting elements of individual loan programmes and provided by other development partners. Two regional research grants have been assessed by this CPE.<sup>6</sup>

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<sup>6</sup> The two grants assessed in the context of the CPE are: (i) Programme for Alleviating Rural Poverty by Improving Rice Production in Eastern and Southern Africa (US\$1.5 million, implemented by the International Rice Research Institute); and (ii) Expansion for Farmers' Field Schools Programme in Eastern and Southern Africa (US\$1.3 million, cofinanced and implemented by the Food and Agriculture Organization of the United Nations [FAO]).

## **A. Relevance**

33. The portfolio objectives are highly relevant in terms of the needs of the rural poor, and the policies of the Government and IFAD. However, designs have, particularly in early projects, defined overoptimistic or unrealistic targets and strategies, especially given the difficult situation following the end of the 16 Year War in 1992. This has carried through to implementation, where some project strategies and interventions have been abandoned or substantially revised.<sup>7</sup> While this may be interpreted as a positive indication of IFAD's flexibility, it may also be an indication that design processes were not sufficiently participatory to ensure that project design reflected the full understanding and ownership of all partners and stakeholders.

34. Participatory design processes have been applied in the more recent projects, and these have also been aligned with government investment programmes and strategies, notably PROAGRI and PRONEA. The manner in which the process was applied in developing the support for artisanal fisheries stands out as an example to follow. IFAD entered the artisanal fisheries sector in 1994 with a small loan (US\$6 million) for a pilot project (NAFP), which provided lessons through an independent evaluation by IOE - the Government and IFAD then used this pilot initiative to design a much larger follow-up programme (SBAFP) by means of an internal participatory design process rather than having the programme designed by a team of external IFAD consultants. As a consequence, there is strong stakeholder ownership of SBAFP.

35. The overall relevance of the project portfolio is assessed as satisfactory, as project and programme designs - specifically activities in support of commercialization, market linkages, artisanal fisheries, rural finance and social infrastructure - have been highly relevant to the needs of the rural poor. The issues identified by the CPE in the context of relevance tend to relate to highly ambitious designs that are out of line with the conditions on the ground, and to questions pertaining to the sustainability of some programme activities. An issue of some concern is also the general evolution of the portfolio. IFAD - which had established itself as an important player in terms of artisanal fisheries development - is moving towards a more all-encompassing approach that includes rural finance, agriculture, value chain development and institutional support. Given the limited resources available, it could be argued that IFAD may be spreading itself thinly.

## **B. Effectiveness**

36. The interventions supporting different areas (rural finance, roads, etc.) have shown considerable variation in the extent to which objectives were achieved. IFAD's support for improving support services for farmers has generally faced problems in achieving its objectives, given the recent establishment of a national public extension system with limited institutional capacities. The Fund's support for artisanal fisheries has facilitated the introduction of support services which hardly existed before NAFP/SBAFP. Faced with a fisheries resource under threat, co-management committees (government/artisanal fishers) have been introduced. Together with emerging and more reliable information on stocks, these should create the basis for a more sustainable utilization of resources. Four projects, (NADP, NAFP, PAMA Support Project and SBAFP), contributed to the general nationwide expansion in the coverage and quality of the rural road network. Support for district and community access roads has achieved or surpassed the design targets and made a significant contribution to improving access to markets and services. This has led to the development of transportation services and significant reductions (up to 50 per cent) in transportation costs in some cases.

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<sup>7</sup> For example a number of interventions in the NADP design were abandoned, including the introduction of village extension guides, savings and credit associations, district development funds, and the rehabilitation of 115 village stores.

37. NADP made an initial attempt to develop rural trade in agricultural produce and inputs but did not achieve its objectives primarily due to poor performance by the contracted service provider. The different interventions supporting rural financial services have had varying degrees of effectiveness, partly due to the choice of implementing partners. The effectiveness of two projects (NAFP and SBAFP) in introducing and promoting savings and credit services through the Accumulating Savings and Credit Associations (ASCAs) in poor rural communities (now widely implemented throughout the country) is assessed as highly satisfactory. On the other hand, the CPE finds that the ongoing Rural Finance Support Programme (RFSP) risks not achieving its objectives, largely due to a slow implementation progress in establishing the mechanisms required to on-lend funds to financial intermediaries. In this regard, at the time of the CPE, only a limited number of activities had been initiated in terms of the institutional support component. Starting with FSLDP in 1996, all projects have had an institutional/policy component. For example, NAFP and SBAFP have been instrumental in introducing into law the three-mile restriction zone for artisanal fishing, the monitoring and control of industrial trawling and co-management of coastal fishing. Significant progress has also been achieved in introducing co-management committees (Government and fishers), community fisheries councils and fishers' associations.

38. In addition to the variation with respect to achieving their objectives, there are also differences in effectiveness over time and among projects. Generally, since 1992, there has been an overall improvement in capacity within the Government and among private service providers, which may explain some of the differences between the early and recent periods. Variations among interventions operating in the same period may be attributed to differing: (i) capacities of service providers; (ii) arrangements for implementation management; and (iii) performance and capacity of key persons responsible for implementation.

39. While much has been achieved in terms of linking the rural poor to markets, grass-roots institutions established in the IFAD-financed programmes remain weak, with limited prospects for sustainability. In terms of rural finance, the poor effectiveness of the Innovation and Outreach Facility, and the choice of sub-par institutional partners such as the Fund for Economic Rehabilitation under the RFSP, have had a negative effect. However, this has been counterbalanced by progress in terms of support to the provision of rural credit and savings through ASCAs under the NAFP and the SBAFP. The support provided for primary schools, health posts and water points for safe and easily accessible drinking water has been effective overall in achieving stated targets and the socio-economic objectives. Overall, the effectiveness of the evaluated portfolio is assessed to be moderately satisfactory due to the significant variations in performance.

### **C. Efficiency**

40. The CPE observed significant variations in the contracted service providers and implementation arrangements. Efficiency has improved over time and has generally been superior when implementation was managed by a full-time project facilitation unit (PFU). For example, SBAFP and PAMA Support Project were the best performers in terms of delivering quantitative targets on time, in part due to the fact that they were managed through fully dedicated Project or Programme Facilitation Units (PFUs) and a professional consultancy firm in the case of the PAMA Support Project. However, the potential benefits of dedicated PFUs must, of course, be counterbalanced by the fact that they may not be conducive to developing national ownership and partner institution capacity.

41. Similarly, differences in efficiency were noted across the thematic areas supported by IFAD. This may also be partly explained by the varying performance of service providers; the NADP evaluation noted that activities within the core mandate of public institutions tend to perform better than activities at the margins of their institutional mandates, e.g. those in the private-sector domain.

42. Efficiency in the first three years of the RFSP has been unsatisfactory due to serious implementation delays and significant over expenditure on administration: about 50 per cent of the total operational budget has been spent within the first three years of operation. Allegations gathered

by the CPE mission of unethical business practices within the context of RFSP were promptly reported to IFAD Office of Audit and Oversight and PF.

43. Overall the support for primary schools, health posts, and water points has achieved design targets and been implemented with unit costs and a quality comparable with national standards, with occasional issues related to the quality of the structures and services provided. Road construction and rehabilitation have generally been undertaken within existing national cost norms and standards except for the rehabilitation of a primary road in Niassa, cofinanced by the OPEC Fund under NADP.

44. The average time lapse between loan approval and loan effectiveness varies from six months (NADP) to around 20 months (PAMA Support Project, RFSP).<sup>8</sup> Except for SBAFP, the time lag has increased for the new generation of projects as IFAD has shifted to supporting sector programmes with other donors, which entail more complex design and longer start-up periods. Project extensions (1-2 years) are the norm and actual implementation periods (from effectiveness to closure) have varied from 8 to 11 years (NADP more than 11 years), with consequent increases in management costs. In conclusion, the efficiency of the project portfolio is considered overall moderately satisfactory.

#### **D. Rural Poverty Impact**

45. Projects enhanced beneficiaries' **physical asset** base for individuals and in terms of priority community assets. The CPE finds that there has been a positive impact on the income and assets of households that benefited from project interventions such as the savings and credit groups, market access roads and the introduction of improved fishing, processing and marketing methods. Overall, the impact on household income and assets is assessed as "satisfactory" for the fisheries and marketing projects, while it is assessed as "moderately unsatisfactory" for the agriculture interventions. The most significant direct contributions to raising household income and assets have been obtained from the support to artisanal fisheries, improving farmers' market linkages (PAMA Support Project), establishment of grass-roots financial institutions (ASCAs in NAFP and SBAFP), small and medium-sized enterprises (SMEs) and business development services (BDS) (PAMA Support Project's Agricultural Marketing Support Fund [FAMA]).

46. **Human assets** were strengthened mainly through training for literacy skills and women's empowerment. In Cabo Delgado and Niassa, close to 14,000 people participated in literacy courses run by the PAMA Support Project, and 41 per cent of the participants were women. It is also noteworthy that female participation in the fishing communities has been significantly higher in the savings and credit groups than in the other activities. On the other hand, while SBAFP has facilitated the involvement of women in some fish processing and marketing activities, it did not (being a fisheries project) support women in their agricultural activities, which constitute an important element of sustaining the livelihoods of artisanal fisheries households.

47. The development of **social capital and empowerment** provided mixed results. The most significant contributions have been achieved through the support to savings and credit groups, users' associations for management of water points and social infrastructure, and literacy courses. Positive impacts on social capital and empowerment are emerging in the SBAFP- and PAMA Support Project-assisted marketing groups/associations, but additional efforts are required to consolidate the majority of groups. However, a number of issues were identified, including: (i) difficulties in having the associations legally recognized; (ii) problems in or lack of communication between project authorities/service providers and beneficiary groups; and (iii) some problems in terms of community contributions to social investments. The PAMA Support Project facilitated governance exercises within the associations and the identification of and the negotiation with buyers. However, support to

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<sup>8</sup> The current average period between loan approval and loan effectiveness stands at 11.8 months in the Eastern and Southern Africa Division.

empowering the associations and their members will, in many cases, need to be continued in order to guarantee a sustainable impact.

48. The most important contributions to **agricultural productivity and food security** have been obtained from the support for marketing and crop diversification (PAMA Support Project) and fisheries (NAFP/SBAFP), while the main support for agricultural production (NADP and FSLDP) has only provided marginal contributions. Significant impact was expected from NADP's large investment in agricultural research and extension but yields did not increase, partly due to the limited institutional capacities available in the Government-supported extension services. FSLDP contributed to improving animal health and thereby food security, although there are now indications of deteriorating animal health services. Interventions from NAFP and SBAFP have had a positive impact on food security. The ASCAs developed in these projects have provided many thousands of households with access to savings and credit services, which indirectly contributes to better food security.

49. The National Road Authority has been strengthened through its involvement with IFAD-funded activities to develop rural feeder roads (notably PAMA Support Project), and has recruited and retained relevant staff. The limited preparedness of the Ministry of Agriculture and the Ministry of Planning and Development has however, left these ministries missing the opportunity of having their human resource capacity improved.

50. Positive contributions to improving **natural resource management/the environment** were expected from NADP and the fisheries projects while the remaining part of the portfolio was environmentally neutral, with the exception of minor potential risks associated with feeder road construction. One objective of NADP was to replace slash-and-burn agriculture with more intensive sedentary cultivation but the cultivation system did not change. Also, the reforestation support produced limited results due to widespread apathy in the communities. The artisanal fisheries projects have made a number of achievements, which may eventually contribute to reducing the sustainability threats to fisheries resources. However, many fishers continue using environmentally unfriendly and unsustainable practices and industrial fishing within the three-mile zone is difficult to control. Information on stocks is still not sufficiently comprehensive or reliable to draw any solid conclusions as to whether the stock situation for the different species under threat is improving.

51. Through its lending programme, the Fund has had a significant impact on **institutions and policies**. In agriculture, NADP introduced the concept of district development funds, to be planned and managed jointly with communities, at a time and in a context where public resources were entirely planned and managed by central and provincial governments. In artisanal fisheries, support has facilitated the introduction of the ASCA model, joint management of fisheries resources and the three-mile zone reserved for artisanal fisheries. At the level of community-based organizations, the PAMA Support Project facilitated the important 2006 revision of the law on associations that simplified registration procedures, reducing the costs and time involved in the registration process, directly resulting in a greater number of registered organizations. Farmers' group development has contributed to alleviating the constraints imposed by the lack of organization of smallholder farmers. Integration of gender-related training content has contributed to making smallholder farmers' institutions more democratic and inclusive. The PAMA Support Project also facilitated Niassa and Cabo Delgado in developing their provincial commercialization strategies, which serve as instruments for the coordination of provincial efforts.

52. In terms of **rural financial services**, the engagement by the office of assistance to small industries (GAPI) with FAMA, PAMA Support Project's rural finance initiative, made it possible for the institution to undertake its internal organizational development. By the end of the PAMA Support Project, GAPI had strengthened its BDS specialized in capacity-building of rural producers, traders, and small-scale agro processors.

53. The **overall rural poverty impact** of the project portfolio assessed is moderately satisfactory. Social capital and empowerment, and natural resources and the environment are singled out as the two impact domains that require improvement as they are rated unsatisfactory overall.

54. **Gender.** While some attempts have been made to mainstream gender into project strategies and introduce gender disaggregated data, none of the projects have developed a dedicated gender strategy. The absence of project gender strategies partly results from the absence of similar strategies in the implementing partner institutions.

55. The main impact on women's empowerment has been achieved through the savings and credit groups (ASCAs) - which have broken the gender barrier in microfinance in northern Mozambique - and through the literacy programmes supported by the PAMA Support Project and SBAFP. The support for water points (NADP, NAFP and SBAFP) has also made an important contribution by reducing the time and burden of women and children in water collection and by involving women in water users' committees.

### **E. Sustainability**

56. As in IFAD-supported programmes in other countries, sustainability remains a challenge in Mozambique. Prospects of sustainability have generally been best in areas where there is a government institution with mandates related to rural poverty reduction and adequate resources. This includes social infrastructure (water points, schools and health posts) and, to some extent, roads and management of fisheries resources. Generally, these areas are also prioritized in central or local budget allocations. In the private-sector domain, there are rarely such institutions with, for example, the mandate and budget to support the development of producers' marketing organizations, grass-roots financial institutions, or trade and processing enterprises. In these cases, the support is often provided by a project-contracted service provider and therefore ends at project completion. Hence, the sustainability prospects depend on how far the project progresses in helping the group or activity become self-reliant and viable before project closure.

57. PFUs have proved effective in ensuring sustainability of benefits. Their effectiveness at implementation, however, is balanced by their autonomous nature, which often limits their impact and the potential benefit that government institutions can derive in terms of capacity-building from implementing donor-financed programmes. This clearly leaves the policymaker in a quandary over whether to favour smoother implementation or the longer-term benefits of direct government agency/institutional involvement, which would enhance the chances for longer-term sustainability of the interventions financed by IFAD.

58. In terms of the overall sustainability of the institutions and activities financed by IFAD programmes, results are mixed. When programmatic support is provided in the context of a good institutional framework in high priority areas (as defined by the Government), there is usually some potential for sustainability over the long term. An example in this regard has been the support for the development and rehabilitation of road infrastructure, a high government priority supported by the National Road Authority. The opposite also tends to be true for more diffuse activities, such as those related to private-sector and value chain development, where there usually are no clear cut institutional responsibilities. This has made it difficult to identify a national "champion" that could be mandated to support the specific activities necessary to help develop the sector. Due to this situation, the portfolio is assessed as moderately unsatisfactory as far as sustainability is concerned.

### **F. Innovation, Replication and Scaling Up**

59. While the portfolio in Mozambique has not produced groundbreaking innovations, it has introduced technologies, systems and approaches that were innovative in the national and local context. For example, IFAD-supported programmes contributed to the introduction of the concept of crop marketing associations, the combination of lending and access to complementary BDS, and

wholesale lending to associations of informal traders and to unions of farmers' associations that then provide microcredit to their members. Some of the most important innovations emerged during implementation, such as ASCAs and the leasing of outboard motors for fishing vessels. On the other hand, some innovations planned and included in project designs were abandoned as they were found not to be feasible (inventory credit) or politically acceptable (village extension guides) in the context at the time.

60. Innovation in the context of the portfolio could be characterized as being “scattered”, as there does not appear to be a clear innovation agenda supporting the elements identified as most important at the country strategy level (including value chains and the wider private-sector and market linkage issue). The major contributions to innovation have been provided by the support for agricultural marketing and artisanal fisheries, although some minor contributions were made in support of the livestock sector. In terms of scaling up, the project-level innovations, such as the ASCAs, that were pioneered in the artisanal fisheries projects, and the introduction in NADP of the concept of district-level development funds are examples of activities and approaches that have now been scaled up to the national level by government agencies, and are being implemented across Mozambique or adopted within the national regulatory framework. However, a systematic approach to replication and scaling was not evident. In conclusion, the CPE assesses the performance of the project portfolio as moderately satisfactory in the promotion of pro-poor replicable innovations.

#### **IV. PERFORMANCE OF PARTNERS**

##### **A. Performance of IFAD**

61. IFAD has introduced a high degree of flexibility into the design and implementation of projects and programmes aligned with national frameworks. This is particularly true in the support to agricultural extension and the livestock subsector, artisanal fisheries and agricultural marketing. In the case of the agricultural sector-wide approach to planning, PROAGRI, IFAD's position has been cautious and selective, which the CPE finds was appropriate and justified, considering: (i) IFAD's niche and mandate; (ii) the first phase of PROAGRI did not impact poor rural households but mainly public administrative systems; and (iii) there is as yet no agreed strategic framework for the second phase of PROAGRI.

62. In addition, with the establishment of a proxy country presence in 2003, IFAD has been gradually augmenting its implementation capacity in the field to the benefit of improved programme coordination and harmonization. This has made it possible for IFAD to support activities (including the development of project monitoring and evaluation [M&E] systems) that are helping to foster portfolio quality. Though IFAD's achievements in terms of harmonization are relatively modest thus far, the Fund has made significant efforts in this regard, which coupled with the country presence, bodes well for the future.

63. IFAD must, however, take part of the responsibility for the poor performance thus far of the RFSP, even though UNOPS was responsible for supervision until January 2008. It was not conducive to efficiency to abandon the separate programme management structure of the design and fully integrate programme management into the Fund for Economic Rehabilitation (FARE) structure. Supervision missions also regularly noted the failure of FARE to contract external technical assistance to support staff with relatively limited microfinance experience.

64. Taking into account the Fund's cautious and well-aligned approach, its deeper involvement in implementation support, and the relatively poor performance, (notably of the rural finance component thus far), IFAD's overall performance is assessed as moderately satisfactory.

## **B. Performance of Government Agencies and Service Providers**

65. The Government of Mozambique has been a solid partner for IFAD, and has had a very positive role in establishing a good partnership with the Fund, engaging in policy dialogue (albeit at the project level) and responding to portfolio issues in a prompt and effective manner. There has been, however, significant variation between the different government agencies that have served as executing agencies for the projects or as “contracted” implementers of different project components or activities. These projects have also benefited from close cooperation with numerous provincial authorities and district administrations for the implementation of field activities.

66. At the project level, the performance of executing/implementing government agencies has been mixed, both across the various organizations and within a given organization involved in various projects. The overall impression is that performance has been more efficient, when: (i) the implementing ministry has established a PFU with staff dedicated full time to implementation; and (ii) staff turnover in the PFU has been limited and the PFU is managed by a capable person. This is especially the case when the projects attempt to introduce an innovation. However, if the PFU is not integrated with ministerial systems, a capacity vacuum might be left at project closure. In artisanal fisheries, the trade-off between efficiency and ownership/sustainability has been minimized largely because the Institute for the Development of Small-Scale Fisheries has seconded its staff to the PFU, which has contributed to ensuring efficiency, as well as ownership and sustainability.

67. It is noteworthy that the Government has never defaulted on its loan services payments to IFAD, though it has not fully met its counterpart fund obligations, not because of inability or bad will, but rather due to annual ministerial budgeting that failed to foresee and include the allocation of funds required to pay value-added tax and duties on imported IFAD-funded equipment and materials.

68. Project M&E systems have significantly improved over time. While the early NADP never managed to establish a functioning M&E system, the PAMA Support Project and SBAFP have managed to introduce well-functioning M&E systems, based on logical frameworks and clearly defined indicators. Attempts have also been made (in the PAMA Support Project and SBAFP) to move beyond output monitoring and measure impact through baseline and repeat surveys.

69. Numerous government service providers have been engaged and their performance shows significant variation. Three service providers have had the role of “component implementers” with varying results. Overall, the Government’s performance is rated moderately satisfactory.

## **C. Performance of the Cooperating Institutions (CI)**

70. UNOPS has served as CI for all projects evaluated with the notable exception of the ASP/PRONEA (directly supervised by IFAD from start-up). In January 1999, UNOPS took over responsibility as CI for NADP from the World Bank, in full agreement with the Government and the World Bank whose similar project had ended. Performance has been satisfactory on loan administration and fiduciary aspects but, due to budget limitations, there have been insufficient field work and analysis as well as backstopping on technical issues. Generally, response to and resolution of issues between annual missions has been slow. It should also be recognized that, in general, UNOPS has highlighted key problems and that UNOPS alone cannot resolve issues unless IFAD and the Government follow up with a rapid and consequent response.

71. This picture of moderately satisfactory performance applies to all projects, with the exception of NADP. Compared with the Bank, UNOPS tended to adopt a more pragmatic approach, shifting focus from procedures to results. UNOPS was more flexible on project management, speeding up the process of loan disbursement and procurement. However, though UNOPS’ supervision reports were more detailed than the Bank’s, they failed to establish a transparent picture of physical outputs, and the expenditure on each output/subcomponent/component. Guidance should have been provided on

how to report on physical progress and financial expenditure, setting out the actions and responsibilities of the PFU and implementation partners.

72. Overall, the performance of the CIs is rated as moderately satisfactory.

## V. NON-LENDING ACTIVITIES

73. The major part of IFAD’s engagement in policy dialogue, knowledge management, and partnership development is taking place within or has originated in the lending programme. Within the support for agricultural marketing and artisanal fisheries, there have been substantial elements of knowledge management and lesson-learning. The most recent loan for the Rural Markets Promotion Programme (PROMER) allocates US\$6.8 million (of a total programme budget of US\$42.1 million) for management (including knowledge management) and policy/institutional support. Activities taking place outside the narrow context of the individual loan-financed programmes, include: (i) grants that are not designed to directly support the formulation and implementation of the lending programme (refer to section VII); (ii) policy dialogue activities, mainly related to participation in the PROAGRI framework and the One United Nations process; (iii) knowledge management for the purpose of promoting scaling-up and a more coherent country programme; and (iv) partnership development related to strengthening IFAD’s contribution to policy dialogue and innovation and IFAD’s participation in the One United Nations process (Mozambique being one of the pilot countries).

74. Though the overall volume of IFAD’s **non-lending** activities has significantly increased since establishment of country presence in 2003, it remains relatively modest. Nevertheless, the portfolio-related policy dialogue has achieved satisfactory results. Some partnership development has taken place outside the narrow project context, for example, in connection with the One United Nations process. In the case of knowledge management, there has been good progress over time within the individual projects.

## VI. SUMMARY OF CPE RATINGS

75. The following table provides a summary of CPE ratings for the project portfolio in Mozambique across all evaluation criteria.

**Aggregate Evaluation Ratings<sup>a</sup> of IFAD-funded Projects in Mozambique**

| <i>Evaluation Criteria</i>             | <i>Rating<sup>b</sup></i> |
|--|---------------------------|
| Relevance                              | 5                         |
| Effectiveness                          | 4                         |
| Efficiency                             | 4                         |
| Aggregated project performance         | 4.4                       |
| Rural poverty impact                   | 4                         |
| Sustainability                         | 3                         |
| Innovation, replication and scaling up | 4                         |
| Overall project portfolio achievement  | 4                         |
| Performance of IFAD and partners       |                           |
| IFAD                                   | 4                         |
| Government                             | 4                         |
| Cooperating institutions               | 4                         |

<sup>a</sup> The rating scale adopted by OE is the following: 6 = highly satisfactory; 5 = satisfactory; 4 = moderately satisfactory; 3 = moderately unsatisfactory; 2 = unsatisfactory; 1 = highly unsatisfactory.

<sup>b</sup> Ratings considered here are those of seven projects for which substantial documented evaluative evidence is available. The projects rated are: NAFFP, NADP, FSLDP, PAMA Support Project, SBAFP, RFSP, ASP/PRONEA. However, RFSP and ASP/PRONEA have only been rated for “relevance.”

## VII. CONCLUSIONS AND RECOMMENDATIONS

### A. Conclusions

76. Over the past 13 years, the Fund has made an important contribution to agriculture and rural development in Mozambique. The country programme comprises a set of relatively successful development interventions that have covered remote and marginalized areas of the country, where infrastructure and services are limited, access to inputs and markets is uncertain, and institutional capacities are weak.

77. **Strategic alignment.** The CPE notes that the goals and strategies outlined in the 2001 and 2004 COSOPs are broadly aligned with IFAD's corporate policies, with the Government's poverty reduction strategies and with PROAGRI. Mozambique has sustained high rates of growth thanks to prudent economic management and a gradual transition towards a market-based economy. Though agriculture, including fisheries and forestry, is contributing least to GDP and exports, it contributes most to rural employment and livelihoods. Poverty was reduced from 69 per cent in 1997 to 54 per cent in 2003, largely thanks to high growth in agriculture.

78. **Strategic focus on market participation.** The country programme's overriding strategic goal since the mid-1990s has been to improve the market participation of smallholder farmers and artisanal fishers. The strategy has included support for raising the productivity, quality and sustainability of primary production and fisheries; linking smallholder farmers and fishers to markets; and improving their share of end-prices and the value in the chain from production to the final market destination. This has entailed focusing on increasing competition for produce (by promoting rural traders) and empowering farm and fishery households by facilitating development of their groups and associations engaged in marketing and processing. Support for rural financial services that enhance credit access for smallholders and SMEs has been an important part of the programme.

79. **Focus on three pillars.** An important strategic consideration that requires attention is the paradigm shift in the activities supported through the country programme. This is exemplified in the shift from stand-alone self-contained subsector programmes, with an area-based focus in the period 1996-2004, to national programmes. These are specialized in: (i) support services to primary production (PRONEA); (ii) market linkages (PROMER); and (iii) rural finance (RFSP). The COSOP assumes that synergies and complementarities will develop to form a coherent country programme encompassing these three main thematic initiatives. This is based on the assumption that the three areas and support programmes will complement each other, a major challenge given the fact that coordination among public institutions is often problematic.<sup>9</sup>

80. **Increasing inequality.** Recent evidence suggests rising rural inequality and a less positive outlook for the more underprivileged among the rural poor. Past COSOPs maintained that all rural households were poor and that there was no need for a targeting strategy. This claim can no longer be sustained in Mozambique's rapidly evolving context. There is evidence of increasing rural inequality and livelihood threats for the poorer segments in society, as well as for the economically active poor. Furthermore, while the country programme's target areas in the north used to be among the most disadvantaged in the country, major changes have resulted in a new situation where some of the southern provinces now have a higher poverty incidence.

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<sup>9</sup> New measures are being put in place to mitigate this risk. These include: (i) establishment of an enhanced CPMT (including the national directors of the projects' lead agencies), and within the CPMT, a subgroup of programme coordinators, with the task specified in its terms of reference of ensuring coordination among different programmes; (ii) direct supervision by IFAD and cross-use of project teams and expertise in supervision; and (iii) specific mechanisms envisaged in PROMER design for coordination with both RFSP and PRONEA.

81. **Gender and HIV.** The 2004 COSOP specifically highlights the need for gender mainstreaming as well as the integration of HIV/AIDS concerns into the country programme. The CPE concurs with this strategic goal: gender inequalities remain widespread throughout Mozambique, and HIV/AIDS is becoming an ever more serious problem. Efforts in this regard have been fragmented and do not appear to have had any real impact.

82. **Partner institutions.** Generally, the assumptions about the capacity of public- and private-sector partners have been too optimistic, and occasionally a weak or unsuitable partner choice has been made, such as the decision to house the Innovation and Outreach Facility in the Economic Development Support Fund. The CPE also notes that in most cases, private and civil society organizations rather than government agencies are best positioned to develop the capacity of private-sector entities, although they have been rarely considered as important implementing partners. While outsourcing has been applied in the ongoing portfolio, the possibility of delegating the execution and budget of loan-financed components or subcomponents to a private-sector/civil society organization may warrant further consideration.

83. **Innovation.** Though the portfolio provides examples of innovations, its rating is assessed as moderately satisfactory. The innovation promotion process remains unsystematic in the absence of a specific strategy for replication and scaling up. A key finding is that several innovations planned in the design were not implemented, while during implementation important innovations emerged and were scaled up in the process of searching for solutions to practical problems that arose in the field. The ASCAs are a case in point. Though the specific ASCA model was not foreseen at the outset, it has become a widely accepted model for introducing financial services at the grass-roots level throughout Mozambique.

84. In several recent loans, IFAD has integrated implementation responsibilities within government organizations and avoided the establishment of dedicated programme/project units. This has, however, reduced efficiency and the speed of implementation in some cases. In artisanal fisheries, a model has been developed whereby an integrated unit facilitates implementation efficiency as well as the ownership and capacity development of the government partner by seconding staff from the implementing government agency to the unit. Although of a temporary nature, task forces or project units are in many countries considered a normal part of the government machinery. Once the change process has been completed and the innovation accepted and integrated within government, the relevant authority takes over and the unit is dissolved. The programme/project unit model applied in artisanal fisheries provides a positive lesson and inspiration for organizing implementation in the future.

85. **Non-lending activities.** The CPE notes that IFAD's engagement in policy dialogue, partnership development and knowledge management primarily has taken place within the context of the lending programme while less attention and resources have been given to purely non-lending activities. While there have been several successful results with regard to policy dialogue, IFAD's engagement in policy processes at the national level has been limited. In addition, grants are poorly linked with loan-funded projects. Ad hoc mobilization and opportunistic searching for grant resources impair effectiveness and innovation. Regional and global technical assistance grants have made a limited contribution to the effectiveness of the country programme, though some small country grants have been useful. The moderately satisfactory performance of non-lending activities may be partly explained by the limited (human and financial) resources provided by IFAD for this purpose. Moreover, the somewhat cumbersome process of mobilizing and managing grant resources limited the potentially important role grants could play, inter alia, in promoting policy dialogue, knowledge management and the development of pro-poor technologies.

86. **Partnership and harmonization.** Engagement with other development partners is essential in a country like Mozambique where donor coordination is strong. In addition to engaging development partners in the early stages of identification and design of operations, there is a need to continue raising IFAD's profile within the larger donor community where much of the policy dialogue

originates and is increasingly coordinated. The recent overall harmonization indicator trends in Mozambique are, unfortunately, negative. While IFAD has made major efforts to mobilize the support of other development partners for its recent programmes, achievements have been modest. The Fund and the Government, for example, attempted to use the rural finance and marketing programmes to lead a multidonor effort and mobilize additional resources from other partners, but with little success. However, within the PROAGRI framework, IFAD has - thanks to its support for the ASP/PRONEA - become an important partner in harmonization efforts.

87. **Supervision and country presence.** None of the operations (until 2008) were directly supervised by IFAD. Supervision was carried out by CIs, which have been rated as moderately satisfactory by the CPE. While the supervision of fiduciary aspects was generally well performed, the provision of implementation support that might have improved project execution and performance was limited. The establishment of a proxy country presence in 2003 contributed to enhancing IFAD's profile in Mozambique. Though limited in terms of resources and authority, this country presence has allowed for better dialogue with the Government and enabled IFAD to further its commitments in relation to the Paris Declaration on Aid Effectiveness as well as the United Nations "Delivering as One" pilot initiative,<sup>10</sup> for example, through its participation in all United Nations country team meetings.

## B. Recommendations

88. The CPE makes five overarching recommendations:

- (a) **Maintain the current goal and strategic thrusts.** The overriding goal of improving the market participation of smallholders and artisanal fishers as well as the supporting strategies should be maintained. Strategy and programme design should strive to ensure the integration of the three programmatic pillars: (i) increasing surplus production and its value; (ii) developing agribusiness SMEs and smallholders' organizations as well as market linkages; and (iii) enhancing access to finance for smallholders and SMEs. However, considering the coordination difficulties that may arise between public institutions, the CPE recommends that greater efforts be made in the country programme to further engage in non-lending activities, particularly policy dialogue. This should be complemented by efforts to develop appropriate institutional platforms for coordination and integration of the activities foreseen under the three programmatic pillars.

To improve the market participation of smallholders and artisanal fishers, diversification into high-value production should also be maintained. Selection of new intervention areas and new value chains for support should be determined by agroecological potential and market opportunities, rather than by political priorities. Value chains in the livestock sector offer a potential opportunity for smallholders as consumption is rapidly expanding but is currently covered mostly by imports. Other options to explore include small-scale irrigation and water management, as well as aquaculture and inland fisheries.

- (b) **Develop and implement an innovation agenda adapted to realities in the field.** An agenda for innovation should be developed, identifying priority areas for innovation, replication and scaling up. Dedicated resources and efforts are needed in policy dialogue, knowledge management and building partnerships, all essential for the replication and scaling up of innovations. With regard to the latter, the next COSOP must specifically outline a strategy for scaling up; this is the ultimate test of IFAD's capacity to promote pro-poor innovations. Areas in which innovation should be pursued include continued efforts in ensuring that policy initiatives are adopted as national legislation, developing new rural financial services and products, supporting grass-roots organizations and

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<sup>10</sup> Note that this terminology replaces the earlier "One United Nations" initiative that the reader may be more familiar with.

pioneering strategic partnerships with private-sector organizations active in fields relevant to the country programme.

A key CPE finding is that several innovations planned at the design stage have been abandoned while important innovations have emerged and were then scaled up during implementation in the process of searching for solutions to problems encountered in the field. Without a project/programme unit or dedicated equivalent task force these “search and find processes” are unlikely to occur. Efforts should therefore be made to maintain the units and promote these as “temporary change process tools” that are owned by the implementing government partners, with the ultimate goal of integrating changes and innovations into government structures and programmes.

- (c) **Develop a targeting strategy.** IFAD and the Government should develop a more articulated targeting strategy in the context of the next COSOP. Considering IFAD’s mandate and limited resources, a key priority should be interventions that directly support more disadvantaged areas and provinces rather than interventions that only support general capacity development of central institutions. However, in certain cases, it may still be relevant for IFAD to join other development partners in supporting the development of national frameworks.

In those instances where it may be decided to support projects not specifically tied into national programmes, or direct resources to specific areas in the country, IFAD and the Government should examine whether the current geographic concentration on provinces in the north continues to be relevant, especially in light of emerging data indicating that poverty is increasing in severity throughout the south. While these latter provinces generally benefit from better services and relatively easy access to the market of Maputo metropolis, economic development in these provinces is hampered by a significant series of constraints. Support for the south would also require a carefully designed gender strategy as women constitute a large majority of the population. Generally, there is a need to make strategies for gender equality and HIV/AIDS more operational.

- (d) **Engage private and civil society organizations as component implementers.** The country strategy and portfolio in Mozambique is private-sector-based. Within marketing and financial services, private and civil society organizations are often better positioned than government organizations to deliver the required services. While private and civil society organizations have been engaged as contracted service providers for specific tasks or as clients, IFAD and the Government should, in the future, explore options for gradually assigning implementation responsibility for programme components to private and civil society organizations.
- (e) **Adjustments to IFAD’s operating model.** The development effectiveness of the IFAD-Government cooperation would be further enhanced by adjustments to IFAD’s operating model, based on a thorough needs assessment. This could include the establishment of a permanent and well-resourced country presence in Mozambique (consideration may also be given to outposting the country programme manager from Rome as one of several options), which would be a useful element in strengthening direct supervision and implementation support, expanding policy dialogue, helping to improve donor coordination and developing in-country partnerships.



**Republica de Moçambique**  
**Avaliação do Programa para o País**

**Resumo Esecutivo**

**I. INTRODUÇÃO**

**A. Assistência do FIDA a Moçambique**

1. Desde o início das suas operações em Moçambique, em 1982, o Fundo Internacional de Desenvolvimento Agrícola (FIDA) aprovou 10 empréstimos, no montante total de 175 milhões de USD, o que corresponde a 1,7% do montante total dos empréstimos concedidos pelo FIDA a nível mundial e 9% dos empréstimos concedidos à região da África Oriental e Austral.

2. O custo total da carteira de projectos em Moçambique ascende a 286,7 milhões de USD. 49 milhões de USD foram disponibilizados pelos co-financiadores, que incluem o Banco Africano de Desenvolvimento (BAD), a Noruega (NORAD) e o Fundo OPEC. Todos os empréstimos foram concedidos em condições muito favoráveis.<sup>1</sup> No âmbito da iniciativa de redução da dívida dos países pobres altamente endividados (PPAE), o FIDA concedeu apoio no montante de 16,6 milhões de USD (em termos nominais), sob a forma de ajudas não reembolsáveis.

**B. Objectivos, metodologia e processo de avaliação**

3. A avaliação do programa para o país (APP) tinha dois objectivos: i) avaliar os resultados e o impacto das operações do FIDA (incluindo as actividades que não implicam créditos<sup>2</sup>) em Moçambique; ii) obter elementos para a preparação do novo Programa de Oportunidades Estratégicas para o País (COSOP) a elaborar pela Divisão Regional para a África Oriental e Austral do FIDA e pelo Governo de Moçambique, após a realização da APP.

4. Para atingir estes objectivos, a APP analisou três questões principais: i) qualidade da estratégia do país em termos das principais orientações definidas em termos de redução da pobreza rural, de selecção das zonas geográficas, de prioridades subsectoriais e de escolha dos parceiros; ii) execução da estratégia para o país, através de uma combinação de projectos e de actividades que não implicam créditos; iii) resultados e impacto da estratégia e das operações do FIDA.

5. A presente APP é a primeira que é efectuada pelo Serviço de Avaliação do FIDA em Moçambique. Inclui uma avaliação de sete projectos financiados pelo FIDA no país, aprovados desde 1993 pelo Conselho de Administração. Três dos sete projectos abrangidos foram encerrados, ao passo que os outros quatro se encontram em diferentes fases de execução.

6. De acordo com a sua prática corrente de realização de APP, o Serviço de Avaliação aplicou critérios de avaliação reconhecidos a nível internacional para avaliar o desempenho e o impacto da carteira de projectos. Esses critérios incluem a avaliação da relevância, eficácia, eficiência, impacto na pobreza rural e sustentabilidade dos projectos.

7. No início da APP, a Divisão Regional para a África Oriental e Austral do FIDA efectuou uma auto-avaliação do programa para o país de Moçambique que lhe disponibilizou o Serviço de

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<sup>1</sup> O IFAD concede empréstimos em condições muito favoráveis, intermédias ou normais. Para uma explicação mais detalhada das taxas de juro, ver Anexo 11.

<sup>2</sup> Gestão do conhecimento, estabelecimento de parcerias e diálogo político.

Avaliação perspectivas sobre todas as entidades que participaram na concepção da estratégia para o país e na concepção e execução dos projectos. Dois dos três projectos encerrados abrangidos pela APP tinham sido já avaliados separadamente pelo Serviço de Avaliação e essas avaliações forneceram informações muito úteis, que foram utilizadas na presente APP.<sup>3</sup>

8. A principal missão de avaliação no terreno realizou-se em Setembro e Outubro de 2008, durante quatro semanas. A missão visitou as províncias de Cabo Delgado, Gaza, Maputo, Nampula, Niassa e Zambezia, entrevistando executantes dos projectos e prestadores de serviços e trocando impressões com os beneficiários individuais, os grupos que participaram em actividades relacionadas com o desenvolvimento das ligações de mercado, a pesca artesanal, as finanças rurais e a extensão rural no domínio da agricultura/pecuária. Foram também debatidas as questões relevantes com responsáveis governamentais, em Maputo e aos níveis provincial e local. Os comentários e contributos da Divisão Regional para a África Oriental e Austral e do Governo foram tidos devidamente em consideração pelo Serviço de Avaliação no âmbito da elaboração do seu relatório de avaliação. A avaliação beneficiou também de um processo abrangente de revisão interna pelos pares, no âmbito do Serviço de Avaliação.<sup>4</sup>

### C. Economia e pobreza

9. Moçambique é um país subtropical, com uma superfície de 799 380 km<sup>2</sup>. Entre 1992 e 2003, o crescimento médio anual do PIB agrícola ascendeu a 6,2%, um nível muito superior ao da maioria dos países africanos. Porém, a produção agrícola, que é muito dependente das chuvas, está sujeita a flutuações anuais significativas, devido às secas e às cheias. As secas, em 1994, e as cheias, em 2000, causaram reduções significativas da produção. No período de 2005-2007, as taxas anuais de crescimento do PIB em termos reais situaram-se a níveis compreendidos entre 7,3% e 8,8% e a maioria das projecções sugerem que a economia continuará a crescer a taxas anuais de 5%, no futuro próximo.

10. A incidência do VIH/SIDA está a aumentar a um ritmo alarmante e em 2004 atingia 16% do grupo dos adultos jovens (escalão dos 15 aos 49 anos). Estima-se que até 2010 terão sido infectados 2 milhões de pessoas, reduzindo a esperança de vida para 37 anos, em comparação com 50 anos, sem a sida.

11. Cerca de 65% da população moçambicana e 80% da população pobre reside em zonas rurais. Entre 1997 e 2003, a incidência da pobreza a nível nacional desceu de 69,4% para 54,1% e o “poverty gap” (diferença entre o rendimento médio nacional e o rendimento médio da população que vive abaixo da linha de pobreza) reduziu-se de 29,2 % para 19,9 %, o que significa que até os membros da população que continuaram a ser pobres aumentaram o seu consumo.<sup>5</sup> A pobreza nas zonas rurais reduziu-se em 16 pontos percentuais, de 71,6 % para 55,2%, ao passo que a incidência da pobreza urbana desceu 12 pontos percentuais, de 63,9% para 51,6%. Entre os agricultores, a incidência da pobreza desceu de 72,6% para 58,2%.

12. A agricultura (produção agrícola, pecuária, silvicultura, pescas) é o sector responsável pela percentagem mais baixa do Produto Interno Bruto (PIB) (23%), o que é invulgar num país de baixo rendimento. O sector dos serviços é o que mais contribui para o PIB (47%), seguido pela indústria (30%). A contribuição significativa da indústria para o PIB global deve-se a um pequeno número de grandes investimentos nos sectores mineiro e da energia, bem como na produção de alumínio, e

<sup>3</sup> Projecto de Pesca Artesanal de Nampula e Projecto de Desenvolvimento Agrícola do Niassa.

<sup>4</sup> O Director do Serviço de Avaliação e quatro avaliadores reviram e comentaram os principais resultados da avaliação, incluindo o projecto de relatório final.

<sup>5</sup> Tal como é definida a pobreza no PARPA I: "Incapacidade dos indivíduos de assegurar para si e os seus dependentes um conjunto de condições mínimas para a sua subsistência e bem-estar, segundo as normas da sociedade".

explica a classificação de Moçambique como país em transição de uma economia baseada na agricultura para uma economia baseada no sector transformador, tal como consta do Relatório de Desenvolvimento Mundial de 2008 do Banco Mundial sobre a agricultura. Apesar de a contribuição da agricultura ser relativamente modesta, trabalha no sector cerca de 80% da população, o que indica que a produtividade agrícola é muito baixa, em comparação com a produtividade noutros sectores.

13. A despesa pública média anual de Moçambique com o desenvolvimento da agricultura foi estimada em 3,5% em 2007 e em 7,5% em 2008, ou seja, inferior ao objectivo de 10% aprovado pelos Ministros da Agricultura africanos na conferência de Maputo da União Africana, em 2003. Os compromissos anuais da Ajuda Pública ao Desenvolvimento (APD) a Moçambique foram em média de 900 milhões de USD na década de 1990 e a partir de 2004 atingiram em média 1,3 mil milhões de USD, cerca de um terço dos quais foram disponibilizados a nível multilateral. No período de 1996-2006, só 5,6% da APD foi dedicada à agricultura, silvicultura e pescas. Porém, uma parte importante do Apoio Orçamental Geral (AOG) está também a ser dedicado à agricultura e ao desenvolvimento rural, através do sistema nacional de repartição das dotações orçamentais. O desembolso médio do FIDA entre 1995 e 2007 foi de cerca de 5,8 milhões de USD, o equivalente a 6,6% da APD dedicada à agricultura e ao desenvolvimento rural.

## II. QALIDADE DA ESTRATÉGIA DO FIDA

14. O principal objectivo estratégico do FIDA em Moçambique tem sido a comercialização da produção agrícola dos pequenos agricultores, colocando a tónica na produção e comercialização de culturas comerciais e pescado de elevado valor comercial. O ponto de partida da estratégia consiste em reconhecer que a insistência na produção agrícola alimentar não terá grande impacto em termos de redução da pobreza rural. Pelo contrário, o aumento do rendimento da população rural e um crescimento económico assente numa base alargada dependerão da capacidade de participação dos pequenos produtores agrícolas num mercado complexo, em expansão rápida.

15. Na APP foi avaliada a estratégia para o país, baseada no COSOP de 2000 (e na Adenda de 2001) e no de 2004. Os dois COSOP propunham-se atingir os objectivos da estratégia através do desenvolvimento da ligação ao mercado da produção agrícola e não agrícola. No COSOP de 2004 a estratégia para o país de Moçambique foi aperfeiçoada, atribuindo a prioridade aos pequenos agricultores através do “desenvolvimento dos produtos mais promissores, com base nas vantagens comparativas locais e no acesso aos mercados, internos e internacionais”. Outros elementos introduzidos podem ser considerados como estando incluídos no apoio a este objectivo estratégico global, por exemplo, a prioridade atribuída ao reforço das capacidades da população rural pobre e das suas organizações, ao apoio à descentralização e à melhoria do acesso aos serviços financeiros.

16. Neste contexto, a carteira de projectos financiados pelo FIDA tem-se centrado desde 2000 nas seguintes cinco grandes áreas temáticas: i) produção primária e pesca; ii) comercialização e ligações ao mercado, incluindo estradas rurais; iii) finanças rurais; iv) infra-estruturas sociais; v) instituições e políticas.

17. Em termos geográficos, as actividades financiadas pelo FIDA concentram-se desde meados da década de 1990 nas províncias situadas a norte do rio Zambeze. As principais zonas de apoio incluem distritos seleccionados da província de Niassa (Projecto de Desenvolvimento Agrário do Niassa [PDAN] e Programa de Apoio aos Mercados Agrícolas [PAMA]) e Cabo Delgado e as zonas costeiras de Nampula (Projecto de Pesca Artesanal no Norte de Nampula [PPANNCD]) e Zambezia e Sofala (Projecto de Pesca Artesanal no Banco de Sofala [PPABAS]). Foi também prestado algum apoio à província de Maputo (PAMA), ao passo que no âmbito do Programa de Apoio ao Desenvolvimento da Pecuária Familiar (FSLDP) foi prestado apoio mais intensivo em Gaza, Manica, Tete e Nampula. Se bem que estas zonas se caracterizem tradicionalmente por uma elevada prevalência da pobreza rural, a APP põe em causa a relevância de uma concentração geográfica exclusiva nas províncias do Norte, à luz dos novos dados que indicam que a pobreza rural se está a agravar em todo o Sul.

18. O FIDA está a pôr em prática actualmente um processo de alteração do paradigma dos programas que apoia, evoluindo de projectos e programas subsectoriais independentes e estanques, em zonas geográficas específicas, para iniciativas temáticas nacionais, especializadas nos seguintes domínios: i) serviços de apoio à produção primária; ii) ligações de mercado; iii) finanças rurais. Esta opção baseia-se no pressuposto de que estes três domínios e os programas de apoio serão complementares. Embora o novo paradigma possa contribuir para que o programa para o país seja futuramente mais coerente, conclui-se na APP que será prudente aplicar gradualmente esta nova abordagem. Os projectos independentes e estanques executados a nível das bases continuam a ter algumas vantagens, pois proporcionam mais oportunidades de produzir um impacto directo na população pobre das regiões rurais, através de uma selecção mais criteriosa dos beneficiários, de menos demora entre a aprovação do projecto pelo Conselho de Administração e da obtenção de resultados eficazes, e são com frequência mais eficientes, pois o FIDA pode participar na selecção dos organismos responsáveis pela execução e das modalidades de parceria com o Governo.

19. De um modo geral, concluiu-se na avaliação que o FIDA tem prosseguido objectivos estratégicos relevantes e efectuado opções estratégicas correctas, que nas suas grandes linhas estão em conformidade com o mandato global e as principais políticas do Fundo. A lógica da estratégia para o país de Moçambique é satisfatória, respeitando a hierarquia entre a estratégia e o objectivo global (aumentar o rendimento das famílias através da comercialização), os objectivos específicos e respectivas estratégias de apoio (capacitação, serviços financeiros, descentralização) e os subsectores e áreas temáticas relacionadas que foram seleccionados para apoio.

20. Outra das conclusões da APP foi que as principais opções estratégicas da estratégia para o país eram conformes com as necessidades da população rural pobre do país. Porém, o alinhamento com o quadro político nacional em evolução é mais discutível. O problema com que se confrontam actualmente o FIDA e outros parceiros de desenvolvimento de Moçambique que pretendem alinhar o seu apoio ao sector agrícola com o quadro nacional é que as prioridades e opções políticas nacionais se modificaram em relativamente pouco tempo. Por consequência, as opções estratégicas definidas nos COSOP por vezes parecem divergir das prioridades actuais do Governo de Moçambique, que se centram crescentemente na promoção da auto-suficiência da produção alimentar.

21. Nomeadamente, as opções estratégicas do FIDA para o país, por exemplo, estavam bem alinhadas com as prioridades das duas estratégias de redução da pobreza, o Plano de Redução da Pobreza Absoluta (PARPA I e PARPA II) e o PROAGRI (Programa Nacional de Desenvolvimento Agrícola). Porém, o quadro político actual parece ser determinado pelas políticas do Plano de Acção para a Produção de Alimentos (PAPA) 2008-2011. O PAPA, que constitui uma resposta à crise alimentar internacional actual, centra-se exclusivamente na produção de culturas alimentares de base e de oleaginosas, bem como na criação de aves e na pesca, atribuindo ao Estado funções de participação activa nos sectores da transformação e da comercialização, que incluem intervenções de promoção da auto-suficiência alimentar e da estabilidade dos mercados.

22. A APP revelou a importância da concentração no aumento do rendimento das famílias através da comercialização, atendendo a que: i) a subsistência das famílias rurais muito pobres depende frequentemente de outros tipos de produção agrícola além das culturas alimentares tradicionais, por exemplo, criação de gado bovino e de pequenos ruminantes e culturas como o amendoim, o tabaco, o sésamo e o algodão; ii) a análise recente da pobreza demonstra que as famílias têm mais probabilidades de sair da pobreza quando se dedicam à produção de culturas comerciais, à pecuária e a actividades não agrícolas geradoras de receitas; iii) os objectivos de auto-suficiência alimentar podem obstar a que Moçambique usufrua dos benefícios potenciais das vantagens comparativas e da especialização, que parecem ser significativos, atendendo à enorme diversidade em termos de potencialidades agrícolas, densidade demográfica e acesso ao mercado que caracteriza o país.

23. Porém, não era articulada no COSOP uma estratégia coerente de selecção dos beneficiários do apoio, em termos geográficos ou socioeconómicos. Os resultados dos estudos mais recentes sobre a pobreza não parecem corroborar a premissa do COSOP de que todas as famílias rurais são pobres e de

que, portanto, o objectivo do “aumento do rendimento da população rural pobre” se aplica a todas essas famílias.

24. A integração da dimensão de género e o VIH/SIDA foram introduzidos relativamente tarde como opções estratégicas gerais (o VIH/SIDA na Adenda de 2001 e o género no COSOP de 2004). E embora tenham sido introduzidas essas prioridades, não foram ainda elaborados planos de acção sobre como as operacionalizar e no contexto da carteira de projectos em curso foram tomadas medidas muito limitadas de promoção de actividades/questões relacionadas com a integração da dimensão de género e a prevenção do VIH/SIDA.

25. Concluiu-se na avaliação que a eficácia do ponto de vista da realização dos objectivos do COSOP era moderadamente satisfatória. A nível nacional e nas zonas apoiadas pelo FIDA, a participação dos pequenos agricultores nos mercados melhorou e a sua capacidade de acesso ao mercado foi reforçada através de uma participação crescente em associações ou grupos. O apoio é prestado de uma forma cada vez mais descentralizada e é gerido com a participação dos beneficiários. A cobertura dos serviços financeiros nas zonas rurais aumentou também. Porém, apesar destas tendências positivas, está-se ainda muito longe de atingir os objectivos do aumento do rendimento da população rural pobre através do crescimento da produção agrícola comercializável e da produção de culturas comerciais e de pescado de elevado valor comercial.

26. A assistência técnica prestada a nível regional e global contribuiu apenas de forma marginal para a eficácia do programa para o país. Os COSOP não especificavam como é que esses instrumentos, combinados com outras medidas, deveriam apoiar as actividades financiadas pelos empréstimos do FIDA, a fim de garantir a coerência do programa para o país.

27. A promoção da inovação não era uma das principais características dos COSOP. O processo de promoção da inovação continua a ser pouco sistemático, na ausência de uma estratégia específica de replicação e expansão. Uma constatação importante foi a de que várias inovações previstas na concepção dos programas não foram postas em prática, se bem que no decurso da execução tenham surgido inovações importantes que foram ampliadas pela equipa de projecto, num processo de busca de soluções para os problemas práticos que se colocavam no terreno.

28. A concepção de um programa para o país coerente pode exigir mais recursos e mais capacidade por parte da Equipa de Gestão do Programa para o País de Moçambique. Os recursos orçamentais anuais consagrados à gestão e execução do programa para o país aumentaram para perto do dobro desde 2003, data em que foi criada em Maputo uma representação do FIDA em Moçambique, por procuração. Porém, a partir dessa data o volume de trabalho aumentou substancialmente, com a participação nos quadros sectoriais e no processo “One-UN”, bem como com a supervisão directa e o apoio à execução.

29. Devem ser concebidas novas formas de planeamento dos empréstimos, dos recursos concedidos sob a forma de subvenções e das actividades que não implicam créditos. O FIDA não tem de se limitar obrigatoriamente às áreas de apoio actuais (serviços de apoio aos agricultores e aos pescadores artesanais, ligações de mercado e finanças rurais).

### **III. DESEMPENHO DOS PROJECTOS APOIADOS PELO FIDA EM MOÇAMBIQUE**

30. Tal como foi referido mais atrás, no ponto 5, é incluída na APP uma avaliação de sete dos dez projectos financiados.

31. A supervisão de seis projectos foi confiada ao Gabinete das Nações Unidas de Serviços para Projectos (UNOPS) e a de um projecto à Associação Internacional de Desenvolvimento do Banco Mundial. Porém, a partir de 2007 o FIDA começou a assumir a responsabilidade pela supervisão directa e pelo apoio à execução de um projecto, o Programa de Apoio à Agricultura/Programa

Nacional de Extensão Agrária (PAA/PRONEA) e a partir de Janeiro de 2009 toda a carteira de projectos de Moçambique passou a ser supervisionada directamente pelo Fundo.

32. Além das operações financiadas por empréstimos, Moçambique beneficiou também de três tipos de subvenções: i) subvenções ao País no montante de 316 000 USD, que são pequenas subvenções de financiamento de assistência técnica, geridas pela Equipa de Gestão do Programa para o País e que, portanto, em princípio, são planeadas e executadas com o objectivo de aumentar a eficácia do programa para o país; ii) subvenções de assistência técnica a nível regional/global no montante de cerca de 3,2 milhões de USD, que abrangem Moçambique, entre outros países, e que são frequentemente executadas pelas instituições do Grupo Consultivo de Pesquisa Agrícola Internacional (CGIAR); iii) subvenções no montante de 15,2 milhões de USD de apoio a componentes dos programas de crédito individuais, disponibilizadas por outros parceiros de desenvolvimento. Na presente APP foram avaliadas duas subvenções a projectos de investigação regionais.<sup>6</sup>

### A. Relevância

33. Os objectivos da carteira de projectos são extremamente relevantes em termos das necessidades da população rural pobre e das políticas do Governo de Moçambique e do FIDA. Porém, no âmbito do planeamento dos projectos, principalmente dos mais antigos, foram definidos objectivos e estratégias irrealistas/excessivamente optimistas, nomeadamente atendendo à situação difícil que se seguiu ao fim da “guerra dos dezasseis anos”, em 1992. Essa abordagem repercutiu-se na execução, em que algumas das estratégias e intervenções dos projectos tiveram de ser abandonadas ou substancialmente revistas.<sup>7</sup> Se bem que esta evolução possa ser interpretada como uma indicação positiva da flexibilidade do FIDA, pode também ser considerada como uma indicação de que os processos de concepção dos projectos não foram suficientemente participativos para que o projecto pudesse ser bem compreendido e objecto de uma apropriação plena por parte de todos os parceiros e partes interessadas.

34. Nos projectos mais recentes foram aplicados processos de concepção participativa, além do que esses projectos foram também alinhados com os programas e estratégias de investimento do Governo, nomeadamente o PROAGRI e o PRONEA. A forma como este processo foi posto em prática na concepção do apoio às pescas artesanais pode ser considerada exemplar. O FIDA entrou no sector da pesca artesanal em 1994, com um pequeno empréstimo (6 milhões de USD) a um projecto-piloto (PPANNCD, Projecto de Pesca Artesanal no Norte de Nampula e Cabo Delgado), que proporcionou ensinamentos, através de uma avaliação independente efectuada pelo Serviço de Avaliação, e com base no qual o Governo de Moçambique e o FIDA conceberam um projecto de seguimento muito mais importante (PPABAS, Projecto de Pesca Artesanal no Banco de Sofala), utilizando um processo interno de concepção participativa, em vez de encomendarem a concepção do projecto a uma equipa de consultores externos do FIDA. Por consequência, a apropriação do PPABAS foi muito mais forte.

35. A relevância global da carteira de projectos foi considerada satisfatória, pois a concepção dos projectos e programas, nomeadamente das actividades específicas de apoio à comercialização, às ligações de mercado, à pesca artesanal, às finanças rurais e às infra-estruturas sociais, foram extremamente relevantes do ponto de vista das necessidades das populações rurais pobres. As questões no contexto da relevância que foram identificadas na APP tendiam a estar relacionadas com concepções muito ambiciosas, incompatíveis com as condições no terreno, ou eram questões

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<sup>6</sup> As duas subvenções avaliadas no contexto da avaliação foram as seguintes: (i) Redução da pobreza rural através da melhoria da produção de arroz na África Oriental e Austral (1,5 milhões de USD, executada pelo Instituto Internacional de Investigação do Arroz); (ii) Expansão do programa de formação de agricultores no terreno na África Oriental e Austral (1,3 milhões de USD, co-financiada e executada pela FAO).

<sup>7</sup> Por exemplo, várias intervenções programadas no âmbito do PDAN foram abandonadas, entre elas as seguintes: criação de guias de extensão de aldeia (*Village Extension Guides, VEG*), de associações de poupança e crédito, de Fundos Distritais de Desenvolvimento e reabilitação de 115 lojas de aldeia.

relacionadas com a sustentabilidade de algumas actividades dos programas. Uma questão que suscita algumas preocupações é a da evolução geral da carteira: o FIDA, que se impôs como um agente importante de desenvolvimento da pesca artesanal, está a evoluir no sentido de uma abordagem mais global, que abrange as finanças rurais, a agricultura, o desenvolvimento da cadeia de valor e o apoio institucional. Atendendo a que os recursos disponíveis são limitados, é possível que o FIDA se esteja talvez a dispersar excessivamente.

## **B. Eficácia**

36. Os resultados das intervenções de apoio a diferentes áreas (finanças rurais, estradas, etc.) em termos de realização dos respectivos objectivos foram muito variáveis. O apoio do FIDA ao melhoramento dos serviços de apoio aos agricultores de um modo geral teve dificuldade em atingir os seus objectivos, dado que o sistema público nacional de extensão rural criado recentemente tem capacidades institucionais limitadas. O apoio do Fundo à pesca artesanal facilitou a introdução de serviços de apoio que eram quase inexistentes antes do PPANNCD/PPABAS. Perante as ameaças aos recursos pesqueiros, foram criados comités de co-gestão (Governo/pescadores artesanais) que, combinados com novas informações mais fiáveis sobre as unidades populacionais de peixes, deverão estar na base de uma utilização mais sustentável dos recursos. Quatro projectos (PDAN, PPANNCD, PAMA e PPABAS), contribuíram para um alargamento generalizado da cobertura e para a melhoria da qualidade da rede de estradas rurais, a nível nacional. O apoio a estradas de acesso distritais e locais atingiu ou ultrapassou os objectivos da concepção dos projectos e prestou um contributo significativo para melhorar o acesso aos mercados e aos serviços, o que contribuiu por sua vez para o desenvolvimento dos serviços de transportes e, nalguns casos, para reduções significativas (até um máximo de 50%) dos custos dos transportes.

37. O PDAN fez uma primeira tentativa de desenvolvimento do comércio rural de produtos e factores de produção agrícolas, mas não atingiu os seus objectivos, principalmente devido ao mau desempenho do prestador de serviços contratado. O grau de eficácia das várias intervenções de apoio aos serviços financeiros rurais foi variável, em parte devido à escolha dos parceiros de execução. A eficácia de dois projectos (PPANNCD e PPABAS) no que se referia à criação e promoção de serviços de poupança e de crédito em comunidades rurais pobres, através das Associações de Poupança e Crédito (ASCA) (que estão agora muito divulgadas em todo o país) foi considerada muito satisfatória. Por outro lado, concluiu-se na APP que o Programa de Apoio às Finanças Rurais actualmente em curso de execução não estava a atingir os seus objectivos, em parte devido aos progressos lentos em matéria de criação dos mecanismos de concessão de crédito aos intermediários financeiros. No que a este ponto se refere, à data de realização da APP só tinha sido iniciado um pequeno número de actividades em termos da componente de apoio institucional. A começar pelo Programa de Desenvolvimento da Pecuária Familiar, em 1996, todos os projectos tinham uma componente política/institucional. Por exemplo, o PPANNCD e o PPABAS foram determinantes para introduzir na legislação a zona de restrição de 3 milhas reservada à pesca artesanal, o acompanhamento e o controlo da pesca de arrasto industrial e a co-gestão da pesca costeira. Foram também realizados progressos significativos no domínio da criação de comités de co-gestão (Governo e pescadores), conselhos de pesca comunitários e associações de pescadores.

38. Além das variações em termos de realização dos objectivos, há também outras diferenças de eficácia ao longo do tempo e entre os projectos. De um modo geral, a partir de 1992 registou-se uma melhoria global da capacidade do Governo e dos prestadores de serviços privados que pode explicar em parte as diferenças entre períodos mais antigos e mais recentes. Há também variações entre as intervenções executadas no mesmo período, que podem ser atribuídas às seguintes causas: i) diferenças de capacidade dos prestadores de serviços; ii) diferenças das disposições de gestão da execução; iii) diferenças de capacidade e de desempenho dos principais responsáveis pela execução.

39. Embora tenham sido obtidos bons resultados em termos de acesso das populações rurais aos mercados, as instituições a nível das bases criadas ao abrigo dos programas financiados pelo FIDA continuam a ser fracas e as suas perspectivas de sustentabilidade são limitadas. Em termos de finanças

rurais, a pouca eficácia da Facilidade de Inovação e Expansão (FIE) e a escolha de parceiros institucionais com capacidade insuficiente como o Fundo de Apoio à Reabilitação da Economia (FARE), no âmbito do Programa de Apoio às Finanças Rurais (PAFR), teve efeitos negativos. Contudo, esses efeitos foram compensados pelos progressos alcançados em termos de apoio à disponibilização de crédito e à promoção da poupança nas zonas rurais, através das ASCA, no âmbito do PPANNCD e do PPABAS. O apoio prestado às escolas primárias e aos postos de saúde, bem como aos pontos de água, que facultam um acesso fácil a água potável segura, de um modo geral foi eficaz, atingindo os objectivos socioeconómicos e as metas estipuladas. De um modo geral, a eficácia da carteira de projectos avaliada foi moderadamente satisfatória, devido a variações significativas do desempenho.

### C. Eficiência

40. Foram constatadas na APP variações significativas entre os prestadores de serviços contratados e entre as disposições de execução. A eficiência aumentou com o tempo e geralmente foi superior quando a execução era gerida por uma unidade de facilitação do programa que se dedicava a tempo inteiro a essa actividade. Por exemplo, o PPABAS e o PAMA foram os programas que tiveram o melhor desempenho em termos de realização atempada de objectivos quantitativos, em parte devido ao facto de serem geridos por unidades de facilitação do programa especializadas e, no caso do PAMA, por uma empresa de consultoria. Porém, os benefícios potenciais de unidades de facilitação de programa especializadas são contrabalançados pelo facto de que essa forma de gestão nem sempre contribui para o reforço da apropriação dos programas a nível nacional e para o desenvolvimento da capacidade das instituições parceiras.

41. Foram igualmente constatadas diferenças de eficiência entre as áreas temáticas apoiadas pelo FIDA. Estas diferenças podem também explicar-se em parte pelo desempenho variável dos prestadores de serviços; na avaliação do PDAN observou-se que o desempenho das actividades que se inserem no mandato fundamental das instituições públicas tende a ser melhor do que o das actividades marginais em relação a esses mandatos institucionais, por exemplo, as do domínio do sector privado.

42. A eficiência do PAFR nos três primeiros anos de execução do programa foi insatisfatória, devido a grandes atrasos na execução e a despesas excessivas em administração - cerca de 50% do orçamento operacional total foi despendido nos três primeiros anos de funcionamento do programa. As alegações de práticas comerciais pouco éticas no contexto do PAFR transmitidas à missão de avaliação foram comunicadas imediatamente ao Serviço de Auditoria e Supervisão e à Divisão Regional para a África Oriental e Austral do FIDA.

43. De um modo geral, o apoio às escolas primárias, aos postos de saúde e aos pontos de água atingiu os objectivos estabelecidos e foi executado com custos unitários e com uma qualidade comparável à que é exigida pelas normas nacionais, se bem que tenham surgido ocasionalmente alguns problemas relacionados com a qualidade das estruturas e dos serviços prestados. As obras de construção e reabilitação de estradas foram geralmente executadas de acordo com as normas e com os custos nacionais, à excepção da reabilitação de uma estrada principal em Niassa, co-financiada pelo Fundo da OPEC no âmbito do PDAN.

44. O prazo médio decorrido entre a aprovação do empréstimo e a aplicação efectiva do empréstimo tem variado entre 6 meses (PDAN) e cerca de 20 meses (PAMA, PAFR).<sup>8</sup> À excepção do caso do PPABAS, esse prazo tem aumentado na nova geração de projectos, pois o FIDA está a optar por apoiar programas sectoriais, juntamente com outros doadores, o que implica uma maior complexidade de concepção e prazos de arranque mais longos. As prorrogações dos prazos de execução dos projectos (1-2 anos) são agora habituais e os prazos de execução efectivos (desde o arranque até ao

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<sup>8</sup> Actualmente o prazo médio que decorre entre a aprovação e a aplicação efectiva do empréstimo tem sido de 11,8 meses, na Divisão para a África Oriental e Austral.

encerramento) têm variado entre oito e onze anos (no caso do PDAN, mais de onze anos), com os aumentos consequentes dos custos de gestão. Em suma, de um modo geral a eficiência da carteira de projectos é considerada moderadamente satisfatória.

#### **D. Impacto na pobreza rural**

45. Os projectos reforçavam a base de **activos físicos** dos beneficiários, tanto a nível dos activos individuais como ao dos activos comunitários prioritários. Constatou-se na APP que se tinha registado um impacto positivo no rendimento e nos activos das famílias, que foram beneficiadas por intervenções dos projectos como os grupos de poupança e crédito, as estradas de acesso aos mercados e a introdução de métodos melhorados de transformação e comercialização do pescado. De um modo geral, o impacto no rendimento e nos activos das famílias foi considerado “satisfatório” no caso dos projectos nos sectores da pesca e da comercialização, tendo sido avaliado como “moderadamente insatisfatório” no caso das intervenções no sector da agricultura. Os contributos directos mais significativos para o aumento do rendimento e dos activos das famílias foram obtidos através do apoio à pesca artesanal, da melhoria das ligações de mercado para os agricultores (PAMA), da criação de instituições financeiras a nível das bases (ASCA, no âmbito do PPANNCD e do PPABAS) e da prestação de serviços financeiros/de desenvolvimento às PME (PAMA/FAMA).

46. **Os activos humanos** foram reforçados principalmente através das competências de literacia e da capacitação das mulheres. Em Cabo Delgado e no Niassa, participaram nos cursos de alfabetização apoiados pela PAMA 14 000 pessoas e 41% dos participantes eram mulheres. É também digno de nota o facto de que, nas comunidades de pescadores, a participação feminina foi significativamente mais elevada nos grupos de poupança e crédito do que nas outras actividades. Por outro lado, se bem que o PPABAS tenha facilitado a participação das mulheres nalgumas actividades de transformação e comercialização de pescado, uma vez que era um projecto no sector da pesca não prestou apoio às actividades agrícolas das mulheres, que constituem uma componente importante dos meios de subsistência das famílias de pescadores artesanais.

47. O desenvolvimento do **capital social e da capacitação** produziu resultados variáveis. Os contributos mais significativos foram obtidos através do apoio aos grupos de poupança e crédito, às associações de utilizadores que geriam os pontos de água e as infra-estruturas sociais e aos cursos de alfabetização. Os grupos/associações de comercialização apoiados no contexto do PPABAS e do PAMA estão a produzir impactos positivos do ponto de vista do desenvolvimento do capital social e da capacitação, mas serão necessários novos esforços de consolidação da maioria dos grupos. Contudo, foram identificadas vários problemas, tais como: i) dificuldades de legalização das associações; ii) problemas ou dificuldades de comunicação entre as autoridades/prestadores de serviços dos projectos e os grupos beneficiários; iii) alguns problemas em termos das contribuições comunitárias para os investimentos sociais. O PAMA facilitou a cooperação com as associações no domínio da governação, a identificação de compradores e a negociação com esses compradores. Porém, em muitos casos o apoio ao reforço das capacidades das associações e dos seus membros deverá continuar, para garantir um impacto sustentável.

48. As contribuições mais importantes para a **produtividade agrícola e a segurança alimentar** foram obtidas através do apoio à comercialização e diversificação das culturas (PAMA) e às pescas (PPANNCD/PPABAS), ao passo que o apoio à produção agrícola (PDAN e FSLDP) prestou apenas contributos marginais. Esperava-se que o grande investimento do PDAN em investigação agrícola e extensão rural produzisse um impacto significativo, mas a produtividade não aumentou, em parte devido à capacidade institucional limitada dos serviços de extensão rural apoiados pelo Governo. O FSLDP contribuiu para melhorar a sanidade animal e, por consequência, a segurança alimentar, se bem que haja actualmente indicações de que os serviços de sanidade animal se estão a deteriorar. As ASCA criadas no âmbito destes projectos disponibilizaram a muitos milhares de famílias acesso a serviços de poupança e de crédito que contribuí indirectamente para aumentar a segurança alimentar.

49. A Administração Nacional de Estradas (ANE) foi reforçada, através da sua participação nas actividades de desenvolvimento das estradas rurais financiadas pelo FIDA (nomeadamente através do PAMA), tendo recrutado e retido pessoal relevante. Porém, o grau de preparação limitado do Ministério da Agricultura e do Ministério do Planeamento e do Desenvolvimento não têm permitido que esses ministérios tirem partido das oportunidades de melhoria da capacidade dos seus recursos humanos.

50. Esperava-se que o PDAN e os projectos no sector da pesca prestassem contributos positivos para a melhoria da **gestão dos recursos naturais/do ambiente**, ao passo que os restantes projectos da carteira eram neutros do ponto de vista ambiental, à excepção dos riscos potenciais menores associados à construção de estradas rurais. Um dos objectivos do PDAN consistia em substituir a agricultura de queimadas por uma agricultura sedentária mais intensiva, mas o sistema cultural não foi alterado. O apoio à reflorestação produziu também resultados limitados, devido a uma apatia generalizada das comunidades. Os projectos no sector da pesca artesanal permitiram alcançar resultados positivos que poderão contribuir para reduzir as ameaças à sustentabilidade dos recursos pesqueiros. Porém, numerosos pescadores continuam a utilizar práticas nocivas para o ambiente e insustentáveis, ao passo que é difícil controlar a restrição da pesca industrial na zona das 3 milhas. A informação sobre as unidades populacionais de peixes não é ainda suficientemente exhaustiva e fiável para permitir que sejam extraídas conclusões sólidas que permitam determinar se a situação das unidades populacionais das diferentes espécies ameaçadas está a melhorar.

51. O Fundo, através do seu programa de empréstimos, teve um impacto significativo nas **instituições e nas políticas**. No sector da agricultura, o PDAN introduziu o conceito dos Fundos Distritais de Desenvolvimento, planeados e geridos conjuntamente com as comunidades, numa época e num contexto em que os recursos públicos eram planeados e geridos na totalidade pelo governo central e pelos governos provinciais. No sector da pesca artesanal, o apoio facilitou a introdução do modelo das ASCA, da gestão conjunta dos recursos pesqueiros e da zona de 3 milhas reservada à pesca artesanal. A nível das organizações comunitárias de base, o PAMA facilitou a importante revisão de 2006 da lei das associações, que simplificou os processos de registo e reduziu os custos e o tempo necessário para esse processo, o que teve como resultado directo o aumento do número de organizações registadas. A criação de grupos de agricultores contribuiu para reduzir as dificuldades causadas pela falta de organização dos pequenos agricultores. A integração de conteúdos de formação relacionados com o género contribuiu para tornar as organizações de pequenos agricultores mais democráticas e mais inclusivas. No Niassa e em Cabo Delgado, o PAMA facilitou também o desenvolvimento de estratégias de comercialização a nível provincial que constituem um instrumento de coordenação dos esforços provinciais.

52. Em termos de **serviços financeiros rurais**, a participação do Gabinete de Apoio a Pequenas Indústrias (GAPI) na iniciativa de finanças rurais do PAMA, o Fundo de Apoio aos Mercados Agrícolas (FAMA), permitiu que essa instituição reforçasse a sua organização interna. Quando o PAMA terminou, o GAPI tinha reforçado os seus serviços de desenvolvimento das empresas especializados no reforço da capacidade dos produtores, dos comerciantes e das agro-indústrias de pequena escala das zonas rurais.

53. O **impacto global na pobreza rural** produzido pela carteira de projectos foi considerado moderadamente satisfatório. O capital social e a capacitação, bem como os recursos naturais e o ambiente, foram identificados como os dois domínios de impacto que exigem melhorias, pois o impacto nesses domínios foi considerado geralmente insatisfatório.

54. **Género**. Embora tenham sido efectuadas algumas tentativas de integração da dimensão de género nas estratégias de projecto e de introdução de dados desagregados por género, não foi elaborada no âmbito de nenhum dos projectos uma estratégia específica de género. A inexistência de estratégias de género nos projectos deve-se em parte ao facto de essas estratégias também não existirem nas instituições parceiras de execução.

55. O principal impacto no domínio da capacitação das mulheres foi alcançado através dos grupos de poupança e de crédito (ASCA), que derrubaram a barreira do género no sector do microcrédito do Norte de Moçambique, e dos programas de alfabetização apoiados pelo PAMA e pelo PPABAS. O apoio aos pontos de água (PDAN, PPANNCD e PPABAS) prestou também um contributo importante, reduzindo o tempo e o esforço exigidos às mulheres e às crianças para o abastecimento de água e promovendo a participação das mulheres nos comités de utilizadores da água.

### **E. Sustentabilidade**

56. Tal como é o caso nos programas apoiados pelo FIDA noutros países, a sustentabilidade continua a colocar desafios em Moçambique. As perspectivas de sustentabilidade são geralmente melhores em áreas onde existem instituições governamentais com mandatos relacionados com a redução da pobreza rural e que dispõem de recursos adequados. Essas áreas incluem as infra-estruturas sociais (pontos de água, escolas e postos de saúde) e, em certa medida, as estradas e a gestão dos recursos pesqueiros. Geralmente essas áreas são também prioritárias nas dotações do orçamento do Estado ou dos orçamentos locais. No que se refere ao sector privado, raramente existem instituições públicas com mandatos e orçamentos de apoio ao desenvolvimento de organizações de comercialização da produção, a instituições financeiras de base ou a empresas de comercialização e transformação, por exemplo. Nesses casos o apoio é geralmente prestado através de um prestador de serviços contratado no âmbito do projecto e termina no fim do projecto. Portanto, as perspectivas de sustentabilidade dependem da medida em que o projecto conseguiu desenvolver a capacidade do grupo ou da actividade para se auto-sustentar e ser viável, antes do encerramento do projecto.

57. As unidades de facilitação de projecto têm dado provas de eficácia no que se refere a garantir a sustentabilidade dos benefícios. Porém, a sua eficácia de execução pode não compensar as desvantagens derivadas do seu carácter autónomo, que limita com frequência o seu impacto e exclui as potencialidades de reforço da capacidade das instituições governamentais, através da sua experiência de execução de programas financiados por doadores. Os decisores políticos têm assim dificuldade em optar entre uma execução mais eficaz e os benefícios de longo prazo da participação directa de uma agência ou instituição governamental, que aumenta as probabilidades de sustentabilidade a longo prazo das intervenções financiadas pelo FIDA.

58. Em termos de sustentabilidade das instituições e actividades financiadas pelos programas do FIDA, os resultados globais são variáveis. Quando é prestado apoio programático, no contexto de um bom quadro institucional e em áreas de alta prioridade (tal como são definidas pelo Governo de Moçambique), há geralmente potencialidades de sustentabilidade a longo prazo. No que a este ponto se refere, constitui um exemplo o apoio ao desenvolvimento e à reabilitação das infra-estruturas rodoviárias, a que o Governo atribuiu grande prioridade e que são também apoiados pela Administração Nacional das Estradas. Porém, o contrário tende a ser verdadeiro relativamente a actividades mais difusas, tais como as que se relacionam com o sector privado e o desenvolvimento da cadeia de valor, em que não são geralmente definidas responsabilidades institucionais claras. Torna-se assim difícil identificar um “campeão” nacional que possa ser mandatado para apoiar as actividades específicas necessárias ao desenvolvimento do sector. Devido a esta situação, a carteira de projectos é avaliada como sendo moderadamente insatisfatória no que se refere à sustentabilidade.

### **F. Inovação, replicação e ampliação**

59. Apesar de não ter produzido inovações pioneiras, a carteira de projectos de Moçambique introduziu tecnologias, sistemas e abordagens inovadoras, no contexto nacional e local. Por exemplo, o FIDA apoiou programas que contribuíram para introduzir conceitos como os das associações de comercialização de produtos agrícolas, da combinação do acesso ao crédito com serviços complementares de desenvolvimento das empresas e da concessão de crédito de refinanciamento a associações informais de comerciantes e a associações de agricultores que concedem depois microcréditos aos seus membros. Algumas das inovações mais importantes surgiram no decurso da execução, tais como as ASCA e a locação financeira de motores fora de borda para as embarcações de

pesca. Por outro lado, algumas inovações programadas e incluídas na concepção dos projectos foram abandonadas, porque se constatou que não eram viáveis (crédito de armazenagem) ou politicamente aceitáveis (guias de extensão de aldeia) no contexto temporal.

60. A inovação no contexto da carteira pode ser caracterizada como estando “dispersa”, pois não parece haver uma agenda clara de inovação em apoio dos elementos identificados como sendo os mais importantes a nível da estratégia para o país (incluindo as cadeias de valor e a questão mais lata do sector privado e das ligações de mercado). As principais contribuições para a inovação surgiram no contexto do apoio à comercialização de produtos agrícolas e à pesca artesanal, ao passo que se registaram também algumas contribuições de menor importância em apoio do sector pecuário. Em termos de ampliação, inovações a nível de projecto como as ASCA, lançadas no âmbito dos projectos de pesca artesanal, e a introdução no PDAN do conceito de fundos de desenvolvimento a nível distrital são exemplos de actividades e abordagens que foram agora ampliadas a nível nacional pelos organismos governamentais e que estão a ser postas em prática em todo o território moçambicano ou integradas no quadro regulamentar nacional. Porém, nada indica que tenha sido adoptada uma abordagem sistemática de replicação e ampliação. Em suma, na APP o desempenho da carteira de projectos em matéria de promoção de inovações replicáveis de redução da pobreza é classificado como sendo moderadamente satisfatório.

#### **IV. DESEMPENHO DOS PARCEIROS**

##### **A. Desempenho do FIDA**

61. O FIDA introduziu um elevado grau de flexibilidade na concepção e execução de projectos e programas alinhados com os quadros nacionais. É o caso, nomeadamente, do apoio à extensão rural e ao subsector da pecuária, à pesca artesanal e à comercialização de produtos agrícolas. No caso da abordagem de planeamento sectorial no sector da agricultura (SWAp) e do PROAGRI, o FIDA tem adoptado uma posição prudente e selectiva que, segundo a APP, foi adequada e justificada, tendo em conta: i) o nicho e o mandato do FIDA; ii) que a primeira fase do PROAGRI não teve impacto para as famílias rurais pobres, mas sobretudo para os sistemas da administração pública; iii) que não foi ainda aprovado um quadro estratégico para a segunda fase do PROAGRI.

62. Além disso, com o estabelecimento de uma presença por procuração no país, em 2003, o FIDA tem vindo a aumentar gradualmente a sua capacidade de execução no terreno, o que tem contribuído para melhorar a coordenação e a harmonização do programa. O FIDA tem podido assim apoiar actividades (incluindo o reforço dos sistemas de acompanhamento e avaliação dos projectos) que estão a contribuir para promover a qualidade da carteira de projectos. Embora as realizações do FIDA em termos de harmonização tenham sido até à data relativamente modestas, o Fundo tem desenvolvido esforços significativos nesta matéria que, combinados com a presença no país, são de bom augúrio para o futuro.

63. Contudo, o FIDA deve assumir uma parte da responsabilidade pelo desempenho insatisfatório do PAFR até à data, apesar de a UNOPS ter sido responsável pela supervisão até Janeiro de 2008. Não foi positivo do ponto de vista da eficiência renunciar à estrutura independente de concepção e gestão do programa, integrando totalmente a gestão do programa na estrutura FARE. As missões de supervisão observavam também regularmente que o FARE não contratava assistência técnica exterior de apoio ao seu pessoal, que tinha uma experiência relativamente limitada em matéria de microcrédito.

64. Tendo em conta a abordagem prudente e bem alinhada com os quadros nacionais adoptada pelo Fundo e a sua maior participação no apoio à execução, bem como o facto de o seu desempenho ter sido até à data relativamente fraco, nomeadamente no que se refere à componente de finanças rurais, de um modo geral o desempenho do FIDA é classificado como sendo moderadamente satisfatório.

## **B. Desempenho dos organismos governamentais e dos prestadores de serviços**

65. O Governo de Moçambique tem sido um parceiro sólido do FIDA e tem tido uma actuação muito positiva, estabelecendo uma boa parceria com o Fundo, mantendo o diálogo político (ainda que a nível de projecto) e dando uma resposta pronta e eficaz às questões relacionadas com a carteira de projectos. Porém, tem havido variações significativas entre os diferentes organismos governamentais que têm actuado como organismos de execução dos projectos ou que têm sido “contratados” para executar diferentes componentes ou actividades dos projectos. Estes projectos beneficiaram também de uma cooperação estreita com numerosas autoridades e administrações distritais, no âmbito da execução das actividades no terreno.

66. A nível dos projectos, o desempenho dos organismos governamentais de execução tem sido variável, tanto entre as diferentes organizações, como entre os projectos da mesma organização. A impressão geral é a de que o desempenho foi mais eficiente quando: i) o Ministério responsável pela execução criou uma Unidade de Facilitação do Projecto (UFP) com pessoal que se dedicava a tempo inteiro à execução; ii) a rotatividade do pessoal da UFP era limitada e a UFP era gerida por uma pessoa capaz; iii) era aplicada a abordagem de projecto. É o caso, nomeadamente, quando os projectos procuram introduzir uma inovação. Porém, se a UFP não estiver integrada nos sistemas ministeriais, pode deixar de haver capacidade após o encerramento do projecto. Na pesca artesanal, o equilíbrio entre a eficiência e a apropriação/sustentabilidade foi assegurado em grande parte porque o Instituto de Desenvolvimento da Pesca de Pequena Escala (IDPPE) destacou o seu pessoal para a UFP, contribuindo assim para garantir a eficiência, bem como a apropriação e a sustentabilidade.

67. Observe-se, porém, que o Governo de Moçambique nunca falhou nos seus pagamentos dos empréstimos do FIDA, se bem que nem sempre tenha cumprido as suas obrigações de contraparte do Fundo, não por incapacidade ou má vontade, mas antes devido ao facto de não terem sido previstas e incluídas no orçamento anual dos Ministérios as dotações necessárias para o pagamento do imposto sobre o valor acrescentado e dos direitos de importação dos equipamentos e materiais importados financiados pelo FIDA.

68. Os sistemas de acompanhamento e avaliação dos projectos melhoraram significativamente ao longo do tempo. Ao passo que o PDAN inicialmente não conseguiu criar um sistema de acompanhamento e avaliação funcional, o PAMA e o PPABAS introduziram sistemas de acompanhamento e avaliação baseados em quadros lógicos e indicadores claramente definidos que funcionavam eficazmente. Fizeram-se também tentativas (no âmbito do PAMA e do PPABAS) para ir além do acompanhamento dos resultados, medindo o impacto através de inquéritos de base ou de seguimento.

69. Foram contratados como prestadores de serviços numerosos organismos diferentes, cujo desempenho variou significativamente. Três prestadores de serviços actuaram como “executores de componentes”, com resultados variáveis. De um modo geral, o desempenho do Governo foi classificado como sendo moderadamente satisfatório.

## **C. Desempenho das instituições cooperantes**

70. UNOPS foi a Instituição Cooperante (IC) de todos os projectos avaliados, com a notória excepção do Programa de Apoio à Agricultura/Programa Nacional de Extensão Agrária (PAA/PRONEA) (supervisionado directamente pelo FIDA desde o arranque). Em Janeiro de 1999, a UNOPS assumiu a responsabilidade de IC para o PDAN, em substituição do Banco Mundial e com o acordo do Governo e do Banco Mundial, cujo projecto semelhante terminara. O desempenho foi satisfatório no que se refere aos aspectos da gestão dos empréstimos e fiduciários; porém, devido a limitações orçamentais, o trabalho no terreno e de análise foi insuficiente, bem como o apoio em questões técnicas. De um modo geral, nos períodos decorridos entre as missões anuais, a resposta e a resolução de questões foram lentas. No entanto, deve reconhecer-se que a UNOPS de um modo geral chamou a atenção para os principais problemas e que essa organização não pode resolver sozinha os

problemas, a menos que o FIDA e o Governo de Moçambique dêem seguidamente uma resposta rápida e consequente.

71. Este quadro de desempenho moderadamente satisfatório aplica-se a todos os projectos, à excepção do PDAN. Em comparação com o Banco Mundial, a UNOPS tendia a adoptar uma abordagem mais pragmática, mais centrada nos resultados do que nos procedimentos. A UNOPS foi mais flexível em matéria de gestão dos projectos, acelerando o processo de desembolso dos empréstimos e de contratação. Porém, os relatórios de supervisão da UNOPS, sendo embora mais detalhados do que os do Banco, não davam uma imagem transparente dos resultados materiais e da despesa com cada um dos resultados/componentes/subcomponentes. Deveriam ter sido dadas instruções relativamente às informações a apresentar nos relatórios sobre os progressos materiais e as despesas financeiras, bem como sobre a actuação e as responsabilidades da UFP e dos parceiros de execução.

72. De um modo geral, o desempenho das IC é classificado como sendo moderadamente satisfatório.

## **V. ACTIVIDADES QUE NÃO IMPLICAM CRÉDITOS**

73. A maior parte das actividades de diálogo político, gestão do conhecimento e estabelecimento de parcerias do FIDA são executadas no âmbito do programa de crédito ou tiveram origem nesse programa. O apoio à comercializações de produtos agrícolas e à pesca artesanal integrou elementos substanciais de gestão do conhecimento e de retirada de ensinamentos. No âmbito do empréstimo mais recente concedido ao PROMER são afectados 6,8 milhões de USD (dos 42,1 milhões de USD do orçamento total do programa) a actividades de gestão (incluindo a gestão do conhecimento) e de apoio político/institucional. As actividades executadas para além do contexto limitado dos programas individuais financiados por empréstimos incluem as seguintes: i) subvenções de financiamento de assistência técnica não destinada a apoiar directamente a formulação e execução do programa de crédito (ver Capítulo VI); ii) actividades de diálogo político relacionadas principalmente com a participação no PROAGRI e no processo “One-UN”; iii) gestão do conhecimento, para efeitos de promoção da ampliação e de uma maior coerência do programa para o país; iv) estabelecimento de parcerias, relacionado com o reforço da contribuição do FIDA para o diálogo político e a inovação e da participação do FIDA no processo “One-UN” (dado que Moçambique é um dos países-piloto).

74. O volume global das actividades que não implicam créditos do FIDA, tendo embora aumentado significativamente desde o estabelecimento de uma presença no país, em 2003, continua a ser relativamente modesto. Contudo, o diálogo político relacionado com a carteira de projectos permitiu obter resultados satisfatórios. Foram criadas algumas parcerias para além do contexto limitado do projecto, por exemplo, relacionadas com o processo “One-UN”. No caso da gestão do conhecimento, foram alcançados ao longo deste período progressos muito satisfatórios, no âmbito dos projectos individuais.

## **VI. RESUMO DAS CLASSIFICAÇÕES DA APP**

75. É apresentado no quadro seguinte um resumo das classificações atribuídas na APP à carteira de projectos de Moçambique, para todos os critérios de avaliação.

**Classificações de avaliação agregadas<sup>a</sup> dos projectos financiados pelo FIDA em Moçambique**

| <i>Critérios de avaliação</i>              | <i>Classificação<sup>b</sup></i> |
|--|----------------------------------|
| Relevância                                 | 5                                |
| Eficácia                                   | 4                                |
| Eficiência                                 | 4                                |
| Desempenho agregado do projecto            | 4,4                              |
| Impacto na pobreza rural                   | 4                                |
| Sustentabilidade                           | 3                                |
| Inovação, replicação e ampliação           | 4                                |
| Desempenho global da carteira de projectos | 4                                |
| Desempenho do FIDA e dos parceiros do FIDA |                                  |
| FIDA                                       | 4                                |
| Governo                                    | 4                                |
| Instituições cooperantes                   | 4                                |

<sup>a</sup> A escala de classificação adoptada pelo Serviço de Avaliação é a seguinte: 6 = muito satisfatório; 5 = satisfatório; 4 = moderadamente satisfatório; 3 = moderadamente insatisfatório; 2 = insatisfatório; 1 = muito insatisfatório.

<sup>b</sup> As classificações aqui consideradas são as de sete projectos para os quais estão disponíveis provas de avaliação documentadas substanciais. Os projectos classificados são os seguintes: PAPANCD, PDAN, FSLDP, PAMA, PPABAS, PAFR, PAA/PRONEA. Porém, o PAFR e o PAA/PRONEA só foram classificados do ponto de vista da “relevância”.

## VII. CONCLUSÕES E RECOMENDAÇÕES

### A. Conclusões

76. Ao longo destes últimos treze anos, o Fundo prestou uma contribuição importante para a agricultura e o desenvolvimento rural de Moçambique. O programa para o país abrange uma série de intervenções de desenvolvimento relativamente bem sucedidas, executadas em zonas remotas e marginalizadas do país, onde as infra-estruturas e os serviços são limitados, a acesso aos factores de produção e aos mercados é incerto e as capacidades institucionais são fracas.

77. **Alinhamento estratégico.** Conclui-se na APP que os objectivos e estratégias definidos nos COSOP de 2001 e 2004 de um modo geral estão alinhados com as políticas corporativas do FIDA, as estratégias de redução de pobreza do Governo e o PROAGRI. Têm-se registado em Moçambique taxas de crescimento económico elevadas, graças a uma gestão económica prudente e a uma transição gradual para uma economia de mercado. A agricultura, incluindo a pesca e a silvicultura, sendo embora o sector que menos contribui para o PIB e as exportações, é o que presta o maior contributo para o emprego e a subsistência das populações rurais. A pobreza reduziu-se de 69%, em 1997, para 54%, em 2003, em grande medida graças à elevada taxa de crescimento da agricultura.

78. **Concentração estratégica na participação no mercado.** O principal objectivo estratégico do programa para o país tem consistido desde os meados da década de 1990 em melhorar a participação no mercado dos pequenos agricultores e dos pescadores artesanais. A estratégia tem incluído apoio ao aumento da produtividade, da qualidade e da sustentabilidade da produção primária e da pesca, à ligação dos pequenos agricultores e dos pescadores aos mercados e ao aumento da quota-parte dos preços finais e da cadeia de valor que lhes cabe, desde a produção até ao destino de mercado final. Estes objectivos implicam a concentração no aumento da competitividade dos produtos agrícolas (através do apoio aos comerciantes das zonas rurais) e na capacitação das famílias de agricultores e de pescadores que exercem actividades de comercialização e transformação. O apoio aos serviços

financeiros das zonas rurais e a melhoria do acesso ao crédito dos agricultores e das PME têm sido componentes importantes do programa.

**79. Concentração em três pilares.** Uma consideração estratégica importante que é necessário ter em conta é a alteração do paradigma das actividades apoiadas através do programa para o país. Esta alteração traduz-se numa evolução de projectos e programas subsectoriais independentes e estanques, centrados em zonas geográficas específicas, no período de 1996-2004, para programas nacionais, especializados nos seguintes domínios: i) serviços de apoio à produção primária (PRONEA); ii) ligações de mercado (PROMER); iii) finanças rurais (PAFR). No âmbito do COSOP, pressupõe-se que serão criadas sinergias e complementaridades que contribuirão para a coerência de um programa para o país que abrangerá estas três iniciativas temáticas principais. Esta hipótese baseia-se no pressuposto de que as três áreas temáticas e os programas de apoio serão complementares, o que coloca um desafio importante, atendendo ao facto de que a coordenação entre instituições públicas é frequentemente problemática.<sup>9</sup>

**80. Agravamento das desigualdades.** Dados recentes sugerem que as desigualdades se estão a agravar nas regiões rurais e que as perspectivas dos grupos mais desfavorecidos da população rural pobre são actualmente menos positivas. Nos COSOP anteriores adoptava-se a posição de que todas as famílias rurais são pobres e de que não era necessária uma estratégia de selecção dos beneficiários das intervenções. Porém, esta posição não é já defensável, no contexto social em evolução rápida de Moçambique. Há dados que apontam para um agravamento das desigualdade nas zonas rurais e para riscos crescentes para a sobrevivência dos segmentos mais pobres da sociedade, bem como para os pobres economicamente activos. Por outro lado, ao passo que as zonas-alvo do Norte de Moçambique contempladas no programa para o país eram anteriormente as mais desfavorecidas a nível nacional, verificou-se uma evolução importante que criou uma nova situação, em que a incidência da pobreza é agora maior em algumas das províncias do Sul.

**81. Género e VIH.** No COSOP de 2004 sublinhava-se especificamente a necessidade de integração da dimensão de género, bem como do problema do VIH/SIDA, no programa para o país. A APP reforça este objectivo estratégico: as desigualdades de género continuam a estar muito divulgadas em Moçambique e o VIH/SIDA é um problema de gravidade crescente. Os esforços neste domínio têm sido fragmentados e não parecem ter tido um impacto efectivo.

**82. Instituições parceiras.** De um modo geral, os pressupostos relativos à capacidade dos parceiros dos sectores público e privado têm sido excessivamente optimistas e ocasionalmente têm sido escolhidos parceiros fracos ou inadequados, tal como foi ao caso da decisão de alojar a Facilidade de Inovação e Expansão no FARE. Refere-se também na APP que na maior parte dos casos as organizações da sociedade civil e as organizações do sector privado estão em melhor posição do que os organismos governamentais para promover o reforço da capacidade das entidades do sector privado, apesar de raramente terem sido consideradas como parceiros de execução importantes. Embora se tenha recorrido já à externalização na carteira de projectos em curso, valerá a pena ter em consideração a possibilidade de delegar numa organização do sector privado ou numa organização da sociedade civil a execução e o orçamento de componentes ou subcomponentes financiadas por empréstimos.

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<sup>9</sup> Estão a ser postas em prática novas medidas destinadas a atenuar este risco. Essas medidas incluem: i) a criação de uma equipa de gestão do programa para o país reforçada (que incluirá os directores nacionais dos principais organismos que participam no projecto) e, no âmbito dessa equipa, de um subgrupo de coordenadores de programa cujos termos de referência incluirão a tarefa específica de assegurar a coordenação entre os diferentes programas; ii) a supervisão directa pelo FIDA e a utilização cruzada das equipas de projecto e de outros especialistas nessa supervisão; iii) a previsão na concepção do PROMER de mecanismos específicos de coordenação com o PAFR e o PRONEA.

83. **Inovação.** Embora a carteira de projectos contenha exemplos de inovações, foi atribuída a este aspecto a classificação de “moderadamente satisfatório”. O processo de promoção da inovação continua a ser pouco sistemático, na ausência de uma estratégia específica de replicação e ampliação. Uma conclusão importante é que várias inovações programadas na concepção dos projectos não foram aplicadas, ao passo que, por outro lado, no decurso da execução surgiram inovações importantes que foram ampliadas, num processo de busca de soluções para problemas práticos que se colocaram no domínio em causa. As ASCA são um desses casos. Apesar de o modelo específico da ASCA não ter sido previsto inicialmente, esse modelo em breve conquistou grande aceitação para a criação de serviços financeiros a nível das bases em todo o território de Moçambique.

84. Em empréstimos recentes, o FIDA atribuiu as responsabilidades de execução a organizações governamentais, evitando criar Unidades de Programa/Projecto (UP) específicas. Porém, nalguns casos esta solução reduziu a eficiência e a rapidez de execução. No caso da pesca artesanal, foi concebido um modelo em que uma UP integrada promove a eficiência da execução, bem como a apropriação e o reforço da capacidade do parceiro governamental, sendo destacado para a UP pessoal do organismo governamental de execução. Apesar do seu carácter temporário, as “task forces” ou UP são consideradas em muitos países como elementos normais dos mecanismos governamentais. Depois de o processo de mudança ter terminado e de a inovação ter sido aceite e integrada nas estruturas governamentais, a autoridade relevante assume a responsabilidade e a UP é extinta. O modelo de UP aplicado no caso da pesca artesanal é uma experiência positiva, que pode proporcionar ensinamentos para a organização futura da execução.

85. **Actividades que não implicam créditos.** Refere-se na APP que as actividades do FIDA no domínio do diálogo político, do estabelecimento de parcerias e da gestão do conhecimento foram executadas principalmente no contexto dos programas de crédito, tendo sido dada muito menos atenção às actividades que não implicavam créditos. Apesar de terem sido obtidos resultados positivos no que se refere ao diálogo político, a participação do FIDA nos processos políticos a nível nacional tem sido limitada. Além disso, há poucas ligações entre as subvenções e os projectos financiados por empréstimos. A mobilização *ad hoc* e a procura oportunista de recursos sob a forma de subvenções afectam negativamente a eficácia e a inovação. As subvenções de financiamento de assistência técnica, a nível regional e global, contribuíram pouco para a eficácia dos programas para o país, apesar de algumas subvenções concedidas a pequenos países terem sido úteis. O desempenho moderadamente satisfatório das actividades que não implicam empréstimos pode ser explicado em parte pelos recursos (humanos e financeiros) atribuídos pelo FIDA a essas actividades. Além disso, o processo bastante complexo de mobilização e gestão dos recursos concedidos sob a forma de subvenção obsta ao papel potencialmente importante que as subvenções poderiam desempenhar, por exemplo, na promoção do diálogo político, da gestão do conhecimento e do desenvolvimento de tecnologias que favoreçam a população pobre.

86. **Parceria e harmonização.** A colaboração com outros parceiros de desenvolvimento é essencial num país como Moçambique, onde a coordenação entre os doadores é boa. Além da colaboração com parceiros de desenvolvimento nas primeiras etapas de identificação e concepção das operações, é necessário continuar a reforçar a visibilidade do FIDA junto da comunidade de doadores em geral, onde é iniciado e coordenado grande parte do diálogo político. Os indicadores recentes de harmonização a nível global infelizmente são negativos em Moçambique. Apesar de o FIDA ter desenvolvido grandes esforços para mobilizar o apoio de outros parceiros de desenvolvimento para os seus programas recentes, os resultados foram modestos. Por exemplo, o Fundo e o Governo tentaram utilizar os programas de finanças rurais e comercialização para promover um esforço multidadores e mobilizar recursos suplementares concedidos por outros parceiros, mas com pouco êxito. Porém, no âmbito do PROAGRI o FIDA, através do seu apoio ao PAA/PRONEA, tem sido um parceiro importante dos esforços de harmonização.

87. **Supervisão e presença no país.** Nenhuma das operações (até 2008) foi supervisionada directamente pelo FIDA. A supervisão, que era efectuada pelas IC, foi classificada na APP como sendo moderadamente satisfatória. Se bem que a supervisão dos aspectos fiduciários fosse geralmente

bem executada, a prestação de apoio à execução, que poderia ter contribuído para melhorar a execução e o desempenho dos projectos, foi limitada. O estabelecimento de uma presença por procuração no país, em 2003, contribuiu para reforçar a visibilidade do FIDA em Moçambique. Essa presença no país, sendo embora limitada em termos de recursos e de autoridade, contribuiu para melhorar o diálogo com o Governo e permitiu que o FIDA cumprisse os compromissos assumidos no âmbito da Declaração de Paris sobre a Eficácia da Ajuda ao Desenvolvimento e da iniciativa piloto da ONU “Delivering as One” (Unidos na Acção),<sup>10</sup> por exemplo, através da participação em todas as reuniões das equipas das Nações Unidas para o país.

## B. Recomendações

88. Na APP são propostas cinco recomendações de carácter geral:

- (a) **Manter as opções estratégicas e os objectivos actuais.** O objectivo fundamental de melhoria da participação no mercado dos pequenos agricultores e dos pescadores artesanais, bem como as estratégias de apoio a esse objectivo, devem ser mantidas. A concepção e a estratégia do programa devem ser orientadas de forma a assegurar a integração dos três pilares programáticos: i) aumentar os excedentes de produção e o seu valor; ii) desenvolver as PME do sector agro-industrial e as organizações de pequenos agricultores, bem como as ligações de mercado; iii) melhorar o acesso dos pequenos agricultores e das PME aos serviços financeiros. Porém, atendendo às dificuldades de coordenação entre instituições públicas que se podem colocar, recomenda-se na APP que sejam desenvolvidos mais esforços no âmbito do programa para o país para participar em actividades que não implicam créditos, nomeadamente o diálogo político. Esses esforços devem ser acompanhados de esforços de criação das plataformas institucionais adequadas de coordenação e integração das actividades previstas no âmbito dos três pilares programáticos.

A diversificação para produções de valor elevado deve também ser mantida, a fim de melhorar a participação no mercado dos pequenos agricultores e dos pescadores artesanais. A selecção de novas áreas de intervenção e de novas cadeias de valor a apoiar deve ser determinada em função do potencial agro-ecológico e das oportunidades de mercado, e não de prioridades políticas. As cadeias de valor do sector pecuário têm grandes potencialidades para os pequenos agricultores, pois o consumo está a aumentar rapidamente, mas actualmente está a ser satisfeito sobretudo através das importações. Outras opções a explorar incluem, por exemplo, a irrigação em pequena escala e a gestão da água, bem como a aquicultura e a pesca em águas interiores.

- (b) **Elaborar e aplicar uma agenda de inovação adaptada às realidades no terreno.** Deve ser elaborada uma Agenda de Inovação que identifique as áreas prioritárias de inovação, replicação e ampliação. Será necessário dedicar recursos e esforços ao diálogo político, à gestão do conhecimento e ao estabelecimento de parcerias, que são essenciais à replicação e ampliação das inovações. No que se refere a este último aspecto, é necessário que seja definida especificamente no próximo COSOP uma estratégia de ampliação que constituirá o teste definitivo da capacidade do FIDA para promover inovações que favoreçam os pobres. As áreas em que deve ser promovida a inovação incluem os esforços necessários para garantir que as iniciativas políticas sejam transpostas para a legislação nacional, a criação de novos serviços e produtos financeiros nas zonas rurais, o apoio às organizações comunitárias de base e o estabelecimento de parcerias estratégicas com organizações do sector privado que trabalham em domínios relevantes para o programa para o país.

Uma conclusão importante da APP foi a de que várias inovações programadas na etapa de concepção dos projectos foram abandonadas, ao passo que no decurso da execução surgiram

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<sup>10</sup> Observe-se que esta terminologia substitui a designação anterior de iniciativa “One UN”, com que o leitor pode estar mais familiarizado.

e foram ampliadas outras inovações importantes, no âmbito de um processo de busca de soluções para problemas que se colocaram no terreno. Na ausência de uma UP ou de uma “task force” específica equivalente, estes “processos de busca e descoberta” são raros. Portanto, devem ser feitos esforços no sentido de manter as UP e de as promover como “instrumentos temporários do processo de mudança”, geridos pelos parceiros governamentais com o objectivo final de integrar as mudanças e as inovações nas estruturas e programas governamentais.

- (c) **Elaborar uma estratégia de selecção dos beneficiários.** O FIDA e o Governo de Moçambique devem elaborar no contexto do próximo COSOP uma estratégia bem articulada de selecção dos beneficiários das intervenções. Atendendo ao mandato e aos recursos limitados do FIDA, uma das principais prioridades deve consistir em intervenções que apoiem directamente as zonas e províncias mais desfavorecidas, em vez de intervenções de apoio ao reforço da capacidade das instituições do Governo central em geral. Porém, em certos casos poderá ser relevante que o FIDA colabore com outros parceiros de desenvolvimento no apoio ao desenvolvimento dos quadros nacionais.

Nos casos em que possa ser tomada a decisão de prestar apoio a projectos que não estão ligados especificamente aos programas nacionais ou de dirigir os recursos para zonas específicas do país, o FIDA e o Governo devem analisar se a concentração geográfica actual nas províncias do Norte continua a ser relevante, nomeadamente à luz dos novos dados que indicam que a pobreza se está a agravar em todo o Sul. Embora estas últimas províncias disponham geralmente de melhores serviços e de um acesso relativamente fácil ao mercado metropolitano de Maputo, confrontam-se com uma série de dificuldades significativas que obstam ao desenvolvimento económico. O apoio ao Sul exigirá também a elaboração de uma estratégia de género bem concebida, pois as mulheres estão em grande maioria na população. De um modo geral, será necessário conferir mais operacionalidade às estratégias no domínio da igualdade entre os sexos e do VIH/SIDA.

- (d) **Promover a participação das organizações do sector privado e da sociedade civil na execução de componentes dos projectos.** A estratégia para o país e a carteira de projectos de Moçambique baseiam-se no sector privado. No que se refere à comercialização e aos serviços financeiros, as organizações do sector privado e da sociedade civil estão frequentemente em melhor posição do que as organizações governamentais para prestar os serviços necessários. Apesar de ter havido alguma participação por parte das organizações do sector privado e da sociedade civil, através da execução de tarefas específicas, na qualidade de prestadores de serviços contratados, ou como clientes, o FIDA e o Governo devem de futuro explorar opções que permitam atribuir gradualmente às organizações do sector privado e da sociedade civil a responsabilidade pela execução de componentes do programa.
- (e) **Ajustamentos do modelo de funcionamento do FIDA.** A eficácia da cooperação FIDA-Governo deve ser reforçada através de ajustamentos do modelo de funcionamento do FIDA baseados numa avaliação exaustiva das necessidades. Esses ajustamentos poderão incluir o estabelecimento de uma presença permanente e bem dotada de recursos em Moçambique (deve ser tida também em consideração a possibilidade de destacar para Moçambique o Gestor do Programa para o País (CPM), sedado actualmente em Roma, como uma de várias opções), que seria útil para reforçar a supervisão directa e o apoio à execução, alargar o diálogo político, melhorar a coordenação entre os doadores e promover as parcerias no interior do país.



## **Republic of Mozambique**

### **Country Programme Evaluation**

#### **Agreement at Completion Point**

##### **A. Background**

1. In 2008/2009, the IFAD Office of Evaluation (IOE) conducted a Country Programme Evaluation (CPE) in the Republic of Mozambique. The main objectives of the CPE were to: (i) assess the performance and impact of IFAD's strategy and operations in Mozambique; and (ii) develop a series of findings and recommendations that would serve as building blocks for the preparation of the new IFAD results-based country strategic opportunities programme (COSOP) for the country. The COSOP would be formulated by the Eastern and Southern Africa Division (ESA) of IFAD in close collaboration with the Government of Mozambique.

2. This Agreement at Completion Point (ACP) includes the key findings contained in the CPE. It captures the understanding between the IFAD Management (represented by the Programme Management Department) and the Government of Mozambique (represented by the Ministry of Planning and Development) on the core CPE findings, and their commitment on how to adopt and implement the main evaluation recommendations within specified timeframes. This document benefits from the discussion with a wide range of stakeholders during the CPE national roundtable workshop, held in Maputo on 24-25 May 2010.

##### **B. Main CPE Findings**

3. Mozambique has sustained high rates of growth since 1993, with annual economic growth averaging 8 per cent in real terms, thanks to prudent economic management and a gradual transition towards a market-based economy. Though agriculture, including fisheries and forestry, is contributing least to GDP and exports, it contributes most to rural employment and livelihoods.

4. It is within this context that the Fund has made an important contribution to agriculture and rural development in Mozambique. The country programme comprises a set of relatively successful development interventions that have covered remote and marginalized areas of the country, where infrastructure and services are limited, access to inputs and markets is uncertain, and institutional capacities are weak.

5. The CPE notes that the goals and strategies outlined in the 2001 and 2004 COSOPs are fully aligned with IFAD's corporate policies as well as the Government's relevant general and sectoral strategies, including the Action Plan for Absolute Poverty Reduction (*Plano de Accao para Reducao da Pobreza Absoluta* [PARPA]). The country programme's overriding strategic goal since the mid 1990s has been to improve access of smallholder farmers and artisanal fishers to markets. The strategy has included support for raising productivity, quality and sustainability of agricultural production and fisheries, linking smallholder farmers and fishers to markets, and improving their share of end-prices along the value chain from production to the final market destination. The CPE finds that this emphasis on enhancing the opportunities for rural smallholders to become more integrated in the market is relevant. This strategic focus, operationalized through a private sector development agenda, and combined with the successful use of policy dialogue in IFAD-support projects and programmes, makes the country strategy for Mozambique a commendable model.

6. In the rapidly evolving context that characterizes Mozambique, however, there is increasing evidence of augmenting rural inequality and livelihood threats for the poorer segments in society, as well as for the economically active poor. At geographical level, while the Northern provinces were

historically among the most disadvantaged in the country, a number of the Southern provinces have now a higher poverty incidence. All this calls for a sharpened focus in the new COSOP in terms of targeting, especially given the emphasis of the country programme on market integration, which implies a risk of excluding the poorer members of the rural communities.

7. Another important issue which requires greater attention is the mainstreaming of gender and HIV/AIDS. Although introduced as a general strategic thrust in the 2001 addendum (HIV/AIDS) and 2004 COSOP (gender), limited action has been taken in the context of the ongoing portfolio to raise gender mainstreaming and HIV/AIDS prevention activities/issues, although these complementary cross-cutting issues are of great relevance to the more vulnerable amongst the rural poor.

8. Generally, the assumptions regarding the capacity of public and private sector partners have been too optimistic. The CPE also notes that private and civil society organizations rather than government agencies might be best positioned to develop the capacity of private sector entities. While outsourcing has been applied in the ongoing portfolio, the possibility of delegating the execution and overall financial management of loan-financed components or sub-components to a private sector/civil society organization may warrant further consideration.

9. In some recent loans, IFAD has integrated implementation responsibilities in government organizations and avoided the establishment of dedicated Programme/Project Units (PU). This has, however, reduced efficiency and the speed of implementation. In the artisanal fisheries project, an interesting model has been developed whereby a Unit fully integrated in the lead implementing agency, composed of seconded staff from this very agency, ensures both implementation efficiency and national ownership and capacity development of the government partner. The model applied in artisanal fisheries provides a positive lesson and inspiration for how to organize implementation in the future.

10. Though the portfolio provides examples of innovations, the rating with regards to the promotion of innovation is assessed as moderately satisfactory, because of the absence of a specific strategy for replication and scaling up. A key finding is that several innovations planned in the design were not implemented, although in the views of the Government and the IFAD Operational Division this seems to apply mostly to older projects and much less to the more recent ones. Important innovations emerged during implementation and were scaled up while searching for solutions to practical problems which arose in the field.

11. The CPE notes that IFAD's engagement in policy dialogue, partnership development and knowledge management primarily has taken place within the context of the lending programme while less attention and resources have been given to purely non-lending activities. While there have been several successful results with regard to policy dialogue, IFAD's direct engagement in policy processes at the national level has been inadequate. Furthermore, grants are poorly linked to loan-funded projects. Regional and global technical assistance grants have made a limited contribution to the effectiveness of the country programme, though some small country grants have been useful. The moderately satisfactory performance of non-lending activities may be partly explained by the limited (human and financial) resources provided by IFAD for this purpose.

12. Engagement with other development partners is essential in a country like Mozambique where donor coordination is strongly promoted by the Government. In addition to engaging development partners in the early stages of identification and design of operations, there is a need to raise the IFAD-supported country programme's profile within the larger donor community, where much of the policy dialogue originates and is increasingly coordinated. Though the country programme has strived to mobilize support of other development partners for its recent interventions, achievements remain relatively modest. This conclusion is not shared by the Government and the IFAD Programme Management Department as all recent projects and programmes have mobilized important cofinancing partnerships from various partners including multilaterals, bilaterals and less traditional partners such as the Alliance for a Green Revolution in Africa (AGRA).

13. The CPE also notes that none of the operations (until 2008) were directly supervised by IFAD. The recent move to direct supervision, following the establishment of a proxy country presence in 2003, both contribute to enhancing IFAD's profile in Mozambique. Though presently limited in terms of resources and authority, this country presence is a good foundation on which to build better dialogue with the Government. It also permits IFAD to further its commitments in relation to the Paris Declaration on Aid Effectiveness.

### **C. Recommendations**

#### **Recommendation 1: Maintain the current goal and strategic thrusts with enhanced coordination and scale up resources**

14. The overriding goal of improving the market participation of smallholders and artisanal fishers will be maintained by supporting their involvement into accessible and profitable value chains. Diversification into high value production will play an important role in this respect as well as increased competitiveness of Mozambican products, including on national markets. Selection of new intervention areas and new value chains for support will be determined by agro-ecological potential and market opportunities.

15. Both the country strategy and programme design will strive to ensure the integration of the three strategic thrusts: (i) increasing surplus production and its value; (ii) facilitating market linkages and developing smallholders' organizations and agribusiness small and medium-sized enterprises (SMEs); and (iii) enhancing the access to finance of poor rural people and SMEs. Appropriate mechanisms to ensure programme coherence will be strengthened. In this respect IFAD and the Government will continue to work in strengthening those measures, mechanisms and systems that are already being put in place to enhance coordination, namely: (i) the already established Country Programme Team (CPT) , with one of the main tasks to ensure coordination among different programmes; (ii) the elaboration of specific mechanisms for coordination among various programmes and projects; and (iii) IFAD direct supervision and cross-use of project resources and expertise in supervision and implementation support, including joint planning and budgeting when appropriate.

#### **Recommendation 2: Increase attention to targeting aspects**

16. Considering the evolving socio-economic context in Mozambique and IFAD's mandate and relatively limited resources, it is important that IFAD and the Government pay more attention to targeting aspects in future interventions and thus develop a more articulated targeting approach in the context of the next COSOP to ensure that disadvantaged groups can also participate in economic development along approaches that are not targeting them exclusively but support their inclusion into development processes. Generally, there is a need to better reflect aspects related to gender equality and HIV/AIDS. From a geographical point of view, IFAD and the Government of Mozambique will examine the future geographic focus in light of the emerging data on poverty and the changes in trends of poverty incidence and severity and the economic opportunities and potential.

17. An increased emphasis on inclusion will not, however, reduce the relevance for IFAD to join other development partners in supporting the development of national frameworks. It is important to note that in the context of some of the sub-sectors where IFAD is intervening, the mainstream systems are not yet fully established. It is therefore essential that IFAD, like all other partners, continue supporting the emerging mainstream frameworks and institutions as it can not afford to only focus on disadvantaged areas and socio-economic groups without building the mainstream systems to hook them to, thus ensuring a pro-poor conducive environment.

**Recommendation 3: Develop and implement an innovation agenda adapted to realities in the field**

18. A key CPE finding is that important innovations have emerged and been scaled up during implementation in a process of searching for solutions to problems encountered in the field. Although this indicates a positive and dynamic attitude towards innovation, overall the innovation promotion process remains unsystematic.

19. A more structured approach for innovation will be explored in the next COSOP, to identify opportunities for a more systematic identification of priority areas for innovation as well as mechanisms and processes for replication and scaling up. Dedicated resources and efforts will be devoted to those aspects that are essential for replication and scaling up innovations, such as in particular knowledge management.

20. Without a PU or dedicated equivalent task force these “search and find processes” are unlikely to occur. Efforts will therefore be made to promote PUs as “temporary change process tools”, owned by the implementing government partners, with the ultimate goal of integrating changes and innovations into government structures and programmes.

**Recommendation 4: Engage private and civil society organizations as component implementers**

21. The country strategy and portfolio in Mozambique has a strong focus on facilitating the market integration of the rural poor. Within key sub-sectors such as marketing and financial services, private and civil society organizations might be better positioned than government organizations to deliver the required services. While private and civil society organizations have been engaged with positive results as contracted service providers for specific tasks, IFAD and the Government should in the future explore options for gradually assigning to this type of institutions increased implementation responsibility for programme components.

22. Although IFAD and the Government of Mozambique fully recognize in principle the merit and potential role of private and civil society organizations as implementers, the right balance will have to be found between the need to further engage these partners in programme implementation with higher responsibility and the reality about the actual capacity of existing potential partners in terms of the skills and expertise required for this purpose.

23. IFAD will play a role in promoting producers’ organizations in agriculture and fishery to ensure that they can better respond to the needs of their members and that they can be further involved in project implementation.

***Proposed Timeframe to Implement the Recommendations 1-4***

24. The recommendations will be taken into account in formulating the new results-based COSOP, which is due to be submitted to the IFAD Executive Board in April 2011.

**Recommendation 5: Continue in the operationalization of IFAD’s new operating model**

25. Since 2007 IFAD has placed increased emphasis in Mozambique on its new operating model, with the aim to improve the development effectiveness of the IFAD-Government of Mozambique cooperation. Particular emphasis will be given to the strengthening of its country presence, including considering possible out posting of professional positions from IFAD Headquarters in Rome. A strengthened country presence will, among other things, assist in improving the non-lending components of the IFAD country programme, namely policy dialogue, knowledge management and partnership building, which will however remain strictly linked to the lending portfolio.

***Proposed Timeframe to Implement the Recommendations 5***

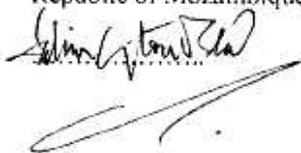
2011 onward

***Key Partners to Be Involved***

Government of Mozambique and IFAD

Signed by:

Mr. Salim Valá  
Permanent Secretary for Planning and Development  
Republic of Mozambique



Mr. Ides de Willebois,  
Director Eastern and Southern Africa Division,  
Programme Management Department  
IFAD



Maputo, 25 May 2010



**República de Moçambique**  
**Avaliação do Programa do País**

**Acordo no Ponto de Conclusão**

**A. Antecedentes**

1. Em 2008/2009, o Escritório de Avaliação do FIDA (IOE) realizou uma Avaliação do Programa do País (CPE) na República de Moçambique. Os principais objetivos da CPE eram: (i) avaliar o desempenho e o impacto das estratégias e operações do FIDA em Moçambique; e (ii) desenvolver uma série de conclusões e recomendações que serviriam como elementos para a preparação do novo programa de oportunidades e estratégias baseado nos resultados (COSOP) do FIDA para o país. O COSOP seria formulado pela Divisão da África Oriental e Meridional (ESA) do FIDA em colaboração estreita com o governo de Moçambique.

2. Esse Acordo no Ponto de Conclusão (ACP) inclui as principais conclusões contidas no CPE. Capta o entendimento entre a administração do FIDA (representada pelo Departamento de Gestão do Programa) e o governo de Moçambique (representado pelo Ministério da Planificação e Desenvolvimento) sobre as principais conclusões do CPE e seu compromisso com a adoção e implementação das principais recomendações da avaliação dentro de cronogramas específicos. Esse documento beneficiou-se da discussão com uma ampla gama de partes interessadas durante o seminário nacional realizado em Maputo nos dias 24-25 de maio de 2010.

**B. Principais conclusões do CPE**

3. Moçambique manteve altas taxas de crescimento desde 1993, com uma média de crescimento econômico anual de 8 por cento em termos reais, graças a uma gestão econômica prudente e à transição gradual rumo a uma economia baseada no mercado. Embora a agricultura, incluindo pesca e silvicultura, tenha a menor contribuição para o PIB e as exportações, tem a maior contribuição para o emprego rural e a subsistência.

4. É nesse contexto que o Fundo tem dado uma importante contribuição para a agricultura e o desenvolvimento rural em Moçambique. O programa do país engloba um conjunto de intervenções de desenvolvimento relativamente bem-sucedidas que cobrem áreas remotas e marginalizadas do país, onde a infraestrutura e os serviços são limitados, o acesso a insumos e ao mercado é incerto e as capacidades institucionais são fracas.

5. O CPE assinala que os objetivos e estratégias indicados nos COSOPs de 2001 e 2004 estão totalmente alinhados com as políticas do FIDA, assim como com as estratégias setoriais e gerais relevantes do governo, incluindo o Plano de Acção para Redução da Pobreza Absoluta (PARPA). O objetivo estratégico primordial do programa do país desde meados dos anos 1990 vem sendo o de melhorar o acesso dos pequenos agricultores e pescadores artesanais aos mercados. A estratégia inclui o apoio ao aumento da produtividade, qualidade e sustentabilidade da produção agrícola e da pesca, ligando pequenos agricultores e pescadores aos mercados e melhorando sua porção dos preços finais ao longo da cadeia de valor desde a produção até o mercado final. O CPE conclui que essa ênfase na ampliação das oportunidades para os pequenos proprietários rurais se tornarem mais integrados no mercado é relevante. Esse foco estratégico, operacionalizado através de uma agenda de desenvolvimento do setor privado e combinado com o uso bem-sucedido do diálogo sobre políticas em projetos e programas apoiados pelo FIDA, torna a estratégia para Moçambique um modelo louvável.

6. No contexto em rápida evolução que caracteriza Moçambique, porém, há evidências crescentes de aumento da desigualdade rural e ameaças à subsistência para os segmentos mais pobres da sociedade, assim como para os pobres economicamente ativos. No nível geográfico, as províncias do norte eram historicamente as mais desfavorecidas no país, mas agora algumas províncias do sul têm uma incidência de pobreza mais alta. Tudo isso exige um foco bem definido no novo COSOP em termos de direcionamento, especialmente devido à ênfase do programa do país sobre integração do mercado, que implica um risco de excluir os membros mais pobres das comunidades rurais.

7. Outra questão importante que requer maior atenção é a incorporação do gênero e do HIV/SIDA. Embora tenha sido introduzida como uma orientação estratégica geral no adendo de 2001 (HIV/SIDA) e no COSOP de 2004 (gênero), poucas ações foram realizadas no contexto da carteira atual para aumentar a incorporação das questões de gênero e atividades ou questões de prevenção do HIV/SIDA, embora essas questões transversais complementares sejam de grande relevância para os mais vulneráveis entre os pobres rurais.

8. Geralmente, os pressupostos relativos à capacidade dos parceiros dos setores público e privado são muito otimistas. O CPE também assinala que as organizações privadas e da sociedade civil, e não as agências do governo, podem estar mais bem posicionadas para desenvolver a capacidade de entidades do setor privado. Embora a terceirização tenha sido aplicada na carteira atual, merece consideração a possibilidade de delegar a execução e a gestão financeira geral de componentes ou sub-componentes financiadas por empréstimos a uma organização do setor privado ou sociedade civil.

9. Em alguns empréstimos recentes, o FIDA integrou responsabilidades de implementação em organizações do governo e evitou o estabelecimento de Unidades do Programa/Projeto (PU) dedicadas. Contudo, isso reduziu a eficiência e a velocidade da implementação. No projeto de pesca artesanal, foi desenvolvido um modelo interessante através do qual uma unidade totalmente integrada na agência implementadora principal, composta de pessoal dessa própria agência, assegura tanto a eficiência da implementação quanto a autoria nacional e o desenvolvimento da capacidade do parceiro governamental. O modelo aplicado na pesca artesanal oferece uma lição positiva sobre como organizar a implementação no futuro.

10. Embora a carteira ofereça exemplos de inovações, com relação à promoção de inovação é classificada como moderadamente satisfatória, devido à ausência de uma estratégia específica para reprodução e ampliação. Uma conclusão importante é que várias inovações planejadas não foram implementadas, embora na opinião do governo e da Divisão Operacional do FIDA isso pareça se aplicar em grande parte a projetos mais antigos e muito menos aos mais recentes. Durante a implementação surgiram importantes inovações que foram ampliadas enquanto se buscavam soluções para os problemas práticas que surgiram no local.

11. O CPE assinala que o envolvimento do FIDA no diálogo sobre políticas, desenvolvimento de parcerias e gestão do conhecimento aconteceu primordialmente no contexto do programa de empréstimos, enquanto menos atenção e recursos foram dirigidos a atividades não relacionadas a empréstimos. Embora tenha havido vários resultados bem-sucedidos com relação ao diálogo sobre políticas, o envolvimento direto do FIDA nos processos de formulação de políticas no âmbito nacional tem sido inadequado. Ademais, as doações estão mal vinculadas aos projetos financiados por empréstimos. As doações para assistência técnica regional e global contribuíram de forma limitada para a eficácia do programa do país, embora algumas doações pequenas tenham sido úteis. O desempenho moderadamente satisfatório das atividades não relacionadas a empréstimos pode ser parcialmente explicado pelos recursos limitados (humanos e financeiros) fornecidos pelo FIDA para esse propósito.

12. O envolvimento com outros parceiros de desenvolvimento é essencial num país como Moçambique onde a coordenação dos doadores é fortemente promovida pelo governo. Além de envolver parceiros do desenvolvimento nas etapas iniciais de identificação e elaboração de operações, é preciso elevar o perfil do programa do país apoiado pelo FIDA dentro da comunidade mais ampla de

doadores, onde grande parte do diálogo sobre políticas se origina e cada vez mais é coordenado. Embora o programa do país tenha se esforçado para mobilizar apoio de outros parceiros de desenvolvimento para suas recentes intervenções, os resultados continuam sendo relativamente modestos. Essa conclusão não é compartilhada pelo governo e o Departamento de Gestão do Programa do FIDA, já que todos os recentes projetos e programas mobilizaram importante cofinanciamento de vários parceiros, incluindo entidades multilaterais e bilaterais e parceiros menos tradicionais como a AGRA (*Alliance for a Green Revolution in Africa*).

13. O CPE também assinala que nenhuma das operações (até 2008) foi diretamente supervisionada pelo FIDA. A recente adoção de uma supervisão direta, após o estabelecimento de uma presença no país em 2003, contribui para ampliar o perfil do FIDA em Moçambique. Embora atualmente limitado em termos de recursos e autoridade, essa presença no país é uma boa base sobre a qual se pode construir um melhor diálogo com o governo. Além disso, permite que o FIDA aprofunde seu compromisso com a Declaração de Paris sobre Eficácia da Ajuda.

### **C. Recomendações**

#### **Recomendação 1: Manter os atuais objetivos e orientações estratégicas com melhor coordenação e mais recursos**

14. O objetivo primordial de melhorar a participação de pequenos proprietários e pescadores artesanais no mercado será mantido através do apoio ao seu envolvimento em cadeias de valor acessíveis e rentáveis. A diversificação para uma produção de alto valor representará um papel importante nesse sentido, assim como a maior competitividade dos produtos moçambicanos, inclusive nos mercados nacionais. A seleção de novas áreas de intervenção e novas cadeias de valor para apoio será determinada pelo potencial agroecológico e oportunidades de mercado.

15. Tanto a estratégia do país como a formulação do programa farão um esforço para assegurar a integração dessas três orientações estratégicas: (i) aumentar a produção excedente e seu valor; (ii) facilitar ligações de mercado e desenvolver organizações de pequenos proprietários e PME agrícolas; e (iii) ampliar o acesso de pobres rurais e PME ao financiamento. Mecanismos apropriados para assegurar a coerência do programa serão fortalecidos. A esse respeito, o FIDA e o governo continuarão a trabalhar no fortalecimento das medidas, mecanismos e sistemas que já estão sendo executados para ampliar a coordenação: (i) a já estabelecida Equipe do Programa do País (CPT), tendo com uma das principais tarefas assegurar a coordenação entre diferentes programas; (ii) a elaboração de mecanismos específicos para coordenação entre vários programas e projetos; e (iii) supervisão direta do FIDA e utilização cruzada de recursos do projeto na supervisão e no apoio à implementação, incluindo planificação e orçamento, quando apropriado.

#### **Recomendação 2: Dar mais atenção aos aspectos de direcionamento**

16. Considerando o contexto socioeconômico em evolução de Moçambique e o mandato e recursos relativamente limitados do FIDA, é importante que o FIDA e o governo de Moçambique prestem mais atenção aos aspectos de focalização em futuras intervenções e assim desenvolvam um enfoque de direcionamento mais articulado no contexto do próximo COSOP para assegurar que os grupos mais desfavorecidos também possam participar no desenvolvimento econômico com enfoques que não os beneficiem exclusivamente, mas apoiem sua inclusão nos processos de desenvolvimento. Geralmente, é preciso refletir melhor os aspectos relacionados à igualdade de gênero e ao HIV/SIDA. Do ponto de vista geográfico, o FIDA e o Governo de Moçambique examinarão o futuro foco geográfico tendo em mente os dados emergentes sobre pobreza e as variações nas tendências da incidência e severidade da pobreza, oportunidades econômicas e potencial.

17. Uma maior ênfase na inclusão, contudo, não reduzirá a relevância para o FIDA de se unir a outros parceiros de desenvolvimento no apoio ao desenvolvimento de estruturas nacionais. É importante observar que, no contexto de alguns dos subsetores nos quais o FIDA está intervindo, os

principais sistemas ainda não estão totalmente estabelecidos. Portanto, é essencial que o FIDA, como todos os outros parceiros, continue apoiando as estruturas e instituições emergentes, já que não deve focalizar somente as áreas e grupos socioeconômicos desfavorecidos sem construir os sistemas aos quais possam se vincular, assegurando assim um ambiente que favoreça os pobres.

**Recomendação 3: Elaborar e implementar uma agenda de inovação adaptada às realidades locais**

18. Uma conclusão essencial do CPE é a de que inovações importantes emergiram e foram ampliadas durante a implementação num processo de busca de soluções para os problemas encontrados. Embora isso indique uma atitude positiva e dinâmica frente à inovação, em geral o processo de promoção da inovação permanece assistemático.

19. Um enfoque estruturado à inovação será explorado no próximo COSOP, de modo a identificar oportunidades para uma identificação mais sistemática de áreas prioritárias de inovação, assim como mecanismos e processos de reprodução e ampliação. Serão dedicados recursos e esforços a esses aspectos que são essenciais para a reprodução e a ampliação de inovações, como a gestão do conhecimento.

20. Sem uma UP ou força-tarefa equivalente, é improvável que ocorram esses “processos de procurar e encontrar”. Portanto, serão feitos esforços para promover as UP como “ferramentas do processo de mudança temporária”, de propriedade dos parceiros governamentais de implementação, com o objetivo definitivo de integrar mudanças e inovações em estruturas e programas do governo.

**Recomendação 4: Envolver organizações privadas e da sociedade civil como implementadores de componentes.**

21. A estratégia do país e a carteira em Moçambique têm uma forte orientação no sentido de facilitar a integração dos pobres rurais ao mercado. Em subsetores importantes, como serviços de comercialização e financeiros, as organizações privadas e da sociedade civil podem estar mais bem posicionadas do que organizações do governo para prestar os serviços necessários. Embora as organizações privadas e da sociedade civil tenham estado envolvidas com resultados positivos como provedores de serviços contratados para tarefas específicas, o FIDA e o Governo de Moçambique no futuro devem explorar opções para atribuir gradualmente a esse tipo de instituições uma maior responsabilidade de implementação dos componentes do programa.

22. Embora o FIDA e o Governo de Moçambique reconheçam totalmente em princípio o mérito e o potencial papel das organizações privadas e da sociedade civil como implementadores, será preciso encontrar o equilíbrio certo entre a necessidade de envolver mais ainda esses parceiros na implementação do programa com uma maior responsabilidade e a capacidade real de potenciais parceiros em termos de habilidades e conhecimentos necessários para esse propósito.

23. O FIDA representará um papel na promoção de organizações de produtores na agricultura e na pesca para assegurar que elas possam responder melhor às necessidades de seus membros e se envolver mais ainda na implementação do projeto.

**Cronograma proposto para implementação das recomendações 1-4**

24. As recomendações serão levadas em conta na formulação do novo COSOP com base nos resultados, que deve ser enviado à Assembleia do FIDA em abril de 2011.

## **Recomendação 5: Continuar a implantação do novo modelo operacional do FIDA**

25. Desde 2007, em Moçambique o FIDA atribui uma ênfase maior ao seu novo modelo operacional, com o objetivo de melhorar a eficácia em termos de desenvolvimento da cooperação entre o FIDA e o Governo de Moçambique. Será atribuída ênfase particular ao fortalecimento de sua presença no país, inclusive considerando a possível transferência de cargos profissionais da sede do FIDA em Roma. Uma presença mais forte no país, entre outras coisas, ajudará a melhorar os componentes do Programa do FIDA não relacionados a empréstimos - diálogo sobre políticas, gestão do conhecimento e formação de parcerias - que, contudo, permanecerão estritamente ligados à carteira de empréstimos.

### **Cronograma proposto para implementação da recomendação 5**

A partir de 2011

### **Principais parceiros envolvidos**

Governo de Moçambique e FIDA

Assinado por:

Sr. Salim Valá  
Secretário Permanente da Planificação e Desenvolvimento  
República de Moçambique

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Sr. Ides de Willebois  
Diretor da Divisão da África Oriental e Meridional  
Departamento de Gestão do Programa

Maputo, 25 Maio 2010



**Republic of Mozambique**  
**Country Programme Evaluation**

**Main Report**

**I. BACKGROUND AND INTRODUCTION**

**A. Overview of IFAD's Assistance in the National Context**

1. The cooperation between Mozambique and the International Fund for Agricultural Development (IFAD) was initiated in the early 1980s and has involved nine loans (see appendix 1), a number of small country grants and regional grants. The tenth loan (US\$31.1 million for Promotion of Rural Markets Programme [PROMER]) was approved by IFAD's Executive Board (EB) in September 2008. Including PROMER, the total approved IFAD lending since 1982 amounts to US\$175 million provided on highly concessional terms. In addition, IFAD has secured approximately US\$48 million in cofinancing and parallel financing contributions from other development partners. As part of the Debt Initiative for Highly Indebted Poor Countries (HIPC), IFAD has provided a relief of US\$16.6 million (in nominal terms).

2. While IFAD's share of the annual total official development assistance (ODA) to Mozambique is negligible (less than 1 per cent), IFAD is seen as having a leading role within artisanal fisheries and agricultural extension services and is an important partner in the development of rural/agricultural markets and rural financial services.

3. The nature of the cooperation between the two partners has been influenced by changes in both Mozambique and IFAD. When IFAD approved the first loan to Mozambique 1982 (for the National Food Programme), the country was suffering from the devastation caused by "the war of 16 years". The war, which had erupted soon after the end of Portuguese colonial rule in 1975, killed an estimated 1 million people and caused significant damage to the national economy and infrastructure.

4. In 1977, a single-party Marxist state was declared, with the nationalization of major economic assets and a transition to a centrally planned economy. Agriculture was dominated by state enterprises/farms, parastatals and production cooperatives which, in many cases, were not financially viable. In 1987, however, Mozambique embarked on its first structural adjustment programme, with support of the World Bank and the International Monetary Fund (IMF) and made a significant policy shift, giving priority to smallholder farmers (commonly referred to as "the family sector" in Mozambique) and attracting private investments in Joint Venture Companies.

5. Following the peace agreement in 1992, the priority was to build economic and social assets, often from scratch, and resettle refugees (estimated at 1.5 million) and internally displaced persons (estimated at 3.2 million). Two projects reflected these priorities, viz. the Niassa Agricultural Development Project (NADP, approved in 1994) and the Family Sector Livestock Development Programme (FSLDP, approved in 1996) which, apart from re-stocking and rehabilitation of the veterinary services, also included an important strategic element of support to the first Agricultural Extension Master Plan within the National Programme for Agricultural Development (PROAGRI). Since 1996, IFAD-Mozambique collaboration has been placed on a more programmatic footing, supporting thematic and sub-sector programmes with a mix of investments in selected geographical areas and national strategic and policy components. A major part of the area-specific support has been concentrated in provinces north of the Zambezi River.

6. Following the democratic elections in 1994, Mozambique accelerated the transition towards a market economy and more pluralistic systems of service delivery. IFAD's lending since 1999 has

focused on supporting this process, developing private sector capacity and markets through two loans for agricultural/rural markets (Agricultural Markets Support Programme [PAMA] and PROMER), the Rural Finance Support Programme, and the Sofala Bank Artisanal Fisheries Project (SBAFP). A loan (US\$20 million) was approved in 2006 to support the national programme for agricultural extension (PRONEA) which provides for further development of a pluralistic system, involving the state, civil society and the private sector in service delivery.

7. The earlier IFAD-financed interventions were challenged by a limited capacity both in the public and private sector following many years of oppressive colonial rule and the subsequent civil war. There has since been an impressive development in implementation capacity. However, limited public and private sector capacity, particularly in remote rural districts, remains a constraint for investment programme implementation.

8. The evolving nature of IFAD's *modus operandi* has also changed the nature of the relationship. In the late 1980s, the emphasis on agricultural technology gave way to supporting rural institutions and services that are crucial to the reduction of rural poverty. In the 1990s, increasing importance was given to: (i) aligning to national frameworks, supporting SWAp's instead of stand-alone projects; (ii) participating in policy dialogue; and (iii) promoting innovative approaches. This transition was greatly facilitated by the establishment of a permanent country presence in 2003, through the contracting of a national programme officer. The development towards a more hands-on oriented development agency was further enhanced in 2006 when IFAD decided to move towards direct supervision, abandoning the delegation of supervision to cooperating institutions (CI) such as the United Nations Office for Project Services (UNOPS).<sup>1</sup>

**Table 1. IFAD's Operations in the Country Context**

|   |  | CPE Coverage except PROMER                        |  |  |  |            |
|---|--|---|--|--|--|------------|
| 1982 Loan for Food Production                                 | 1987 Second Agricultural Rehabilitation Project                        | NAFP 1993<br>NADP 1994                            | FSLDP 1996<br>COSOP 1997<br>PAMA 1999  | 2000/01 COSOP<br>SBAFP 2001<br>RFSP 2003 | 2004 COSOP<br>ASP/PRONEA 2006<br>PROMER 2008   |            |
| Independence 1975<br>1977 - 92:<br>Civil War<br>Marxist State | 1987 First Structural Adjustment Programme - Priority to Family Sector | 1992 Peace Agreement<br>1994 Democratic Elections | Towards Decentralisation and Market Economy - Preparations for Agricultural SWAp<br>PROAGRI 1999 | First PRSP<br>PARPA 2001 - 2005          | PARPA II 2006 - 09<br>PROAGRI II 2006-10<br>Green Revolution Strategy 2007<br>PAPA 2008-11 | COSOP 2011 |
|   |  | 1992 End of War                                   | 2003 Country Officer (proxy)   |  |  |            |

## B. Evaluation Objectives, Methodology and Processes

9. This Country Programme Evaluation (CPE) was undertaken by IFAD Office of Evaluation (IOE), which provides an independent assessment of IFAD's operations and policies and reports directly to the IFAD's EB.<sup>2</sup> The CPE's main objectives were to: (i) assess the performance and impact of IFAD operations in Mozambique; and (ii) produce building blocks for the preparation of the new country strategic opportunities programme (COSOP) to be finalized in 2010.

<sup>1</sup> The IFAD Direct Supervision Policy was approved by the IFAD Executive Board in December 2006. The first directly supervised project in the Mozambique portfolio was Agricultural Support Programme (ASP)/ National Programme for Agricultural Extension (PRONEA) (which was declared effective in late 2007), followed by the Rural Financial Support Programme (RFSP) in January 2008 and the Sofala Bank Artisanal Fisheries Project (SBAFP) in January 2009. As of January 2009 the entire IFAD-financed portfolio in Mozambique is directly supervised.

<sup>2</sup> IOE's Evaluation Policy may be viewed at: [http://intradev:8015/evaluation/policy/new\\_policy.htm](http://intradev:8015/evaluation/policy/new_policy.htm).

10. The approach of the evaluation follows IOE's methodology as described in the approach paper.<sup>3</sup> The CPE will answer three key questions presented in the approach paper, viz.: (a) Was IFAD's country strategy in Mozambique designed (as expressed in IFAD interventions and formalized in the 2000 and 2004 COSOPs) to ensure highest possible rural poverty reduction impacts? (b) To what extent, was the country strategy implemented through project and non-project activities and how did they perform? (c) What was the impact of IFAD's country strategy and operations?

11. The CPE covers seven of ten loans approved. Of the seven projects covered, three are closed, while four projects are in different stages of implementation. The approach and methodology for assessing the seven projects therefore differs (as described in appendix 2). Two of the three closed projects have been independently evaluated by IOE, i.e. the Nampula Artisanal Fisheries Project (NAFP) and the NADP. For these two projects, the CPE makes use of the IOE evaluation reports. In the case of the third closed project, i.e. the FSLDP, the CPE interviewed former project stakeholders and made visits to Gaza Province where implementers and beneficiaries were interviewed. The information gathered through this field visit was complemented by the project completion report and other project documentation as well as national statistics and information on the livestock sector.

12. In the case of the ongoing projects, a self-assessment exercise was implemented before the CPE mission. Based on questionnaires, the project implementers provided valuable information. In addition, the project questionnaires were complemented by a more strategic self-assessment by the Country Programme Manager (CPM). The CPE mission made extensive field visits to the project areas of the PAMA Support Project (about to close during the CPE mission) and the SBAFP. In the project areas, the CPE mission interviewed implementers and beneficiaries through structured focus group discussions. The information gathered in the field complemented the information obtained from the comprehensive monitoring and evaluation (M&E) systems of these two projects and, as the third point in the triangulation, official national statistics and information was obtained.

13. In the case of the on going Rural Finance Support Programme, the CPE mission held discussions with stakeholders and clients in several provinces. However, as the programme is only three years into implementation, it is too early to assess impact. Finally, for the recently approved Agricultural Support Programme (ASP), which is supporting the National Agricultural Extension Programme, the CPE mission had discussions with the Ministry of Agriculture (MINAG) but the assessment is limited to the relevance of design.

14. Outside the context of the loan portfolio, the CPE undertook a more detailed assessment of two regional technical assistance grants. Finally, the CPE mission met with development partners and government and non-government agencies with whom IFAD relates in non-lending contexts such as policy dialogue.

15. The CPE Mission was implemented during four weeks from 29<sup>th</sup> September till 24<sup>th</sup> October 2008. Visits were made to the provinces of Maputo, Gaza, Zambezia, Nampula, Niassa and Cabo Delgado, interviewing implementers and service providers and discussing with groups of beneficiaries of IFAD's support for market linkage development, artisanal fisheries, rural finance, and agricultural extension/livestock. The Mission also had discussions with government officials, stakeholders and beneficiaries of IFAD assisted interventions addressing the HIV/AIDS and gender issues. An Aide Memoire, presenting a brief summary of preliminary findings, was discussed with IFAD and national partners and stakeholders at the end of the mission. Their valuable comments have been considered in preparing this CPE Report.

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<sup>3</sup> The approach paper provides information and insights on the evaluation early in the process. It also constitutes an opportunity for stakeholders to understand the objectives of the CPE from the onset and agree on a timetable for the evaluation.

## II. COUNTRY CONTEXT

### A. Economy - Structure and Trends

#### *Agriculture Contributes Least to GDP but Most to Employment*

16. Agriculture (crops, livestock, forestry, fisheries) has the lowest sector share of the Gross Domestic Product (GDP) (23 per cent) which is unusual for a low-income country. The fisheries sector, though important in exports and the national diet, contributes only 2 - 3 per cent. The services sector is the biggest contributor to GDP (47 per cent) followed by industry (30 per cent). The relatively large contribution of industry is due to a few large investments in the mining and energy sectors as well as in aluminium production. This explains Mozambique's classification as transitioning from an *agriculture-based* country to a *transforming* country as classified in the 2008 World Development Report. Despite the modest contribution of agriculture, the sector employs about 80 per cent of the population, an indication that agricultural productivity is very low compared to productivity in other sectors.

17. In terms of international trade, agriculture and fisheries have lost their once dominant position in exports due to the emergence of aluminium and other mega-project exports since 2000, with the latter now accounting for some 60 per cent of total exports. Fisheries exports (prawns in particular) which used to account for some 25-30 per cent of exports today account for approximately 3 per cent, corresponding to the contribution of sugar exports. Agricultural commodities only contribute 10-15 per cent of exports. Tobacco and sugar have emerged as the most important agricultural export commodities together with cotton while the once important export of cashew nuts is recovering from a major decline. Timber exports are increasing, and there are probably considerable unrecorded exports. Likewise, there may be a significant informal cross-border trade in basic food crops. Mozambique also has considerable agricultural imports, mainly cereals and livestock products.

#### *High Growth and Prudent Macroeconomic Management*

18. The 21 million Mozambicans currently have a GDP per capita of close to US\$400, up from less than US\$100 in 1992. Since 1993, annual economic growth (in real terms) has averaged 8 per cent. While high growth is to be expected during an initial reconstruction phase, Mozambique has performed exceptionally well in sustaining high growth for 15 years, except for a few years with major natural disasters (e.g. the floods in 2000).

19. During the 2005-2007 period, annual rates of real growth were in the range of 7.3 per cent to 8.8 per cent and most projections suggest that the economy will continue to grow at annual rates of 5 per cent in the immediate future. In the medium to long-term, there is a possibility that even higher rates may be achieved if Mozambique becomes a major coal and oil/gas producer. Large foreign investments are currently being implemented to explore oil reserves and exploit the very significant coal reserves. There are growing expectations that Mozambique may have substantial oil resources which would be commercially viable to extract. If these hopes are fulfilled, the development opportunities and challenges will change dramatically over the next decade.

20. High economic growth has partly been achieved through "mega projects" such as the investments in an aluminium smelter, gas and heavy sands extraction. These billion dollar investments have a significant impact on GDP and exports but relatively limited direct effects on employment and poverty. For example, more than US\$2 billion (~25 per cent of GDP) has been invested in the Mozal aluminium smelter producing aluminium ingots for export and accounting for close to 60 per cent of total exports, while only creating a few thousand jobs. More recent foreign investments in bio-fuel (jathropa) and sugar production appear to be creating more jobs per dollar invested.

21. The poor have mainly benefited from high growth in agriculture. Between 1992 and 2003, average annual growth in agricultural GDP reached 6.2 per cent, well above the level for most African countries. However, crop production, mainly rainfed, is subject to significant periodic fluctuations due to droughts and floods. Droughts in 1994 and floods in 2000 resulted in significant declines.

22. High growth has partly been facilitated by prudent management of the economy. Inflation has been controlled and significantly reduced from a range of 30 per cent to 60 per cent during 1994-1996 to about 4 per cent by the turn of the century. Since 2002 the annual rate has been fluctuating within a range of 7 per cent to 17 per cent. Despite the recent increases in oil and food prices, the rate is currently between 9 per cent and 11 per cent and the Metical has been appreciating against the US Dollar and the South African Rand. Thanks to the HIPC initiative, debt service has been significantly reduced. Foreign exchange reserves have increased to about 5 months' import cover and on international credit ratings, Mozambique has recently moved from a "B" to a "B+".

**Table 2. Regional Comparisons - Mozambique is Catching Up**

|                   | <b>Doing Business Rank of 181 Countries</b> | <b>Human Development Index (177 Countries)</b> | <b>GNI per Capita 2006 US\$</b> | <b>PPP GNI per Capita 2006 US\$</b> |
|-------------------|---|--|---------------------------------|-------------------------------------|
| South Africa      | 32  | 121  | 5,390                           | 11,710                              |
| Kenya             | 82  | 148  | 580                             | 1,300                               |
| Zambia            | 100   | 165  | 630                             | 1,000                               |
| Tanzania          | 127   | 159  | 350                             | 740                                 |
| Malati            | 134   | 164  | 170                             | 720                                 |
| <b>Mozambique</b> | <b>141</b>                                  | <b>172</b>                                     | <b>340</b>                      | <b>1,220</b>                        |
| Madagascar        | 144   | 143  | 280                             | 960                                 |

Sources: World Bank 2009 Doing Business Report, UNDP 2007/08 Human Development Report, GNI figures from World Development Report 2008.

23. Mozambique has caught up with many countries in the region in terms of gross national income at purchasing power parity (PPP GNI). However, despite impressive economic growth since 1992, Mozambique is still to be found in the bottom part of international indices for human development and business climate. This is partly explained by the low starting point in 1992 as Mozambique had an extremely limited stock of human and physical capital at the conclusion of the war. Though Mozambique has moved upwards on UNDP's human development index, the country still ranks in the bottom part of the human development index and the gender-related indices.

24. While Mozambique has been able to attract major foreign investments into "mega-projects", international assessments find significant obstacles to doing business. The World Bank's Doing Business Report of 2009 gives Mozambique a ranking of 141 (of 181 countries), down from 139 in 2008. The most negative factors include "starting a business" (rank 144), "dealing with construction permits" (153), "employing workers" (161), and "registering property" (149).

25. On the Global Competitiveness Index (2007) of the World Economic Forum, Mozambique is ranked 124th out of 128 countries (down from 114th in 2006). The most problematic factor for doing business was, according to the respondents, access to finance followed by inefficient government bureaucracy, corruption, and inadequate infrastructure. It should be noted that the Government of Mozambique is currently addressing these issues. In 2008 for example, the Government approved a new strategic plan to strengthen the business environment and a simplified process for business licensing.

## **B. Agriculture and Rural Development**

### ***Subsistence-oriented Family Sector but Increasing Commercialization***

26. The rural economy is largely comprised of about 3 million smallholder families - or "family farmers" - each cultivating about 1.2 ha to produce food mainly for household consumption. Food crops are grown by virtually all rural households (mainly cassava, maize, millet, rice, groundnuts and beans). Cereal yields are less than 1 ton/ha. After years of disruption in agricultural marketing, production and sales of food crop surpluses is rising, and smallholder families are increasingly producing cash crops (e.g. cotton, tobacco, cashew, sesame and vegetables), often on contract with an agro-industrial enterprise. There are about 37,000 so-called emerging (indigenous) farmers, i.e. farmers that are semi-commercial.

27. Large-scale commercial farming is increasing. Commercial farmers produce mainly export crops based on irrigation and imported inputs, but also cattle rearing is undertaken. Farmers from South Africa and Zimbabwe are increasingly seeking opportunities in Mozambique and there are major foreign direct investments in sugar plantations and bio-fuel (jathropa) production.

### ***Expansion of Cultivated Area, Diversification and Agricultural Trade***

28. Three types of developments have made the major contribution to the past high growth in the agricultural sector: (i) area expansion, first as refugees and internally displaced families returned to their fields, and thereafter as individual families expanded their cultivated area; investments in plantations and commercial farms (often with foreign capital) have also contributed (see table A.3.5 in appendix 5); (ii) improved market access, in particular with development of the road network; and (iii) increased diversification of the production, providing farmers with new and better income opportunities.

29. The area under cultivation grew by 3.3 per cent per year during 1993-2000 and by 3.9 per cent during 2000-2003. Though only some 5 million ha out of an arable area of 36 million ha are cultivated, there is a limit to further major expansion in the family sector unless hoe-cultivation is replaced with animal-traction or mechanical cultivation. In some areas with significant potential for expansion, e.g. Niassa, the hoe is still the predominant way of cultivation. However, the use of animal traction has increased, from some 7 per cent to 11 per cent between 1996 and 2002, but mainly in cash crop areas.

30. Better crop husbandry has played a limited role in increasing yields and production. Yields of basic food crops in the family sector have stagnated. Actual yields, which generally are much lower than yields obtained in the region, constitute only 20 per cent to 50 per cent of the potential, with the exception of cassava where yields are within the potential range. A small minority, mainly those producing cash crops on contract with an agro-industrial firm, use fertilizers and some kind of irrigation. Mozambique has a considerable unexploited irrigation potential, also in the South which has low rainfall and recurrent droughts (and floods). While major investments are being made in expanding the area under irrigation, there are also cases of gradual decline of past sophisticated systems of irrigation and support services.

31. Land belongs to the State but user titles can be obtained and assets on the land can be traded. Only 2-4 per cent of rural households hold a title to their land which reduces their willingness to invest in land improvement and constrains their access to loans to finance productivity-enhancing interventions.

32. According to the World Bank,<sup>4</sup> “domestic market integration has improved significantly, domestic trade is growing, and prices are converging across subregions”. While improved security and road network have been key factors, there is also emergence of rural trading institutions, including private traders, and farmers’ associations and cooperatives. Yet, in many cases transport of food surpluses from the North to the food deficit areas of the South is still not a commercially viable option (although this may change with the completion of the bridge over the Zambezi River) while some of the high potential provinces, such as Tete, Zambezia and Niassa, have good market opportunities in Zimbabwe, Zambia and Malawi.

33. The mean number of crops grown by smallholders has increased from 4.6 to 7.9 between 1996 and 2002 (see table A.3.4, appendix 5). Richer households grow more crops. Improving market participation and diversification has a positive impact on household income. According to the World Bank: “Household income rises as households move from selling surplus food (usually maize) in the spot market to selling an undifferentiated contract cash crop (cotton), to selling quality-differentiated cash contract crop (tobacco)” and “wealth and education are especially correlated with higher value contract and quality-differentiated crops. Female-headed households are significantly disadvantaged in both participation and earnings from sales in all markets because of lower education levels and less labour available in the household”.

34. While cash crops and market participation are important determinants for household income, it appears that wage income and income from non-farm enterprises are becoming important factors in determining rural household income. The non-poor and better off households attribute a major part of the changes in their income to these two factors (table A.3.11, appendix 5). According to data from Rural Household Income Survey (TIA), in 2002 some 42 per cent of all households had some income from a non-farm enterprise. Furthermore, livestock has become an important source of income. While only 14 per cent of all households obtained income from livestock in 1996, some 31 per cent did so in 2002.

### ***Fisheries Production is Maintained Albeit Concerns over Resource Depletion***

35. With a coast line of 2,750 km, it is extremely difficult to control the utilization of fisheries resources and provide accurate figures on catch and stocks.<sup>5</sup> Mozambique does not yet have the machinery to effectively control industrial fishing and the many foreign vessels that are operating in her waters, outside the 3-mile zone reserved for artisanal fisheries, but sometimes also within the zone. Among artisanal fishermen there is a perception that stocks are declining and that the size of the species caught is becoming smaller.

36. Recent data from the Ministry of Fisheries indicate that the catch of artisanal fisheries is higher than the catch of industrial and semi-industrial fisheries and that the catch in both sectors is stagnant or declining (see appendix 8). However, at the same time, the number of people, boats and fishing gear engaged in the sector has shown a significant increase between 2005 and 2007. More than half a million people are engaged in the sector, mostly along the 950 km Sofala Bank in the Northern part of the country, a bank that is rich in shrimp.

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<sup>4</sup> The World Bank, February 2008, *Beating the Odds: Sustaining Inclusion in a Growing Economy*.

<sup>5</sup> The two IFAD supported artisanal fisheries projects have contributed to improve monitoring of artisanal fisheries along the Sofala Bank. It is anticipated that, in the future, time series will be constructed to improve the trend data on important parameters (catch rates, species and size composition). Efforts are also in place to develop scientific approaches and tools that can be combined with the trend analyses to enhance the reliability of fish stock estimates of these multi-species fisheries.

## C. Demography and Poverty

### *Demographic Trends*

37. The 2007 Population Census recorded a population of 20.5 million, an increase of 28 per cent since the 1997 census (average of 2.45 per cent per year), comprised of highly different changes in the 10 provinces and Maputo City. While the two most populous provinces, Zambezia and Nampula, have maintained their combined 40 per cent share of total population, Sofala, Gaza and Inhambane have experienced declining shares. Major increases are recorded for provinces with high agricultural potential, Manica, Tete, and Niassa, as well as for Maputo Province, most probably as a result of the expanding Maputo metropolis.

38. Due to the war and migration for jobs in particular to South Africa, there is an overall gender imbalance in the country. In some provinces with low agricultural potential and significant out-migration, the gender imbalance is significant (79 per cent in Inhambane and 80 per cent in Gaza).

39. Life expectancy was recently estimated at 47.6 years (45.8 for men, 49.6 for women) but with rising HIV/AIDS prevalence it is expected to drop below 40 in the near future. Less than 10 per cent of the population is above the age of 50. Life expectancy shows significant variations across provinces, with Maputo City having a high of 59 years and Cabo Delgado a low of 42 years.

40. Population densities show enormous variations. The largest province, Niassa, has the lowest density (nine persons per km<sup>2</sup>) while the neighbouring province, Nampula, has the highest (50 persons per km<sup>2</sup>).

41. IFAD's support for artisanal fisheries (NAFP and SBAFP) has gone to the coastal areas of Sofala, Zambezia and Nampula, while much of the area-specific support for agriculture and agricultural marketing (NADP and PAMA) has gone to selected districts of Niassa and Cabo Delgado (PAMA). FSLDP had national coverage but did provide some area-specific support to Nampula, Tete, Manica and Gaza.

**Table 3. Provincial Distribution of the Population**

| Province                  | Percentage Shares |             |             |
|---------------------------|-------------------|-------------|-------------|
|                           | 1980              | 1997        | 2007        |
| Total                     | 100               | 100         | 100         |
| Niassa                    | 4.2               | 4.8         | 5.7         |
| Cabo Delgado              | 7.7               | 8.2         | 8.0         |
| Nampula                   | 19.8              | 19.5        | 19.9        |
| Zambezia                  | 20.6              | 20.3        | 19.0        |
| Tete                      | 6.9               | 7.3         | 8.9         |
| Manica                    | 5.3               | 6.2         | 6.9         |
| Sofala                    | 8.8               | 8.8         | 8.1         |
| Inhambane                 | 8.2               | 7.1         | 6.2         |
| Gaza                      | 8.2               | 6.6         | 5.9         |
| Maputo Province           | 4.1               | 5.1         | 6.1         |
| Maputo City               | 6.2               | 6.1         | 5.4         |
| <b>Population Million</b> | <b>12.1</b>       | <b>16.1</b> | <b>20.5</b> |

### *Poverty - Structure and Trends*

42. Between 1997 and 2003, the national poverty incidence declined from 69.4 per cent to 54.1 per cent and the poverty gap was reduced from 29.2 per cent to 19.9 per cent, implying that also those who remained poor increased their consumption. Poverty in rural areas was reduced by 16 points from 71.6 per cent to 55.2 per cent while urban poverty incidence declined by 12 points from 63.9 per cent to 51.6 per cent. Among farmers poverty incidence declined from 72.6 per cent to 58.2 per cent (see appendix 6).

43. There are significant variations between the provinces. Sofala, with the highest poverty incidence in 1997, experienced a dramatic reduction and had the lowest poverty incidence by 2003. Significant reductions were also achieved in the Central and Northern provinces with good agricultural potential except for Cabo Delgado which saw poverty increasing. In the South, performance was disappointing with increasing poverty in Maputo City and Province and only modest declines in Inhambane and Gaza. As a result, by far the highest poverty incidence (81.1 per cent) was recorded in Inhambane in 2003.

44. These figures are provided by two household surveys based on limited samples<sup>6</sup> and there is conflicting evidence which may question whether the data represent the reality. For example, Cabo Delgado, where poverty incidence should have increased, has experienced a significant increase in food crop production and a reasonable reduction in stunting, while Sofala, with a dramatic reduction in poverty incidence, has experienced an increase in stunting (see tables A.3.3 and A.4.27 in appendix 5).

45. In terms of poverty density, the majority of the country's 11 million poor live in four provinces: Cabo Delgado, Nampula, Zambezia and Tete. Despite having a poverty incidence below the national average, Nampula and Zambezia have the highest numbers of poor. About one third live in the South, from Inhambane and southwards, with more than 1 million concentrated in Inhambane.

46. There is emerging evidence suggesting that the progress on reducing poverty achieved during 1997-2003 has not continued after 2003 and that rural inequality is increasing. The Poverty and Vulnerability Survey (2006) found that the majority of the households in the poorest tercile perceived that their household poverty had worsened during the last five years while the majority in the richest tercile had the perception that the situation had improved. In the TIA Panel data from 2002 and 2005 there are more respondents stating that living conditions worsened than respondents maintaining the opposite.

47. In Mozambique, income poverty is not correlated to human development. Generally, people in the South have better access to services than people in the high-potential agricultural provinces of the North, and therefore Maputo Province and City as well as Inhambane score highest on the HUMAN DEVELOPMENT INDEX. Major improvements in access to services have been achieved since 1993. In rural areas and between 1997 and 2003, the percent of households using safe water increased from 13 to 27 and those using a latrine from 26 to 33, while the enrolment of children (7-12) in primary education increased from 43 per cent to 65 per cent.

#### ***HIV/AIDS is Increasing at an Alarming Rate***

48. From a few cases detected in the late 1980s, HIV/AIDS spread rapidly during the last years of the war and after the 1992 peace agreement when refugees returned and the main transport corridors were re-opened. Prevalence in the prime age group has now reached an estimated 16 per cent. By 2010, an estimated 2 million people will be infected, reducing life expectancy to some 37 years as compared to 50 years without AIDS. Though investments in addressing the issue have doubled during the last few years (reaching more than US\$100 million per year), there is a serious concern in that the prevalence rate appears to be rising. Generally the rural population is aware of the issue but surveys indicate that only 38 per cent of rural people are aware of safe sex practices such as condom use and limiting partners.

49. There are large variations between provinces and between the sexes. Women account for an estimated 58 per cent of those infected possibly due to lower bargaining power, education and wealth. Prevalence is generally higher in towns, in areas of high mobility and where many men work as migrant workers. It is also reported to be high among fishing communities. In Sofala province, which includes a major transportation corridor and the provincial capital of Beira, prevalence has reached a catastrophic 26 per cent and it is also above 20 per cent in the Maputo province and city as well as in Gaza province which have many men working in the mines in South Africa. Prevalence is relatively low (7-11 per cent) in the three Northern provinces, Niassa, Cabo Delgado and Nampula.

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<sup>6</sup> These data are from two National Household Surveys on Living Conditions (*Inquérito aos Agregados Familiares* [IAF]) implemented by the National Statistics Institute (INE) in 1997 and 2003. The total national sample for 2003 was only 8,700 households, less than one thousand per province. The figures should therefore only be used as an approximation of the complete reality.

50. Currently some 140,000 people die from AIDS each year and about half a million children have lost one or both parents to the disease. A study<sup>7</sup> has found that prime-age male death reduces household income by some 25 per cent while there is no significant reduction in case of female-death because usually the woman is quickly replaced within the family. At the macro-economic level, projections suggest that the HIV/AIDS epidemic will be reducing GDP by some 14-20 per cent by 2010.

#### **D. Government Policies for Rural Poverty Reduction**

##### ***Poverty Reduction Strategies - PARPAs<sup>8</sup>***

51. The efforts of the Government of Mozambique and development partners for promoting growth and reducing poverty have been guided by the Government's 5-year plans and two Poverty Reduction Strategy Papers: PARPA I, 2001-2005, and the current PARPA II, 2006-2009.<sup>9</sup> The PARPAs have been instrumental in obtaining debt relief (US\$3.7 billion), mobilizing General Budget Support (GBS), getting ODA on-budget, and improving coordination of development partners. It is anticipated that the Government will prepare another type of medium-term plan during 2009/2010.

52. PARPA I focused on human development and broad-based economic growth and prioritised six areas for action: (i) education, introducing universal education; (ii) health, prioritizing healthcare for women; (iii) infrastructure - road, energy, water, sanitation; (iv) agriculture and rural development to improve productivity and incomes; (v) good governance, promoting decentralization and administrative efficiency and fighting corruption; and (iv) prudent macroeconomic management, providing a stable and conducive frame. PARPA I targeted an average annual rate of growth in agricultural sector of 8 per cent, based on expansion of the family sector as well as the commercial sector, and food as well as cash crops. "Focus will be on promoting priority crops (cereals, legumes, and traditional cash crops)".

53. PARPA I emphasised "improvements in post-harvest management and access to markets". Key activities included: "(1) encourage farmer associations to become involved in marketing of produce; (2) disseminate information on markets; (3) disseminate techniques to increase the storage capacity for agricultural products amongst producers; (4) promote private investment in marketing systems; (5) promote the establishment of mills and other agro-industries". These priorities are fully reflected in the PAMA Support Project. Furthermore, with reference to the development of artisanal fisheries, the emphasis was on marketing, where PARPA outlined project interventions for which resources should be mobilized. This was achieved with the IFAD support for the SBAFP.

54. PARPA II (2006-2009) is a supporting element of the Government's 5-year Plan (2005-2009) and has the goal of reducing poverty incidence from 54 per cent to 45 per cent based on a strategy with three pillars: (i) Governance; (ii) Human Capital; and (iii) Economic Development (rural development, development of the national business community; and creation of a favourable investment environment). One goal of the economic development pillar is to "strengthen the family sector of the economy, with emphasis on activities such as farming and small-scale fishing". Contract farming is also indicated as a way forward.

55. Public-private partnerships, e.g. in investments and service delivery, are considered important for the agricultural transformation, which also requires rural producers to be better organized. "This will involve public investment to reinforce the fabric of rural institutions and organizations." IFAD's

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<sup>7</sup> Donovan and Mather 2007.

<sup>8</sup> *Plano de Accao para a Reducao da Pobreza Absoluta (PARPA) ~ Action Plan for Reduction of Absolute Poverty.*

<sup>9</sup> PARPA II has been extended by one additional year and is now scheduled to be completed at year end in 2010.

recent loan projects include such elements, e.g. PAMA & PROMER, SBAFP, RFSP, and Agricultural Support Programme (ASP)/PRONEA.

56. PARPA II has a clear market-based approach, with policies to promote commercialization and value-added, prioritizing small family farms and their gradual transition to commercial operation as well as assistance to commercial farmers. The agricultural SWAp, PROAGRI, is highlighted as essential to fulfilment of PARPA II objectives for agriculture. On artisanal fisheries, PARPA II outlines actions which are more or less part of the work plan of the IFAD-supported SBAFP.

57. PARPA II specifically prioritizes micro and rural finance: “Modernize and expand the financial system, by creating new instruments and expanding regional coverage, especially in the rural areas, in order to increase savings and the availability of credit”. This is very much the focus of the IFAD supported Rural Finance Support Programme (RFSP).

### *Agricultural Sector Policies, Strategies and Programmes*

58. Several guiding instruments have been developed for the agricultural sector during the last 10 years. First and foremost is the PROAGRI, which has completed the first phase (1999-2005) and now is in the second phase (2006-2010). PROAGRI pursues a Sector Wide Approach to planning (SWAp) and includes a “basket”, i.e. a Common Flow of Funds Mechanism (CFFM) used by several development partners. In addition to PROAGRI, the MINAG and the Government of Mozambique have issued a number of policy and strategy documents to guide agricultural sector development: The Vision for Agricultural Sector (2003); The Agricultural Development Priorities (2006); Concept, Principles and Strategy for a Green Revolution in Mozambique (2007); the 2007 Strategy and Action Plan for Food and Nutritional Security 2008-2015 (ENSAN); and the Action Plan for Food Production 2008-2011 (PAPA).

59. PROAGRI was introduced to co-ordinate support and activities in the agricultural sector and assist MINAG with carrying out its new role of promoting an enabling policy and regulatory environment for broad-based and sustainable agricultural growth. This was not to be achieved through direct interventions, but rather through facilitating well-functioning markets and private sector development. Needs, constraints and opportunities of rural communities were to be better addressed through decentralization of key activities. The emphasis on MINAG having only a regulating and facilitating role has been modified in recent years as it was felt that the private sector was weak and does not meet the farmers’ needs for services and inputs. Recent policy documents have assigned an increasingly pro-active and activist role to MINAG and the Government of Mozambique.

60. The final evaluation of the first phase of PROAGRI<sup>10</sup> found that PROAGRI had “successfully replaced fragmented donor-driven projects with a comprehensive agricultural development programme... This helped MINAG to realign its functions, organization and approaches with the requirements of a market economy”. On a less positive note however, it was found that “The poor record on capacity development in human resources management has been one of PROAGRI’s largest failures” and “M&E has been a problem in PROAGRI since its inception”. At the provincial and district level, the Evaluation found that “the impact of the programme has been mostly through development of planning and financial management tools, capacity enhancement, and encouraging greater local involvement in programme development. As would be expected in a mainly institutional reform programme, smallholders had limited awareness of PROAGRI: they did, however, remark on the greater accessibility of extension workers.”

61. About 88 per cent of PROAGRI I resources were provided by development partners and 12 per cent by the Government of Mozambique. In some cases development partners did not fulfil their commitments or only with some delays. Agricultural services at provincial and district level have

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<sup>10</sup> Price Waterhouse Coopers, March 2007.

frequently complained that they received too few of the PROAGRI resources and that they arrived late in the fiscal year, often at the end or after the agricultural season. The Evaluation found that on average for 1999-2005 the provincial level received 43.5 per cent of the PROAGRI funds, but with large variations from year to year, from 37 per cent to 49 per cent of the annual allocations. The components of extension, livestock, forestry and wildlife, land management and irrigation received considerably less than originally planned.

**Table 4. PROAGRI I - Target and Actual Expenditure 1999-2005**

| <b>PROAGRI I Component</b> | <b>Actual Expenditure US\$'000</b> | <b>% of Total</b> | <b>Target Expenditure US\$'000</b> | <b>% of Total</b> |
|----------------------------|------------------------------------|-------------------|------------------------------------|-------------------|
| Institutional Development  | 66,422                             | 43                | 30,006                             | 15                |
| Livestock Production       | 4,390                              | 3                 | 16,600                             | 8                 |
| Extension                  | 7,680                              | 5                 | 20,410                             | 10                |
| Agricultural Production    | 40,722                             | 27                | 14,440                             | 7                 |
| Forestry and Wildlife      | 5,763                              | 4                 | 39,930                             | 20                |
| Land Management            | 7,026                              | 5                 | 32,170                             | 16                |
| Research                   | 18,042                             | 12                | 25,130                             | 12                |
| Irrigation                 | 2,655                              | 2                 | 23,520                             | 12                |
| <b>TOTAL</b>               | <b>152,700</b>                     | <b>100</b>        | <b>202,206</b>                     | <b>100</b>        |

Source: PriceWaterhouse Coopers, Final evaluation of PROAGRI I.

62. An agricultural sector development strategy was to be developed and formally agreed in order to provide the framework for PROAGRI II (2006-2010) but, so far, this has not been achieved, though some consider the Agricultural Development Priorities 2006 as a reference point.<sup>11</sup> One factor behind the delay was the transfer of the rural development portfolio from the Ministry of Agriculture and Rural Development (MADER) to the Ministry of Planning and Development (MPD). In the absence of an agreed medium/long-term strategic framework, the management of PROAGRI II and the CFFM allocation is done on the basis of annual plans and budgets which in turn are influenced by the new strategies for Food Security and the Green Revolution Strategy and, more recently, PAPA. While these instruments have focused on the food sub-sector, the Government of Mozambique is also promoting bio-fuel and several large foreign investments have recently been announced (for the production of jatropha and sugar for ethanol). A national bio-fuel strategy is currently under preparation. It is intended to serve as the basis for drawing up a bio-fuel law that would make investments in Mozambique's bio-fuel sector more attractive.

63. PAPA 2008-2011 was prepared in response to the international (and domestic) food crisis and is currently the policy guideline/strategy that receives prime attention and the highest priority. PAPA assigns a pro-active role to the state, which is to intervene directly in a number of areas, although in partnership with the private sector. Detailed targets are defined for cultivated areas and production of basic food crops and also for production of fish and poultry (beef, milk and small ruminants are not included). It specifies and costs actions to improve supply of improved seed and other inputs as well as storage, processing and marketing. The description of the proposed measures and actions, and the estimates of resource requirements (Government of Mozambique budget and credit), are concrete and detailed, e.g. concrete proposals for establishment of reserves of basic food crops sufficient for three months. The state is assigned a role for improving and expanding commercialization infrastructure (silos, warehouses). Various options for how the state may intervene to promote price and market stability are presented. The latter has raised concerns in parts of the donor community.

<sup>11</sup> A PROAGRI II Strategy Document was prepared in 2004 but it was never officially approved and agreed. The "Agricultural Development Priorities" were introduced in 2006 but never officially approved by the partners.

### ***Sub-sector and Thematic Strategies Facilitated by IFAD-lending***

64. IFAD's lending has directly or indirectly facilitated the development of a number of sub-sector and thematic strategies of which some have been approved while others remain in draft form: (i) a draft livestock sub-sector strategy which, three years after submission, has still not been officially approved; (ii) a draft National Rural Finance Strategy Paper which may need revision (see section IV.A.b and footnote 30); (iii) a Strategic Plan for the Artisanal Fisheries Sub-sector (approved in 2007); (iv) an Agricultural Marketing Strategy (2000-04), known as ECA I, which provides a framework for promoting marketing of agricultural produce and inputs. A follow-up document ECA II (2005-2009) was recently approved. In Cabo Delgado and Niassa, the IFAD-supported PAMA has also facilitated development of provincial agricultural marketing strategies; and (v) the PRONEA.

### ***Policy and Institutional Framework for Addressing Gender and HIV/AIDS Issues***

65. **HIV/AIDS.** In 2000, the National Strategic Plan for the Fight against STD/HIV/AIDS (PEN I, 2000-2004) was designed and the National Council to Combat HIV/AIDS was created to coordinate activities among major partners. PEN I was followed by PEN II (2005-2009) which is designed to involve a broad spectrum of society. In 2008, the Prevention Reference Group, led by the Minister of Health, developed a Strategy for Accelerated Prevention of HIV Infection. Action plans and ten key prevention priorities that underpin this strategy are in the process of being approved in order to start implementation in 2009.

66. **Gender equality.** Though the Mozambican Constitution states that men and women are equal before the Law in every sphere, gender inequalities remain wide-spread. The National Council for the Advancement of Women<sup>12</sup> promotes and monitors the implementation of the government's gender policies, particularly the National Plan for the Advancement of Women (2002-2006) and the National Gender and Implementation Strategy (2006). The Ministry for Women and Coordination of Social Action (MMCAS) and the National Directorate for Women promote programmes designed to provide material support and empower women. Since 1995, several ministries have introduced gender focal points or gender units, and started to formulate internal gender strategies and plans (e.g. the Ministries of Agriculture, Education and Health).

67. A gender donor group was created in 1998 by the development partners led by the Netherlands. The objective was to create a mechanism for coordination and exchange of information on donor activities promoting gender equality. Later this group expanded its membership, including representatives also from the Government and civil society (specifically the Forum Mulher). The group has now become the Gender Coordination Group.

## **E. Government Budget and Official Development Assistance**

### ***Government Budget***

68. Government revenue (2007) constitutes 16.4 per cent of GDP (tax revenue 14.4 per cent). The Government of Mozambique is committed to raising tax revenue by 0.5 per cent of GDP per year, so that total revenue reaches 18.6 per cent by 2011. Public expenditure constitutes 29 per cent of GDP. The major part of the deficit is financed by grants leaving a deficit after grants of about 4 per cent of GDP. However, the support of development partners fluctuates significantly from year to year, creating serious challenges for Public Financial Management. More than 60 per cent of the government expenditure is used on the PARPA priority sectors, with education and infrastructure receiving the highest shares. Agriculture receives significantly less than the New Partnership for Africa's Development (NEPAD) target of 10 per cent.

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<sup>12</sup> It is chaired by the Minister of Women and Social Action and its members include ministers and vice-ministers, two representatives of the civil society organizations working for gender equality, one religious organizations representative, one representative of trade unions and one representative of the private sector.

**Table 5. Government Expenditure on PARPA Priorities**

| <b>Per Cent of Total Expenditures</b> | <b>2006 Est.</b> | <b>2007 Est.</b> | <b>2008 Proj.</b> |
|---------------------------------------|------------------|------------------|-------------------|
| Education                             | 20.1             | 22.2             | 18.4              |
| Health                                | 14.6             | 13.4             | 12.9              |
| Infrastructure                        | 16.4             | 13.7             | 17.5              |
| Agriculture & Rural Dev.              | 3.4              | 3.5              | 7.5               |
| Governance                            | 12.5             | 7.8              | 8.6               |
| Other Priority Areas                  | 1.1              | 0.9              | 4.5               |
| <b>Total PARPA Priorities</b>         | <b>68.1</b>      | <b>61.5</b>      | <b>69.4</b>       |

Source: IMF, based on Ministry of Finance data and staff estimates.

### *Official Development Assistance*

69. ODA averaged US\$900 million per year during the 1990s and has since 2004 averaged US\$1.3 billion of which about one third is provided by multilaterals. The United States, UK, Netherlands and the Nordic countries account for the major part of bilateral ODA while the World Bank, EU and African Development Bank (AfDB) are the country's main multilateral Partners. IFAD has made total loan commitments of US\$175 million, i.e. an average of US\$6.7 million per year or less than one percent of total ODA<sup>13</sup> since 1982.

70. Thanks to rising GNI, the share of ODA in GNI has declined to a current level of about 17 per cent (it constituted more than 50 per cent during the first years of re-construction following the peace agreement in 1992). Yet, in per capita terms Mozambique remains one of the largest recipients of foreign aid in Africa.

**Table 6. Official Development Assistance  
US\$ per capita 2005**

|            |    |
|------------|----|
| Zambia     | 81 |
| Mozambique | 65 |
| Malawi     | 45 |
| Uganda     | 42 |
| Tanzania   | 39 |
| Kenya      | 22 |

Source: World Development Report 2008.

71. In the period 1996-2006, only 5.6 per cent of ODA was dedicated to agriculture, forestry and fisheries (see appendix 4). However, a part of the GBS is - through the national allocation system - also being dedicated to agriculture and rural development. In the CFFM, providing basket funding for PROAGRI, the main contributors include the European Commission, Canada, Denmark, Ireland and Sweden, while the Food and Agriculture Organization of the United Nations (FAO) has provided a number of smaller grants to support agricultural policy development. The World Bank and the United States Agency for International Development (USAID) were major contributors in Phase I but are not contributing to the second phase (though the World Bank is doing so indirectly through its GBS).

72. A number of other development partners are also engaged in IFAD's thematic and geographical focus areas. In the area of agricultural commercialization and marketing, USAID, Danish International Development Assistance (DANIDA) and SIDA have major programmes. Italy has been supporting the Agricultural Commercial Sector Promotion Office (CEPAGRI), working with value chains. The AfDB is supporting commercial crop and livestock production in the family sector in the

<sup>13</sup> IFAD has not been able to provide data on the net annual resource flows, i.e. annual gross disbursements minus service charges and repayment of principal and interest.

South while the World Bank is providing substantial support for market-led smallholder development in the Zambezi Valley. Several development partners are engaged in supporting rural finance. AfDB is providing major “sector-assistance” (linked to IFAD’s RFSP) and there are a number of projects with rural finance components. In the fisheries subsector, AfDB is a major contributor, supporting artisanal fisheries in northern Nampula and Cabo Delgado (i.e. the area north of the IFAD-SBAFP target area), as is Norway.

### *Alignment and Harmonization*

73. Aid modalities have changed significantly since 1992. Following the peace agreement, the focus was on rehabilitation, mainly using a traditional project model. In the late 1990s, SWAs were developed and supported by joint financing mechanisms such as the CFFM for PROAGRI. Generally, development partners have adopted a more programmatic approach, even though project aid has remained the predominant implementation modality. PARPA introduced the basis for debt relief and GBS. Some development partners have shifted from sector budget support to GBS as they consider GBS more conducive to alignment and development of national planning and public financial management capacity. Recent trends in the Paris Declaration indicators for Mozambique show a highly positive development in the area of alignment but negative developments for harmonization. Mozambique does not yet have a Joint Assistance Strategy but the Government of Mozambique has plans for developing one. The development partners providing GBS, known as the Programme Aid Partners, have formed the “G-19” where the UN Coordinator participates (in principle, also representing IFAD which by its mandate cannot provide GBS). The Government of Mozambique authorities and the Programme Aid Partners undertake an annual Joint Review, and the IFAD Country Officer participates in the agricultural/rural sector parts of the exercise. The 2008 Joint Review concluded that there existed a satisfactory basis for continuing GBS.

**Table 7. Paris Declaration Indicators - Developments in Mozambique**

|   | 2005 | 2007 | Progress<br>(percentage points) | Trend<br>2005- 2007 |
|---|------|------|---------------------------------|---------------------|
| <b>ALIGNMENT AND MUTUAL ACCOUNTABILITY</b>                            |      |      |                                 |                     |
| Percentage of total aid that uses government PFM                      | 36%  | 44%  | +8                              | positive            |
| Percentage of total aid that uses government procurement systems      | 38%  | 54%  | +16                             | positive            |
| Percentage of all aid that was on schedule and recorded by government | 70%  | 74%  | +4                              | positive            |
| Percentage of aid that was programme based                            | 46%  | 46%  | +0                              | positive            |
| Absolute number of PIUs parallel to country systems? - (number)       | 40   | 26   | -14                             | positive            |
| <b>HARMONIZATION</b>  |      |      |                                 |                     |
| Percentage of all donor missions that were coordinated                | 46%  | 17%  | -29                             | negative            |
| Percentage of all country analytical work that was coordinated        | 63%  | 32%  | -31                             | negative            |
| Percentage of all technical assistance that is coordinated            | 38%  | 27%  | -11                             | negative            |

Source: OECD, 2008 Survey on Monitoring the Paris Declaration.

74. At the sector level, sector working groups have been established. In agriculture and for PROAGRI, the machinery for coordination and dialogue between partners on the policy and strategic direction for PROAGRI, comprises (at the highest level - minister and heads of missions) the Forum de Concertação. Under the Forum, the PROAGRI working group discusses and resolves implementation issues. The Forum has from time to time formed sub-groups to deal with specific thematic areas.

75. IFAD's Country Officer actively participates in the PROAGRI consultation framework which may involve one or more meetings per week. Currently, the Country Officer is co-chairing the group on agricultural extension. Outside the PROAGRI framework, the Country Officer occasionally participates in the International Partners for Rural and Microfinance (donor group).

76. Mozambique is one of the pilot countries for the "One United Nations exercise" which involves the participation of the Country Officer in a number of inter-UN-agency groups and contribution to development of the UNDAF and joint programmes.

## **Chapter II Synthesis**

Since the 1992 peace agreement, Mozambique has sustained high rates of economic growth thanks to prudent management of the economy and a gradual transition towards a market-based economy.

Agriculture, including fisheries and forestry, is contributing least to GDP and exports but most to employment and livelihoods. Industry has an unusually large share of GDP thanks to large foreign investments in aluminium and energy which, however, generate few jobs.

While Mozambique is catching up with the income of the region, the country remains lowly ranked in the human development and competitiveness/doing business indices, partly due to very unfavourable starting points.

Rural household income has increased with participation in markets, cultivation of cash crops, livestock production, wage employment and operation of non-farm enterprises.

Agricultural growth in the family sector has been achieved by area expansion and diversification into higher value produce. Better husbandry and improvements of very low crop yields have been of negligible importance.

Poverty has been reduced from 69 per cent in 1997 to 54 per cent in 2003 thanks to high growth in agriculture, with significant differences in performance between provinces. However, recent evidence suggests rising rural inequality and a pessimistic outlook for the poorest.

HIV/AIDS prevalence is increasing at an alarming rate, with large differences between provinces. Significant negative impact is experienced on GDP, household income and life expectancy.

Two poverty reduction strategy papers, PARPAs, have emphasised commercialization of the rural smallholder sector as a key strategy for growth and poverty reduction. The PARPAs have provided the framework for rationalising the Government-Donor cooperation and for mobilising debt relief and GBS. Programme Aid Partners have formed the "G-19" (not including IFAD) and have special access to engage government in dialogue on national issues.

In Agriculture, a SWAp, i.e. the National Agricultural Development Programme, PROAGRI, has provided the frame for cooperation since 1999. PROAGRI emphasised the facilitating role of government and has contributed to strengthening institutions, although with limited impact thus far on farmers and the rural poor. Several other agricultural and food security strategies, notably the Action Plan for Food Production, give government a more activist role in production and markets.

Commercial farmers produce mainly export crops based on irrigation and imported inputs. Mozambique has a considerable unexploited irrigation potential, notably in the South which has low rainfall and recurrent droughts (and floods) and where major investments are being made in expanding the area under irrigation.

Mozambique remains dependent on foreign aid. General and sector budget support is becoming increasingly important. Recently, progress has been made on alignment while harmonization remains a challenge. Agriculture's share of government budget and ODA is far below 10 per cent.

### III. DESCRIPTION OF IFAD'S COUNTRY STRATEGY AND OPERATIONS

#### A. COSOPs

77. This chapter provides a description of IFAD's country strategy, focusing primarily on the COSOPs of 2000/2001 and 2004, while an evaluative assessment of the strategy and results is presented in Chapter VI.

78. Three COSOPs have so far been prepared for Mozambique. In the 1990s, IFAD started preparing COSOPs to guide development of the loan portfolio. These early COSOPs, prepared at negligible costs, were internal documents for operations management.<sup>14</sup> Around 2000/2001, COSOPs started to be shared with IFAD's EB. The (internal) COSOP, prepared for Mozambique in March 2000, was presented in October 2001 to the EB in an updated version and together with an addendum. In February/March 2000, Mozambique was hit by its worst floods in 50 years and the updated version and addendum addressed this issue and introduced, for the first, time the issue of HIV/AIDS. Since 2001, the COSOPs have been prepared in cooperation with the national partners and are fully public documents. This was the case with the COSOP of 2004.

79. The next COSOP for Mozambique will be a results-based COSOP (RB-COSOP). It will be prepared and used according to the 2006 Revised Framework for Results-based COSOPs. The new RB-COSOP will be a document jointly owned by IFAD and the Government of Mozambique, and outlines IFAD's role in supporting government-led harmonization and alignment. Unlike in the past, the RB-COSOP will serve as the basis for monitoring progress in the cooperation, and implementation will be subject to annual and in-depth mid-term reviews.

#### B. Strategic Objectives<sup>15</sup>

80. **Commercialization.** Starting in the mid 1990s, IFAD introduced the strategic objective of commercialising the smallholder sector through market linkage development for food and non-food production. This was reiterated in the COSOPs of 2000/2001 and 2004 and reflected in portfolio development, notably the two market linkage programmes (PAMA and PROMER) but also the Rural Finance Support Programme (RFSP) and the SBAFP. The rationale of this overriding strategic objective is explained in the President's Report and Recommendation to the EB (December 1999) on the PAMA Support Project:

"IFAD's strategy for intervention in Mozambique takes as its starting point the recognition that continued exclusive emphasis on food crop production will not have a major impact in terms of reducing rural poverty. Rather, increased rural incomes and broad-based economic growth depend upon the ability of smallholder producers to participate better in the rapidly expanding market complex (including both cash and 'food' crops)".

81. In the 2004 COSOP, this is further refined stating that the priority will be given to assisting smallholders with "developing the most promising commodities based on local comparative advantages and on accessible markets, both domestic and international".

82. Other strategic thrusts introduced in the 2001 and 2004 COSOPs may be considered as supportive thrusts of this overriding strategic goal, e.g. the priority given to empowerment of the rural poor and their organizations, supporting decentralization, and improving access to financial services.

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<sup>14</sup> Though several documents refer to the 1997 COSOP for Mozambique, the CPE was unable to retrieve the document from the IFAD archives, and therefore the CPE is unable to assess it.

<sup>15</sup> Table 9 provides a snapshot of the evolution of IFAD's country strategy from the adoption of the 2001 COSOP to the 2004 strategy.

Table 8 below provides an overview of the evolution of IFAD’s country strategy over the two COSOPs discussed in this section.

**Table 8. The evolution of the COSOPs’ Goals, Orientations and Strategies - 2001 and 2004**

| <b>2001 COSOP<br/>Goals/Orientations</b>  | <b>Strategies</b>   | <b>2004 COSOP<br/>Goals/Orientations</b>  | <b>Strategies</b>   |
|---|---|---|---|
| First Strategic<br>Orientation: <b>Develop commercial linkages between small-scale producers and private markets</b>    | a) promote linkages between smallholders, input suppliers and markets<br>b) support producer group formation<br>c) enhance access to rural financial services     | First Strategic<br>Orientation: <b>Increase the income of rural poor</b><br><br><i>Increase marketable production and improve marketing of high-value cash crops and fish</i> | a) promote public private partnerships<br>b) improve access to advisory services<br><br>c) promote conducive environment for market linkages<br>d) enhance sustainable access to financial services |
| Second Strategic<br>Orientation: <b>Promote decentralization and empowerment.</b>                                       | a) operationalize participatory processes for planning & implementation of development activities<br>b) decentralised planning and management systems established | Second Strategic<br>Orientation: <b>Empower the rural poor</b>  | a) promote small producers’ associations<br>b) promote local partnerships in districts  |
| Third Strategic<br>Orientation: <b>Rationalize donor-supported projects to ensure better coordination and ownership</b> | a) contribute to formulation and establishment of subsector programme framework   | Third Strategic<br>Orientation: <b>Mainstream gender equity and HIV/AIDS prevention and mitigation</b>  | a) innovations to promote gender equity<br>b) gender targeting and monitoring<br>c) HIV/AIDS info and education in communities and workplaces<br>d) mitigation measures integrated in programmes    |

83. **Empowerment** was introduced in the 2000/2001 COSOP to assist communities to plan and manage development activities and for producers to manage resources, link to markets and influence government policy. It stated that “development of economic groupings/associations of smallholder farmers is a key intervention, upon which all others depend. Support to groups/associations will therefore represent a key element of any intervention strategy”.

84. The 2004 COSOP has a less optimistic assessment of the role and prospects of associations outside contract farming schemes, and states that development of associations is constrained by “lack of appropriate legal status and excessive bureaucracy for registration; lack of technical and management skills; weak internal democracy; limited women’s membership and lack of women’s participation in decision-making; and widespread illiteracy”; and that “only 5 per cent of farmers are members of an association” Based on the analysis, the 2004 COSOP introduces two new but complementary objectives: (i) development of marketing and processing small and medium enterprises (SMEs) *inter alia* to create alternative sources of income, open new outlets for marketing of produce, and expand supply of inputs and services; (ii) improve contract farming with major outgrowing companies to raise the share of smallholders in the end-price. As contract-farming is

applied primarily for cash crops (e.g. cotton and tobacco), the implication of this strategic orientation is that special attention is given to non-food crops.

85. **Decentralization.** The 2000/01 COSOP identifies decentralization as a key area for improving portfolio performance: “Mozambique has few trained staff, and most of these are concentrated in Maputo” and “In consequence, there has been little delegation of authority to the ten provinces”. As linkages between provinces and the centre are weak, it is argued that “ownership of development activities is diffuse”. This was an important experience in NADP where implementation was initially undertaken from Maputo, contrary to design but, out of necessity, due to lack of facilities (including a bank) in Niassa. To address this issue, IFAD will continue promoting decentralization of planning and day-to-day management and financial responsibility to the provincial level, “with a view to bringing out latent capacity” and invest in capacity development of provincial institutions. In the context of the 2000 COSOP, IFAD did not believe that district authorities had the capacity to assume an important role in programme implementation. This view evolved, however, with the 2004 COSOP stating that “... at district level, IFAD will promote partnerships among local authorities, communities, economic agents and other civil society stakeholders...”

86. **Harmonization and alignment.** In both COSOPs reviewed, IFAD had the option to fully join PROAGRI and its joint financing mechanism (the CFFM). However, IFAD chose not to channel all its support through PROAGRI. The 2000 COSOP argued that the FSLDP, being funded directly and not through the CFFM, could be considered “probably the most successful element of PROAGRI” and that “IFAD’s innovation must take place in those areas of the rural economy that are not supported by PROAGRI”. The hesitance in relation to PROAGRI (one of the first major SWAPs in Africa) was also justified by IFAD’s regional and corporate strategies: “the strategic priorities more recently identified by IFAD (particularly market linkages and local-level empowerment) clearly fall outside of those areas in which, it is agreed, PROAGRI is mandated to operate”.

87. This position then evolved, with the EB authorizing IFAD to channel part of the remaining balance under FSLDP through the CFFM in September 2001. The change of fund channelling resulted in implementation constraints but it addressed an issue of lack of alignment and harmonization, raised in the COSOP: “It quickly became apparent, however, that the programme [FSLDP] had developed a life of its own, independent of PROAGRI. As a result, it was agreed with the Government that a programme review should be undertaken in March/April 2000 to: (i) fully reintegrate the two entities, and (ii) define further support required to operationalize PROAGRI”.

88. **Gender and HIV/AIDS mainstreaming** was introduced relatively late. The HIV/AIDS issue was addressed for the first time in the December 2001 addendum while explicit focus on the gender equity issue, including gender mainstreaming as a general strategic goal, was introduced only in the 2004 COSOP. However, the 2000 COSOP did raise gender as an issue to address in the design of future support for artisanal fisheries. It seems that the project support for artisanal fisheries has had an influence on introducing these issues in the overall strategic framework. Part of the explanation could be that men and women have highly different roles in artisanal fisheries communities and that HIV/AIDS prevalence has catastrophic dimensions among some beneficiary communities.

89. **Strategic decisions on “what not to do”.** An important role of strategies, such as COSOPs, includes decisions and guidance on what not to do. Usually, this is not part of the COSOPs but the 2001 addendum to the 2000 COSOP includes clear statements on the role and contribution of IFAD in addressing emergencies, such as the 2000 floods: “IFAD’s position with regard to the provision of post-emergency support has remained unchanged. It is not an area in which IFAD has a comparative advantage, and it is not proposed that IFAD should reallocate any of its already-approved funds to such support. This is a position fully endorsed by the Government”.

### C. Country Programme and Operations

90. **Pipeline development.** The 1997 COSOP provided the basis for formulating the PAMA Support Project (approved in December 1999). The 2000/2001 COSOP provided justification and concrete proposals for continued support for artisanal fisheries, and was prepared concurrently with the formulation of SBAFP (approved in September 2001). The 2000/2001 COSOP also identified support for rural finance as an opportunity in the medium term, which was realised with the approval in December 2003 of the Rural Finance Support Programme (RFSP). The 2004 COSOP was less specific on portfolio development, although it did commit to actively supporting PROAGRI II "... focusing on productivity increase as a priority area for support...".<sup>16</sup> It did indicate, however, that support for advisory services, based on public-private partnerships, would be considered in a high case scenario. Apparently IFAD considered conditions for the high-case scenario fulfilled when formulating the ASP supporting the new PRONEA, approved in April 2006.

91. **Sub-sector and thematic focus of operations.** The lending programme constitutes the core of IFAD's operations in Mozambique. The eight loans approved since 1993 have comprised two loans for artisanal fisheries (NAFP and SBAFP), two for agricultural marketing (PAMA and PROMER), two for agricultural extension and livestock support services (FSLDP and ASP), one for rural financial services (RFSP) and one integrated rural development project (NADP).

92. The FSLDP, approved in 1996, represented a turning point as it included a national strategic element as well as field support in selected geographical areas. Since then, the portfolio has been characterised by sub-sector or thematic interventions (extension/veterinary services, marketing, financial services, artisanal fisheries), having a combination of national strategic components and specific area-based assistance to selected provinces and districts. This is the case for FSLDP, PAMA, SBAFP and PROMER, while the RFSP has no geographical limitations on its field support. However, one may argue that area-based support of SBAFP, though focusing on the artisanal fisheries sub-sector, has many of the characteristics of an integrated rural development project, as it supports rural roads, primary health and education, community development, financial services, resource management and production (capture), processing and marketing.

93. **Geographic focus and concentration of support.** Since 1992, the major part of IFAD's area-based support has been concentrated in the provinces north of the Zambezi River. The major areas of support have included selected districts of Niassa (NADP and PAMA) and Cabo Delgado (PAMA) and the coastal areas of Nampula (NAFP, SBAFP), and Zambezia and Sofala (SBAFP). Minor support has also been provided to Maputo Province (PAMA) while FSLDP provided more intensive support for Gaza, Manica, Tete and Nampula.

94. **Investment per beneficiary** has shown considerable variation, with NADP (covering only two districts), NAFP (designed for only two district but later expanded) and SBAFP having relatively high figures. The 2001 COSOP recognises: "traditional fisheries projects have a tendency to show high per-beneficiary costs: this point ...reinforces the importance of advocating a programmatic approach, with a focus on (national) policy, institutional and strategic issues".

95. **Targeting.** The 2001 COSOP argues that most rural households are poor, implying that there is no need for a differentiated targeting strategy for rural areas: "with the exception of those producers - mainly of cotton - who have established commercial relation with output markets, differences in the level of poverty among the rural population are only slight" and "It is thus appropriate to equate smallholders, including those involved in artisanal fisheries, with the poor in rural Mozambique". The issue was not specifically addressed in the 2004 COSOP.

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<sup>16</sup> See paragraph 39 of the 2004 COSOP.

96. **Main partner institutions.** Since 1992, there have been major changes in the Government of Mozambique structure influencing government execution of the loan portfolio. At national level the MINAG (FSLDP, ASP) and the MPD and its rural development agency<sup>17</sup> (NADP, PAMA, RFSP and PROMER) have been the key partners. Fisheries was separated from agriculture in 2000 and established as a separate ministry under which the Institute for Development of Small-Scale Fisheries (IDPPE) is executing the support for artisanal fisheries. The strong role of planning and its rural development agency (National Directorate for Promotion of Rural Development [DNPDR]) is due to the fact that the majority of the projects involve several sectors and government agencies, and that Planning/DNPDR is designated to implement and coordinate this type of rural projects. Outside the central ministerial machinery and, more specifically in the financial services sector, IFAD has collaborated with semi-autonomous government institutions such as the Office of Assistance to Small Industries (GAPI) (PAMA/Agricultural Marketing Support Fund (FAMA), the Small Industry Support Fund (FFPI) (NADP, NAFP and SBAFP) and the Fund for Economic Rehabilitation (FARE) (RFSP).

97. **Civil society partners.** IFAD, in the context of its loan portfolio, has also partnered with international NGOs such as the Cooperative League of the United States of America (CLUSA), CARE and Tecnoserve (mainly NAFP, SFBAP, PAMA) as well as with national NGOs such as AMODER,<sup>18</sup> IRAM, CONCERN, Ophavela (PAMA and SBAFP). Under PAMA and PROMER, IFAD developed a strong partnership with the national farmers' union, UNAC, established in 1987 but now re-emerging as a national farmers' movement. The UNAC partnership has also been facilitated by the grants. The 2004 COSOP recognises the challenges of developing partnerships with civil society and the private sector: "Partnership-building, with both the private sector and grass-roots organizations, takes time and requires adequate investment of human and financial resources".

98. **Development partners.** Cooperation and coordination with other development partners has taken place within the One United Nations framework, PROAGRI and rural/micro finance. Major cofinancing grants have been received from the OPEC Fund for NADP and NAFP, the Belgium Fund for Food Security Joint Programme (BFS) and Norwegian Agency for Development Cooperation (NORAD) for SBAFP and from Irish Aid for the financial component of PAMA. The AfDB has also provided both loan (USD 16.3 million) and grant (USD 5.4 million) cofinancing for the RFSP.

99. **Programme mix and synergies with other instruments.** The COSOPs provide relatively elaborate descriptions of the application of other instruments, notably dialogue on policy, and development of partnerships with other development partners as well as with civil society organizations. The COSOPs also highlights opportunities for public-private partnerships.

100. **Policy dialogue.** The agenda is primarily determined by the loan portfolio and important issues arising from supporting marketing, artisanal fisheries and rural finance ("*policy dialogue will be based on actual experiences and programme-derived needs*", 2004 COSOP). The 2001 COSOP identified specific issues in the fisheries sector including: the need for a protective framework for the artisanal fisheries sector, extending the reserved zone and giving legal status to the local fish resource management committees etc. With respect to agricultural marketing, the agenda was defined in more general terms: "influence the Government in favour of a policy environment supportive of small-farmer participation in the commercial sector". With respect to PROAGRI and broader sector policies, the 2000/01 COSOP recognises the limitations of IFAD due to lack of field presence: "While, by lack

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<sup>17</sup> NADP was initially executed by the National Institute of Rural Development (INDER), which at the time reported to the Prime Minister's Office (PMO). In 2000, INDER changed to the National Directorate of Rural Development (DNDR), then a directorate of the MADER. After changes in government organization in February 2005, DNDR was changed to the National Directorate for the Promotion of Rural Development (DNPDR) and became part of the new Ministry of Planning and Development (MPD). DNPDR is also executing PAMA and PROMER while FARE under MPD is executing RFSP.

<sup>18</sup> AMODER is the Mozambican Association for Rural Development.

of its field presence, IFAD has not participated actively in these discussions [on PROAGRI issues, land tenure and the Agricultural Development Fund], it has followed and on occasions contributed to them". The 2004 COSOP also defined the issues in more general terms: "Policy dialogue will concentrate on key policy and institutional bottlenecks ...preventing three economic agents from playing a stronger role in the commercialization of small-scale producers: (i) SMEs; (ii) producer organizations; and (iii) contract farming companies". On rural finance, the agenda was to create an enabling pro-poor legal and policy framework.

101. The 2004 COSOP addresses knowledge management with specificity, appropriately linking knowledge management, innovation, policy dialogue, partnership development, and portfolio implementation. It emphasises pilot project development supported by grants. PAMA as well as the new Rural Markets Promotion Programme (PROMER) have built in knowledge management components in their design.

102. **Technical assistance grants.** The COSOPs (as was customary at that time) do not specify how technical assistance grants, including small national grants and larger regional grants, may be used to enhance the cooperation and the country programme.

#### **D. Country Programme Management Approaches and Issues**

103. Though hesitant on participation in PROAGRI, the 2000/01 COSOP makes a strong commitment to following a programmatic approach and this is reiterated in the 2004 COSOP. In addition, the 2004 COSOP highlights the importance of pilot project development and knowledge management for improving the performance.

104. The 2000/01 COSOP indicates that all projects have faced serious difficulties with "provision of counterpart funds, which have arrived sporadically and late". According to the COSOP this problem "has been exacerbated by the government's recent introduction of a 17 per cent value added tax (VAT) on all transactions, including those undertaken by its own agencies under donor-financed projects. IFAD has sought to respond to this by amending the financing plans of all projects, to limit the government's contribution to the tax element only; but this does not resolve the problem of the timely availability of the counterpart funds required to pay the taxes".

#### **E. Provisions for COSOP Management**

105. The two COSOPs (as they were prepared before the introduction of RB-COSOP framework) have limited provisions for COSOP management. The logical frameworks are rudimentary, and cannot be used for management and monitoring of COSOP-implementation. This is in particular so for the 2000/2001 COSOP where the logical framework lacks specification of indicators, activities and inputs. The COSOPs have no indication of the tentative lending frame and its allocation or of any non-lending resources that may be mobilized and applied for COSOP management. Milestones and time tables for planned achievements are not defined, nor do the COSOPs have a defined validity period.

106. The 2004 COSOP, while making reference to activities of the new Country Officer contracted the year before, is silent on the opportunities and costs of this change. A possible explanation could be that in Mozambique field presence was introduced through a "proxy field office" and not as part of the Field Presence Pilot Programme that was officially approved by the EB in December 2003.

107. It is roughly estimated that resources for country programme management have almost doubled since 2003 where a national Country Officer was contracted. The annual costs of operating the country office have increased to about US\$80,000 in 2008. The major part of the costs has been financed from the Implementation Support Budget but, for 2007, part of the costs (US\$49,800) was financed from the Portuguese Trust Fund. Another significant increase took place in 2006 when the

CPM was allocated full time for Mozambique while previously the CPM had shared his time between Mozambique and Zambia.

108. Other costs of delivering the country programme include: (i) COSOP formulation; (ii) project design and formulation; (iii) appraisal; (iv) project start-up support; and (v) implementation support (+ supervision which, after the 2007 transition to direct supervision, is merged with implementation support). The 2004 COSOP was formulated with a budget of US\$60,000. Project formulation costs vary, from about US\$105,000 in the case of ASP/PRONEA to about US\$220,000 for the recent PROMER, while appraisal costs amount to about US\$75,000 per project. For the recent projects, start-up support has been in the range of US\$50,000-65,000. Implementation support (excluding UNOPS supervision costs) has varied from US\$7,000 per project per year (SBAFP) to about US\$20,000 (RFSP). With the transition to direct supervision in 2007, an annual amount of US\$45,000 is allocated for each project for the direct supervision.

### **Chapter III Synthesis**

Three country strategic opportunities papers (COSOPs) have been prepared, in 1997, 2000 (plus a 2001 addendum), and 2004. The 1997 and 2000 COSOPs were internal documents for portfolio development (following IFAD procedures in place at the time) while the 2004 COSOP is based on a more participatory development process.

Since the 1990s, commercialization of the smallholder unit has been the overriding strategic goal emphasising development and marketing of high-value cash crops and fish.

Supporting strategic thrusts are decentralised implementation and promotion of groups/associations of smallholders (empowerment).

The HIV/AIDS issue was addressed as a strategic priority first time in the 2001 addendum while gender mainstreaming was introduced at the strategic level in the 2004 COSOP.

Since 1996, portfolio development has been furthered through a more programmatic approach, involving a national policy/institutional component and area-based support, mostly for provinces north of the Zambezi River.

Lending and cofinancing grants have supported five areas: (i) primary production and fishing of smallholders; (ii) commercialization and market linkages, including feeder roads; (iii) rural finance; (iv) social infrastructure; and (v) institutions and policies.

Issues for policy dialogue have been identified based on experiences from the lending programme.

Knowledge management was systematically addressed as a priority in the 2004 COSOP.

The COSOPs contain limited provisions for management and monitoring of implementation - rudimentary logical frameworks and less than adequate dedicated financial resources.

Annual budget resources for country programme management and delivery have almost doubled since 2003 when a proxy field office was established. At the same time the workload has increased substantially, with participation in sector frameworks, the One-United Nations process, and direct supervision.

## **IV. PORTFOLIO ASSESSMENT**

109. Reflecting IOE's methodology, the assessment is presented in five sections: (A) Performance, assessing whether the support was relevant, effective and efficient; (B) Impact, analysing impacts in five domains; (C) Other Performance Criteria, viz. sustainability, and innovation and replication/scaling up; (D) Performance of Partners; and (E) Overall Portfolio Achievement and Benchmarking. The assessment covers seven projects/programmes supported by IFAD loans

approved since the 1992 Peace Agreement.<sup>19</sup> For NADP and NAFF, the CPE makes use of independent evaluations by IOE. For RFSP, being only three years into implementation, it is too early to assess the emerging impact of the activities and outputs while for ASPSP/PRONEA, approved in 2006, only the relevance of design is assessed. Thus, the approach and methodology for assessing the seven projects differs (see appendix 2).

110. While the rating is done on a project basis for each of the seven projects, a narrative assessment is presented for each of the five areas that the seven projects have supported (see appendix 3): (i) Primary Agricultural Production and Artisanal Fisheries; (ii) Commercialization, Market Linkages (including roads) and Processing; (iii) Rural Finance; (iv) Social Infrastructure - primary health and education, and potable water; and (v) Institutional and Policy Framework. In addition, the CPE presents an overall assessment of the performance and impact of efforts to address the cross-cutting strategic concerns related to gender equity and the HIV/AIDS issue.

## A. Performance

### Relevance

111. Relevance of the design is assessed against the rural poverty context, i.e. the opportunities and obstacles to rural poverty reduction and the needs of poor rural communities, and against the Government of Mozambique's and IFAD's objectives and policies. While the assessment focuses on overall project objectives and strategies, as defined in the design, it also includes analyses of proposed approaches, from the perspective of best practices and lessons learnt nationally and internationally, and their feasibility in the context.

### *Overall, Highly Relevant Goals but Frequent Deviations from Strategies Agreed in the Design*

112. The portfolio has pursued highly relevant goals in terms of the needs of the rural poor, and the Government of Mozambique and IFAD policies, although designs have, particularly in early projects, defined overoptimistic/unrealistic targets and strategies given the difficult situation following the end of the civil war. This has carried through to implementation, where some project strategies and interventions have been abandoned or substantially revised.<sup>20</sup> While this may be interpreted as a positive indication of IFAD's flexibility, it may also be an indication that design processes were not sufficiently participatory for achieving a design to which there was full understanding and ownership by all partners and stakeholders.

113. Participatory design processes have been applied in the more recent projects which also have been aligned to government investment programmes and strategies, notably PROAGRI and PRONEA. The history of the process applied in developing the support for artisanal fisheries stands out as an example to follow. IFAD entered the artisanal fisheries sector in 1994 with a small loan (US\$6 million) for a pilot project (NAFF) which provided lessons that the Government of Mozambique then used to design a much larger follow-up programme (SBAFP) using an internal participatory design process rather than having the design done by a team of external IFAD consultants. As a consequence, there is strong ownership of SBAFP.

### *Support Services to Farmers - Some Issues of Relevance*

114. Support services to farmers has formed an important element in the IFAD-financed portfolio in Mozambique, with virtually every project covered by the CPE providing a degree of assistance to

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<sup>19</sup> The latest loan, approved in September 2008 for the Rural Markets Promotion Programme (PROMER), has not been assessed.

<sup>20</sup> For example, a number of interventions in the NADP design were abandoned, including: the introduction of Village Extension Guides (VEGs), savings and credit associations, District Development Funds, and the rehabilitation of 115 village stores.

farmers, their organizations, development of market linkages and/or adoption of improved technologies. These efforts have not always been successful. An important lesson that can be discerned from this experience is the challenge in promoting agricultural markets and market linkages when household surplus production is negligible, which would suggest that integrated and appropriately balanced support is required along the value chain from production to the final market destination.

115. An important corollary to this is the fundamental requirement for institution building. Indeed, IFAD projects combined support for national-level strategy and institutional development (specifically through PROAGRI, including local administrations and private service providers), and facilitated the development of a Unified Extension Service (UES), which has been highly relevant to IFAD's efforts in this regard. The main question is whether the required resources to undertake such capacity development efforts exist at district level.

### ***Highly Relevant Support for Artisanal Fisheries***

116. Coastal communities along the Sofala Bank are among the poorest in Mozambique. Artisanal fishing is important to their livelihoods but under threat from unsustainable management of coastal fisheries resources as well as from industrial fisheries. It was therefore highly relevant that IFAD entered this subsector to assist communities to better manage this resource, developing the catch of non-threatened species, and adding value to the production chain. The pilot approach of experimenting and developing experiences in an area that was new to IFAD should also be commended.

### ***Commercialization and Market Linkages - Highly Relevant Support but Optimistic Targets***

117. Given the collapse of the state/cooperative marketing system and the poor state of the transport infrastructure, it was highly relevant to provide substantial support for establishing and improving access roads, developing the capacity of small rural traders, and organising farmers in associations to improve their bargaining power and market access and add value to their produce through processing.

118. One common problem in design has been that the time required for developing viable and sustainable marketing associations of poor, often illiterate members, has been underestimated. Furthermore, quantitative targets are often ambitious, making it impossible to start up assistance for all targeted associations in the same year. This implies that assistance for some associations is initiated towards the end of the project, leaving insufficient time to bring the associations to a level of sustainability.

### ***Rural Finance: Optimistic and Innovative Design but Often Abandoned***

119. Support for rural finance has had high priority in the lending programme and has featured in five of the seven projects assessed. Considering the negligible access to formal rural finance, this has been a highly relevant choice. The design of the rural finance interventions has included several innovations but also overly optimistic assumptions about what would be possible in remote districts with no or limited availability of capable service providers.

120. NADP included in its design the establishment of a revolving District Development Fund (a concept which the Government of Mozambique is attempting to develop almost 15 years after NADP's design) as well as support the establishment of savings and credit associations, a completely novel concept for Mozambique at that time. These two interventions were abandoned. PAMA introduced two major design innovations: (i) a rural inventory credit scheme (warehouse receipts system)<sup>21</sup>; and (ii) capacity and business development services (BDS) for loan applicants (to make

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<sup>21</sup> Unfortunately the pilot warehouse receipts programme was found to be unrealistic given the limited local management capacities and was therefore abandoned during implementation.

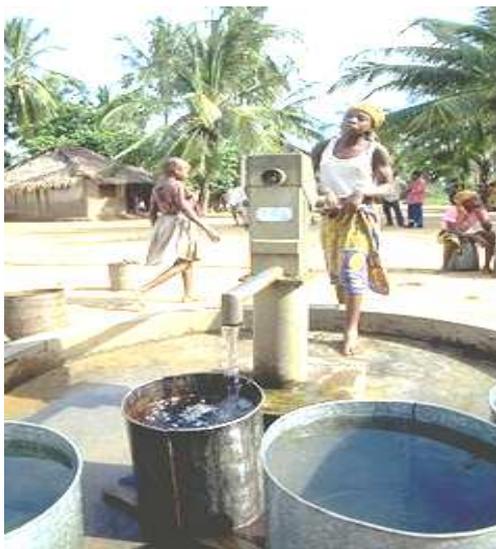
them more interesting for commercial banks). PAMA's support to financial services only gained momentum in 2004 when the Irish Development Cooperation donated US\$1 million to establish the FAMA with GAPI, modelled on the EC's Agricultural Marketing and Credit Programme but supplemented by BDS provision and capacity building.

121. Unfortunately, the track record at implementation was less impressive - the District Development Fund concept was abandoned. Instead, a rural trader scheme was designed and contracted out to the parastatal Fund for Promotion of Small Industries (FPPI) a full six years after project approval. The savings and credit associations were not introduced (although foreseen at design). No attempt was made to partner with any of the number of financial services providers (e.g., AMODER, GAPI and Communal Credit Fund) that were operating in adjacent districts covered by PAMA.

122. Within the artisanal fisheries sub-sector, IFAD/Government of Mozambique have pursued a highly relevant strategy of promoting Accumulating Savings and Credit Associations (ASCAs). The approach remains valid especially given the success of the ASCAs and the emerging linkages between good ASCA borrowers and formal financial service providers. Again, in the case of this subsector, there are questions as to the selection of partner institutions for implementation - FPPI was selected in spite of its poor performance in NADP.<sup>22</sup> It should be noted that ASCAs, leasing motors to fishermen, and FPPI lending to good ASCA members are innovations that were not introduced by design but during implementation in response to concrete implementation issues. Much the same occurred with RFSP. The initial intention at the design stage was to establish a new legal entity to promote rural finance (referred to as INAFIR) as no institution with relevant experience in administering a wholesale fund for promoting rural retail finance could be identified. The FARE, already engaged in retail finance, was subsequently selected for this task despite its poor track record.

#### ***Highly Relevant Support for Social Infrastructure but Issues for the Future***

123. Primary schools, health posts and drinking water supply (water points/pumps) were important elements on the support menu of NADP, NAFP and SBAFP. Participatory surveys (e.g. by SBAFP) indicate that these investments have a high priority in beneficiary communities, sometimes even higher than interventions directly supporting primary programme goals, understandable in the post conflict rehabilitation period of the 1990s.



**Project installed bore holes and water pumps to provide abundance of clean drinking water that has improved health conditions in the area.**

*Source: Robert Maass*

<sup>22</sup> Recently however, FPPI's performance in SBAFP has improved, with pioneering leasing contracts being approved for outboard motors (and reversing the previously poor credit histories of fishermen).

124. The context continues to evolve, and a number of developments raise the question whether it would still be relevant for IFAD to provide ad hoc project support for health and education as: (i) the health and education sectors are now covered by SWAp's and most donor support is fully integrated in national expenditure plans and budgets; and (ii) given its mandate, external support to a sector framework makes it difficult for IFAD to be part of the coordination and strategic processes, negatively impacting management and cost implications of the investments.

### ***Highly Relevant Support for Policy and Institutional Development***

125. Starting with FSLDP, all IFAD projects have included a component for policy and institutional development; and the CPE finds that this is highly relevant considering weaknesses in the institutional and regulatory framework. The combination with field activities has provided the policy components with inputs from the grassroots in terms of issues and constraints faced in the field and possible practical solutions which then have been advocated in national-level policy dialogue.

### ***Overall Portfolio Relevance***

126. The overall relevance of IFAD's portfolio is assessed as satisfactory, as project and programme designs - specifically, activities in support of commercialization, market linkages, artisanal fisheries, rural finance and social infrastructure - have been highly relevant to the needs of the rural poor. This has been complemented by participatory design processes which have also been employed in more recent projects. The issues identified by the CPE in the context of relevance tend to be focused on highly ambitious designs which are out of line with the conditions on the ground, as well questions related to the sustainability of some programme activities. An issue of some concern is also the general evolution of the portfolio - IFAD, which had established itself as an important player in terms of artisanal fisheries development, is moving towards a more all-encompassing approach including rural finance, agriculture, value chain development and institutional support. Given the limited resources available, an argument could be made that IFAD may be spreading itself thinly.

### ***Effectiveness***

127. Effectiveness is assessed in terms of the extent to which the projects' objectives have been achieved. Four of the seven projects evaluated had, by the end of 2008, been closed (NAFP, NADP, FSLDP and PAMA) while one project, SBAFP, by 2008, had reached an advanced stage of implementation. For these projects, it is possible to assess effectiveness. The loan for RFSP only became effective in 2005 - in this case the assessment of effectiveness is based on the likelihood of the objectives being achieved before the current closing scheduled for 2014.

128. The interventions supporting different areas (rural finance, roads, etc) have shown considerable variation with respect to achieving their objectives but there are also differences in effectiveness over time and between projects. Generally, since 1992, there has been an overall improvement in the capacity within government and among private service providers which may explain part of the differences between the early and recent periods. There are variations between interventions operating in the same period which may be attributed to different: (i) capacities of service providers; (ii) arrangements for implementation management; and (iii) performance and capacity of key persons responsible for implementation.

### ***Problems of Providing Effective Support Services to Farmers***

129. IFAD's support for improving support services to farmers has generally faced problems in achieving its objectives. This should, however, be considered in the context of the general challenges that are specific to Mozambique in this regard. Mozambique institutionalised a public extension system in 1987 (many years after this had happened in other African countries) but the system only

started to become operational following the 1992 Peace Agreement.<sup>23</sup> The FSLDP for example, facilitated capacity improvements in the national veterinary system and within livestock research. However, this improved capacity did not, as was the general case for the first phase of PROAGRI,<sup>24</sup> translate into the expected improvements of the support services for farmers.

130. The objective of establishing a Unified Extension System (UES) was partly achieved. FSLDP did facilitate a “unification” of crop and livestock services, but the Government did not manage to integrate the support services related to forestry, wildlife, irrigation and water management. In the pilot provinces, the project invested in the construction of infrastructure to support animal production, including treatment points, water points for livestock, rural slaughter houses, village veterinary pharmacies and rehabilitation of dip tanks. These structures were built with participation of the target communities although maintenance responsibility and ownership issues were not properly addressed during the project and communities continue to wait for action from District Services for Economic Activities two years following project completion.



**Constructing a primary health care facility in Nampula Province**

*Source: Robert Maass*

### ***Support Services for Artisanal Fisheries have Improved but Many Challenges Remain***

131. IFAD’s support for artisanal fisheries has facilitated the introduction of support services which hardly existed before NAFF/SBAFF. Faced with a fisheries resource which appears to be under threat, co-management committees (government/artisanal fishermen) have been introduced, which, together with emerging and more reliable information on stocks, should create the basis for a more sustainable utilization of resources. SBAFF has facilitated the introduction of a three-mile zone that reserves coastal waters for artisanal fishermen, prohibiting industrial fishing and supported the introduction of improved gear and fishing techniques. Selective fishing and diversification are being promoted to exploit species that are not under threat, such as crab. There is, however, still some way to go before fishermen apply sustainable practices based on reliable information on stocks. In the communities visited, it was generally reported that catch and revenue is declining as also indicated by national data for 2005-2007 from the Ministry of Fisheries, see annex 8 for further details.<sup>25</sup>

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<sup>23</sup> By 2005, the public extension system employed 770 staff (all levels included) - a negligible resource in relation to the national needs and compared to other countries in the region, e.g. Kenya with some 8,000 extension workers.

<sup>24</sup> FSLDP design preceded PROAGRI, but was brought into line with the sector programme at mid-term review.

<sup>25</sup> Data provided by the Ministry of Fisheries after completion of the CPE Mission indicate that the artisanal fisheries sector has experienced growth during the period 2005-2009. However, the CPE has been reliably informed that data on volume and value of catch have a significant margin of error.

### *Market Linkages are Developing but Grass-roots Institutions are Still Weak*

132. **Roads.** Through NADP, NAFF, PAMA and SBAFP, IFAD has contributed to the general nationwide expansion in the coverage and quality of the rural road network. IFAD's support for district and community access roads has achieved or surpassed the design targets and made a significant contribution to improving access to markets and services.<sup>26</sup> This has led to the development of transportation services and significant (up to 50 per cent) reductions in transportation costs.

133. **Rural traders.** NADP made a first attempt of developing rural traders in agricultural produce and inputs but did not achieve the objectives, primarily due to poor performance of the contracted service provider, the FFPI. PAMA's experience, in particular through the Irish cofinanced FAMA, introduced in 2004 and implemented by GAPI and AMODER, was more successful. With credit support and BDS, rural traders have expanded their premises and trade in agricultural produce and consumer goods, although most lending to rural traders has gone towards buying non-agricultural merchandise. While justified in terms of providing incentive goods to local markets, this does raise a question as to how these activities contribute to the key objective and rationale of PAMA of increasing competition for the farmers' produce and abolishing local monopolies, thereby providing farmers with a higher share of end-prices.

134. **Marketing groups and associations.** PAMA represents IFAD's most significant investment in establishment of producer associations and the quantitative targets were almost achieved: 357 groups/associations (97 per cent of target) of which 284 were legally registered (81 per cent of target). Overall, there has been a satisfactory increase in membership of 48 per cent during 2004-2007 but primarily in Niassa (90 per cent increase) while in, Cabo Delgado, membership increased by only 16 per cent (see appendix 7). PAMA made an important investment in adult functional literacy of the association/group members; some 13,850 beneficiaries passed the literacy classes (139 per cent of target). This contributed to building foundations for alternating leadership and role distribution (some associations have had the same person as chairperson, secretary and finance manager). The associations contributed to achieving the objective of increasing marketed production (100 per cent according to PAMA surveys) and the sales price (23 per cent higher prices as compared to non-members).

135. According to the PAMA Project Facilitation Unit (PFU), one of the main achievements of the programme was the graduation of associations. The objective of the programme was to have as many associations as possible reaching Level A - the category for best capacity. Unlike PAMA's own assessments, the CPE mission found only a limited number of associations which could fully meet the criteria defined for qualifying as Group A, - most were in Group B (see criteria in appendix 7). Even fewer satisfied the eligibility criteria defined for being linked to a financial institution. Their financial and human resource capacity remains weak. Ownership of adequate storage capacity and good post-harvest management is rare (in particular in Cabo Delgado), and very few associations are capable of preparing a business plan without external support. Only a few have accessed credit and, generally, there appears to be limited willingness among members to build up equity.

136. Thus, while many of the objectives and quantitative targets were achieved, the majority of associations did not develop their capacity to a level required to become a self-reliant and viable business unit, continuing to require further external assistance. This was foreseen in the PAMA strategy which also focused on developing the capacity of second-tier organizations, i.e. farmers' unions, which were envisaged to provide technical and material support for their association members. However, at the closure of PAMA, the unions had limited capacity for providing such

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<sup>26</sup> The only major exception is NADP's investment (US\$4.1 million financed by the OPEC Fund) in rehabilitation of the primary road from Lichinga to Cuamba where only half of the road (Mandimba to Cuamba) received some rehabilitation, but of poor quality.

support and their linkages with the first-tier associations were often weak. The CPE agrees with the conclusions of PAMA's lessons learnt exercise (August 2007) which highlight a number of challenges in the focal areas of the North, including: (i) an unfavourable environment for promotion of rural associations/cooperatives,<sup>27</sup> (ii) modest business skills of service providers; (iii) no vertical integration to ensure support from unions to associations; (iv) no public support policy; and (v) limited functional literacy.<sup>28</sup>

137. **Agro-processing support.** PAMA's agro-processing component was initiated late in the implementation period and, partly for this reason, the effectiveness is assessed as moderately unsatisfactory. The PAMA Programme Facilitation Unit (PFU) reports (in 2007) that "opportunities for small-scale processing are limited within the focal areas ... constraints include the low availability of raw materials capable of sustaining year-round operations as well as problems of establishing a viable commercial supply line of equipment and spares (due to limited demand). At this stage small-scale processing activities can only be established for self consumption and to a limited extent to service local markets". Although the PFU's self-assessment points to high achievement rates, only a few cases of operational processing units were available in the focal areas for presentation to the CPE mission. These units were administered by weak organizations and by management who had limited willingness to adopt the modern management paradigms taught through PAMA support (no use of book keeping, no clear understanding of operational costs, etc.).

138. Within artisanal fisheries, SBAFP has introduced improved techniques for smoking and salting the fish which has raised the prices. Piloting of three ice plants with private operators resulted in the conclusion that they are not viable due to a number of factors including dependence on costly energy from generators. However, micro-scale icing and cooling methods are being applied by individual households.

#### ***Financial Services - Highly Mixed Effectiveness***

139. The various interventions supporting rural financial services have had a highly different effectiveness. The effectiveness of NAFP and SBAFP in promoting savings and credit services through the ASCAs in poor rural communities is assessed as highly satisfactory. The objectives of the schemes financed by NADP and NAFP and managed by FFPI were not achieved. FFPI's performance in SBAFP has been mixed. FFPI has highly unsatisfactory loan recovery rates in Zambezia and Nampula but satisfactory rates in Sofala.

140. NAFP was instrumental in introducing the ASCAs which have made a highly satisfactory contribution to providing poor rural households with access to savings and credit services. Under NAFP, CARE was contracted and in collaboration with the IDPPE, CARE introduced the ASCA model it had developed in Niger and facilitated the establishment of 37 ASCAs. NAFP also experimented with other savings and credit models which had less success. The ASCA-model was a very important innovation, which SBAFP has significantly scaled up, facilitating establishment of some 1,000 ASCAs.

141. The effectiveness of the rural financial services (and BDS) provided with support of FAMA, under the umbrella of PAMA, is assessed as satisfactory. Within PAMA/FAMA, GAPI and AMODER significantly expanded their outreach and services, with reasonable prospects of sustainability. During the project period, 637 loans were disbursed for a total value of just over US\$2 million (30 per cent used for agricultural commodity trading and 65 per cent for rural commerce). A total of 280 micro, small and medium individual enterprises obtained a loan. In addition to retail loans

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<sup>27</sup> The regulatory frameworks for cooperatives, associations and SMEs have been recently revised in order to promote a more enabling environment.

<sup>28</sup> See appendix 7 for further details.

to individual traders, GAPI provided loans on a wholesale basis to trader and farmer associations which then provided micro-credit to their members.

142. **RFSP.** The CPE finds that the ongoing RFSP risks not achieving its objectives due to slow implementation progress. At the time of the CPE, only a limited number of activities had been initiated in terms of the institutional support component. The core of RFSP is however, the second component, the Innovation and Outreach Facility (IOF), designed to establish a second-tier wholesale fund, supporting innovation and outreach at the retail level through provision of credit lines and matching grants to rural finance providers. While there has been progress in establishing the IOF, the approach taken raises serious doubts as to whether the objectives will be achieved, as the RFSP was meant to support existing Micro-Finance Institutions (MFIs) and other financial service providers with a strong track record. The IOF procedures manual states:

*“As a rule of thumb the IOF only invests in financial intermediaries with at least a three years track record (our emphasis) of uninterrupted business and able to submit externally audited annual statements over the last two years. In exceptional cases (our emphasis) start-up intermediaries may be supported but overall commitment to such institutions will not exceed 3 per cent of the IOF’s investment resources”.*

143. In fact, eight of the 24 institutions (i.e. 33 per cent) approved by the IOF can be considered to be start-up operations.<sup>29</sup> While the CPE agrees that capable start-ups should be supported, the evaluation is concerned by FARE’s screening and approval process. Often unrealistic business plans were submitted that should have been identified and rejected by FARE technical staff and Credit Committee members. Supervision missions have been aware of the dangers of funding weak applicants and have regularly called for the implementation of due diligence procedures. As of the fielding of the CPE mission, however, it would appear that little attempt has been made to gauge the capacity of the applicants even though the IOF manual has provision for commissioning a full-fledged external due diligence. The fact that an institution has obtained registration with the central bank, Bank of Mozambique, is a necessary but not a sufficient criterion for granting support.

144. Several of the approved start-ups which the CPE mission visited had little experience of microfinance. Even though some very solid MFIs are also receiving support (including Tchuma, Malanga Microcrédito, Hluvuku, Socremo, Progresso, FDM and CPL), a significant share of inexperienced start-ups could have serious repercussions on FARE’s future sustainability. At the other extreme, IOF is also providing matching grants and loans to large commercial banks to motivate them to establish rural branches. It is dubious that IOF support, which is a negligible fraction of the beneficiary bank’s resources, is actually needed, and there are issues of market distortion.<sup>30</sup>

145. Despite its title, the IOF has failed to promote any innovative financial product and no attempt has been made by FARE to review relevant innovations. Since the launching of the RFSP, there have been a variety of innovations introduced to rural finance in Mozambique, which have never been systematically reviewed nor divulged.<sup>31</sup> Some of the problems experienced in the implementation

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<sup>29</sup> When this issue was flagged in the CPE Aide-Memoire, the mission was told that the “3 per cent” was a typo and should read “30 per cent”. However, it seems highly unlikely that the intent of “exceptional cases” would be reflected in such a high percentage.

<sup>30</sup> The views of the CPE on the IOF support for commercial banks are not shared by the programme partners

<sup>31</sup> In addition to those that were introduced through other IFAD projects (e.g. ASCAs), these include: i) mobile banking serving various districts on a daily basis (Banco Oportunidade de Moçambique); ii) bank agencies made from containers (Banco Oportunidade de Moçambique); iii) warehouse credit in Nampula Province (piloted between CLUSA, WFP and Banco Terra); and iv) transforming ASCAs into savings and credit cooperatives SACCOs (ADEM with support from the DANIDA). The latter type of transition (ASCA to SACCO) is the kind of change that was meant to be supported through the RFSP’s Community-Based Institutions component.

might have been avoided if an external management team had been recruited as provided for in the design.

146. Wholesale credit is FARE's principal source of its own future income stream. The operational procedures have been designed contrary to good international practice and are highly disruptive to the cash flow needs of a financial institution. The MFIs have three major complaints. The first is that they have to finish paying their loan before they can apply for a new one, regardless of their repayment performance. Second, the process of obtaining a new loan requires them to submit a proposal through a competitive round which causes a lag of several months. Thirdly, payments in a few large instalments during the loan period mean that they require a large amount of liquidity.

147. The restructuring of FARE is still pending. The CPE finds (as the partners did in the negotiation phase) that a restructuring is essential but FARE's statutes have still not been revised. Subsidized retail credit with poor repayment continues to be disbursed, seriously undermining the credibility of the institution. The CPE is concerned that the phasing out of FARE's retail activities will take many years while it would be prudent to consider an institutional separation of the wholesale and the retail activities in the near future. However, the CPE recognises that the programme stakeholders are currently making major efforts to improve implementation performance, including a revision of the statutes of FARE.

### ***Social Infrastructure - Satisfactory Effectiveness***

148. Overall, the support provided in NADP, NAFF and SBAFP for primary schools and health posts as well as for water points for safe and easily accessible drinking water has been effective in achieving stated targets and the socio-economic objectives. One underlying strategic objective of including social infrastructure and services in the artisanal fisheries projects was to develop the confidence and support of the local communities in order to open the door for working with more difficult and sensitive issues such as sustainable management of the fisheries resources. Though it can be confirmed that the fisheries projects have been able to work with communities on these issues, it is difficult to establish to which extent this would have been possible without these investments.

### ***Influence on Policies and Regulations Primarily in Agricultural Marketing and Artisanal Fisheries***

149. Starting with FSLDP in 1996, all projects have had an institutional/policy component. With respect to improving the policy and regulatory framework, PAMA and SBAFP have made some important achievements while FSLDP produced a number of outputs which two years following project closing have not been translated into approved policies and regulations, e.g. a draft Livestock Sector Strategy, a review of the Animal Health Act and draft legislation on importation and distribution of inputs for the livestock sector. Through its allocation for PROAGRI I, FSLDP contributed to strengthening the capacity for planning and financial management within MINAG and the provincial administrations.

150. SBAFP has been instrumental in introducing into law the 3-mile zone for artisanal fishing, the monitoring and control of industrial trawling and the co-management for coastal fishing. Significant progress has also been achieved in introducing co-management committees (government and fishermen), Community Fisheries Councils and fishers' associations. PAMA facilitated the revision of the Associations Act, which significantly reduced the time and cost of registering associations, and provided important support for the development of a structure of farmers' marketing associations. PAMA also facilitated the development provincial agricultural marketing strategies in Niassa and Cabo Delgado. RFSP has facilitated the establishment of a Rural Finance Policy Support Unit within MPD/DNPDR which amongst others is tasked with preparing a strategic framework for rural finance in a participatory process.<sup>32</sup>

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<sup>32</sup> Unfortunately the draft document produced by the Rural Finance Policy Support Unit (at the time of the CPE) has been heavily criticized by sector stakeholders. The strategic framework document is a discursive text

### ***Overall, Moderately Satisfactory Effectiveness***

151. Overall, the effectiveness of the evaluated portfolio is assessed to be moderately satisfactory. As highlighted above, this is due to the significant variations in the performance - for example, while much has been achieved in terms of linking the rural poor to markets, grassroots institutions established in the IFAD-financed programmes remain weak with limited prospects for sustainability. In terms of rural finance, the poor effectiveness of the IOF, and the choice of sub-par institutional partners such as FARE, has had a negative effect, although this has been counterbalanced by progress in terms of support to the provision of rural credit and savings through ASCAs.

152. Only NADP is assessed as having been moderately ineffective, due of the failure of two main components (support services to farmers and the OPEC funded primary road rehabilitation) to meet their objectives. For RFSP, the CPE finds that there is high risk that the objectives will not be achieved before closing in 2014 unless there is a significant improvement in implementation performance.

### **Efficiency**

153. Efficiency is assessed in terms of: (i) the output/input proportions, considering quantitative and qualitative aspects, the targets at appraisal, and whether outputs were spread too thinly to have any likely impact; (ii) the time it took to deliver the outputs as compared to original plans; (iii) the costs of delivering the outputs, as compared to original budgets but also comparing project units costs and standards with unit costs and standards obtained of other projects; and (iv) the management of delivery, including issues of accountability.

154. Loan effectiveness lags and extensions: The time from loan approval to loan effectiveness has varied from 6 months (NADP) to around 20 months (PAMA, RFSP). Except for SBAFP, the time lag has increased for the new generation of projects. Project extensions (1-2 years) are the norm and actual implementation periods (from effectiveness to closure) have varied from 8 to 11 years (NADP more than 11 years), with consequent increases in management costs.

### ***Variations in Project Efficiency and Possible Explanations***

155. Efficiency has varied over time and between projects. NADP and RFSP (till now) are assessed as inefficient, while the NAFP/SBAFP, FSLDP and PAMA are viewed more positively. FSLDP stakeholders reported that implementation was more efficient when it was managed as a project rather than as an integrated element of PROAGRI/MINAG.

156. NADP implementation was highly inefficient early in its life, given limited public and private capacities following the conclusion of the civil war. It was only in 2001 that the management team was moved to Niassa and, following a loan extension, did performance gradually improve. The current slow progress of RFSP and ASP/PRONEA may be explained by the fact that implementation is fully integrated into national institutions.<sup>33</sup> SBAFP and PAMA, on the other hand, have been the best performers in terms of delivering quantitative targets on time; this is also due to the fact that they were managed through fully dedicated Project Facilitation Units (PFUs) and a professional consultancy firm in the case of PAMA.

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on rural finance with no analysis of the key stakeholders in the sector. Despite being considered a strategy, there is no proposed strategy, only a presentation of somewhat theoretical options. The discussion does not go beyond seasonal credit needs and is flawed by basic factual errors.

<sup>33</sup> Initially, RFSP had a full-time programme manager but management was subsequently mainstreamed into RFSP's overall general structure

157. The potential benefits of dedicated PFUs which tend to be better able to interpret procurement and other regulations must, of course, be counterbalanced by the fact that they may not be conducive to developing national ownership and partner institution capacities.<sup>34</sup>

### *Mixed Efficiency in Different Thematic Areas*

158. There are differences in efficiency amongst the thematic areas supported by IFAD, part of which may be explained by varying performance of service providers; the NADP evaluation noted that activities within the core mandate of public institutions tend to perform better than activities at the margins of their institutional mandates and those in the private sector domain (e.g. promoting rural traders and revolving schemes).

159. **Support services to farmers.** The overall efficiency of NADP's support for agricultural support services was, in the Project Completion Evaluation, assessed as being moderately unsatisfactory, although research was assessed as moderately efficient as it did facilitate a number of outputs. FSLDP support for the development of veterinary and livestock support services is assessed as moderately efficient, with better performance when implementation was managed in "project-mode".

160. **Support services to artisanal fishermen.** The participatory and adaptive research and extension approach applied in NAFP and SBAFP is assessed as efficient. In partnership with fishermen, the projects introduced and tested different types of fishing gear and different methods of fish processing and preservation. The NAFP Interim Evaluation noted: "Before the end of a participatory trial, participating fishermen knew the results/benefits and spread the word amongst their community fellow men".

161. **Marketing:** Implementation of the support for improving market linkages and value-added has mostly been sub-contracted to national service providers, and their capacity and performance has influenced the efficiency of the support. In NADP, the efficiency of FPPI in promoting rural traders was assessed as highly inefficient, while demonstrating better performance in the artisanal fisheries projects, in particular in Sofala.

162. **PAMA/FAMA.** The BDS support for rural traders, provided by GAPI and AMODER, is assessed as efficient while the efficiency of PAMA's support for development of associations is mixed (moderately unsatisfactory), largely determined by the quality of service providers.

163. **Roads.** Except for the primary road in NADP, which had unsatisfactory efficiency, road construction and rehabilitation has generally been implemented within existing national cost norms and standards. For the primary road support, investment per kilometre of road rehabilitated came to about US\$27,000 which was high compared to national standards at the time. Furthermore, the works done on the rehabilitated section were of poor or insufficient quality, necessitating further rehabilitation works immediately after completion the NADP-financed works. Unit cost of rehabilitation of secondary and feeder roads were in the range of US\$5,000 - 10,000 per km, which is within national standards. Against a target of 173 km, 261 km were constructed/rehabilitated. However, in many cases implementation was delayed and inefficient. Though the primary road sub-component was completed on schedule, it was, for the above reasons, assessed as "inefficient" (2). The secondary and feeder road sub-component scored "moderately inefficient" (3) because it was possible to maintain acceptable unit costs in spite of inefficient implementation.

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<sup>34</sup> Reduction in the number of PFUs is a Paris Declaration indicator for progress towards alignment and integration.

164. In the later projects, PAMA and SBAFP, the National Roads Authority (ANE) has been used and, generally, implementation and unit costs have been according to the national standards achieved by this Agency.

165. **Financial services.** In NADP, FFPI's delivery of credit for rural traders was highly inefficient. The allocation of US\$600,000 for credit and training of rural traders was misused and recovery rates were negligible, explaining why the project terminated disbursements to FFPI. In NAFP and SBAFP, FFPI performed better but still unsatisfactory. The NAFP Project Completion Report stated: "At close overall repayment rate was 75 per cent and portfolio at risk 55 per cent, implying poor sustainability". In the case of SBAFP, the 2008 Tri-Term Review (TTR) stated: The low appreciation of the direct lending facility is based on, by all standards, dismal overall portfolio performance: roughly US\$440,000 out of the total portfolio of 1.2 million is overdue more than two years and an additional US\$340,000 is overdue between 12 and 24 months." However, the performance of FFPI in Sofala province seems to have been relatively good and FFPI's new scheme for leasing outboard motors appears to be operating efficiently, safeguarding the funds and providing access to a beneficial product.

166. In the case of credit and training for rural traders and associations provided by FAMA (under PAMA), costs at the end of the project were calculated as US\$310 per credit (including institutional capacity building costs) and US\$300 per trainee. With time, costs per credit are expected to decline. A rather high 22 per cent of the outstanding credit at project closure was overdue (GAPI, 2008). For 2008 the CPE mission received reports from beneficiary traders that GAPI's loan disbursements were delayed and reached them after the marketing season, reducing the usefulness of the loans. Though no institutional breakdown was available, a higher proportion of the portfolio at risk is likely to be with AMODER which, for many years, has operated with relatively low loan recovery rates (usually around 70-75 per cent). However, given the context and challenges, the overall efficiency of FAMA is found to be in the satisfactory field.

167. Though standard efficiency concepts are difficult to apply on innovative processes, it may be argued, with hindsight, that the framework/approach applied by NAFP/IDPPE for finding solutions to the lack of rural financial services was highly efficient. This approach provided a flexible framework, allowing implementing agencies to experiment with various approaches before settling on the ASCA model as the most viable.

168. The efficiency in the first three years of RFSP has been unsatisfactory due to serious implementation delays and significant over-expenditure on administration, i.e. about 50 per cent of the total operational budget has been spent within the first three years of operation. The high level of administrative spending reduces the likelihood that FARE can become financially self-reliant and sustainable. Furthermore, some clients reported to the CPE mission that in their dealings with some FARE staff, they had experienced business practices which they perceived as unethical. This matter was reported to relevant authorities in IFAD.

### ***Social Infrastructure - Satisfactory Efficiency***

169. Overall, the support for primary schools, health posts, and water points has achieved design targets and been implemented with unit costs and a quality comparable to national standards, with occasional issues related to the quality of the structures and services provided.<sup>35</sup> Current construction/rehabilitation contributes to an annual increase in functioning water points nationally by about 15 per cent but much remains to be done to achieve the Millennium Development Goal 2015 target of ensuring that 70 per cent of the population has access to safe water. In 2005 this figure stood at 40 per cent.

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<sup>35</sup> Quality issues have not been significantly different from those faced at national and provincial levels.

## Overall Portfolio Performance

170. Overall, the performance of the evaluated portfolio is assessed as moderately satisfactory (4), with higher ratings for relevance than for effectiveness and efficiency. Two projects fall below this average, NADP and RFSP (for its first three years). The NADP Completion Evaluation assessed NADP's performance as being below moderately satisfactory but above moderately unsatisfactory thanks to high ratings for relevance. RFSP is at this early stage assessed as moderately unsatisfactory but could improve to satisfactory if major changes<sup>36</sup> in implementation are made.

### B. Rural Poverty Impact

171. Rural poverty impact can only be assessed for five of the seven projects as it is too early to have any indications of impact of RFSP and ASP/PRONEA. SBAFP and PAMA should be commended for having implemented socio-economic baseline and impact surveys, which was not the general norm in past IFAD-supported projects. Unfortunately, in the case of SBAFP the baseline and follow-up surveys do not cover the same sample which complicates the assessment of "the before and after situations". In the case of FSLDP, there is no systematic information available to indicate impact at household level while the assessment of impact of NAFF<sup>37</sup> and NADP is based on an Interim and a Completion Evaluation, respectively.

### Household Income and Assets

172. Impact on household incomes and assets can result from a wide array of project activities. Investments in feeder roads and water points, for example, have indirectly impacted on household income and assets, and have benefited not only the primary target group but also the populations living in the targeted areas. Feeder roads have given areas access to markets and services, while the water points have increased the time, in particular of women, available for economic and other activities. Furthermore, access to safe water has improved the health situation, a basic condition for raising household income and assets. Indirect but important contributions have been obtained from investments in feeder roads by NADP, NAFF, SBAFP and PAMA and in water points by NADP, NAFF and SBAFP. There are, however, issues with quantification and attribution for these indirect impacts.

173. The two IFAD-financed interventions with most important impact survey programmes are PAMA and SBAFP. In the case of PAMA's surveys, volumes of marketed crops increased by about 100 per cent (double the design target) and association members obtained prices which were 23 per cent higher than prices obtained by smallholders outside the supported associations. In these surveys, 12 per cent of smallholder farmers in Cabo Delgado and Niassa reported a substantial improvement of their income while 76 per cent reported moderate improvement, with the highest average increase in household income (176 per cent) found among amongst beneficiaries in Maputo province. Credit and BDS for rural traders, provided under FAMA, also had direct positive impact on the traders, and indirectly on their clients. Some 86 per cent of the traders improved their premises and average annual turnover increased by about three times (from US\$4,500 to US\$15,000).

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<sup>36</sup> Institutional separation of retail and wholesale activities is one issue, while governance is another important issue. CGAP has globally studied the performance of microfinance apex funds and concludes: "Most apex projects have not been very successful in contributing to development of sustainable MFIs. Successful apexes usually have management and an oversight board where government has little or no representation, or where the government's influence is outweighed by the presence of powerful private sector, non-partisan individuals on the board. Most apex project documents assert that the apex will be independent of political interference. This assertion has little value unless independence is built into the structure of apex governance."

<sup>37</sup> The IOE 2000 Interim Evaluation of NAFF includes a verbal assessment of performance and impact but no ratings. Occasionally, the verbal assessment points in opposite directions.

174. In SBAFP, three socio-economic and impact surveys were implemented (2002, 2005 and 2007) which suggest an increase in household income and assets. From 2002 to 2007 the percentage of households with typical household assets increased, while satisfaction of basic needs improved according to households' perceptions. The survey findings (based on samples from artisanal fisheries communities along the Sofala bank) regarding ownership of fishing nets and motorised boats show a somewhat surprising stagnant/declining trend (in relative but perhaps not in absolute terms) which does not tally with the results of the fisheries census which shows a significant increase in the number of people engaged in the sector and in the number of boats, while the catch declined in quantity and value. Thus, according to the census, the catch at the national level (in quantity and value) declined significantly per person (average comprising all types of fisheries), while the project surveys for Sofala indicate a major increase in household income and assets.

175. While there is no conclusive evidence to indicate a general improvement in household income and assets and attributing this to the IFAD support, the CPE is convinced that there has been a positive impact on the income and assets for those households who have benefited from project interventions such as the ASCAs, market access roads and the introduction of improved fishing, processing and marketing methods.

176. Overall, the impact on household income and assets is assessed as "satisfactory" (5) for PAMA and SBAFP, while it is assessed as "moderately unsatisfactory" (3) for NADP and FSLDP. The most significant direct contributions to raising household income and assets have been obtained from the support to artisanal fisheries, improving farmers' market linkages (PAMA), establishment of grassroots financial institutions (ASCAs in NAFP and SBAFP) and SME finance/BDS (PAMA/FAMA).

### **Social and Human Capital and Empowerment**

177. Facilitation of social capital development and empowerment involves complex social engineering which, in turn, requires specialised and capable service providers. Success also depends on having a model that provides tangible benefits to members of social groups and networks, and requires sufficient time to ensure adoption by beneficiaries. These and other conditions have not always been fulfilled. The most significant contributions to social capital and empowerment have been achieved through the support to ASCAs, user associations for management of water points and social infrastructure, and literacy courses. Positive impacts on social capital and empowerment are emerging in the SBAFP- and PAMA-assisted marketing groups/associations but additional efforts are required to consolidate the majority of the groups.

178. One important finding, highlighted in the NAFP Interim Evaluation, is that "...the greatest socio-economic impact of the Project is probably its contribution to the empowerment of fisheries communities".<sup>38</sup> Yet, the Interim Evaluation also highlights a number of issues, including: (i) difficulties in having the associations legally recognised; (ii) problems or lack of communication between project authorities/service providers and beneficiary groups; and (iii) some problems in terms of community contributions to social investments.

179. **Participatory approaches.** Other programmes also ensured beneficiary and stakeholder participation in prioritising and designing support. For example, Focal Area Reference Groups were established to discuss and plan the major PAMA investments. PAMA also invested in literacy training, developing local capacities for meaningful participation in organizations. Finally, the programme also facilitated governance exercises within the associations along with the identification of and the negotiation with buyers. Supporting associations' and their members' empowerment will,

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<sup>38</sup> NAFP facilitated the establishment of 142 community committees and organizations including two Fishermen's Associations (in Moma and Angoche Districts) and a number of co-management committees for joint management of the fisheries resources.

in many cases, need to be continued in order to guarantee a sustainable impact. PAMA had only a modest impact on strengthening second-tier unions, and these unions are generally making insufficient efforts to develop their own financial assets and human resources.

### ***Empowerment of Women***

180. The main impact on women's empowerment has been achieved through the ASCAs (which have broken the gender barrier in microfinance in northern Mozambique), supported by the artisanal fisheries projects, and through the literacy programmes supported by PAMA and SBAFP. The support for water points (NADP, NAFP and SBAFP) has also made an important contribution by reducing the time and burden of women and children in water collection and by involving women in water user committees.

181. While some attempts have been made to mainstream gender in project strategies and introduce gender disaggregated data, none of the projects have developed a gender strategy. There is generally insufficient information to assess the qualitative impact on women's empowerment. The absence of project gender strategies is partly related to the absence of gender strategies within the implementing partner institutions (at present only the MINAG has a gender strategy) but the IFAD financed portfolio could enhance its performance in this respect. It should be noted that gender equity (as well as the HIV/AIDS pandemic) was identified and discussed at some length as a cross-cutting priority in the 2004 COSOP.



**Women's theatre group performs songs as an innovative method of communicating messages to the local community.**

*Source: Robert Maass*

182. **Gender and support services for farmers.** NADP had, at the time, a progressive design involving establishment of female Village Extension Guides (VEGs) who would transfer knowledge and technology to their female neighbours. Unfortunately, this approach was not implemented and, instead, public Extension Workers (all men) were deployed. FSLDP had no gender strategy and gender disaggregated information is not available.

183. **Gender and artisanal fisheries.** Gender disaggregated information on the supported activities is weak and often contradictory. However, according to available data, female participation has been significantly higher in the savings and credit groups than in the other activities. Female participation is very limited in the Community Fisheries Councils.<sup>39</sup> While SBAFP has facilitated the involvement of women in some fish processing and marketing activities, it did not (being a fisheries project) support women in their agricultural activities, constituting an important element of sustaining the livelihoods of artisanal fisheries households.

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<sup>39</sup> For detailed information see the 2003 UNOPS Supervision Report pg.38; 2004 UNOPS Supervision mission, pg. 2, 6 and 8; 2006 UNOPS Supervision report, pg. 26 and 2005 Tri-term review report, pg. 6.

184. PAMA did not develop a gender strategy per se but did monitor and present gender disaggregated data on participation in associations, literacy courses and in the traders' development component. Between 2004 and 2007, total membership of PAMA-assisted associations increased by 48 per cent, while the membership of women increased by 89 per cent. In Cabo Delgado and Niassa, close to 14,000 people participated in PAMA-supported literacy courses, and 41 per cent of the participants were women.

### Food Security and Agricultural Productivity

185. These two impact indicators may occasionally move in opposite directions, helping to explain cases where national data consumption/income poverty and stunting have not evolved in unison (Cabo Delgado and Sofala). Between 1997 and 2003, major reductions in stunting were observed in Niassa and Cabo Delgado (NADP and PAMA project areas), while the focus provinces of NAFP and SBAFP (Nampula, Zambezia and Sofala) experienced stagnation/increase (see table A.4.27 in appendix 5).

186. Contrary to expectations, the most important contributions to this impact domain have been obtained from the support for marketing and crop diversification (PAMA) and fisheries (NAFP/SBAFP), while the main support for agricultural production (NADP and FSLDP) has only provided marginal contributions. Significant impact was expected from NADP's large investment in agricultural research and extension but yields did not increase. FSLDP contributed to improving animal health and thereby food security, although there are now indicators of deteriorating animal health services.

187. NAFP and SBAFP have had a positive impact on food security through different interventions, as illustrated in the table. The ASCAs have provided many thousands of households with access to savings and credit services, although it appears that food security remains a serious problem.<sup>40</sup>

**Table 9. SBAFP - Impact on Food Security**  
Beneficiary household perceptions about Food Availability  
Per cent of households responding

|                               | 2002 | 2007 |
|-------------------------------|------|------|
| <i>Always sufficient</i>      | 12   | 26   |
| <i>Sometimes difficulties</i> | 53   | 62   |
| <i>Always difficulties</i>    | 53   | 12   |

Source: SBAFP beneficiary surveys.

### Natural Resources and the Environment

188. Positive contributions to improving natural resource management and the environment were expected from NADP and the fisheries projects while the remaining part of the portfolio was environmentally neutral, with the exception of minor potential risks associated with feeder road construction. One objective of NADP was to replace slash and burn cultivation with more intensive sedentary cultivation but the cultivation system did not change and the re-forestation support produced limited results.<sup>41</sup>

189. The artisanal fisheries projects have made a number of achievements which may eventually contribute to reducing the sustainability threats to fisheries resources. However, many fishermen continue using environmentally unfriendly and unsustainable practices and industrial fishing, within the 3-mile zone, is difficult to control. Information on stocks is still not sufficiently comprehensive and reliable for making any solid conclusions as to whether the stock situation for the different species under threat is improving or not.

<sup>40</sup> Based on SBAFP beneficiary surveys in 2002 and 2007.

<sup>41</sup> The PFU noted in its draft Completion Report that it is difficult to raise awareness about the importance of reforestation because the communities are "apathetic".



**Local artisanal fishermen gather to haul in improved beach seines, promoted by the project as an alternative to the environmentally harmful use of mosquito nets.**

*Source: Robert Maass*

### **Institutions and Policies**

190. Considering the modest share of IFAD's portfolio in total ODA, IFAD has through its lending programme had a significant impact on institutions and policies.

191. In agriculture, NADP introduced the concept of District Development Funds, to be planned and managed jointly with communities, at a time and in a context where public resources were entirely planned and managed by central and provincial governments. The concept, though challenging to implement, has become a key element in the Government of Mozambique's decentralization policy. FSLDP contributed to the general PROAGRI efforts of developing planning and management capacity at central and provincial level and did strengthen the veterinary services. The project also facilitated the formulation of a livestock sector strategy which however two years after its closure remains as a draft proposal.

192. In artisanal fisheries, support has facilitated the introduction of the ASCA model, joint management of fisheries resources and the 3-mile zone reserved for artisanal fisheries, However, the successful and sustainable adoption of these policies will only be determined over time.

193. At the community organizations level, PAMA facilitated the important 2006 revision of the law on associations which has simplified registration procedures, reducing costs and time involved in this process, directly resulting in a greater number of registered organizations. Farmer group development has contributed to alleviating the constraints caused by lack of organization of smallholder farmers. Participatory mechanisms like associations fora, unions and Focal Area Reference Groups have contributed to insertion of local people's voice in prioritising investments. Integration of gender related training content has contributed to making smallholder farmers' institutions more democratic and inclusive. PAMA also facilitated Niassa and Cabo Delgado in developing their provincial commercialization strategies, which serve as instruments for the coordination of provincial efforts.

194. In terms of rural financial services, GAPI's engagement with PAMA's rural finance initiative (FAMA) made it possible for the institution to undertake its internal organizational and framework development. By the end of PAMA, GAPI had strengthened its BDS specialising in developing the capacity of rural producers, traders, and small scale agro-processors.

195. The ANE<sup>42</sup> has been strengthened through its involvement with IFAD programmes involved in the development of rural feeder roads (notably PAMA), and has recruited and retained relevant staff. The limited preparedness of the MINAG and the MPD has, however, left these ministries missing the opportunity of having their human resource capacity improved.

### Unforeseen Impacts

196. While IOE's Completion Evaluation of NADP found that impact had been below expectations, it also noted that the project had been the first major intervention in Niassa, paving the way for others to follow. Though it is difficult to quantify the benefits of this pioneering role, NADP, together with other support, did make an important contribution to the development of the capacity in Niassa from a very negligible base.

197. The portfolio includes several examples of innovations that were introduced at design but never implemented VEGs and warehouse receipts system while viable innovations, that were not envisaged in the design, emerged during implementation (e.g. ASCAs, leasing of outboard motors).

### Overall Rural Poverty Impact

198. The overall rural poverty impact of the five evaluated projects is in the satisfactory category with the only exception being NADP where the low rating is the result of disappointing results in two major components, i.e. support services to farmers and primary road rehabilitation. However, other NADP interventions, such as water points and feeder roads, had a satisfactory rural poverty impact. FSLDP is a "border case" due to the temporary nature of some of the positive impacts. In many cases, the rating for a specific dimension within an individual project is a combination of different impacts. For example, SBAFP's support for ASCAs is assessed as having a highly satisfactory impact (6) on social capital and empowerment while SBAFP's support for other grassroots institutions and community development is rated as having moderately satisfactory or moderately unsatisfactory impacts on this dimension. Social capital and empowerment as well as natural resources and environment are singled out in the table below as the two impact domains that require improvement going forward as they are rated unsatisfactory overall.

**Table 10. Rural Poverty Impact**

|   | <b>NAFP</b> | <b>NADP</b> | <b>FSLDP</b> | <b>PAMA</b> | <b>SBAFP</b> | <b>Total</b> |
|---|-------------|-------------|--------------|-------------|--------------|--------------|
| Households Income and Assets                | 4           | 3           | 3            | 5           | 5            | 4            |
| Social Capital and Empowerment              | 4           | 2           | 3            | 3           | 5            | 3            |
| Food Security and Agricultural Productivity | 4           | 2           | 4            | 5           | 5            | 4            |
| Natural Res. and Environment <sup>a</sup>   | 3           | 2           | NR           | NR          | 4            | 3            |
| Institutions and Policies                   | 5           | 2           | 4            | 4           | 4            | 4            |
| <b>Overall Impact</b>                       | <b>4</b>    | <b>2</b>    | <b>4</b>     | <b>4</b>    | <b>5</b>     | <b>4</b>     |

<sup>a</sup> FSLDP and PAMA have not been rated in natural resources and environment as they had no relevant activities/components related to this domain. Furthermore, the CPE notes that there were no negative environmental impacts caused by the implementation of activities.

## C. Other Performance Criteria

### Sustainability

199. In terms of the sustainability of the institutions and activities financed through the IFAD programmes, results are mixed. As mentioned elsewhere in this chapter, effective programmatic

<sup>42</sup> *Administração Nacional de Estradas.*

support, when provided in the context of a good institutional framework in high priority areas (as defined by the Government of Mozambique), has usually resulted in better potential for sustainability over the long term. The opposite tends to be true for more diffuse needs (specifically related to private sector development) where there usually are no clear cut institutional responsibilities.

200. A clear negative example of this can be found in the case of support to animal health and livestock support services (FSLDP), where following the Government of Mozambique's decentralization efforts resource allocation levels have suffered. This is apparently due to the provincial and district governments' lack of appreciation of animal health services, with declining service levels since 2005, as exemplified by a 128 per cent increase in reported cases of human rabies (over the 2005-2007 period).<sup>43</sup> Another example relates to the development of smallholder marketing institutions, something that could have a real impact on income generation and empowerment opportunities. There is no government institution with the mandate and resources to ensure this development. Therefore, part of the strategy of PAMA has provided some support to develop the capacity of second-tier unions to serve their member associations. While some embryonic capacity has been established, it is not sufficient to ensure the sustainability of many immature associations. Disregarding that future support of PROMER may enhance the capacity of associations and unions, the sustainability prospects for this important part of PAMA are assessed as moderately unsatisfactory.

201. In a more positive vein in the fisheries sector, IDPPE is likely to continue the support for improved fishing methods and fish processing and marketing beyond what has been achieved in NAFFP and SBAFFP, though perhaps constrained by its limited resources. It should be noted that, thanks to IFAD-financed programmes, the concept of co-management has now been fully integrated into policy and legislation. Nevertheless, community and fisheries associations may disintegrate if: (i) artisanal fishermen do not see an advantage of spending time in these bodies (e.g. if semi-industrial and industrial fishing expands into the 3-mile zone); and (ii) the fishermen are not treated as equal partners and develop the perception that these bodies are government-directed.

202. Outside the core activities of Ministry of Fisheries/IDPPE, the sustainability prospects of the supported "community institutions" are assessed as moderately unsatisfactory. Attempts have been made to engage communities in planning and implementation but the established community institutions are generally weak and have modest prospects of continuity. Several of the supported health and educational services are likely to be continued by relevant sector departments. With respect to water points, there is a high percentage of dry wells, and communities lack the capacity for technical maintenance. Several access roads are "non-classified" and need to be integrated in district maintenance plans as communities perceive road maintenance as a government responsibility.

203. An additional issue is that of PFUs. Their effectiveness (recognised in this CPE) at implementation must however, be balanced by their autonomous nature, which often limits their impact and the potential capacity building role that government institutions can derive from their experience in implementing donor-financed programmes. This clearly leaves the policy maker in a quandary on whether to favour smoother implementation or the longer term benefits of direct the Government of Mozambique agency/institutional involvement, and thereby enhancing the chances for longer term sustainability of the interventions financed by IFAD. In artisanal fisheries, however, this trade-off has been minimised by seconding IDPPE staff to the PFU.

204. Activities related to rural financial services have mixed prospects - highly satisfactory for ASCAs and moderately unsatisfactory for the formal SME-type lending of FFPI - but with a recent glimmer of hope, justifying an overall assessment of moderately satisfactory. The 2008 SBAFFP Tri-Term Review rated the performance of formal credit (essentially the FFPI) as: "un-satisfactory with

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<sup>43</sup> The CPE mission was informed of this during its field work interviews. Rabies data derived from INE, Statistical Yearbook 2007 (table Q.2.4.12).

few prospects of a sustainable solution in sight” and the TTR encouraged FFPI to replicate pilot leasing schemes, which has now been introduced in terms of leasing outboard motors, with promising results in other provinces.<sup>44</sup> Another positive development is the emerging linkage between ASCA groups and the FFPI. ASCA members are by far the best performing clients amongst all FPPI borrowers (only 2 per cent in arrears). Thus, there appear to be alternatives that promise to change the history of poor recovery of loans provided to the fisheries sector.

205. The sustainability prospects for PAMA-supported institutions and activities are mixed. However, given that the main thrust of PAMA was to build viable and sustainable smallholder organizations for improving smallholders’ participation in the market, the overall sustainability is rated moderately unsatisfactory (3). Sustainability prospects are assessed as moderately satisfactory for the rural access roads where PAMA has made an effort to ensure that their future maintenance is included in district plans and budgets. There are also satisfactory sustainability prospects for the rural trader component, supported through FAMA. Many of the rural traders visited appear to be operating profitably. While the CPE has no final conclusion as to whether the real value of the revolving FAMA funds will be maintained, there are good indications of sustainability. Both GAPI and AMODER have supplemented the Irish funds with their own and have decided to continue operating the fund after PAMA closure.

206. The potential for the IOF supported by RFSP is another issue altogether. Though it is too early to assess IOF’s sustainability prospects, the trend thus far raises serious concerns. The manner in which the IOF is managed will determine how sustainable the “new” FARE will be, but the forecast is not positive at present, as: i) portfolio quality of the supported MFIs is poor due to the fact that one-third of the approved applicants are start-ups with very limited management capacities; and ii) unless serious changes are made to FARE lending procedures, clients will turn away and seek funds from alternatives such as Banco Terra which are more cognizant of their clients’ cash-flow requirements.

207. Prospects of sustainability are generally best in areas where there is a government institution with mandate, responsibility and adequate resources. This could be broadly considered to be the case for public goods, such as social infrastructure (water points, schools and health posts) and to some extent for roads and management of fisheries resources. Generally, these areas are also prioritised in central or local budget allocations. In the private sector domain, there are rarely such public institutions (e.g. with mandate and budget to support development of producer marketing organizations, grassroots financial institutions, or trade and processing enterprises). In these cases, the support is often provided by a project-contracted service provider, with support ending at project completion. Hence, the sustainability prospects depend on how far the project progresses in maturing the group or activity towards self-reliance and viability before project closure.

**Table 11. Sustainability Ratings**

|                |          |
|----------------|----------|
| NAFP           | 3        |
| NADP           | 4        |
| FSLDP          | 3        |
| PAMA           | 3        |
| SBAFP          | 4        |
| <b>Overall</b> | <b>3</b> |

### **Pro-poor Innovation, Replication and Scaling Up**

208. While the portfolio has not produced ground-breaking innovations, it has introduced technologies, systems or approaches that were innovative in the national and local context. Some of the most important innovations emerged during implementation. On the other hand, some innovations planned and included in project designs were abandoned as they were found not to be feasible (warehouse receipt and inventory credit) or politically acceptable (VEGs) in the context at the time.

<sup>44</sup> Leasing schemes had already been piloted by FFPI in Sofala province, the TTR recommended that these pilots be replicated in the provinces of Nampula and Zambezia.

209. Development funds and UES. NADP introduced the concept of district development funds to be planned and implemented with community participation while FSLDP supported the introduction of a unified extension system. Though both of these concepts were only partly implemented, they remain as guiding principles for government policy in these areas.

210. Under PAMA, smallholder producers were organised into crop marketing associations, a model which has become accepted nationally. The PAMA/FAMA rural trader programme introduced the combination of lending and complementary BDS access. FAMA also introduced wholesale lending to associations of informal traders and to unions of farmer associations which then provided micro-credit to their members, thereby substantially broadening the outreach of the loans.

211. NAFPS/SBAFP facilitated the introduction of the 3-mile zone, joint management of fisheries resources, and new methods and technologies for fishing and fish processing. However, the most significant contribution to pro-poor innovations was made in the area of rural finance, i.e. the ASCAs, which offers an excellent case of experimentation, acceptance, and replication/scaling up. A further critical innovation arising from the SBAFP was FPPI's development of leasing of outboard motors for fishermen, resulting in improved credit recovery (from about 70 per cent to 95 per cent).

212. On a more negative note, RFSP's IOF has so far failed to promote any innovative financial product with one possible exception that with considerable good will might be presented as "an innovation".<sup>45</sup>

213. As highlighted above, the IFAD-financed portfolio has helped pioneer new approaches and mechanisms in the national context. Innovation in the context of the portfolio could be characterised as being 'scattered'. There does not appear to be a clear innovation agenda supporting the elements identified as most important at country strategy level (including value chains and the wider private sector and market linkage issue). The major contributions to innovation have been provided by the support for agricultural marketing and artisanal fisheries, while some minor contributions were made in the support for the livestock sector. In terms of scaling up, the project level innovations pioneered in the artisanal fisheries projects, the introduction of the concept of district level development funds and the development and replication of ASCAs are all examples of activities and approaches that have now been scaled up to national level and are being implemented across Mozambique or adopted in the national regulatory framework.

**Table 12. Pro-Poor Innovation Ratings**

|                |          |
|----------------|----------|
| NAFP           | 5        |
| NADP           | 2        |
| FSLDP          | 4        |
| PAMA           | 4        |
| SBAFP          | 5        |
| <b>Overall</b> | <b>4</b> |

## **D. Performance of Partners**

### **Performance of IFAD**

214. IFAD has introduced a high degree of flexibility in design and implementation. However, design has often been based on very optimistic assumptions and lacked critical institutional assessment and mapping. This resulted in situations where design (and implementation) is based on limited awareness about what others are doing of a similar nature and about which institutions have a comparative advantage in implementing certain activities. For example, NADP selected FPPI for its

<sup>45</sup> The first recipient of an IOF grant and loan, Malanga Crédito, started in Maputo and focused on the conventional microfinance target group - informal traders. However, with IOF support it opened a branch some 60 km from Maputo providing medium-term loans to farmers with values of up to US\$40,000 and high recovery rates. This experience, though not a real innovation, has been a significant breakthrough in rural/agricultural finance provision.

rural trader intervention though FFPI had no experience with rural trader finance in Niassa while AMODER had many years of experience in this field and in Niassa.<sup>46</sup>

215. Within this overall satisfactory picture there are two exceptions, viz. NADP and RFSP, where IFAD's performance is assessed as moderately unsatisfactory. For NADP, the IOE Project Completion Evaluation found that IFAD had provided relevant support in line with its mandate, but assessed the overall performance of IFAD as "moderately unsatisfactory" (3), considering inter alia: fundamentally wrong assumptions in the design, neglect of loan conditions for effectiveness, an erroneous loan amendment, and a distant and passive position during the first difficult years. With establishment of the proxy field office in 2003, IFAD became less passive and distant in implementation.

216. With regards to RFSP, there are many different factors behind the difficulties in the first three years of implementation. IFAD must take part of the responsibility of the poor performance thus far, even though UNOPS had the supervision responsibility until January 2008. It was not conducive to efficiency to abandon the separate programme management structure of the design and fully integrate programme management into the FARE structure. Supervision missions also regularly noted the failure of FARE to contract external technical assistance to support staff with relatively limited rural and micro finance experience. The issue of statutory amendments and cessation of retail credit has not been resolved. Another (still unresolved) issue, raised by UNOPS, was that of due diligence of IOF applicants with the resultant dilemma of the IOF's current stable of start-up beneficiaries with poor prospects of success. IFAD was passive in the process of producing the rural finance strategy paper which has resulted in an expensive document that may be ignored. Allegations of unethical business practices within the context of RFSP obtained by the mission were promptly reported to IFAD's Office of Audit and Oversight (AUI) and to the Eastern and Southern Africa Division (ESA). A difference of interpretation by AUI and ESA has since emerged on whether IFAD internal procedures and processes apply in this particular instance. The Evaluation invited both parties to clarify the matter in order that such allegations are addressed as appropriate in future.

### *Paris Declaration Compliance*

217. IFAD has generally pursued project designs and implementation approaches that are aligned to national frameworks. This is particularly so for the support to agricultural extension and the livestock sub-sector, artisanal fisheries and agricultural marketing. In the case of the agricultural SWAp, PROAGRI, IFAD's position has been cautious and selective which the CPE finds was appropriate and justified, considering: (i) IFAD's niche and mandate; (ii) the first phase of PROAGRI did not impact on poor rural households but mainly on public administrative systems; and (iii) there is as yet no agreed strategic framework for the second phase of PROAGRI.

218. IFAD's achievements in terms of harmonization are modest, in spite of significant efforts. IFAD and DNPDR/MPD made attempts to use PAMA as the coordinating platform and framework for developing an investment programme for agricultural marketing, supported by several development partners. However, development partners supporting this theme (e.g. USAID, DANIDA and SIDA) preferred to use other (non-government) channels to deliver their support. Concurrently, the FAO was assisting the Ministry of Industry and Trade (MIC) with an Agricultural Marketing Strategy paving the way for a MIC-coordinated SWAp.<sup>47</sup> In the case of RFSP, one of the outputs was that donor and government funds would be "better coordinated and resources more effectively used". The European Community was approached but despite assurances that FARE would soon operate like "a European investment fund", the EC, along with various other donors, felt that FARE would not be the appropriate institution to partner with.

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<sup>46</sup> It should be noted that AMODER is an NADP partner.

<sup>47</sup> According to the evaluation of FAO Cooperation in Mozambique, 2001-2005 (June 2006), FAO support for MIC facilitated the development of a more effective and efficient agricultural marketing and trade environment.

219. Overall, IFAD's performance is assessed as moderately satisfactory.

### **Performance of Government Agencies and Service Providers**

220. There has been significant variation between the different government agencies that have served as executing agencies for the projects or as "contracted" implementers of different project components or activities. At the central level, the executing agencies were: (i) DNPDR (and its predecessors) within MPD for NADP and PAMA; (ii) IDPPE for NAFF and SBAFP; (iii) MINAG for FSLDP and ASP/PRONEA; and (iv) FARE (MPD) for RFSP. These projects have also had close cooperation with numerous provincial authorities and district administrations for implementation of field activities. Within financial services, FFPI has been contracted as implementer by NADP, NAFF and SBAFP, while GAPI and AMODER served in PAMA. Within the support for rural access roads, National Roads Authority has been an important partner.

221. At the macro level of the partnership, it should be noted that the Government of Mozambique has never defaulted on its loan services payments to IFAD. However, the Government has not fully met its counterpart fund obligations. Due to various factors, the Government of Mozambique has in some cases failed to provide resources on time for paying VAT and duties on imported IFAD-funded equipment and materials.

222. At the project level, the performance of executing/implementing government agencies has been mixed, both amongst organizations and for the same organization amongst projects. The overall impression is that performance has been more efficient, when: (i) the implementing ministry has established a Project Facilitation Unit (PFU) with staff dedicated full-time to implementation; (ii) staff turnover in the PFU has been limited and the PFU is managed by a capable person; and (iii) the project mode has been applied. This is particularly so when the projects attempt to introduce an innovation. However, if the PFU is not integrated in ministerial systems, a capacity vacuum might be left at project closure. In artisanal fisheries, the trade-off between efficiency and ownership/sustainability has been minimised largely because IDPPE has seconded its staff to the PFU which has contributed to ensuring efficiency as well as ownership and sustainability.

223. Numerous different service providers have been engaged and their performance shows significant variation. Three service providers have had the role of "component implementers", FFPI in NADP, NAFF and SBAFP, and GAPI and AMODER in FAMA/PAMA. FFPI's performance in NADP was assessed as highly unsatisfactory while in NAFF-SBAFP it is assessed as moderately unsatisfactory but improving. GAPI's and AMODER's performance is assessed as satisfactory. The service providers engaged for developing and supporting the ASCAs (CARE/Ophavela, ADEM and KULIMA) have overall performed highly satisfactory. Finally, ANE, engaged for rural feeder roads, has overall demonstrated a satisfactory performance, enhanced by capacity development support provided by SBAFP and PAMA.

224. Overall, government's performance is rated moderately satisfactory.

### **Performance of Cooperating Institutions**

225. UNOPS has served as CI for all projects evaluated with the notable exception of ASP/PRONEA (directly supervised by IFAD from start-up). Some changes have been made during implementation, viz.: (i) NADP was initially supervised by the World Bank whose missions also supervised a similar Bank-financed project. In January 1999, UNOPS took over as the CI, in full agreement with the Government and the World Bank whose project had ended; (ii) UNOPS initially supervised FSLDP as a stand-alone project but when FSLDP was integrated into the PROAGRI framework, UNOPS' services became part of the PROAGRI joint supervision of all partners; (iii) RFSP was initially supervised by UNOPS, but is now directly supervised by IFAD.

226. Overall, the performance of UNOPS as CI is assessed as moderately satisfactory. Performance has been satisfactory on loan administration and fiduciary aspects, but due to budget limitations there have been insufficient field work and analysis as well as backstopping on technical issues. Generally, response to and resolution of issues between annual missions has been too slow. For example, PAMA stakeholders were satisfied with the supervision and backstopping provided by UNOPS but wished for a more rapid response to issues arising between the annual supervision missions. However, it should also be recognised that UNOPS generally has highlighted key problems and that UNOPS alone cannot resolve issues unless IFAD and the Government of Mozambique follow up with a rapid and consequent response. This picture of moderately satisfactory performance applies to all projects, with the exception of NADP.

227. The IOE Project Completion Evaluation assessed NADP as moderately unsatisfactory. Both the World Bank and UNOPS provided timely and frequent supervision missions. However, the Bank's efforts (and flexibility) to facilitate progress under very difficult circumstances were insufficient. The Bank was strict on enforcing its conditions and operational policies but did not arrange for the backstopping and capacity development support that national partners needed to deal with these requirements. Applying standard procurement rules assumes a certain capacity within government implementing agencies as well as a private sector with some capacity and competition.

228. Compared with the Bank, UNOPS tended to adopt a more pragmatic approach, shifting focus from procedures to outcomes and achievements. UNOPS was more flexible on project management, speeding up the process of loan disbursement and procurement. However, though UNOPS' supervision reports were more detailed than the Bank's, they failed to establish a transparent picture of physical outputs, and the expenditure on each output/sub-component/component. Guidance should have been provided on how to report on physical progress and financial expenditure, setting out the actions and responsibilities of the PFU and implementation partners.

### **Performance of Other Main Partners**

229. The AfDB's performance during the first three years of RFSP implementation is assessed as unsatisfactory (2). Lengthy bureaucratic procedures and major delays in providing "no objections" have led to the virtual paralysis of some of the sub-components. Cofinanciers in other projects (OPEC in NADP, NORAD and BFS in SBAFP, and Ireland in PAMA/FAM, have generally played a relatively passive role but provided the cofinancing as committed. However, in the case of SBAFP both BFS and NORAD provided expertise for supervision missions and participated in the "partners meeting" that was held annually, comprising IFAD, BFS, NORAD and the Ministry of Fisheries, providing an opportunity for exchanging views and jointly addressing key project implementation issues.

230. Overall, the performance of CIs, including other main partners' performance is rated moderately satisfactory.

## **E. Overall Portfolio Achievement and Benchmarking**

### **Overall Portfolio Achievement**

231. The overall achievement of the portfolio is within the satisfactory area with a composite rating of moderately satisfactory (4). Two projects fall in the unsatisfactory area, i.e. NADP and RFSP rated moderately unsatisfactory (3). However, RFSP has the opportunity of moving into the positive field if major improvements are achieved during the remaining implementation period. SBAFP is rated as satisfactory (5), i.e. above the composite portfolio rating. ASP/PRONEA is not included in this assessment as the programme is in the start-up phase and only the relevance of design is rated (5).

**Table 13. Mozambique - Portfolio Rating**

| Project Evaluation Criteria/Domain                   | NAFP     | NADP     | FSLDP    | PAMA     | SBAFP    | RFSP | ASP/<br>PRONEA | TOTAL    |
|--|----------|----------|----------|----------|----------|------|----------------|----------|
| <b>I. CORE PERFORMANCE CRITERIA</b>                  |          |          |          |          |          |      |                |          |
| - Relevance  | 6        | 5        | 6        | 5        | 6        | 5    | 5              | 5        |
| - Effectiveness                                      | 4        | 3        | 4        | 4        | 4        |      |                | 4        |
| - Efficiency   | 4        | 3        | 4        | 4        | 4        |      |                | 4        |
| <i>Project Performance Aggregated</i>                | 4.7      | 3.7      | 4.7      | 4.3      | 4.7      |      |                | 4        |
| <b>II. RURAL POVERTY IMPACT</b>                      |          |          |          |          |          |      |                |          |
| - HH income and assets                               | 4        | 3        | 3        | 5        | 5        |      |                | 4        |
| - Social capital and empowerment                     | 4        | 2        | 3        | 3        | 5        |      |                | 3        |
| - Food security and Agricultural productivity        | 4        | 2        | 4        | 5        | 5        |      |                | 4        |
| - Natural resources and the environment <sup>a</sup> | 3        | 2        | NR       | NR       | 4        |      |                | 3        |
| - Institutions and policies                          | 4        | 2        | 4        | 4        | 4        |      |                | 4        |
| <i>Overall Rural Poverty Impact</i>                  | 4        | 2        | 4        | 4        | 5        |      |                | 4        |
| <b>III. OTHER PERFORMANCE CRITERIA</b>               |          |          |          |          |          |      |                |          |
| <b>A. Sustainability</b>                             | 3        | 4        | 3        | 3        | 4        |      |                | 3        |
| <b>B. Innovation, Replication and Scaling Up</b>     | 5        | 2        | 4        | 4        | 5        |      |                | 4        |
| <b>IV. OVERALL PROJECT/ PORTFOLIO ACHIEVEMENT</b>    | <b>4</b> | <b>3</b> | <b>4</b> | <b>4</b> | <b>5</b> |      |                | <b>4</b> |
| <b>PARTNER PERFORMANCE</b>                           |          |          |          |          |          |      |                |          |
| - IFAD   | 5        | 3        | 4        | 4        | 5        | 2    |                | 4        |
| - Government   | 4        | 3        | 4        | 4        | 4        | 2    |                | 4        |
| - Cooperating Institutions                           | 5        | 3        | 4        | 4        | 5        | 4    |                | 4        |

6 = highly satisfactory; 5 = satisfactory; 4 = moderately satisfactory; 3 = moderately unsatisfactory; 2 = unsatisfactory; 1 = highly unsatisfactory - NR: Not Rated - either because it is too early to rate this criteria or because the project is not designed to address this specific impact domain.

<sup>a</sup> FSLDP and PAMA have not been rated in natural resources and environment as they had no relevant activities/components related to this domain. Furthermore, the CPE notes that there were no negative environmental impacts caused by the implementation of activities.

## Benchmarking

232. There are no recent evaluations of the World Bank's and the AfDB's agricultural and rural development portfolio in Mozambique which is unfortunate, given that their modalities and part of their priorities are similar to IFAD's. For example, in artisanal fisheries, AfDB is financing a project similar to IFAD's but outside of the Sofala Bank. Though not supported by evaluative evidence, the CPE finds that progress and results in the AfDB supported project are significantly less than in the IFAD-supported project. There are recent evaluations of FAO's (2006) and DANIDA's (2008) country cooperation but their operational modalities are substantially different from IFAD's and the evaluations do not have ratings. The FAO evaluation gives the overall impression that pilot projects have performed below expectations while positive results have been achieved in policy work. The DANIDA evaluation finds that: (i) the support for semi-industrial fisheries and development of a Fisheries Master Plan was not successful; (ii) the early agricultural projects in Tete and Zambezia did achieve some results but efforts were fragmented; and (iii) there is no hard evidence to demonstrate that PROAGRI has improved the capacity of MINAG to deliver services to smallholders.

233. Using IOE's Annual Reports on Results and Impact (ARRI)<sup>48</sup> the table below indicates that the performance and impact of IFAD's operations in Mozambique is slightly higher than the global average. The average score of the evaluation ratings is expressed on a 6 point scale where 6 corresponds to highly satisfactory whereas 1 to highly unsatisfactory. These scores are benchmarked against the 2002-2006 Annual Report on Results and Impact (ARRI) ratings (for example, the 100 per cent under relevance means that 100 per cent of the projects evaluated by the Mozambique CPE had a satisfactory rating).

**Table 14. CPE Ratings for Mozambique Benchmarked Against Ratings of IOE's ARRI**

|   | MOZAMBIQUE CPE                         |  | 2002-2006 ARRI   |
|---|--|--|--|
|   | Average Rating of Mozambique Portfolio | Percentage of Satisfactory Category <sup>a</sup> | Percentage of Projects in Satisfactory Category <sup>a</sup> |
| <b>I. Project Performance</b>             |  |  |  |
| a. Relevance                              | Satisfactory (5)                       | 100  | 96   |
| b. Effectiveness                          | Moderately satisfactory (4)            | 80   | 72   |
| c. Efficiency                             | Moderately satisfactory (4)            | 80   | 66   |
| <b>Overall Project Performance</b>        | Moderately satisfactory (4)            | 80   |  |
| <b>II. Rural Poverty Impact</b>           | Moderately satisfactory (4)            | 80   | 65   |
| <b>III. Other Performance Criteria</b>    |  |  |  |
| a. Sustainability                         | Moderately unsatisfactory (3)          | 40   | 45   |
| b. Innovation, Replication and Scaling Up | Moderately satisfactory (4)            | 80   | 68   |
| <b>Partner Performance</b>                |  |  |  |
| IFAD                                      | Moderately satisfactory (4)            | 67   | 51   |
| Cooperation Institutions                  | Moderately satisfactory (4)            | 830  | 64   |
| Government                                | Moderately satisfactory (4)            | 67   | 67   |

<sup>a</sup> Satisfactory category comprises all ratings of 4 (moderately satisfactory), 5 (satisfactory) and 6 (highly satisfactory).

<sup>48</sup> The Annual Report on Results and Impact of IFAD Operations (ARRI) aims to provide a consolidated picture of the results, impact and performance of IFAD projects each year.

## **Chapter IV Synthesis**

Overall relevance is assessed as satisfactory. The goals and objectives of the lending portfolio are highly relevant to the IFAD and government policies as well as the national context and the opportunities and challenges of the rural poor. However, project designs have been overly optimistic as to available capacities and lacked adequate institutional assessment and mapping.

Effectiveness is overall assessed as moderately satisfactory. Public services for primary production are of recent date, and the support in this area (e.g. NADP) has generally not achieved the objectives of a sustainable increase in productivity. The recent support for rural finance, RFSP, is assessed at risk of not achieving its objectives.

Efficiency is overall moderately satisfactory, but with significant variations determined by different capacities of contracted service providers and different implementation arrangements. Efficiency has improved over time and has generally been superior when implementation was managed by a full-time Programme Facilitation Unit.

The overall rural poverty impact is assessed as moderately satisfactory. The Accumulating Savings and Credit Associations (ASCAs), introduced in the support for artisanal fisheries, have made an important contribution to income and empowerment of the rural poor as has the support for market linkages and farmers associations. However, many supported groups and associations need further capacity development support. Social infrastructure and feeder roads have, overall, produced positive impacts. Important policy and institutional changes have been achieved in agricultural marketing and artisanal fisheries.

Sustainability is overall assessed as moderately unsatisfactory. There are particular problems outside the public domain (associations, agro-processing, SME finance in fisheries) but also in public animal health services, due to decentralization.

The contribution to innovations and upscaling is moderately satisfactory. Several innovations planned and agreed in design have been abandoned as unrealistic while a number of innovations have been introduced and upscaled during implementation. ASCAs and leasing schemes are outstanding examples. Models for marketing associations, rural trader finance and joint management of fisheries resources are other innovations.

The performance of partners is overall moderately satisfactory with NADP and RFSPS being exceptions, being rated within the unsatisfactory field. Performance of different government partners show significant variation

The overall achievement of IFAD's portfolio in Mozambique is assessed as moderately satisfactory, with SBAFP at the top and NADP and RFSP at the bottom. This overall achievement is similar the average achievement of IFAD's portfolio in the Eastern and Southern Africa Region.

## **V. POLICY DIALOGUE, KNOWLEDGE MANAGEMENT AND PARTNERSHIPS**

### **A. Overview**

234. In Mozambique, by far the major part of IFAD's engagement in policy dialogue, knowledge management, and partnership development is taking place within or having its origin in the lending programme. Since 1996, the loan portfolio has included components or elements for addressing issues in the national policy and institutional framework. Within the support for agricultural marketing and artisanal fisheries, there have been substantial elements of knowledge management and lesson-learning. The most recent loan for PROMER allocates US\$6.8 million (of a total programme budget of US\$42.1 million) for management (including knowledge management) and policy/institutional support.

235. The loan portfolio has also largely determined the frame and activities for partnership development and for participation in donor coordination and alignment processes. IFAD loans for FSLDP and ASP/PRONEA, which are supporting elements of PROAGRI, have provided IFAD with a seat in working groups and processes for coordinating agricultural sector assistance and discussing agricultural policies with government.

236. Nevertheless, there are some activities which are taking place outside the narrow context of the individual loan-financed programmes, including: (i) Technical Assistance Grants (TAGs) which are not designed to directly support the formulation and implementation of the lending programme (refer to Chapter VI); (ii) policy dialogue activities, mainly related to participation in the PROAGRI framework and the One United Nations process; (iii) knowledge management for the purpose of promoting scaling up and a more coherent country programme; and (iv) partnership development related to strengthening IFAD's contribution to policy dialogue and innovation and IFAD's participation in the One United Nations process (Mozambique is one of the pilot countries).

237. Though the overall volume of IFAD's non-lending activities has significantly increased since establishment of field presence in 2003, it remains relatively modest. However, when benchmarking, it should be appreciated that while other development partners have a country office in Mozambique, with international and national expertise in various fields as well as logistic and administrative support, IFAD has just one National Country Officer working with one Rome-based CPM.

### **B. Assessment of Policy Dialogue**

238. As described in Chapter IV, the lending programme has made some important achievements in changing or influencing the policy and institutional framework. The distinction between policy dialogue as a lending and a non-lending activity is sometimes blurred. In several loan programmes IFAD is financing policy and strategy work of government institutions but IFAD (as an institution) may disagree with the outcome of such work (considering IFAD policies and best international practice) and address these disagreements in an institutional dialogue outside the narrow project context. For example, within RFSP, IFAD's loan has contributed to formulation of a Rural Finance Strategy which in the view of the CPE does not comply with best international practice. Here there could have been justification and opportunity for IFAD to undertake a critical review, e.g. by engaging its rural finance expertise of its Operation Policy and Technical Advisory Division with the aim of improving the quality of the strategy through dialogue with the Government of Mozambique.

239. Having noted the shortcomings of IFAD's policy dialogue work in Mozambique, it should be acknowledged that the adoption at a national level of a number of important policy reforms pioneered

in the context of IFAD programmes, including fisheries regulations<sup>49</sup> and the introduction of new financing modalities at District level to name two, appear to have had an impact on the decline in national poverty rates in the country.

240. IFAD's participation in policy dialogue outside the narrow loan-project context has been limited, partly because of a deliberate strategic choice and partly because of limited resources for country programme management. The COSOP of 2004 states: "policy dialogue will be based on actual experiences and programme-derived needs" and "The current portfolio is already shaped to facilitate policy dialogue". Contrary to other international financing institutions (IFIs), IFAD does not develop extensive Economic and Sector Work (ESW) on which policy advice is usually based. Outside the loan portfolio context, IFAD's position is that policy advice is offered if and when requested by government.

241. The CPE finds this position understandable. Given IFAD's modest leverage at macro/sector level, as well as very limited resources for country programme management, IFAD's most effective contribution to development of the policy and institutional framework is through the identification of issues in the implementation of loan-financed field activities, and then finding practical and workable solutions to advocate in a policy dialogue. This also appears to be in line with the Government of Mozambique's demand for IFAD's policy advice. Some government officers informed the CPE Mission that the government is primarily seeking IFAD's advice in areas where IFAD, in their view, has a comparative advantage and the relevant experience. These are primarily the areas supported by the lending programme.

242. Nevertheless, general rural development and agricultural policy issues, which are not directly related to the loan portfolio, have recently had a direct influence on the cooperation, following the introduction of the Performance Based Allocation System (PBAS) where IFAD's Sectoral Policy and Institutional Assessment of the Rural Development Sector Framework contributes to establishing the overall lending frame for Mozambique. Though highly different ratings have very limited monetary consequence (US\$1-2 million) the Assessment could be helpful and of interest to the Government of Mozambique. However, it is understood that IFAD in Mozambique has wished to maintain the Assessment as an internal exercise in order to facilitate a frank and critical assessment. The counter arguments would be that IFAD loses an important platform for (non-lending) policy dialogue and that the policy framework may not improve unless development partners and government openly discuss and address serious policy and institutional constraints. Furthermore, the Assessment needs more critical quality assurance which would be facilitated if it had to be shared with government.

243. Using the Assessment as a platform, the Government of Mozambique may also discover that IFAD has expertise and experience to offer in areas that are not covered by the Mozambique portfolio. For example, IFAD has developed extensive experience in small-scale irrigation in other countries which it could offer to the Government for revising and finalising its irrigation policy. In the 2006 Assessment, Mozambique just marginally managed to obtain an overall assessment within the positive field (3.8) but in some areas, e.g. "access to water for agriculture"; Mozambique's score was in the unsatisfactory area. Land tenure and smallholders' and communities' access to land is also becoming a critical issue in the agricultural policy debate. IFAD, with support from the PT Land Specialist, has (i) supported (in partnership with FAO), a study on stock-taking and lessons learnt on commercial partnerships between communities and private investors in the framework of the Land Law; and (ii) begun dialogue with DNPDR/MPD and the Dutch Embassy regarding the setting up a joint small support programme to DNPDR to strengthen its role in the policy dialogue around land issues with a particular focus on investors/communities partnerships. Building on this foundation, more work in this area would be warranted.

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<sup>49</sup> Under the NAFFP, IFAD promoted subsector policy reforms which enabled fishermen to replace the once prevalent traditional mosquito nets without suffering yield losses. They have also widened the territory for artisanal fishing activities, and are expected to have a positive impact over time on fish resource stocks and the natural environment.

244. The 2001 COSOP recognised that IFAD's participation in the policy dialogue within the PROAGRI framework was limited by lack of country presence. This situation changed in 2003 with contracting of a national programme officer (IFAD CO) who has contributed to the discussions in particular within agricultural extension where he is co-chairing the working group on agricultural extension. The CO, having a strong background in agricultural extension, reportedly made an important contribution to the design of the PRONEA which formed the basis for IFAD's ASP-loan.

245. Advice on demand has reportedly also occurred in a few cases. The CPM has been invited into the ongoing discussions on PAMA, and IFAD, though not part of the G-19 of Programme Aid Partners, has contributed to the agricultural sector reviews in the PARPA review process.

246. In conclusion, while IFAD has made major contributions in project-related policy dialogue, policy dialogue outside the project context has had relatively limited weight and results. Improvement of this situation will require a significant increase in resources allocated for country programme management. Finally, it assumes that the Government of Mozambique would seek the policy advice of IFAD outside the narrow context of the lending programme.

### C. Assessment of Knowledge Management

247. **Lesson-Learning.** Generally, country programme management has given attention to lessons learnt, although mainly from IFAD's portfolio in Mozambique. The COSOPs included sections on lessons learnt and some projects, in particular PAMA, have implemented major lesson-learning exercises. The PAMA lesson-learnt exercise constituted an important basis for designing PROMER. In artisanal fisheries, the 2000 Interim Evaluation of the NAFP provided lessons that were used and applied in the design and implementation of the SBAFP. However, for some institutional partnerships, in particular with government's FFPI, performance, for more than a decade, has been disappointing (although IFAD's commitment to continued work with FFPI has never wavered). This may reflect a lack of lesson-learning or alternatively a very strong belief in the possibility of institutional improvement.

248. Project M&E systems have significantly improved over time. While the early NADP never managed to establish a functioning M&E system, PAMA and SBAFP have managed to introduce well-functioning M&E systems, based on logical frameworks and clearly defined indicators. Attempts have also been made (in PAMA and SBAFP) to move beyond output monitoring and measure impact through baseline and repeat surveys. These efforts could be improved through a stricter methodology (e.g. for selection of samples) and expanded gender disaggregation of information.

249. Knowledge management, in terms of capturing and analysing experiences of other development partners has been not been carried out on a systematic basis. Due to resource constraints, limited efforts have been invested in assessing and systematising lessons, positive and negative, from interventions that are similar to those that IFAD is planning and implementing. The risks of not doing so are that IFAD may repeat mistakes and miss successful experiences with potential for replication and scaling up. Furthermore, as the choice of partners and service providers has significant influence on project performance, it could provide significant returns to invest in institutional mapping in order to have a better picture of "the good and the bad ones", followed by a thorough institutional assessment before making the final choice. While the CO, through participation in development partner groups and fora, may capture some experiences, a more in-depth and focused effort is required. This work would best be undertaken through in-country expertise and should preferably be part of any identification/design exercise.

250. Finally, there is need to establish a systematic exchange of information between the IFAD-funded programmes and activities. This could be a responsibility of the CO. Currently, there are some informal *ad hoc* exchanges between the programmes and the Programme Facilitation Units (PFUs) but it is in no way contributing to developing a coherent country programme. It should also be recognised that IFAD's lending is providing funds for programmes and activities of different

government institutions which ultimately decide with whom they wish to coordinate and cooperate. This may not necessarily be another “IFAD partner or programme”.

#### **D. Assessment of Partnership Development**

251. The overall partnership between IFAD and the government is positive. IFAD is generally perceived as a pragmatic and flexible partner who listens and brings value added to the niches supported by the current portfolio. Within these niches, IFAD has developed partnerships with other development partners and carved out a position that allows the institution to influence others, a position that was enforced with recruitment of the Country Officer in 2003. However, the current proxy status of the Country Officer does not allow IFAD to reap the full benefits of this arrangement as the Country Officer in some quarters is not perceived as IFAD’s official representative. It is understood that IFAD’s President in 2008 directed the administration to pursue a host country agreement in order to make the arrangement official, but this has yet to be implemented.

252. With the recruitment of the Country Officer housed in the FAO Office, IFAD has become an active partner in the One United Nations process, including regular cooperation with other UN agencies and in particular World Food Programme (WFP) and FAO. Together with FAO and WFP, IFAD has contributed to the introduction of an economic focus in the United Nations Development Assistance Framework (UNDAF). In the spirit of “delivering as one”, IFAD, WFP and FAO have developed a joint programme “Building Commodity Value Chains and Market Linkages for Farmers’ Associations” for which a contribution from the One United Nations Fund has been obtained. The programme builds on the specialization and comparative advantages of the three agencies. WFP is a major purchaser of food crops in Mozambique, mainly from a few large traders, but with proper organization and quality improvement WFP could become an important direct market for smallholders whom FAO has the expertise to assist with improving quality and productivity, while IFAD, through its support for PAMA and PROMER, is positioned to facilitate farmers’ associations in accessing rural financial services. However, in this programme and generally, the UN agencies, being executing agencies themselves, have problems in fully appreciating that IFAD is not an executing agency but a funding/lending agency providing grants and loans for others to execute.

253. While some development partners may wish to assess “the project in operation” before committing funds, commitments before implementation might be obtained if partners were invited into the early strategy and identification processes. In this regard, a new window appears to be opening. The World Bank and the AfDB have for some time had joint annual retreats where they discuss strategy and pipeline development and they now intend to invite IFAD to participate.

254. IFAD’s strategy in Mozambique, with its thrust of commercialization, is private-sector-based. In most cases, private and civil society agencies rather than government agencies are best positioned to develop the capacity of private sector entities, and therefore, private and civil society agencies should be important partners in IFAD’s strategy. IFAD loans are handled through government flow of funds mechanisms. Although the Government of Mozambique is generally positive towards outsourcing, it may be accepted that a private entity is temporarily sub-contracted. Generally, however, private entities have not been treated as equal partners to whom government delegates the execution and the budget of a component or sub-component. In neighbouring countries, other IFIs (e.g. The World Bank) have, together with government, assigned execution of private sector support to private entities such as a private sector foundations or similar organizations. This is an avenue that still needs to be explored in Mozambique.

255. Private sector advocacy is important to private sector development, in particular during the transition from a state-managed command economy to a market economy. IFAD has developed a partnership with the National Farmers’ Union (UNAC). A small grant to support UNAC has already been approved by IFAD, but, by common agreement with UNAC, disbursements have not yet begun as it was decided to wait for PROMER effectiveness to maximise potential synergies.

## E. Overall Assessment of “Non-lending Activities”

256. Most of IFAD’s activities in Mozambique are directly or indirectly related to the lending programme. This is natural as IFAD is primarily a financial organization and not a policy/research institute. The distinction between non-lending and lending activities is in particular blurred for policy dialogue and partnership development which largely take place for the purpose of the portfolio and is based on the results of the loan projects. Though purely non-lending policy dialogue has been negligible, it is assessed as moderately satisfactory, given that the portfolio-related policy dialogue has achieved satisfactory results and the distinction between “lending” and “non-lending activities” is blurred. Some partnership development has taken place outside the narrow project context, e.g. in connection with the One United Nations Process. In the case of knowledge management (rated 3), there has been good progress over time within the individual projects but there is a vacuum between the projects and outside the portfolio. Given the results achieved in the context of policy dialogue (mainly at programme level) and partnership (again, at operational level), the overall performance of “non-lending activities” is assessed as moderately satisfactory (4).

**Table 15. Rating of “Non-lending Activities”**

|   |          |
|---|----------|
| Policy Dialogue                         | 4        |
| Knowledge Management                    | 3        |
| Partnership Development                 | 4        |
| <b>Overall “Non-lending Activities”</b> | <b>4</b> |

### Chapter V Synopsis

Most of IFAD’s activities within the spheres of policy dialogue, knowledge management and partnership development are directly or indirectly related to the lending programme which, for the more recent portfolio, has included strong policy/institutional components complementing the field support.

By choice, engagement in policy dialogue is based on issues in the lending programme and good results have been achieved. Opportunities for addressing issues outside the loan projects, though important to the agricultural and rural policy framework, have been neglected, partly because of resource constraints.

Recent loan projects have established good knowledge management systems (M&E systems and lessons learnt exercises). However, knowledge management between projects is weak and insufficient efforts have been invested in capturing lessons of other development partners and programmes.

With the recruitment of a Country Officer in 2003, IFAD has become an active partner in SWAp frameworks and the One United Nations process. An operational partnership with FAO and WFP is developing.

Attempts to raise cofinancing during the design phase have recently failed and so have joint IFAD/government efforts to use the programmes as “mini SWAps”, attracting support from several development partners. Partnerships need to be forged when developing the strategies and the pipeline.

IFAD’s overriding strategy, i.e. commercialization of smallholders, is within the private sector domain. Private and civil society organizations are best positioned to develop the capacity of smallholders and their businesses but government has primarily used private service providers as “sub-contractors” rather than implementing partners.

IFAD is developing important partnerships with private sector organizations, such as the national farmers’ union, but need to identify grant resources to support their capacity development and advocacy activities.

While recognising the positive results in knowledge management within the loan projects, efforts and achievements have been moderately unsatisfactory outside the narrow context of the lending programme. Policy dialogue and partnership development are directly or indirectly related to the lending programme where satisfactory results have been achieved. Although activities in these domains, which are strictly outside the lending programme, have been modest, the overall performance in policy dialogue and partnership development is assessed as moderately satisfactory. This results in an overall rating of non-lending activities moderately satisfactory.

## VI. COSOP PERFORMANCE

### A. Relevance

#### Alignment and Harmonization<sup>50</sup>

257. Overall, IFAD has pursued relevant strategic goals and made the correct strategic choices, fully aligned to IFAD's mandate and Corporate and Regional Strategies. Recent analyses of poverty trends provide evidence that market participation and engagement in higher value/quality production for the market are key factors that contribute to moving rural Mozambican households out of poverty.

258. While the alignment to IFAD policies and the relevance to the needs of the country context are highly satisfactory, the alignment to the evolving national policy framework is more debatable. Initially, IFAD's strategic thrust of commercialising the smallholder sector, emphasising high value and cash crop production, was well aligned to the priorities of the two poverty reduction strategies, PARPA I and PARPA II, as well as to PROAGRI. However, the current policy framework seems to be determined by the policies of the PAPA 2008- 2011.

259. PAPA, being a response to the current international food crisis, focuses exclusively on basic food and oilseed crops as well as on poultry and fisheries, and assigns a pro-active participatory role for the state in processing and marketing, including interventions to promote food self-sufficiency and market stability. It might be argued that the prioritization of food production is not at the cost of other production, but an addition. It should, however, be appreciated that government is faced with budget constraints which inevitably imply that there are trade-offs in terms of public resources allocated for the food and non-food sectors. Also, at the household level there are labour constraints and trade-offs; the household with current hoe-technology would be unable to expand the area cultivated with food crops without reducing the area with cash crops or the labour invested in other activities.



**Local artisanal fishermen gather in beach seines and the days catch on the Coast**

*Source: Robert Maass*

260. The problem for IFAD and other development partners wishing to align their agricultural sector support to national frameworks is that in Mozambique national priorities and focus have changed within a relatively short period of time, viz. commercialization of smallholder agriculture in PROAGRI, then priority to large scale production of bio-fuels (jathropa) as from 2006, the Green Revolution Strategy (2007) and the PAPA in 2008. Furthermore, the early market-based approach with the government as facilitator (PROAGRI) has been replaced by an approach where government has a more activist role, intervening directly in markets and production. While the government has the responsibility of addressing any short-term food crisis, development of agriculture and the rural economy is a longer process that needs to be supported by firm commitment to a set of long-term and consistent priorities and strategies.

261. Though IFAD's strategic thrust appears to be diverging from the Government of Mozambique's current priorities of promoting food production, the CPE finds that IFAD should maintain it, given that (i) very poor rural households often depend on agricultural production other than food crops for their livelihoods, e.g. cattle, small ruminants, cashew, tobacco and cotton; (ii) recent poverty analysis provides evidence that households are more likely to move out of poverty when they

<sup>50</sup> These terms are used as defined by the Paris Declaration. See <http://www.aidharmonization.org>.

engage in cash crop production, livestock, and non-farm income-generating activities; and (iii) food self-sufficiency goals may exclude Mozambique from the potential benefits of comparative advantages and specialization which appear significant given the enormous diversity in terms of agricultural potentials, population density and market access. This implies that different approaches are required, also for basic food crops. Blanket approaches and a few standard packages will not serve the goal.

262. With respect to participation in PROAGRI and the CFFM, IFAD's position has been cautious. As mentioned, the CPE finds that this was appropriate and prudent, given IFAD's mandate and limited resources. At the end of PROAGRI I, the general consensus was that achievements had been made in improving the institutional capacity at central ministerial and provincial levels but without any significant impact on smallholders and the rural poor. Furthermore, the strategic framework for PROAGRI II is yet to be agreed and approved, and sector budget support does assume an agreed strategic framework, a SWAp or similar approach. An agricultural sector development strategy was to be developed and agreed to provide the framework for PROAGRI II (2006-2010) but, so far, this has not been achieved.<sup>51</sup> In the absence of a strategic framework, the support of development partners becomes limited to supporting the annual plans and budgets (in this case, those of MINAG), with the risk that development partners engage in micro management rather than being strategic partners.

263. The reservations towards PROAGRI are echoed in IFAD's official global policy on SWAps<sup>52</sup> which includes the following strong statement related to ownership of SWAps: "*In Mozambique, for example, the design process for the Agricultural Sector Public Expenditure Programme - PROAGRI was heavily donor-influenced and resulted in a set of basic principles that were contended by government for the duration of its implementation*". This seems to imply a disagreement between the government and development partners, a postulate that some PROAGRI partners may contest.

264. Instead of providing non-earmarked support through the CFFM, IFAD explored, during 2005-2006, the possibility of supporting the PRONEA which was then under preparation. IFAD then supported the development of the programme and eventually provided financing to it. This resulted in approval in 2006 of the ASP/PRONEA which constitutes an important pillar of PROAGRI and provides an agreed strategic framework for agricultural extension, thus creating the basis for earmarked support through the CFFM and full alignment to a national policy framework.

265. In agricultural marketing (PAMA Support Project followed by PROMER), IFAD decided to provide its support outside the PROAGRI framework, amongst others arguing: "the strategic priorities more recently identified by IFAD (particularly market linkages and local-level empowerment) clearly fall outside of those areas in which, it is agreed, PROAGRI is mandated to operate" (2001 COSOP). This argument did not take account of the fact that PROAGRI I, among its eight pillars, included "access to markets" and "development of a market-oriented policy framework". However, it is understandable that PAMA was not integrated into PROAGRI since PROAGRI increasingly developed into a support programme for MINAG while IFAD's PAMA Support Project assisted activities of many other agencies.

### **Logic and Foundation of the Strategy**

266. Overall, there is a satisfactory logic in the upper hierarchy provided by the overriding goal and strategy (increasing household income through commercialization), the objectives and their supporting strategies (empowerment, financial services, decentralization), and the related sub-sectors and thematic areas selected for support. While recent poverty studies demonstrate a positive correlation between market participation and income/consumption, there are cases in Mozambique where non-

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<sup>51</sup> One factor behind the delay was the transfer of the rural development portfolio from the MADER to the Ministry of Planning and Development. MADER then became the Ministry of Agriculture (MINAG).

<sup>52</sup> IFAD, 2006: Policy - Sector-Wide Approaches for Agriculture and Rural Development.

income/consumption poverty indicators, e.g. stunting and malnutrition, move in a negative direction even though income/consumption poverty is declining.

267. The country strategy, as expressed in the two COSOPs, defined an appropriate niche and focus of linking smallholders and artisanal fishermen to higher value markets while increasing their share of the value-chain, and improving their access to technical advice as well as financial services. Compared to many other options, this focus has considerable potential for directly impacting on the households' income, moving them out of poverty. In 2000 and 2004, IFAD did not have at its disposal sufficient funds to undertake the underlying analysis justifying its strategy. However, studies and analyses, organised by others, e.g. the World Bank, have since then confirmed the justification of IFAD's overall strategy.

### **Targeting Strategy**

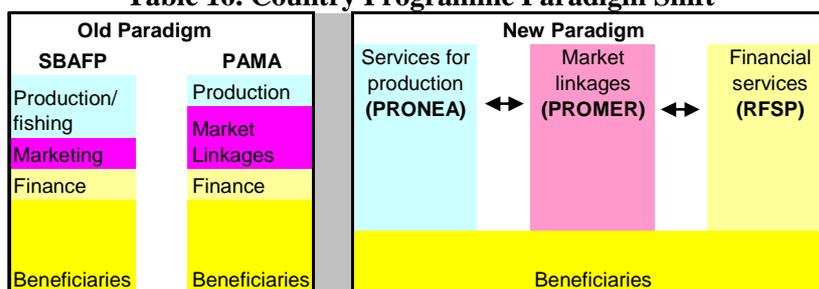
268. No targeting strategy, in terms of geography or socio-economics, was defined in the COSOPs. With evidence provided by more recent poverty studies, it becomes difficult to sustain the claim of the COSOPs that all rural households are poor, and therefore that the goal of "increasing the income of rural poor" applies to all. Furthermore, a targeting strategy is also required by new IFAD guidelines. Mainstreaming of **gender and HIV/AIDS** was introduced as general strategic thrusts relatively late (HIV/AIDS in the 2001 addendum and gender in the 2004 COSOP). Though the priorities were introduced, plans of action for how to operationalise these priorities are still to be prepared and limited action has been taken in the context of the ongoing portfolio to raise gender mainstreaming and HIV/AIDS prevention activities/issues.

### **Coherence of the Country Programme**

269. Even though IFAD moved towards a sub-sector/thematic approach as from 1996, the portfolio continued to have the features of individual integrated and self-contained programmes. For example, though PAMA was designed as a thematic market-linkage project, it also had a financial sector component and did, in some cases, also provide advisory services for production. The same is the case for SBAFP in artisanal fisheries, which has an important financial sector component. Thus, one did not have the confidence that developments in the financial sector would ensure that marketing associations, traders, and artisanal fishermen would have the required access to financial services, and therefore it was thought preferable to have these services provided and supported within the individual projects. In other words, it was not a coherent country programme where the individual loan programmes supported and synergised each other, but rather a group of individual, partly self-contained, projects. Furthermore, the COSOPs did not provide specific guidance on how to capture synergies with non-lending instruments.

270. **Paradigm shift.** With RFSP, ASP/PRONEA and the recent approval of PROMER, the intention is to change this approach. ASP/PRONEA and PROMER do not include a financial sector component comprising credit lines or other resources. PROMER's is limited to facilitating access to available supply, assuming that development in the financial sector, *inter alia* supported by RFSP, will ensure that the PROMER beneficiaries will have adequate opportunities for accessing financial services.

**Table 16. Country Programme Paradigm Shift**



271. This new approach is also a challenge. In spite of commitments and mechanisms built into the design,<sup>53</sup> there is no guarantee that the complementarities and synergies will be realised through coordinating programmes under different institutions for the same purpose, servicing one and the same geographical focus area and target group. The probability that field activities of each programme reach the same group of beneficiaries would improve if field activities had national coverage as compared to a situation where field activities of each programme are limited to a few selected provinces/districts may not be the same. While RFSP, in principle, supports rural field activities nationally, PROMER’s support for field activities is concentrated in limited areas of the North (the Nacala corridor).

272. The effectiveness of any effort to improve the local economy and social situation is usually considerably reduced when one or more of the four fundamentals are lacking viz. (i) all-weather road access; (ii) potable water and water for production; (iii) electricity; and (iv) communication. IFAD, given its mandate and financial capacity, is unable to address all of these four basic conditions for development. In the case of NAP, artisanal fisheries (NAFP & SBAFP) and PAMA, support was however provided for improving road access, while the water issue was addressed in NADP and artisanal fisheries. Under the new paradigm, there may be some support for feeder roads, but, overall, it is assumed that the government, other development partners and the private sector (communication) will address these fundamentals.

273. **Non-lending activities.** Though formulated before the guidelines for Results-based COSOPs, the 2000/01 and 2004 COSOPs contain a relatively elaborate coverage of “non-lending activities” but without defining time-bound targets and results and the resources required for policy dialogue, partnership building and knowledge management. Also, there is no elaboration on how these instruments as well as technical assistance grants combine to deliver a coherent country programme.

### Country Programme and COSOP Management

274. **Managing for results.** Given that the two COSOPs were prepared before the 2006 format for results-based COSOPs, they lack a description of time-bound targets and results and the resources required, as prescribed in the 2006 format. However, targets for portfolio development were indicated in the two COSOPs and these targets were achieved.

275. **Coordination and synergies.** While there have been informal *ad hoc* exchanges between the different loan-supported programmes, there has not been any formal and institutionalised coordination and exchange. There are plans to establish such in the future but, reportedly, there is also some resistance among the different government implementing agencies to accept that the IFADCountry

<sup>53</sup> These include: (i) establishment of CPMT (including the national directors of the projects’ lead agencies), and within the CPMT the sub-group of programme coordinators, with specific task of its ToRs to ensure coordination among different programmes; (ii) direct supervision by IFAD and cross-use of project teams and expertise in supervision; and (iii) specific mechanisms envisaged in PROMER design for coordination with both RFSP and PRONEA.

Officeris assigned a facilitating role in the coordination, considering that it is government's responsibility, and not IFAD's, to promote coordination and cooperation between its agencies.

276. **Supervision and backstopping.** IFAD is taking over supervision of RFSP, and the new projects (PRONEA and PROMER) are being directly supervised by IFAD from start-up. It is important to recognise that the need for supervision and implementation support is very different amongst projects. The PAMA Support Project and SBAFP have benefited from highly professional management teams, with extensive experience in IFAD and UNOPS requirements, and here the UNOPS supervision has been adequate. In the case of RFSP, the implementing agency (FARE) and the management team had no previous experience in dealing with IFAD/UNOPS requirements, and needed considerable "hand-holding". In this case, closer and more frequent supervision and support would have been useful.

277. **Resources for country programme management.** The 2000 COSOP recognised the constraints of participating in the agricultural SWAp and the surrounding policy dialogue without field presence. In May 2003, *proxy* field presence, hosted in FAO's Office, was established by contracting a national officer, initially called "IFAD Implementation Facilitator", later changed to CO. This was a highly relevant move. It provided the basis for more active participation in PROAGRI and for the formulation of the support for the PRONEA, an area in which the Country Officer had special expertise. The 2004 COSOP is, however, silent on the implications and opportunities of this change in the Country Programme Management Team (CPMT).

278. The IOE Evaluation of the Field Presence Pilot Programme found that the Country Officer had contributed to making the Government-IFAD cooperation more efficient. The CPE concurs with this assessment. The Ministry of Finance reported (in 2006) that the Country Officer had significantly improved relations with IFAD by assisting in dealing with different procedural requirements and details and facilitating the communication with IFAD Headquarters as well as clarifying any misunderstandings that might occur.

279. The change to direct supervision is significantly increasing the workload of the CPMT even though many tasks will be outsourced to consultants. As the portfolio is of primary concern, there is a risk that the Country Officer will need to cut down on his engagement in non-lending activities (participation in policy dialogue, development partner groups, One United Nations working groups, etc.) unless more resources are allocated for the country office. The framework for consultations between government and development partners comprises numerous groups and several meetings per week in which the Country Officer participates.

280. Resources for country programme management have about doubled since 2003. It is however the CPE's impression that additional resources will be required to handle direct supervision as well as the increasing demands of participation in donor coordination and harmonization processes, including the One United Nations process. Furthermore, the allocation for Mozambique, under the PBAS, is expected to significantly increase which will require capacity for management of two concurrent design processes at any time as well as an increased design budget. Given the absorption capacity problems in Mozambique, it would be problematic to opt for only one very large project for one niche area (~US\$50 m) per PBAS cycle.

281. A proper workload/capacity assessment is required to confirm or reject this impression. It is worthwhile to note that, as a first low-cost step in addressing these issues, the recent appointment of a part-time administrative logistical officer is a positive development. This will lessen the workload for the CO, who will now be able to count on support to organise various logistics, e.g. in connection with visiting IFAD missions. Efficiency of the Country Officer and the CPMT could also be enhanced by upgrading the Country Officer to IFAD's official country representative through a host country agreement, and by delegating clearly defined decision-making authority to the CO. Finally, the justification and rationale of outposting the CPM needs to be explored.

## **B. Effectiveness**

### **Achievement of COSOP Objectives**

282. The COSOPs were prepared and applied before introduction of results-based COSOPs and did therefore not include the new provisions for mid-term reviews, monitoring and revisions. However, within a relatively short period, 2000 - 2004, two COSOPs plus an addendum were prepared which made it possible to take the evolution of the country context into account. While the COSOPs lacked verifiable indicators and a system for monitoring, the traditional IFAD instruments of monitoring progress in the country programme, i.e. the Country Programme Issues Sheet and Project Status Reports, present a reasonably realistic assessment of progress towards achieving the objectives. They provide an impression of satisfactory progress in the support for agricultural marketing and artisanal fisheries while major institutional problems are encountered in RFSP and in starting up the support for agricultural extension (ASP/PRONEA).

283. In general, there has been moderately satisfactory progress on promoting market linkages and commercialization in the family sector. This applies at the micro level, among the communities supported by the IFAD portfolio but also at national macro level where rural poverty has been significantly reduced (to a greater degree than urban poverty) primarily thanks to increased participation of smallholders in the market economy. Over time, there has been a gradual transition towards a proxy market economy but it is also clear that the market has not solved all problems, which involves the political risk of perceptions that government can do better than markets.

284. Empowerment of smallholders through their participation in associations has been enhanced through direct capacity development support but also through the IFAD/PAMA facilitated revision of the associations act, reducing time and costs of registration. Additional work remains to be done to consolidate associations and make them viable and sustainable. Over the period there has also been progress on decentralization, first from the centre to the province, and more recently further down to district administrations and administrative posts. The latter remains however a considerable challenge due to limited capacity at grassroots level.

285. Financial services have expanded their outreach into rural areas (though still limited), and semi-formal savings and credit services (e.g. the ASCAs) are experiencing rapid growth. IFAD's support for ASCAs in the artisanal fisheries projects has played an important role in this development which, however, has to be taken further by consolidating and formalising the associations. Supply of credit, in particular investment credit, for rural SMEs, artisanal fishermen, and commercial and semi-commercial farmers is far below demand and it remains a challenge to find viable ways of expanding outreach and delivery.

286. Support services for rural producers and artisanal fishermen are improving, but from a negligible base. Issues of low productivity and unsustainable practices remain in the smallholder farming sector and in artisanal fisheries. Insufficient budget and issues related to governance and decentralization limit the coverage and quality of support services to farmers and livestock owners. Facilitated by IFAD's support, the foundations for more sustainable utilization of the fisheries resources are being laid but many challenges remain.

287. Overall, there has been progress towards the COSOP objectives but a significant amount of work remains before these objectives are achieved, in particular with respect to improving the productivity and sustainability of smallholder production and artisanal fishing, and making producers' organizations viable and sustainable. Hence, the achievement of COSOP objectives is assessed as moderately satisfactory (4), which, in itself, given the context and starting point, may be considered as a major achievement. Two factors have positively contributed to the effectiveness of IFAD's support: (i) flexible design frames have allowed projects to address the needs and opportunities as they emerged during implementation and exclude design elements which were not feasible in the current context; and (ii) the approach of combining field support activities for selected areas with national

policy and strategic components so that experiences gained in field activities could provide substance and nourishment to the policy work, and vice versa, so that work on and eventual removal of policy and institutional constraints could contribute to improving the performance of field activities.

### **Contribution of Grants to the Effectiveness of the Country Programme**

288. The country programme has benefited from three types of grants: (i) Country Grants, which are relatively small technical assistance grants (TAGs), controlled by the CPMT and, therefore, may be assumed to have been designed and implemented to enhance the effectiveness of the country programme; (ii) regional/global TAGs which are controlled by IFAD's Operation Policy and Technical Advisory Division and often executed by the research institution of the Consultative Group on International Agricultural Research (CGIAR); and (iii) cofinancing grants supporting elements of individual loan programmes and provided by other development partners (BFS, OPEC Fund etc.) but managed by IFAD/Government.

289. Globally, IFAD does not have an assured medium-term budget for grant resources. Previous COSOPs did therefore not include any strategic planning of the grant resources for enhancing the performance of the cooperation. For the country grants, there is no clear budget frame for the COSOP period. It is, therefore, a matter of opportunistic searching for financing opportunities to address needs in the loan portfolio on an *ad hoc* basis. The large global and regional TAGs are outside the control of the CPMT and are therefore not part of the country programming exercise. For the cofinancing grants, there is clearly an intention to raise cofinancing during project formulation but, in some cases, grants are only obtained several years into the implementation period. Under these circumstances, it is difficult to define strategies and plans for exploiting synergies between the lending and the grant programmes.

290. **Cofinancing grants.** Generally, cofinancing grants have enhanced the performance of the lending programme, except for the OPEC grant for a primary road in Niassa. The major part of recent cofinancing grants (73 per cent) has been mobilized for SBAFP, primarily sourced from BFS and NORAD (see appendix 1).

291. **TAGs.** The large global and regional TAGs have primarily focused on agricultural research, an area which, since NADP (1994) and FSLDP (1996), has not been a priority in the lending programme. However, a few TAGs have provided support for agricultural marketing and rural financial services which are key priorities in the on going lending programme. Unfortunately, the benefits of these TAGs to RFSP and PAMA have been below expectations. The small country TAGs have limited weight and have focused on research and extension and rural finance.

292. The priority given to research in the regional TAGs may potentially have synergies with the lending programme, provided that technologies and results from research are fed into the extension system which, in turn, succeeds in convincing farmers to adopt the technologies. Two regional research grants have been assessed by the CPE, viz: (i) TAG 955 of US\$1.5 m for "Alleviating Rural Poverty through Improving Rice Production in Eastern and Southern Africa" - implemented through IRRI; and (ii) TAG 664 of US\$1.31 m (IFAD: US\$1.09 m, FAO: UD 220,000) for "Expansion of Farmers' Field School Programme in Eastern and Southern Africa" - implemented by FAO. The assessment is presented in separate Technical Working Paper and a summary is provided below.

293. **TAG 955 - rice production.** The implementation period is 2007-2010 and the national partners are MINAG and the Mozambique Institute for Agricultural Research. The project is highly relevant to the context as Mozambique imports about 300,000 tons of rice per year (~60 per cent of the consumption). In principle the Mozambique Institute for Agricultural Research is the right partner choice but Mozambique Institute for Agricultural Research has no rice breeding programme or trained rice technicians. The project has achieved good momentum in its first 12 months and delivered a number of outputs which hold the potential of achieving impact in the future. However, this very much depends on the active participation of extension services.

294. **TAG 664 - farmer field schools.** The project (2005-2008) was designed to work with PAMA in Cabo Delgado and exploit synergies with PAMA assisted associations. However, this did not happen and instead the project concentrated on the relatively well-off Manhiça district in Maputo Province. Impact was limited for a number of reasons: (i) weak supervision by the FAO; (ii) limited farmer field schools experience in Mozambique compared to the other project members (Kenya, Tanzania, Uganda); and (iii) insufficient analysis of social and agricultural/livelihood systems.

### C. Overall Assessment of COSOP Performance

295. Overall, relevance is assessed as satisfactory while effectiveness is assessed as moderately satisfactory. COSOP performance is rated satisfactory overall. Satisfactory relevance does not imply that IFAD should stay exclusively within the current areas of support (support services to farmers and artisanal fishermen, market linkages and rural finance) in the future. Obvious options that may be explored would include small scale irrigation and water management, and aquaculture and inland fisheries. Value chains in the livestock sector also offer an opportunity as consumption is rapidly expanding but is largely covered by imports. Furthermore, a targeting strategy, including practical gender approaches, needs to be developed.

**Table 17. Rating of COSOP Performance**

|                            |          |
|----------------------------|----------|
| Relevance                  | 5        |
| Effectiveness              | 4        |
| <b>Overall Performance</b> | <b>5</b> |

### D. Overall Conclusion

296. The overall achievement of the partnership between the Government of Mozambique and IFAD is assessed as moderately satisfactory as indicated in the table below.

**Table 18. The CPE's Overall Assessment**

|   |          |
|---|----------|
| Portfolio Performance   | 4        |
| Non-lending Activities  | 4        |
| COSOP Performance   | 5        |
| <b>Overall Achievement of the IFAD – Government Partnership</b> | <b>4</b> |

## Chapter VI Synthesis

Overall relevance of IFAD's country strategy is assessed as satisfactory.

The goals and strategies pursued by IFAD in Mozambique, i.e. improving smallholders' participation in markets, are fully aligned to IFAD's corporate policies and government's poverty reduction strategies and the first agricultural SWAp, PROAGRI.

Recent poverty analyses underpin the relevance of IFAD's emphasis on cash and high-value crops as an effective avenue out of poverty but do also highlight the importance of livestock and non-farm economic activities.

While government's recent Action Plan for Food Production pursues self-sufficiency goals and neglects cash crops, IFAD should maintain its strategy. Government has issued numerous agricultural strategies within the recent past, complicating alignment.

IFAD has justifiably been cautious in providing general support for PROAGRI and has recently earmarked its support for agricultural extension for which there is an agreed strategy.

IFAD needs to develop a targeting strategy considering recent evidence from poverty analyses and because of new requirements in IFAD's corporate policy.

IFAD is currently in the process of implementing a paradigm shift in the programmes it supports - from stand-alone self-contained sub-sector programmes, with area-based field support, towards purely national thematic initiatives specialised in (i) support services to primary production, (ii) market linkages, and (iii) rural finance. This is based on the risky assumption that the three areas and support programmes will complement each other. While the new paradigm may lead to a more coherent country programme, it would be prudent not to apply it dogmatically. The integrated holistic approach at grassroots level still has some virtues, given IFAD's mandate.

The effectiveness, in terms of achieving the COSOP objectives, is assessed as moderately satisfactory. During the period, nationally as well as in areas supported by IFAD, smallholders have improved their participation in markets and they have been empowered through increased participation in associations and groups. The increasingly decentralised support is managed with participation of beneficiaries. Financial services have also expanded their outreach into rural areas. However, while the trends are positive, there is still a long way to go to achieve the objectives.

Regional and global technical assistance grants have only made a marginal contribution to the effectiveness of the country programme.

Development of a coherent country programme will require new ways of planning, lending and grant resources as well as non-lending activities. It may also require more resources and capacity for the Country Programme Management Team.

## VII. CONCLUSIONS AND RECOMMENDATIONS

### A. Conclusions

297. Over the past thirteen years, the Fund has made an important contribution to agriculture and rural development in Mozambique. The country programme comprises a set of relatively successful development interventions that have covered remote and marginalized areas of the country, where infrastructure and services are limited, access to inputs and markets is uncertain, and institutional capacities are weak.

298. **Strategic alignment.** The CPE notes that the goals and strategies outlined in the 2001 and 2004 COSOPs are fully aligned to IFAD's corporate policies, the government's poverty reduction strategies and to PROAGRI. Mozambique has sustained high rates of growth thanks to prudent economic management and a gradual transition towards a market-based economy. Though agriculture, including fisheries and forestry, is contributing least to GDP and exports, it contributes most to rural

employment and livelihoods. Poverty has been reduced from 69 per cent in 1997 to 54 per cent in 2003 largely thanks to high growth in agriculture.

299. **Strategic focus on market participation.** The country programme's overriding strategic goal since the mid 1990s has been to improve the market participation of smallholder farmers and artisanal fishermen. The strategy has included support for raising productivity, quality and sustainability of primary production and fisheries, linking smallholder farmers and fishermen to markets, and improving their share of end-prices along the value chain from production to the final market destination. This has entailed focussing on increasing competition for produce (by promoting rural traders) and empowering farm and fishery households by facilitating development of their groups and associations engaged in marketing and processing. Support for rural financial services, enhancing credit access of smallholders and SMEs has been an important part of the programme.

300. The CPE finds that this emphasis on enhancing the opportunities for rural smallholders to become more integrated in the market is relevant. This strategic focus, operationalized through a private sector development agenda, and combined with the successful use of policy dialogue in IFAD-support projects and programmes, makes the country strategy for Mozambique a commendable model. The combination of field-based activities with a national policy component is a positive lesson to be encouraged in similar instances. The Mozambique country strategy can be considered as a strategy for private sector development, focusing on the smallholder sector and related agribusiness activities, which attempts to fill the vacuum left after the government shifted away from a state marketing system and abandoned the command economy.

301. **Focus on three pillars.** An important strategic consideration which requires attention is the paradigm shift in the activities supported through the country programme. This is exemplified in the shift from stand-alone self-contained sub-sector programmes, with area-based focus in the period 1996-2004, to national programmes. These are specialised in (i) support services to primary production; (ii) market linkages; and (iii) rural finance. The COSOP assumes that synergies and complementarities will develop to form a coherent country programme encompassing these three main thematic initiatives. This is based on the assumption that the three areas and support programmes will complement each other, a major challenge given the fact that coordination amongst public institutions is often problematic.<sup>54</sup>

302. **Increasing inequality.** Recent evidence suggests rising rural inequality and a less positive outlook for those among the rural poor who are more underprivileged. Past COSOPs maintained that all rural households are poor and that there is no need for a targeting strategy. This claim can no longer be sustained in Mozambique's rapidly evolving context. There is evidence of increasing rural inequality and livelihood threats for the poorer segments in society, as well as for the economically active poor. Furthermore, while the country programme's target areas in the North used to be among the most disadvantaged in the country, major changes have occurred resulting in a new situation where some of the southern provinces now have a higher poverty incidence.

303. **Gender and HIV.** The 2004 COSOP specifically highlights the need for gender mainstreaming as well as the integration of HIV/AIDS concerns in the country programme. The CPE concurs with this strategic goal: gender inequalities remain widespread throughout Mozambique, and HIV/AIDS is becoming an ever more serious problem. Efforts in this regard have been fragmented and do not appear to have had any real impact.

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<sup>54</sup> New measures are being put in place to mitigate this challenge. These include: (i) establishment of CPMT (including the national directors of the projects' lead agencies), and within the CPMT the sub-group of programme coordinators, with specific task of its ToRs to ensure coordination among different programmes; (ii) direct supervision by IFAD and cross-use of project teams and expertise in supervision; and (iii) specific mechanisms envisaged in PROMER design for coordination with both RFSP and PRONEA.

304. **Partner institutions.** Generally, the assumptions about the capacity of public and private sector partners have been too optimistic, and occasionally a weak or unsuitable partner choice has been made, such as the decision to house the IOF in the FARE.<sup>55</sup> The CPE also notes that in most cases, private and civil society organizations rather than government agencies are best positioned to develop the capacity of private sector entities, although they have been rarely considered as important implementing partners. While outsourcing has been applied in the ongoing portfolio, the possibility of delegating the execution and budget of loan-financed components or sub-components to a private sector/civil society organization may warrant further consideration.

305. **Innovation.** Though the portfolio provides examples of innovations, its rating is assessed as moderately satisfactory. The innovation promotion process remains unsystematic in the absence of a specific strategy for replication and scaling up. A key finding is that several innovations planned in the design were not implemented, while during implementation important innovations emerged and were scaled up in a process of searching for solutions to practical problems which arose in the field. The ASCAs are a case in point. Though the specific ASCA model was not foreseen at the outset, it has become a widely accepted model for introducing financial services at grassroots level throughout Mozambique.

306. In several recent loans, IFAD has integrated implementation responsibilities in government organizations and avoided the establishment of dedicated Programme/Project Units (PU). This has, however, reduced efficiency and the speed of implementation in some cases. In artisanal fisheries, a model has been developed whereby an integrated PU facilitates implementation efficiency as well as the ownership and capacity development of the government partner by seconding staff from the implementing government agency to the PU. Though of a temporary nature, task forces or PUs are in many countries considered a normal part of the government machinery. Once the change process has been completed and the innovation accepted and integrated in the government, the relevant authority takes over and the PU is dissolved. The PU model applied in artisanal fisheries provides a positive lesson and inspiration for how to organise implementation in the future.

307. **Non-lending activities.** The CPE notes that IFAD's engagement in policy dialogue, partnership development and knowledge management primarily has taken place within the context of the lending programme while less attention and resources have been given to purely non-lending activities. While there have been several successful results with regard to policy dialogue, IFAD's engagement in policy processes at the national level has been inadequate. In addition, grants are poorly linked with loan-funded projects. *Ad hoc* mobilization and opportunistic search for grant resources impairs effectiveness and innovation. Regional and global technical assistance grants have made a limited contribution to the effectiveness of the country programme, though some small country grants have been useful. The moderately satisfactory performance of non-lending activities may be partly explained by the limited (human and financial) resources provided by IFAD for this purpose. Moreover, the somewhat cumbersome process of mobilizing and managing grant resources limited the potentially important role grants could play, *inter-alia*, in promoting policy dialogue, knowledge management and development of pro-poor technologies.

308. **Partnership and harmonization.** Engagement with other development partners is essential in a country like Mozambique where donor coordination is strong. In addition to engaging development partners in the early stages of identification and design of operations, there is a need to continue raising IFAD's profile within the larger donor community where much of the policy dialogue originates and is increasingly coordinated. The recent overall harmonization indicator trends in Mozambique are, unfortunately, negative. Though IFAD has made major efforts to mobilize support of other development partners for its recent programmes, achievements were modest. The Fund and the government, for example, attempted to use the rural finance and marketing programmes to lead a

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<sup>55</sup> The performance of the FARE in implementing the Innovation and Opportunities Fund is discussed in paragraph 205 in Chapter IV.

multi-donor effort and mobilize additional resources from other partners, but with little success. However, within the PROAGRI framework IFAD has with its support for ASP/PRONEA become an important partner in the harmonization efforts.

309. **Supervision and country presence.** None of the operations (until 2008) were directly supervised by IFAD. Supervision was carried out by CIs, which have been rated as moderately satisfactory by the CPE. While the supervision of fiduciary aspects was generally well performed, the provision of implementation support that might have helped improving project execution and performance was limited. The establishment of a proxy country presence in 2003 contributed to enhancing IFAD's profile in Mozambique. Though limited in terms of resources and authority, this country presence has allowed for better dialogue with the government and allowed IFAD to further its commitments in relation to the Paris Declaration on Aid Effectiveness and the "Delivering as One" pilot initiative,<sup>56</sup> for example, through its participation in all United Nations country team meetings.

## B. Recommendations

310. The CPE proposes five overarching recommendations:

(a) **Maintain the current goal and strategic thrusts**

The overriding goal of improving the market participation of smallholders and artisanal fishermen as well as the supporting strategies should be maintained. Strategy and programme design should strive to ensure the integration of the three programmatic pillars: (i) increasing surplus production and its value; (ii) developing agribusiness SMEs and smallholders' organizations as well as market linkages; and (iii) enhancing the access to finance of smallholders and SMEs. However, considering coordination difficulties which may arise between public institutions, the CPE recommends that greater efforts should be made in the country programme to further engage in non-lending activities, particularly policy dialogue. This should be complemented by efforts to develop appropriate institutional platforms for coordination and integration of the activities foreseen under the three programmatic pillars.<sup>57</sup>

To improve the market participation of smallholders and artisanal fishermen, diversification into high value production should also be maintained. Selection of new intervention areas and new value chains for support should be determined by agro-ecological potential and market opportunities, rather than by political priorities. Value chains in the livestock sector also offer a potential opportunity for smallholders as consumption is rapidly expanding but is currently covered mostly by imports. Other options to explore include, inter alia, small scale irrigation and water management, as well as aquaculture and inland fisheries.

(b) **Develop and implement an innovation agenda adapted to realities in the field**

An Agenda for Innovation should be developed, identifying priority areas for innovation, replication, and scaling up. Dedicated resources and efforts are needed in policy dialogue, knowledge management, and building partnerships, which are essential for replication and scaling up innovations. With regard to the latter, it is necessary that the next COSOP specifically outline a strategy for scaling up, which is the ultimate test of IFAD's capacity to promote pro-poor innovations. Areas in which innovation should be pursued include continued efforts in ensuring that policy initiatives are adopted as national legislation, developing new rural financial services and products, supporting

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<sup>56</sup> Note that this terminology replaces the earlier "One United Nations" initiative that the reader may be more familiar with. For more information on this topic, refer to <http://www.undp.org>.

<sup>57</sup> Overlapping institutional representation in steering committees and joint annual work programme and budget development processes are examples of how this can be achieved with limited additional costs.

grassroots organizations, and pioneering strategic partnerships with private sector organizations active in fields relevant to the country programme.

A key CPE finding is that several innovations planned at the design stage have been abandoned while important innovations have emerged and been scaled up during implementation in a process of searching for solutions to problems encountered in the field. Without a PU or dedicated equivalent task force these “search and find processes” are unlikely to occur. Efforts should therefore be made to maintain the PUs and promote these as “temporary change process tools”, owned by the implementing government partners, with the ultimate goal of integrating changes and innovations into government structures and programmes.

(c) **Develop a targeting strategy**

IFAD and the Government of Mozambique should develop a more articulated targeting strategy in the context of the next COSOP. Considering IFAD’s mandate and limited resources, a key priority should be interventions that directly support more disadvantaged areas and provinces rather than interventions that only support general capacity development of central institutions. However, in certain cases it may still be relevant for IFAD to join other development partners in supporting the development of national frameworks.

In those instances where it may be decided to support projects not specifically tied into national programmes, or direct resources to specific areas in the country, IFAD and the government should examine whether the current geographic concentration on provinces in the North continues to be relevant, especially in light of emerging data which indicates that poverty is increasing in severity throughout the South. While these latter provinces generally benefit from better services and relatively easy access to the market of Maputo metropolis, they suffer a significant series of constraints to economic development. Support for the South would also require a carefully designed gender strategy as women constitute a large majority of the population. Generally, there is a need to make strategies for gender equality and HIV/AIDS more operational.

(d) **Engage private and civil society organizations as component implementers**

The country strategy and portfolio in Mozambique is private-sector based. Within marketing and financial services, private and civil society organizations are often better positioned than government organizations to deliver the required services. While private and civil society organizations have been engaged as contracted service providers for specific tasks or as clients, IFAD and the government should in the future explore options for gradually assigning implementation responsibility for programme components to private and civil society organizations.

(e) **Adjustments to IFAD’s operating model**

The development effectiveness of the IFAD-government co-operation would be further enhanced by adjustments to IFAD’s operating model, based on a thorough needs assessment. This could include the establishment of a permanent and well resourced country presence in Mozambique (consideration may also be given to outposting the CPM from Rome as one of several options), which would be a useful element in strengthening direct supervision and implementation support, expanding policy dialogue, and helping to improve donor coordination and developing in-country partnerships.

### IFAD Loans to Mozambique

| Title   | Total Cost   | IFAD Loan    | Cofinancier                                  | Date       |            |            | Cooperating Institution |
|---|--------------|--------------|--|------------|------------|------------|-------------------------|
|   |              |              |  | Approved   | Effective  | Closing    |                         |
| National Programme for Food Production in the Cooperative and Family Sector | 25.5         | 19.8         |  | 31/03/1982 | 23/02/1983 | 31/12/1986 | UNOPS                   |
| Second Agricultural Rehabilitation Project                                  | 21.3         | 16           | Government of India: AFRICA Fund (US\$1.5 m) | 10/09/1987 | 26/04/1988 | 31/01/1996 | World Bank/IDA          |
|   |              |              | Government of the Netherlands (US\$2.5m)     |            |            |            |                         |
| Nampula Artisanal Fisheries Project (NAFP)                                  | 11.2         | 6            | OPEC Fund (US\$ 2 m)                         | 15/09/1993 | 04/11/1994 | 31/12/2002 | UNOPS                   |
| Niassa Agricultural Development Project (NADP)                              | 20.1         | 12.4         | OPEC Fund (US\$ 4.1m)                        | 20/04/1994 | 19/10/1994 | 30/06/2006 | UNOPS                   |
| Family Sector Livestock Development Programme (FSLDP)                       | 25.7         | 19.4         |  | 04/12/1996 | 12/02/1998 | 31/12/2006 | UNOPS                   |
| PAMA Support Project  | 26.6         | 22.8         | Ireland / DCI (US\$1.0 m)                    | 08/12/1999 | 07/09/2001 | 31/12/2008 | UNOPS                   |
| Sofala Bank Artisanal Fisheries Project (SBAFP)                             | 30.6         | 18           | Belgium (BFS) (US\$3.4m)                     | 12/09/2001 | 02/09/2002 | 31/03/2011 | UNOPS                   |
|   |              |              | Norway (NORAD) (US\$5.8m)                    |            |            |            |                         |
| Rural Finance Support Programme (RFSP)                                      | 34.3         | 9.5          | African Development Bank (US\$16.4 m)        | 17/12/2003 | 31/08/2005 | 31/03/2014 | IFAD                    |
|   |              |              | Africa Development Fund (US\$5.4 m)          |            |            |            |                         |
| Agricultural Support Programme (ASP/PRONEA)                                 | 50.8         | 20           | Several Partners under the PROAGRI Framework | 20/04/2006 | 25/11/2007 | 30/06/2016 | IFAD/IFAD               |
| <b>TOTAL COST</b>   | <b>246.1</b> | <b>143.9</b> |  |            |            |            |                         |

Note: In September 2008, IFAD's Board approved a loan of US\$31.1 million to support the development of rural markets (PROMER)

**Overview of Cofinancing and Technical Assistance Grants**

| <b>Grant Type</b>               | <b>Estimated Total Approved US\$' 000</b> | <b>Focus/Destination</b>  |
|---------------------------------|---|---|
| Cofinancing Grants <sup>a</sup> | 15,206<br>(Mozambique 100%)               | 73% for SBAFP<br>18% for Second Agricultural Rehabilitation Project<br>8% for PAMA  |
| Large Global/Regional TAGs      | 16,020<br>(Mozambique about 20%)          | 63% for agricultural research and extension (primarily research)<br>20% for agricultural marketing<br>11% for rural finance |
| Small Country TAGs              | 316<br>(Mozambique 100%)                  | 62% for agricultural research and extension<br>38% for rural finance  |

*Note: Based on incomplete data obtained from IFAD's database*

<sup>a</sup> Excludes US\$4.1 million provided by the OPEC Fund for road construction in NADP

## Loan Coverage and Methodology of the CPE

| Project   | IFAD Loan US\$ million | Effectiveness-Closure | Evaluation Criteria and Dimensions to be Assessed  | Methodology and Primary Information Sources   |
|---|------------------------|-----------------------|--|---|
| 1. Nampula Artisanal Fisheries Project - <b>NAFP</b>          | 6.0                    | Apr 1994 - Dec 2002   | All <sup>a</sup>   | IOE Interim Evaluation + Project Completion Report. Evaluation has no ratings.  |
| 2. Niassa Agricultural Development Project - <b>NADP</b>      | 12.4                   | Oct 1994 - June 2006  | All  | IOE Interim Evaluation  |
| 3. Family Sector Livestock Development Programme <b>FSLDP</b> | 19.4                   | Feb 1998 - Dec 2006   | All  | Project Completion Report and interviews with stakeholders in Maputo and Gaza, and with beneficiaries in Gaza                         |
| 4. <b>PAMA</b> Support Project                                | 22.8                   | Sep 2001 - Dec 2008   | All  | Project Completion Report and other project documentation. Interviews with stakeholders and beneficiaries in Niassa and Cabo Delgado. |
| 5. Sofala Bank Artisanal Fisheries Project - <b>SBAFP</b>     | 18.0                   | Sep 2002 - Sep 2010   | All  | Project documentation and interviews with stakeholders and beneficiaries in Zambezia and Nampula                                      |
| 6. Rural Finance Support Programme - <b>RFSP</b>              | 9.3                    | Aug 2005 - May 2014   | Design, relevance, efficiency till now and likely effectiveness. Performance of partners till now. | Project documentation and interviews with stakeholders and beneficiaries in Maputo, Gaza, Nampula and Cabo Delgado                    |
| 7. Agricultural Support Programme - <b>PRONEA</b>             | 20.0                   | Nov 2007 - June 2016  | Design, relevance.   | Programme documentation and interviews in Maputo  |

<sup>a</sup> "All" means all criteria according to IOE's evaluation manual, viz. relevance, efficiency, effectiveness, impact, sustainability, innovation, and performance of partners.



## Areas Included in the Design of the Projects

|   | Nampula Artisanal Fisheries Project | Niassa Agricultural Development project | Family Sector Livestock Development Programme | PAMA Support Project | SBAFP | Rural Finance Support Programme | Agricultural Support Programme - PRONEA |
|---|-------------------------------------|---|---|----------------------|-------|---------------------------------|---|
|   | NAFP                                | NADP                                    | FSLDP   | PAMA                 | SBAFP | RFSP                            | ASP                                     |
| Primary Production (and fishing)                  | X                                   | X                                       | X   | X                    | X     |                                 | X                                       |
| Commercialization, Market Linkages and Processing | X                                   | X                                       |   | X                    | X     |                                 | (x)                                     |
| Rural Finance                                     | X                                   | X                                       |   | X                    | X     | X                               |   |
| Social Infrastructure                             | X                                   | X                                       |   |                      | X     |                                 |   |
| Policy and Institutional Framework                | X                                   | X                                       | X   | X                    | X     | X                               | X                                       |
| Gender Equity                                     |                                     | (x)                                     |   | (x)                  | (x)   | (x)                             |   |
| HIV/AIDS  |                                     |   |   | (x)                  | X     |                                 |   |

(x) Indicates minor and indirect support



## APPENDIX 4

### Official development assistance to Mozambique - 1996-2006 (US\$ m)<sup>1</sup>

| Year                  |                    | 1996          | 1997          | 1998          | 1999          | 2000           | 2001          | 2002           | 2003          | 2004               | 2005          | 2006          |
|-----------------------|--------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|--------------------|---------------|---------------|
| <b>Donor</b>          |                    |               |               |               |               |                |               |                |               |                    |               |               |
| <b>Bilateral</b>      |                    | <b>576.02</b> | <b>614.70</b> | <b>555.05</b> | <b>613.24</b> | <b>1010.56</b> | <b>707.26</b> | <b>1713.30</b> | <b>591.54</b> | <b>730.45</b>      | <b>953.07</b> | <b>998.76</b> |
| Bilateral             | <u>Australia</u>   | 7.20          | 6.34          | 12.26         | 14.21         | 9.92           | 7.14          | 4.03           | 1.22          | 0.33               | 0.57          | 1.71          |
|                       | <u>Austria</u>     | 5.09          | 9.75          | 5.80          | 16.68         | 4.07           | 2.06          | 19.72          | 6.96          | 1.56               | 7.37          | 4.37          |
|                       | <u>Belgium</u>     | 6.95          | 0.90          | 0.55          | 0.96          | 2.54           | 9.46          | 5.88           | 9.69          | 16.66              | 14.90         | 22.86         |
|                       | <u>Canada</u>      | 18.99         | 7.87          | 20.40         | 12.91         | 15.13          | 12.14         | 5.86           | 34.92         | 51.23              | 98.16         | 29.82         |
|                       | <u>Denmark</u>     | 94.48         | 20.34         | 29.97         | 43.96         | 53.73          | 19.25         | 168.11         | 9.88          | 40.42              | 68.45         | 102.63        |
|                       | <u>Finland</u>     | 15.12         | 6.60          | 19.78         | 12.47         | 6.27           | 17.32         | 27.54          | 15.97         | 15.76              | 50.98         | 53.80         |
|                       | <u>France</u>      | 28.35         | 41.62         | 44.31         | 50.77         | 17.96          | 24.99         | 429.80         | 34.25         | 23.19              | 28.41         | 17.35         |
|                       | <u>Germany</u>     | 12.92         | 22.80         | 63.49         | 77.13         | 69.23          | 35.59         | 211.11         | 46.82         | 19.00              | 62.62         | 49.04         |
|                       | <u>Greece</u>      | ..            | ..            | ..            | ..            | ..             | ..            | ..             | 0.00          | ..                 | ..            | ..            |
|                       | <u>Ireland</u>     | ..            | ..            | ..            | ..            | 14.94          | 36.15         | 25.43          | 35.12         | 46.35              | 46.26         | 53.61         |
|                       | <u>Italy</u>       | 64.15         | 9.56          | 97.66         | 6.81          | 13.20          | 10.79         | 438.55         | 15.22         | 24.99              | ..            | 25.27         |
|                       | <u>Japan</u>       | 24.85         | 56.32         | 30.38         | 30.67         | 36.49          | 40.95         | 49.30          | 18.04         | 22.59              | 34.44         | 86.48         |
|                       | <u>Luxembourg</u>  | ..            | ..            | ..            | ..            | ..             | 0.29          | 0.27           | 0.40          | 0.35               | 1.35          | 1.52          |
|                       | <u>Netherlands</u> | 60.72         | 56.29         | 30.56         | 50.65         | 97.44          | 29.50         | 41.67          | 50.53         | 38.98              | 130.67        | 133.94        |
|                       | <u>New Zealand</u> | ..            | ..            | ..            | ..            | ..             | ..            | 0.09           | 0.53          | 0.33               | 0.32          | 0.16          |
|                       | <u>Norway</u>      | 44.95         | 33.30         | 5.78          | 42.78         | 19.90          | 76.45         | 36.11          | 53.47         | 45.10              | 66.33         | 111.56        |
|                       | <u>Portugal</u>    | 32.09         | 120.82        | 28.40         | 94.71         | 177.67         | 34.26         | 23.83          | 13.73         | 18.86              | 22.56         | 21.65         |
|                       | <u>Spain</u>       | ..            | 9.44          | 13.39         | 10.11         | 41.26          | 11.65         | 47.48          | 14.47         | 28.97              | 29.07         | 32.66         |
|                       | <u>Sweden</u>      | 45.05         | 94.07         | 37.57         | 23.26         | 94.53          | 62.87         | 22.59          | 51.46         | 23.59              | 73.51         | 77.70         |
|                       | <u>Switzerland</u> | 31.77         | 35.69         | 3.02          | 5.51          | 54.23          | 15.58         | 4.15           | 22.60         | 41.69              | 24.10         | 2.14          |
| <u>United Kingdom</u> | 37.84              | 53.22         | 69.60         | 32.89         | 194.98        | 178.09         | 32.56         | 65.92          | 176.92        | 67.30              | 26.32         |               |
| <u>United States</u>  | 45.51              | 29.77         | 42.12         | 86.75         | 87.08         | 82.76          | 119.23        | 90.33          | 93.56         | 125.71             | 144.18        |               |
| <b>Multilateral</b>   |                    | <b>88.46</b>  | <b>235.06</b> | <b>174.18</b> | <b>518.43</b> | <b>353.95</b>  | <b>396.51</b> | <b>432.87</b>  | <b>446.14</b> | <b>444.55</b>      | <b>459.19</b> | <b>357.86</b> |
| Multilateral          | AfDB               | ..            | ..            | ..            | ..            | ..             | ..            | ..             | ..            | ..                 | ..            | ..            |
|                       | AfDF               | 35.03         | 105.02        | 40.82         | 46.88         | 155.86         | 51.44         | 29.21          | 36.83         | 83.48              | 13.55         | 171.23        |
|                       | AsDB               | ..            | ..            | ..            | ..            | ..             | ..            | ..             | ..            | ..                 | ..            | ..            |
|                       | AsDF               | ..            | ..            | ..            | ..            | ..             | ..            | ..             | ..            | ..                 | ..            | ..            |
|                       | EC                 | 34.02         | 30.04         | 97.35         | 162.37        | 129.24         | 84.13         | 211.32         | 177.51        | 89.41              | 275.01        | 106.27        |
|                       | IBRD               | ..            | ..            | ..            | ..            | ..             | ..            | ..             | ..            | ..                 | ..            | ..            |
|                       | IDA                | ..            | 100.00        | 36.00         | 276.00        | 61.60          | 228.50        | 180.00         | 200.51        | 193.93             | 160.18        | 50.28         |
|                       | IDB                | ..            | ..            | ..            | ..            | ..             | ..            | ..             | ..            | ..                 | ..            | ..            |
|                       | IDB Sp.Fund        | ..            | ..            | ..            | ..            | ..             | ..            | ..             | ..            | ..                 | ..            | ..            |
|                       | IFAD               | 19.40         | ..            | ..            | 22.78         | ..             | 18.00         | ..             | 9.46          | 17.00 <sup>2</sup> | ..            | 19.99         |
|                       | UNDP               | ..            | ..            | ..            | 10.40         | ..             | ..            | ..             | ..            | ..                 | ..            | ..            |
|                       | UNICEF             | ..            | ..            | ..            | ..            | 7.25           | 8.43          | 6.50           | 8.98          | 9.62               | 9.79          | 10.09         |
|                       | UNAIDS             | ..            | ..            | ..            | ..            | ..             | 1.31          | 0.75           | 0.47          | ..                 | 0.66          | ..            |
|                       | UNFPA              | ..            | ..            | ..            | ..            | ..             | 4.71          | 5.08           | 12.37         | ..                 | ..            | ..            |
|                       | FTI                | ..            | ..            | ..            | ..            | ..             | ..            | ..             | ..            | ..                 | ..            | ..            |
|                       | GFATM              | ..            | ..            | ..            | ..            | ..             | ..            | ..             | ..            | 51.11              | ..            | ..            |

<sup>1</sup> Data derived from the OECD Creditor Reporting System.

<sup>2</sup> This amount of US\$17.0 million appears to be incorrect, as there were no IFAD loans approved for a similar amount in 2004, and therefore this has not been used in calculating IFAD loan amounts for consideration in the CPE.

**APPENDIX 4**  
(continued)

**Official development assistance to Agriculture, Forestry and Fisheries in Mozambique**  
1996-2006 (US\$ m)<sup>3</sup>

| Year                  |                    | 1996  | 1997  | 1998  | 1999   | 2000  | 2001  | 2002  | 2003  | 2004  | 2005   | 2006   |
|-----------------------|--------------------|-------|-------|-------|--------|-------|-------|-------|-------|-------|--------|--------|
| <b>Donor</b>          |                    |       |       |       |        |       |       |       |       |       |        |        |
| Bilateral             |                    | 43.17 | 21.19 | 23.21 | 90.95  | 30.74 | 50.06 | 38.98 | 15.96 | 37.77 | 92.93  | 31.37  |
| Bilateral             | <u>Australia</u>   | ..    | ..    | 0.15  | 8.25   | 0.35  | 4.62  | 1.81  | 0.00  | ..    | 0.03   | ..     |
|                       | <u>Austria</u>     | ..    | 0.73  | ..    | 0.45   | 0.37  | 0.80  | 0.43  | 0.32  | 0.25  | 3.03   | 1.84   |
|                       | <u>Belgium</u>     | 0.17  | 0.39  | 0.28  | 0.36   | 0.30  | 4.64  | 0.26  | 0.35  | 6.07  | 1.60   | 0.66   |
|                       | <u>Canada</u>      | ..    | 0.01  | ..    | ..     | ..    | ..    | ..    | 0.01  | 22.92 | 12.05  | ..     |
|                       | <u>Denmark</u>     | 12.33 | 0.40  | ..    | 40.29  | 0.81  | 1.41  | ..    | ..    | 1.18  | 38.36  | ..     |
|                       | <u>Finland</u>     | 3.48  | 0.73  | ..    | 0.51   | ..    | 5.09  | ..    | 0.15  | ..    | ..     | 0.02   |
|                       | <u>France</u>      | 3.52  | 4.28  | 1.44  | 0.15   | 0.16  | 0.19  | 0.22  | 0.22  | 0.02  | 0.03   | ..     |
|                       | <u>Germany</u>     | ..    | ..    | 0.91  | ..     | 0.04  | ..    | 0.88  | 0.79  | 0.44  | 1.24   | 0.69   |
|                       | <u>Greece</u>      | ..    | ..    | ..    | ..     | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       | <u>Ireland</u>     | ..    | ..    | ..    | ..     | 1.16  | 1.75  | 2.69  | 3.74  | 4.12  | 2.85   | 3.85   |
|                       | <u>Italy</u>       | 6.44  | 0.08  | 0.00  | 1.99   | 0.51  | 0.40  | 6.58  | 4.84  | 1.07  | ..     | 0.53   |
|                       | <u>Japan</u>       | 5.51  | ..    | 10.47 | 13.66  | ..    | 10.79 | 7.07  | 0.74  | 0.02  | 1.44   | 0.69   |
|                       | <u>Luxembourg</u>  | ..    | ..    | ..    | ..     | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       | <u>Netherlands</u> | 10.69 | 6.62  | 2.40  | 10.65  | 1.99  | 0.90  | 7.18  | 0.06  | 0.01  | ..     | ..     |
|                       | <u>New Zealand</u> | ..    | ..    | ..    | ..     | ..    | ..    | ..    | 0.06  | 0.06  | 0.07   | ..     |
|                       | <u>Norway</u>      | 0.24  | ..    | 0.01  | 0.98   | 1.59  | 0.09  | 6.95  | 2.22  | 0.03  | 10.43  | 0.06   |
|                       | <u>Portugal</u>    | 0.71  | ..    | ..    | 0.80   | 0.84  | 2.96  | 1.77  | 0.51  | 0.25  | 0.11   | 0.01   |
|                       | <u>Spain</u>       | ..    | 0.12  | 0.46  | 1.03   | 1.64  | 1.24  | 0.69  | 0.60  | 1.12  | 0.09   | 0.77   |
|                       | <u>Sweden</u>      | ..    | 2.42  | 4.85  | 0.00   | ..    | 0.67  | ..    | ..    | ..    | ..     | 1.80   |
|                       | <u>Switzerland</u> | ..    | ..    | 2.14  | ..     | ..    | 1.96  | ..    | 1.22  | ..    | 6.41   | 0.63   |
| <u>United Kingdom</u> | 0.07               | 5.41  | 0.09  | 2.64  | 10.26  | ..    | 0.60  | 0.13  | 0.21  | 3.64  | ..     |        |
| <u>United States</u>  | ..                 | ..    | ..    | 9.20  | 10.72  | 12.56 | 1.87  | ..    | ..    | 11.56 | 19.84  |        |
| Multilateral          |                    | 19.47 | ..    | 21.12 | 54.09  | 0.66  | 38.78 | 1.51  | 0.09  | 5.08  | 25.45  | 89.85  |
| Multilateral          | AfDB               | ..    | ..    | ..    | ..     | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       | AfDF               | ..    | ..    | 18.50 | ..     | ..    | 20.29 | ..    | ..    | ..    | 0.37   | ..     |
|                       | AsDB               | ..    | ..    | ..    | ..     | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       | AsDF               | ..    | ..    | ..    | ..     | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       | EC                 | 0.06  | ..    | 2.62  | 0.71   | 0.66  | 0.49  | 1.51  | 0.09  | 5.08  | 5.08   | 49.86  |
|                       | IBRD               | ..    | ..    | ..    | ..     | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       | IDA                | ..    | ..    | ..    | 30.00  | ..    | ..    | ..    | ..    | ..    | 20.00  | 20.00  |
|                       | IDB                | ..    | ..    | ..    | ..     | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       | IDB Sp.Fund        | ..    | ..    | ..    | ..     | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       | IFAD               | 19.40 | ..    | ..    | 22.78  | ..    | 18.00 | ..    | ..    | ..    | ..     | 19.99  |
|                       | UNDP               | ..    | ..    | ..    | 0.60   | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       | UNICEF             | ..    | ..    | ..    | ..     | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       | UNAIDS             | ..    | ..    | ..    | ..     | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       | UNFPA              | ..    | ..    | ..    | ..     | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       | FTI                | ..    | ..    | ..    | ..     | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       | GFATM              | ..    | ..    | ..    | ..     | ..    | ..    | ..    | ..    | ..    | ..     | ..     |
|                       |                    | 62.63 | 21.19 | 44.33 | 145.03 | 31.40 | 88.84 | 40.49 | 16.05 | 42.85 | 118.38 | 121.22 |

<sup>3</sup> Data derived from the OECD Creditor Reporting System.

## Data on Agriculture and Nutrition

Tables from Appendix A of the World Bank Report, February 2008: *Beating the Odds: Sustaining Inclusion in a Growing Economy*

**Table A3.4. Number of Crops Grown, by Type of Crop and Income Quintile, 1996 and 2002**

(percent)

| Quintiles of total net household income per adult equivalent | All Crops |      | Food Crops <sup>a</sup> |      | Field Cash Crops <sup>b</sup> |      | Perennial Crops <sup>c</sup> |      | Horticulture |      |
|--|-----------|------|-------------------------|------|-------------------------------|------|------------------------------|------|--------------|------|
|  | 1996      | 2002 | 1996                    | 2002 | 1996                          | 2002 | 1996                         | 2002 | 1996         | 2002 |
| Lowest   | 3.0       | 6.1  | 2.2                     | 2.9  | 0.0                           | 0.1  | 0.6                          | 1.9  | 0.1          | 1.3  |
| 2nd  | 4.2       | 7.4  | 3.0                     | 3.8  | 0.0                           | 0.2  | 0.9                          | 2.1  | 0.2          | 1.4  |
| 3rd  | 4.7       | 7.9  | 3.3                     | 4.2  | 0.1                           | 0.2  | 1.1                          | 2.1  | 0.3          | 1.4  |
| 4th  | 5.2       | 8.8  | 3.6                     | 4.4  | 0.1                           | 0.3  | 1.3                          | 2.3  | 0.3          | 1.8  |
| Highest  | 5.7       | 9.2  | 3.9                     | 4.2  | 0.2                           | 0.3  | 1.4                          | 2.5  | 0.3          | 2.2  |
| Total  | 4.6       | 7.9  | 3.2                     | 3.9  | 0.1                           | 0.2  | 1.1                          | 2.1  | 0.2          | 1.6  |

Source: Boughton and others 2006.

a. Food crops are cereals, pulses, roots, and tubers.

b. Field cash crops are cotton, tobacco, sisal, tea, soybeans, paprika, sunflower, and sesame.

c. Perennial crops are fruit trees, cashew, cocoa, and sugar cane.

**Table A3.11. Sources of Growth in Rural Household Income by Quintile, 1996–2002**

(percent)

| Quintiles of net household income per adult equivalent | Annual Growth Rate in Income (1996–2002) | Change in Mean Total Income Attributable to Each Source (1996–2002) |                 |             |                    |       |
|--|--|---|-----------------|-------------|--------------------|-------|
|  |  | Crop Income   | Livestock Sales | Wage Income | Nonfarm Enterprise | Total |
| Lowest   | 6.5                                      | 77.2  | 5.0             | -3.0        | 20.0               | 100.0 |
| 2nd  | 2.9                                      | 77.0  | 6.0             | 5.0         | 12.0               | 100.0 |
| 3rd  | 2.8                                      | 79.2  | 7.9             | 13.9        | -1.0               | 100.0 |
| 4th  | 4.1                                      | 39.4  | 9.1             | 38.4        | 13.1               | 100.0 |
| Highest  | 12.4                                     | -8.0  | 4.0             | 55.0        | 49.0               | 100.0 |
| All households   | 8.7                                      | 9.9   | 5.0             | 46.5        | 38.6               | 100.0 |

Source: TIA data for 2002 and Boughton and others 2004.

Note: Percent of the total change attributable to the source, calculated as a share of each source change in the total change.

**Table A3.5. Average Annual Growth Rates in Land Utilization, 1993–2003**

(percent)

| Region  | Time      | Area  |             |            |
|---------|-----------|-------|-------------|------------|
|         |           | Total | Smallholder | Commercial |
| North   | 1993–2001 | 2.5   | 2.9         | -8.2       |
| Central | 1993–2001 | 6.8   | 7.2         | -5.0       |
| South   | 1993–2001 | 2.7   | 2.7         | 7.0        |
| Total   | 1993–2001 | 3.3   | 3.6         | -4.2       |
| Total   | 2000–03   | 3.9   | —           | —          |

Source: World Bank 2006a, based on data from CAP 1999/2000.

— is not available.

**Table A3.3. Provincial Changes in Crop Production, 1996–2002**

(mean annual average change percent)

| <i>Province</i> | <i>Maize</i> | <i>Sorghum</i> | <i>Millet</i> | <i>Paddy</i> | <i>Beans</i> | <i>Groundnuts</i> | <i>Cassava</i> |
|-----------------|--------------|----------------|---------------|--------------|--------------|-------------------|----------------|
| Cabo Delgado    | 4.5          | 12.9           | 12.2          | 11.3         | 10.8         | 9.1               | 8.7            |
| Niassa          | 1.6          | 4.7            | 5.3           | 17.2         | 3.3          | 0.6               | 5.1            |
| Nampula         | 1.7          | 1.3            | 2.7           | 4.8          | 2.7          | -1.9              | -0.3           |
| Zambézia        | 6.0          | 5.7            | 8.5           | 1.5          | 4.4          | 2.4               | 7.6            |
| Tete            | 11.5         | 11.6           | 7.5           | 12.2         | 16.7         | 8.6               | 13.4           |
| Manica          | 5.1          | 3.1            | 0.5           | 30.6         | 5.4          | -5.6              | 16.4           |
| Sofala          | 1.5          | -0.5           | 10.0          | 3.1          | -1.6         | -3.6              | 3.6            |
| Inhambane       | -7.9         | -6.7           | -4.8          | 0.4          | -5.7         | -9.1              | 1.2            |
| Gaza            | 11.6         | 14.9           | 13.8          | 4.9          | 4.3          | 3.5               | 9.9            |
| Maputo          | 13.5         | -1.8           | 0.0           | -15.3        | -3.2         | -1.6              | 8.4            |
| <i>Total</i>    | 4.5          | 4.1            | 5.4           | 3.2          | 4.0          | -1.1              | 3.8            |

Source: World Bank 2006a.

Note: Estimates based on unpublished data from Aviso Previo, Ministry of Agriculture.

**Table A4.27. Stunting by Province, 1997 and 2003**

(percent)

| <i>Province</i> | <i>1997</i> | <i>2003</i> | <i>Change</i> |
|-----------------|-------------|-------------|---------------|
| Niassa          | 54.9        | 40.9        | -14.0         |
| Cabo Delgado    | 56.8        | 50.2        | -6.6          |
| Nampula         | 38.4        | 37.1        | -1.3          |
| Zambezia        | 37.3        | 41.1        | 2.8           |
| Tete            | 45.7        | 41.7        | -4.0          |
| Manica          | 40.8        | 35.4        | -5.4          |
| Sofala          | 38.7        | 42.1        | 3.4           |
| Inhambane       | 26.0        | 29.8        | 3.8           |
| Gaza            | 30.0        | 31.3        | 1.3           |
| Maputo          | 16.0        | 23.9        | 7.9           |
| Maputo city     | 22.6        | 21.9        | -0.7          |
| <i>Average</i>  | 36.2        | 33.9        | -2.3          |

Source: Simler and Ibrahim 2005.

Note: Stunting (low height-for-age): percentage of children under age three who are below -2 standard deviations from the median height-for-age of the International Reference Population.

## Poverty and HIV/AIDS

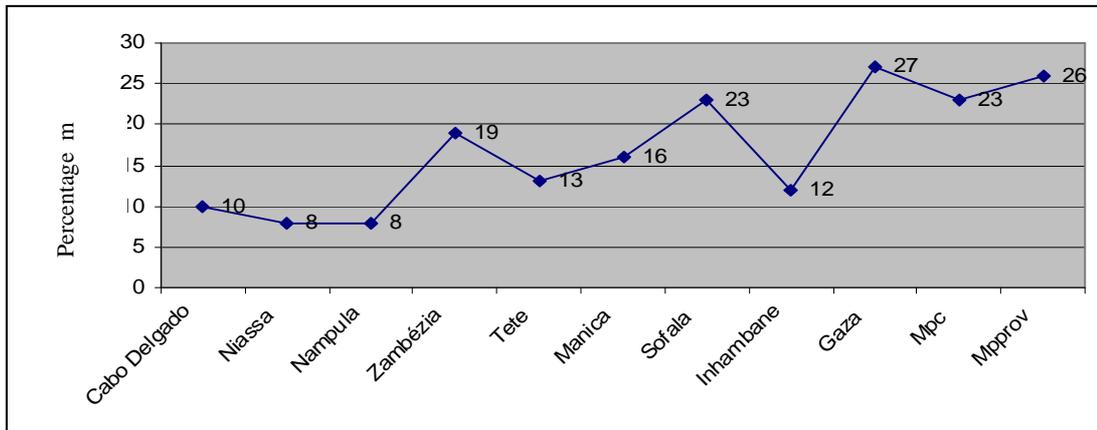
## Income Poverty, HDI, and IFAD Support

|                    | Income Poverty Headcount (%) |             |             | HDI Range 2000 | IFAD Loan Projects |                    |
|--------------------|------------------------------|-------------|-------------|----------------|--------------------|--------------------|
|                    | 1997                         | 2003        | Change      |                |                    |                    |
| <b>By Area</b>     | <b>All</b>                   | <b>69.4</b> | <b>54.1</b> | <b>-22.0</b>   |                    |                    |
|                    | Urban Area                   | 63.9        | 51.6        | -19.2          |                    |                    |
|                    | Rural Area                   | 71.6        | 55.2        | -22.9          |                    |                    |
| <b>By Sector</b>   |                              |             |             |                |                    |                    |
|                    | Agriculture                  | 72.6        | 58.2        | -19.8          |                    |                    |
|                    | Industry                     | 65.4        | 54.0        | -17.4          |                    |                    |
|                    | Services (private)           | 54.6        | 44.4        | -18.7          |                    |                    |
|                    | Services (public)            | 56.0        | 32.9        | -41.3          |                    |                    |
| <b>By Province</b> |                              |             |             |                |                    |                    |
|                    | Niassa                       | 69.9        | 49.5        | -29.2          | 0.236 - 0.257      | NADP, PAMA         |
|                    | Cabo Delgado                 | 56.8        | 62.8        | <b>10.6</b>    | 0.205 - 0.236      | PAMA               |
|                    | Nampula                      | 68.7        | 53.6        | -22.0          | 0.205 - 0.236      | NAFP, SBAFP, FSLDP |
|                    | Zambezia                     | 68.0        | 45.0        | -33.8          | 0.205 - 0.236      |                    |
|                    | Tete                         | 80.3        | 58.7        | -26.9          | 0.236 - 0.257      | FSLDP              |
|                    | Manica                       | 62.3        | 44.4        | -28.7          | 0.258 - 0.329      | FSLDP              |
|                    | Sofala                       | 88.2        | 34.1        | -61.3          | 0.258 - 0.329      | SBAFP              |
|                    | Inhambane                    | 83.8        | 81.1        | -3.2           | 0.329 - 0.422      |                    |
|                    | Gaza                         | 65.4        | 59.7        | -8.7           | 0.258 - 0.329      | FSLDP              |
|                    | Maputo                       | 64.8        | 71.0        | <b>9.6</b>     | 0.329 - 0.422      | PAMA               |
|                    | Maputo City                  | 47.3        | 53.2        | <b>12.5</b>    | 0.329 - 0.422      |                    |

## Provincial Population and Number of Poor, 2003

|                 | Total Population  | Number of Poor    | % share of all poor |
|-----------------|-------------------|-------------------|---------------------|
| <b>Total</b>    | <b>20,530,714</b> | <b>11,107,116</b> | <b>100</b>          |
| Niassa          | 1,178,117         | 583,168           | 5                   |
| Cabo Delgado    | 1,632,809         | 1,025,404         | 9                   |
| Nampula         | 4,076,642         | 2,185,080         | 20                  |
| Zambézia        | 3,892,854         | 1,751,784         | 16                  |
| Tete            | 1,832,339         | 1,075,583         | 10                  |
| Manica          | 1,418,927         | 630,004           | 6                   |
| Sofala          | 1,654,163         | 564,070           | 5                   |
| Inhambane       | 1,267,035         | 1,027,565         | 9                   |
| Gaza            | 1,219,013         | 727,751           | 7                   |
| Maputo Province | 1,259,713         | 894,396           | 8                   |
| Maputo City     | 1,099,102         | 584,722           | 5                   |

HIV Prevalence in Adults (15-49 years old) by Province, 2007



Source: CNCS, Resposta Nacional ao combate ao HIV e SIDA, Relatório de Progresso e Financeiro, 2º Trimestre de 2008, Maputo, 2008: 3

### Information on PAMA-supported Groups

#### PAMA - Membership of Associations in Cabo Delgado and Niassa, 2004-2007

| Province     | 2004         |              |              | 2005         |              |               | 2006         |              |               | 2007         |              |               |
|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|
|              | Male         | Female       | Total        | Male         | Female       | Total         | Male         | Female       | Total         | Male         | Female       | Total         |
| Cabo Delgado | 4.285        | 786          | 5.071        | 5.399        | 1.069        | 6.468         | 4.809        | 970          | 5.779         | 4.775        | 1.109        | 5.884         |
| Niassa       | 2.689        | 1.098        | 3.787        | 3.368        | 1.514        | 4.882         | 3.945        | 2.007        | 5.952         | 4.747        | 2.452        | 7.199         |
| <b>Total</b> | <b>6.974</b> | <b>1.884</b> | <b>8.858</b> | <b>8.767</b> | <b>2.583</b> | <b>11.350</b> | <b>8.754</b> | <b>2.977</b> | <b>11.731</b> | <b>9.522</b> | <b>3.561</b> | <b>13.083</b> |

Source: PAMA, November 2008 (draft)

#### Classification of Associations According to their Characteristics

| Category | Characteristics  |
|----------|--|
| A        | <ol style="list-style-type: none"> <li>1. Internal regulations/constitution/registered</li> <li>2. Practice democratic procedures (elections, AGM, member meeting, financial and operational reports)</li> <li>3. Independently organize joint economic activities</li> <li>4. Own resources sufficient to cover costs of operation</li> <li>5. Own warehouse</li> </ol>                             |
| B        | <ol style="list-style-type: none"> <li>1. Internal regulations/constitution/not registered</li> <li>2. Practice democratic procedures (elections, AGM, regular member meeting financial and operational reports)</li> <li>3. Received marketing assistance for at least two marketing seasons</li> <li>4. Own resources to cover some of the costs of operation</li> <li>5. Own warehouse</li> </ol> |
| C        | <ol style="list-style-type: none"> <li>1. Elected leadership</li> <li>2. No own resources to finance costs of operation</li> <li>3. No own warehouse/makeshift warehouse</li> <li>4. Undertaking economic activity for first time with external assistance</li> <li>5. Not registered</li> </ol>   |
| D        | <ol style="list-style-type: none"> <li>1. New Association</li> </ol>   |

Source: PAMA impact assessment market access roads improvement programme and farmer group development components volume II: farmer group development, final report, ST/PAMA/17/2007.

**Eligibility Criteria for a Farmer Group to be Linked to Financial Institutions**

| <b>Scored Eligibility Criteria, Farmers' Associations</b>                   | <b>%</b>   |
|---|------------|
| 1. Relatively easy market access  | <b>15</b>  |
| 2. Adequate storage capacity (as equity) and good post-harvesting practices | <b>15</b>  |
| 3. Legalised association  | <b>15</b>  |
| 4. Able to present business plan  | <b>10</b>  |
| 5. Experience of intensified and diversified crop production                | <b>10</b>  |
| 6. Credit record  | <b>10</b>  |
| 7. Members with leadership qualities, influence and management skills       | <b>10</b>  |
| 8. Involving higher percentage of women as members                          | <b>5</b>   |
| 9. Including women within management structure                              | <b>5</b>   |
| 10. Willingness to use savings as working capital                           | <b>5</b>   |
| <b>Total Score</b>  | <b>100</b> |

Source: PAMA Mid-term review report

**Extract of Conclusions from PAMA's Lessons Learnt Exercise (August 2007)**

- 1) "The environment existing in the PAMA focal areas characterized by low and dispersed production, high distances to markets, existence of institutionalised monopolies for crops (cotton, tobacco) is not conducive for promoting rural enterprise groups/cooperatives. The potential operating margins are low and Enterprise Groups have not been able to generate profits [and] had a lot of difficulties to operate in a manner that bring tangible benefits to members. More success has been registered where the objective of group formation is to pool produce together, negotiate terms with business entities as well as jointly organizing required transport as necessary.
- 2) The extent to which groups successfully undertake market linkage activities is influenced by the quality of business advice they receive from the facilitating organization. NGOs service provider staff generally lack such business skills. The tendency has been to recruit staff with a general agricultural/extension background and try to provide on the job training to build the required business facilitation skills.
- 3) Absence of vertical integration within the association movement in the target areas is a constraint to sustaining growth of grassroot associations. Second tier structures can assist primary level associations through provision of training to new association leaders, provision of auditing services as well as market linkage support services. Establishment and building capacities of second tier structures in the current PAMA areas need to receive priority in follow up initiatives/programmes.
- 4) There continues to be lack of a clear policy on the part of the government on how to provide sustainable support to the association movement.
- 5) Functional literacy should be considered an indispensable element of association capacity building."

### Fisheries Sector Data and SBAFP Surveys

#### Registered (Estimated) Fisheries Production and Value, 2005 - 2007

|   | 2005    | 2006    | 2007    |
|---|---------|---------|---------|
| <b>Industrial &amp; Semi-Industrial Fisheries</b> |         |         |         |
| Registered Catch Tons                             | 26,248  | 27,926  | 15,303  |
| USD'000   | 97,572  | 91,539  | 77,972  |
| <b>Atisanal Fisheries</b>                         |         |         |         |
| Tons  | 57,759  | 61,955  | 45,892  |
| USD'000   | 138,235 | 154,543 | 112,518 |
| <b>Total Fisheries</b>                            |         |         |         |
| Tons  | 84,007  | 89,881  | 61,195  |
| USD'000   | 235,807 | 246,082 | 190,490 |

Source: INE Statistical Yearbook 2007, sourced from Ministry of Fisheries

#### Catch and Productivity in the Fisheries Sector

| Based on MoF Data - Fisheries Census   | 2005    | 2007    |
|--|---------|---------|
| Number of Boats  | 9,047   | 20,318  |
| Number of Fishermen  | 42,650  | 88,809  |
| Number of Fish Collectors  | 2,200   | 38,483  |
| Total Number of People Engaged in Fisheries, incl. Processors, Carpenters, Drivers etc             | 52,119  | 141,451 |
| Total Catch in tons  | 84,007  | 61,195  |
| Total Catch in Value - USD'000   | 235,807 | 190,490 |
| <b>Catch per Boat (tons)</b>   | 9.3     | 3.0     |
| <b>Value of Catch per Boat (USD)</b>   | 26,065  | 9,375   |
| <b>Catch per Fisherman (tons)</b>  | 2.0     | 0.7     |
| <b>Value of Catch per Fisherman (USD)</b>  | 5,529   | 2,145   |
| <b>Average Value of Catch per Person Engaged in Fisheries (all persons engaged) USD per person</b> | 4,524   | 1,347   |

#### SBAFP Surveys

| SBAFP - Change in Household Assets and Perceptions |      |      |
|--|------|------|
| Assets   | 2002 | 2007 |
| % of HH with:                                      |      |      |
| Bicycle  | 23   | 44   |
| Radio  | 60   | 69   |
| Kerosene Lamp                                      | 38   | 62   |
| Electricity  | 3    | 4    |
| Canoe  | 25   | 28   |
| Motorised Boat                                     | 4    | 2    |
| Fishing Nets                                       | 30   | 30   |
| <b>HH perceptions of</b>                           |      |      |
| <b>Basic Needs</b>                                 |      |      |
| Always sufficient                                  | 10   | 16   |
| Sometimes difficulties                             | 57   | 68   |
| Always difficulties                                | 33   | 15   |



## Road Network and Water Points

Table A3.7. Conditions of the Classified Road Network, 1995 and 2005

(percent)

| Year | Paved Roads |      |      | Unpaved Roads |      |      |
|------|-------------|------|------|---------------|------|------|
|      | Good        | Fair | Poor | Good          | Fair | Poor |
| 1995 | 11          | 20   | 69   | 1             | 19   | 80   |
| 2000 | 41          | 39   | 20   | 21            | 30   | 48   |

Source: Benito-Spinetto and Moll 2005, based on a recompilation of secondary sources.

## Road Network in IFAD Target Provinces, 2007

|              | Network of Classified Roads<br>2007 (km) |        |       |       | Total<br>network (km)<br>per 000<br>sq km | Total<br>network (km)<br>per 000<br>people |
|--------------|--|--------|-------|-------|---|--|
|              | Paved                                    | Gravel | Dirt  | Total |   |  |
| Niassa       | 161                                      | 379    | 2,257 | 2,797 | 21.7                                      | 2.4  |
| Cabo Delgado | 668                                      | 883    | 1,893 | 3,444 | 41.7                                      | 2.1  |
| Nampula      | 516                                      | 1,411  | 2,133 | 4,060 | 49.8                                      | 1.0  |
| Zambézia     | 351                                      | 858    | 3,037 | 4,246 | 40.4                                      | 1.1  |
| Sofala       | 567                                      | 912    | 896   | 2,375 | 23.6                                      | 1.3  |

Source: INE, Statistical Yearbook 2007

## Status of Water Points - 2001

| Province   | Number<br>Points | % not<br>working |
|------------|------------------|------------------|
| Niassa     | 745              | 29               |
| Nampula    | 1,533            | 53               |
| Zambezia   | 1,574            | 32               |
| Sofala     | 1,226            | 21               |
| Mozambique | 12,490           | 35               |

Source: WB 2008 - Table A4.40



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**Definition of the Evaluation Criteria used by the Office of Evaluation**


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| <i>Criteria</i>  | <i>Definition<sup>a</sup></i>   |
|--|---|
| <b>Project performance</b>   |   |
| Relevance  | The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project coherence in achieving its objectives.   |
| 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 into results.   |
| <b>Rural poverty impact</b>  |   |
|  | Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.  |
| <ul style="list-style-type: none"> <li>• Household income and assets</li> </ul>  | Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.   |
| <ul style="list-style-type: none"> <li>• Human and social capital and empowerment</li> </ul>   | Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity.  |
| <ul style="list-style-type: none"> <li>• Food security and agricultural productivity</li> </ul>                                      | Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.  |
| <ul style="list-style-type: none"> <li>• Natural resources and the environment</li> </ul>  | The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment.   |
| <ul style="list-style-type: none"> <li>• Institutions and policies</li> </ul>  | The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.   |
| <b>Other performance criteria</b>  |   |
| <ul style="list-style-type: none"> <li>• Sustainability</li> </ul>   | The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.  |
| <ul style="list-style-type: none"> <li>• Promotion of pro-poor innovation, replication and scaling up</li> </ul>                     | The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and others agencies.           |
| <b>Overall project achievement</b>   | This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.   |
| <b>Performance of partners</b>   |   |
| <ul style="list-style-type: none"> <li>• IFAD</li> <li>• Government</li> <li>• Cooperating institution</li> <li>• NGO/CBO</li> </ul> | This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle. |

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<sup>a</sup> These definitions have been taken from the OECD/DAC *Glossary of Key Terms in Evaluation and Results-Based Management* and from the Methodological Framework for Project Evaluation as agreed upon with the Evaluation Committee in September 2003.



**IFAD Lending Terms**

IFAD provides loans to developing Member Countries upon highly concessional, intermediate and ordinary terms for approved projects and programmes. The criteria for determining the terms to apply to a specific country are assigned on the basis of Gross National Product (GDP) per capita figures.

The conditions for these lending terms, as defined IFAD's Lending Policies and Criteria, are as follows:

- Highly concessional loans shall be free of interest but bear a service charge of three fourths of one per cent (0.75%) per annum and have a maturity period of forty years, including a grace period of ten years;
- Intermediate terms loans shall have a rate of interest per annum equivalent to fifty per cent of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of twenty years, including a grace period of five years; and
- Ordinary terms loans shall have a rate of interest per annum equivalent to one hundred per cent of the variable interest rate, as determined annually by the Executive Board, and a maturity period of fifteen to eighteen years, including a grace period of three years.



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