

Independent Office
of Evaluation



Country Strategy and Programme Evaluation Republic of Mozambique

Executive Summary

March 2017



Executive summary

1. This Country Strategy and Programme Evaluation (CSPE) covers the period 2010-2016 and all IFAD-supported initiatives that were operational during this time span. This is the second CSPE conducted by IFAD Independent Office of Evaluation (IOE) in Mozambique, following a first one completed in 2009. The CSPE had two main objectives: (i) assess the results and performance of the IFAD-financed strategy and programme; and (ii) generate findings and recommendations for the future partnership between IFAD and Mozambique for enhanced development effectiveness and rural poverty eradication.
2. The CSPE was conducted in compliance with the provisions of IFAD's Evaluation Policy and IOE's methodology and process for CSPEs. The evaluation adopted a transparent and inclusive approach, building on the information and views canvassed from stakeholders, participants in IFAD-supported activities and observers.
3. Mozambique is the seventh largest portfolio among IFAD-supported operations in the East and Southern Africa Region. Since 1982, the total value of IFAD-supported projects has amounted to approximately US\$388.5 million, 62 per cent of which was provided through IFAD Highly Concessional loans, 25 per cent through partners' co-financing, and 14 percent from the Government and beneficiaries.
4. During the period under evaluation, IFAD provided financial resources to six loans, for a total current value of US\$237 million; all were medium-size projects, with current average duration of 7.7 years. This was a significant scaling up of commitment for IFAD, when compared to the previous period, during which six smaller-size loans were operational over 17 years, for a total value of approximately US\$127 million.

Country context

5. The country, rich in natural resources and with a long coastline on the Indian Ocean, became independent in 1975; in 1977, a 16-year civil war erupted, which led to about 1 million casualties, millions of internally displaced people and refugees, and the destructions of many socio-economic infrastructures. When the Rome General Peace Agreement was signed in 1992, the paramount challenges included national reconciliation and socio-economic rehabilitation of the entire country.
6. Peace brought significant economic recovery, with steady growth of macro-economic indicators. However, the positive achievements triggered less-than-expected reductions in poverty, and in 2016 the country was still in the categories of Low Income and Low Human Development. Furthermore, since 2015 the combination of a severe sub-regional drought, civil unrest and an economic crisis have contributed to slowing down the progress towards poverty alleviation and sustainable development.
7. The Fourth National Poverty Assessment Report 2014/2015 found that welfare levels had improved since the last assessment in 2008/09, but the gap between rural and urban zones was still large and persistent. With a national poverty headcount rate calculated at 46.1 per cent, the rural areas stood at 50.1 per cent against 37.4 per cent in urban areas. Also, women were typically more affected by poverty than men, with female-headed households showing a higher incidence of poverty, on the order of 10-11 percentage points, when compared with male-headed households. Low educational levels, widowhood, high rates of dependency, and incomes that were too low to meet family needs all contribute to the higher poverty levels for female-headed households. Furthermore, the consumption poverty analysis shows an increase of inequality between urban and

rural areas, inequality of consumption between urban and rural areas has emerged in all recent surveys, and shows a dramatic acceleration in the most recent period.

8. Mozambique is the eighth country in the world in terms of prevalence of Human Immunodeficiency Virus (HIV) among its adult population. In 2015, overall incidence was estimated at 10.5 per cent, affecting 8.3 per cent of men and 13.3 per cent of women. Rural areas are also affected; location is a strong factor in the spread of the pandemic, and higher rates of new infections are registered in the southern provinces of the country.
9. Climate change models indicate an increased likelihood of extreme weather events such as floods, droughts and cyclones, leading to severe negative impacts on the agriculture sector in Mozambique. These trends have altered, and will continue to alter, cropping calendars and seasonal agro-climatic conditions.
10. Agriculture employs 81 per cent of the labour force; smallholder farmers account for more than 80 per cent of food crop production, although less than 10 per cent of the households market their surpluses.. The major constraints to agricultural development that affect smallholder farmers in particular include: limited access to improved inputs, extension and credit services; few and poorly maintained infrastructures for irrigation, watering and managing animals; inexistent or poor access roads, especially feeder roads; high post-harvest losses; and poor market linkages.
11. The Government adopted the Strategic Plan for the Development of the Agricultural Sector (PEDSA) 2011-2020 as the strategic guide for medium- to long-term agricultural development. Its objective is to *"contribute to the food security and incomes of agricultural producers, through a competitive and sustainable approach that ensures social and gender equity"*.

Findings of the portfolio of projects

Relevance

12. The IFAD-supported portfolio was found to be well-aligned with the policies and strategies of the Government of Mozambique and clearly consistent with national rural development priorities. All IFAD-supported projects broadly aim at contributing to the first General Objective of the Poverty Reduction Action Plan 2011-2014, *"Boost production and productivity in agriculture and fisheries"* by enhancing access of rural producers to improved technology; also, the Government's concern with strengthening markets was fully taken on board by IFAD's focus on value-chain development.
13. The portfolio was also consistent with the 2011 Country Strategic Opportunities Programme (COSOP) strategic objectives, with most projects aiming at raising incomes of the rural poor by promoting more and better-quality production, and at marketing the surpluses more profitably. Only in 2013, with the additional resources for three loans and one grant provided by the European Union, was IFAD's overarching goal of improving food security and nutrition of the poor rural people able to become more visible within the portfolio.
14. With respect to project participants, these appeared to systematically comprise the economically active poor, being members of farmers' and fishers' associations and groups, who could produce a surplus but needed better access to technology, financial products and markets to achieve higher productivity, production and returns. Two projects, Pro-Poor Value Chain Development in the Maputo and Limpopo Corridors (PROSUL) and the National Agriculture Extension Programme Support Project (PSP), also engaged with the small and medium emergent commercial farmers, who operate outside associations and have stable or growing

linkages with markets. However, this approach was not fully in line with IFAD's core mandate of working with the poorer segments of the rural population, and arguably was not the most appropriate targeting strategy in a country with absolute poverty incidence in rural areas at 50 per cent. Neither have projects (except for the Coastal HIV/AIDS Prevention and Nutrition Improvement Project (CHAPANI), made any effort to integrate People Living with HIV among their beneficiaries.

Effectiveness

15. At the time of the CSPE, results were slowly emerging from most projects. Work was in full progress but effectiveness of the portfolio was mixed. Key findings in term of results were:
 - (a) The portfolio adequately addressed the commitment in the 2011 COSOP to develop value chains for small-scale producers in agriculture, and to a lesser extent for fisheries due to the delays in the ProPesca Rural finance component. Also, the first-point-of-sale markets for the catch from artisanal fisheries did not appear to meet the actual needs and requirements of this specific production and marketing environment.
 - (b) The portfolio contributed to a good extent to the COSOP's goal of improving small producers' knowledge and, to some extent access, to new technologies; this largely happened through the support to the operations of both the National Agricultural Extension System and the extension network of the Ministry of Sea, Inland Waters and Fisheries.
 - (c) With respect to rural finance (and with an exception made for the Accumulative Savings and Credit Associations (ASCAs), which were a success story reaching huge numbers of poor rural women and men), results were short of expectations and needs. Due to the winding-down of Rural Finance Support Programme (RFSP/PAFIR) at completion point without having achieved its objectives, from 2013 onward the three value-chain-focused projects had to establish their own mechanisms for rural finance, a complex endeavour that led to serious delays in implementation, and limited results in this domain by the time of the CSPE.
 - (d) All projects significantly contributed to institutional development within the Government and among farmers' organizations; good progress was being made by several projects in enabling farmers to obtain land-use titles, an important factor contributing to enhanced production and food security.
 - (e) In line with the COSOP objectives, loan projects contributed to improving the network of feeder roads and markets, as well as other social infrastructures. The population benefitting from the rehabilitated roads went well beyond projects' immediate participants, and positive results were visible; results from markets will be slower to emerge.

Efficiency

16. The low level of efficiency was the greatest weaknesses in the implementation of IFAD-supported projects during the period under evaluation. Several factors contributed to this; accordingly, the way forward should include action on the following: project design should become more realistic and streamlined; contributions from other donors should be harmonized with IFAD procedures for disbursement and financial execution; government organizations should improve their efficiency in establishing Project Management Units (PMUs); Service Providers should be recruited only for those tasks to which they bring a real added value; and solutions to key bottlenecks should be found by Government and IFAD, including with respect to Government's counterpart funds, to enable efficient and effective execution, still harmonized with Government's procedures.

Impact

17. The strongest impacts were visible on food security, through capacity development of farmers on simple but appropriate technologies; and on institutional development. However, with respect to food security, the lack of robust data does not allow any firm conclusion on the longer-term impacts from the improved production and access to markets.
18. The main obstacle to more positive impacts on incomes and assets was a direct consequence of the lack of accessible financial services in order for beneficiaries to profitably engage in the proposed value chains. During the time remaining for on-going projects, filling this gap should be the absolute priority, supported by outcome- and impact-focused monitoring and evaluation (M&E) systems.

Sustainability

19. The main drivers for sustainability were the strong integration between some PMUs and line ministries and the efforts and resources dedicated to capacity development at all levels. Nevertheless, threats exist regarding the real potential of sustained benefits for farmers and fishers from the value chains. This concern should be at the core of the preparation of robust exit-strategies for the projects coming to completion over the next 18-24 months.

Innovation and scaling up

20. Several projects introduced innovations in farming and fishing technologies, on approaches to value chain development, and on resilience to climate change. Scaling up was also proving successful on those technologies that did not need additional inputs for broader adoptions, such as credit.

Gender equality and women's empowerment

21. All loans and related grants (with the exception of RFSP/PAFIR) explicitly foresaw the inclusion of women as project beneficiaries and in most cases also defined quantitative targets for female project beneficiaries. Targets ranged between 25 and 50 per cent, and significant results were achieved with respect to women's participation in project activities.
22. Nevertheless, positive impacts on women's empowerment and on gender equality goals remained somewhat elusive at community and household levels despite efforts made to improve the awareness and competence of staff in PMUs and governmental organizations on gender equality issues. More efforts appeared necessary to improve gender analysis during planning, implementation and M&E, including for systematically collecting sex-disaggregated data, and raising awareness on the ways in which perceptions of the positions and roles of women can be changed among male and female beneficiaries.

Environment and natural resources management and climate change

23. Although IFAD has long recognized that sustainable environment and natural resources management play a paramount role in alleviating rural poverty and improving the livelihoods of rural producers, too little attention was given to these issues in the design of projects in the current portfolio. Also, IFAD developed in its Climate Change Strategy in 2010; this means that more projects in Mozambique should have integrated this strategy in their design.
24. Nevertheless, a positive note was the inclusion in PROSUL of a grant component funded by the multi-donor IFAD-based Adaptation for Smallholder Agriculture Programme, which enabled climate-change adaptation measures to be integrated across the project's three value-chains. Some of these were proving to be beneficial for different groups of rural poor. Also, adjustments of activities during implementation across most other projects bode well for future results.

Overall implementation of the project portfolio

25. In synthesis, a number of positive elements enabled portfolio implementation and the achievement of some important results: a good level of project alignment with the Government's priorities and a strong sense of ownership by governmental organizations for all projects; good credibility of IFAD as a partner, which led to excellent performance in leveraging additional resources and contributed to enhancing the relevance of, and filling gaps in, projects' thrusts; competent and committed PMUs; the introduction of some important innovations; and the strong focus of the portfolio on institutional development.
26. At the same time, performance was significantly hampered by several factors: complex project designs; long inception periods due in part to the decision to harmonize financial execution with the national system; significant delays in implementation due to lengthy procedures within the Government and with some international partners; and failure to provide access to appropriate financial products for project beneficiaries to effectively engage in value chains. Other weaknesses that undermined effectiveness and impacts were the limited capacity to integrate a gender-equality approach in project implementation and the very limited attention in project design to natural resources management and to climate change adaptation.

Non-lending activities

27. **Knowledge management.** Efforts made by the IFAD Country Office (ICO) and the IFAD Sub-Programme Coordination Unit (SPCU) to improve results from knowledge management work were visible and should be pursued within the country programme, and to bring to Mozambique, IFAD's knowledge and experience from other countries.
28. **Policy dialogue.** Good potential was identified for most projects to contribute lessons learned and experience to policy dialogue, and for both the ICO and IFAD to better engage in this, both directly with the Government and through platforms with other partners.
29. **Partnership building.** IFAD developed solid and successful partnerships with the Government and benefits from deep-rooted respect and trust; IFAD also has solid credibility with several development partners, as proven by the size of the financial resources leveraged for co-financing; and the ICO and the projects developed a solid rapport with FAO and WFP in the context of the EU-funded implementation of MDG1c. This wealth of experience in partnerships can generate lessons learned on the costs and benefits of some partnerships. Also, the posting of the Country Director in Maputo should contribute to new constructive partnerships in the future.
30. **Grants.** The grants portfolio was characterized by a high level of interconnectedness and synergy. All grants attached to loans enhanced the latter's relevance and filled their design gaps, in particular on nutrition, HIV and AIDs and natural resources management. In the case of the self-standing Project for Promotion of Small Scale Aquaculture (PROAQUA) grant, it met a specific Government requirement and it may pave the way to more significant engagement by IFAD in the aquaculture sub-sector. The regional grants were successfully integrated into the National Agricultural Extension System, with good perspectives for institutional sustainability.

Performance of partners

IFAD

31. IFAD made very good efforts to be a reliable and supportive partner of the Government of Mozambique. However, this came at some cost in terms of implementation efficiency and effectiveness. Also, the portfolio's overwhelming focus on value-chains development and integration of producers into the market undermined IFAD's traditional thrusts on poverty and vulnerability. These are lessons to be learned, which should guide the development of the next COSOP and related projects.

Government of Mozambique

32. The commitment and availability of many governmental organizations to collaborate with IFAD has been satisfactory and sustained over time, despite major national institutional reforms. The Government also made efforts to ensure that PMUs be established in a relatively short time. In the few cases where delays in the recruitment of the project coordinator was significant, the general scarcity of competent professionals at the national level may have played a role. Also, once established, PMUs have been remarkably stable.
33. A good indicator of the Government's openness to learn from the experience of IFAD-supported projects was the strong element of internal knowledge management in the cases of ProPesca and PROMER, where professionals who had worked in previous IFAD-supported projects in the same sector were recruited for the PMUs. The same open attitude was also noted whenever concrete proposals were made on norms and standards, technological innovations and inclusion of new components into projects, as happened with the adoption of climate change-resilient road rehabilitation approaches, the integration of nutritional education in the Farmer Field School (FFS) curriculum and the plant clinics approach within the National Agriculture Extension System (NAES).
34. However, a few important weaknesses with respect to the fiduciary aspects negatively affected the efficiency of the portfolio as a whole, including: the limited availability of counterpart funds for IFAD-supported projects; the complexity of the Government's electronic financial administration system (e-SISTAFE); and the complex procedures for approval of contracts and procurement-related actions, and the delays created in the process.

Performance of the country strategy

35. In Mozambique, IFAD supported a portfolio of projects, rather than a country strategy and programme. This was due to several reasons, including a disconnect between COSOP and project design, approval and implementation; and a high turn-over of the country programme managers. Implementation pace and progress towards objectives suffered greatly due to complex and over-ambitious project designs, harmonization with the national procedures and platforms for financial execution, and an operational and institutional gap on rural finance, a major pillar of the portfolio. The targeting strategy did not appear fully relevant to the reality of the country, and overall there were missed opportunities at the conceptual level that prevented the portfolio from achieving more in terms of poverty reduction.
36. At the same time, IFAD's portfolio contributed to extensive capacity development for governmental staff, partners and producers; thanks to its trustworthiness among international development partners, it leveraged additional resources that enhanced the relevance and scope of the portfolio. Not least, thanks to the additional resources, nutritional education components were integrated in both value-chain perspectives and in the curriculum of the National Agricultural Extension System. At the time of the CSPE, positive impacts on household

incomes were starting to accrue at least for PROMER beneficiaries; rehabilitated roads were benefitting large numbers of people; women were being empowered through functional literacy initiatives; the ASCAs supported by the projects were significantly improving members' livelihoods; and some positive steps were being taken in making other financial products available for the fisheries value chains.

37. The CSPE, by taking a medium-term perspective of potential impacts, and balancing the positive achievements so far and the reasons behind the less positive results, assessed overall performance as moderately satisfactory (4).

Country strategy and programme performance assessment

Relevance	3
Effectiveness	4
Overall	4

Conclusions

38. The 2011 COSOP reflected the optimism generated from 2005 onward by steady growth of macro-economic indicators over more than a decade. On the basis of the theory that poverty could be reduced through trickle-down, market-based approaches and endorsing what was the then on-going project portfolio and pipeline, the COSOP stated its goal as *"improving the integration of agricultural smallholders and artisanal fishers into market dynamics"*.
39. This objective was to be achieved through three projects, PROMER, ProPesca and PROSUL, all of which were focused on developing value chains for crops, livestock and fisheries. Complementary initiatives included: PSP, supporting the National Agricultural Extension System and acting upon producers' access to inputs and technologies to increase production; and RFSP/PAFIR, which aimed to establish a national rural finance mechanism and make suitable financial products available to small producers. Several grants complemented the thrusts and objectives of the loans. The capacity to leverage significant additional financial resources through partnerships was an important result of IFAD's credibility and trustworthiness in Mozambique and could represent an interesting model to replicate elsewhere.
40. Overall, the programme was relevant to the needs of the country and had a reasonable level of internal coherence. The alignment of the projects with national policies and strategies was good; and the full integration of three PMUs in the governmental organizations responsible for project execution, and building in two cases upon the experience gained in previous IFAD-supported projects, all contributed to very strong governmental ownership of the projects.
41. However, the COSOP and the projects did not explicitly include objectives or approaches to improve food security and nutrition and poverty reduction, all common over-arching goals for the Government and IFAD. Some of the value chains proposed missed the potential for stronger value addition at the local level for more producers. This led to producers selling to traders who operated under almost monopolistic conditions.
42. The COSOP, partly endorsing the approach in the on-going projects and partly stretching it further away from IFAD's traditional beneficiaries, identified the target population as the economically active poor, who already had the potential to expand and commercialize their activities and who would receive support to enhance access to inputs, markets and credit, and be facilitated in their engagement with the private sector. This led projects to focus on producers who already had access to better factors of production and who often were already

members of associations and groups, in districts that had a potential for surplus production and marketing, and on value chains that ended up transferring most of the added value to outside the rural communities.

43. This meant that the bulk of the rural producers in the same districts of intervention – those who in good years may achieve a limited surplus and in bad years struggle with food insecurity – were either left out of project activities or were only marginally involved through the enhanced outreach capacity of the NAES. Further, despite the dire statistics on HIV and AIDS prevalence in the country and provisions made for this in two loans, only one grant addressed related issues through awareness raising and improving nutritional status of poor families in fishing communities. No efforts were made to integrate People Living with HIV in the value chains, ASCAs or even in the capacity development efforts on nutrition, functional literacy or any other topic, in any of the loans.
44. Last, the national resources management and environmental dimension of the portfolio was found to be weak overall. This partly contributed to undermining potential positive impacts and sustainability of the projects with respect to food security and production, considering the high dependency of producers' livelihoods, including the economically active poor, on natural resources. Also, it was a missed opportunity because the country has vast resources that could be exploited more sustainably for present and future generations. The move to value chains and product improvements should not be at the expense of sustainable management of natural resources: poverty alleviation – to be sustained and equitable in the long run – needs to be linked to improved resource use and management.
45. Overall, the combination of portfolio's targeting and market-led strategies led to weakening the potential contribution of the IFAD-supported projects to the broader goals of poverty reduction and food security improvement, which have become even more urgent and pressing under the economic and financial crisis the country has been going through since 2015. IFAD and the Government should be aware of the significant risk of erosion of the good prospects for sustainability of some portfolio results, due to the increasing imbalances in terms of trade between the prices of agricultural products and those of other essential goods. The crisis could wipe out hard-won achievements, and partners like IFAD should stand ready to continue supporting the country.
46. Enabling access to rural finance products was one of the pillars in the proposed approach to value-chain development, as the absence of access to suitable and appropriate financial products to support all forms of production was correctly identified as one of the major obstacles to alleviating rural poverty in Mozambique. The RFSP/PAFIR project aimed to tackle this major gap in the national rural development environment but reached completion without achieving its objectives. No adequate provisions or arrangements were made for follow-up and support to the on-going projects to carry out their own rural finance components, which were of critical to achieve results.
47. At the time of the CSPE (and with the exception of the highly successful and sustainable ASCAs), very little tangible progress had been made in improving access to credit for small-scale rural producers in agriculture and fisheries. This gap was undermining the effectiveness of many of the efforts made by the projects in capacity development, technology transfer, and improving access to markets, since projects were spending precious time and resources on finding their own way forward in the highly complex sector of micro-finance. In this context, the need for one robust and sustainable rural finance institution in the country cannot be over-emphasized. In the view of the CSPE, such a body should be responsible for setting norms and standards, establishing a guarantee fund, and supporting local and sector-specific organizations capable of engaging with

rural producers and traders by providing financial products appropriate to their circumstances.

48. Delays in project financial execution and slow implementation were recognized by all stakeholders as a main weakness; efficiency was low across the whole portfolio, with the exception of PROMER. The causes were multiple and were linked to: complexity of project designs; legitimate and praiseworthy commitment to harmonize with complex governmental procedures; multiple partners with diverse disbursement procedures; and delays in availability of Government's counterpart funds. These factors led to longer implementation times, higher management costs and slow progress towards results, hence low effectiveness and weak or insignificant overall impacts. This appeared to be a major issue requiring urgent attention by both IFAD and the Government; although Mozambique benefits from highly concessional loans from IFAD, such a low level of efficiency risks jeopardizing the benefits of this otherwise important and relevant partnership.
49. All projects, with the exception of ProPesca, largely relied on the recruitment of service providers, as envisaged in the 2011 COSOP. Indeed, there was no doubt that service providers with the required experience and knowledge had to be contracted to support the implementation of highly complex projects. Also, as a general characteristic, non-governmental organizations and the socially responsible private sector do have a better capacity to effectively engage at community and producer levels, and the contribution of these partners in project execution has been highly beneficial for all. However, the reliance on service providers should not include the delegation of tasks that better fall in the remit of PMUs. The experience gained by IFAD across the country portfolio in dealing with service providers allows a careful re-thinking of this implementation model, with a view to ensure that future projects can benefit from the added value that competent and experienced service providers can bring to IFAD-supported initiatives, without incurring unduly costly and inefficient implementation mechanisms.
50. An important part of the added value of the IFAD and Mozambique partnership was embedded in the non-lending activities carried out by the ICO. The 2011 COSOP had made provisions in this respect that did not materialize, mostly because the projects developed their monitoring systems only at the activity and output levels and could not provide any information at a higher level of results. However, weaknesses in monitoring and knowledge management also have indirect bearing on the potential sustainability and scaling up of project results.
51. In addition, although some progress was made on knowledge management thanks to the commitment of the National Directorate of Treasure in the Ministry of Economy and Finance through the SPCU, the concept of knowledge management remained unclear for most. Very thin human resources in the ICO also did not allow any significant progress on both knowledge management and policy dialogue during the period under evaluation. Nevertheless, the few results achieved showed that IFAD could be effective in both areas of work. in the country, and that all projects could effectively contribute lessons for evidence-based policy making. Nevertheless, financial and human resources are required to develop adequate monitoring systems, identify the potential topics, conduct relevant analyses and support scaling up through policy discussion platforms with the Government, partners and other stakeholders as appropriate.

Recommendations

Recommendation 1: Focus on rural poor and on more vulnerable groups, including women, youth and people living with HIV. A bottom-up approach to reducing food insecurity, malnutrition, poverty and vulnerability is compatible with value-chain development and integration into markets, and likely to be more effective and efficient in the medium term compared to trickle-down strategies. However, this needs to be supported by project strategies that must first and foremost tackle the needs of the poorer and more vulnerable producers, and the obstacles they face in: (i) improving their production (quality and quantity); (ii) processing and transforming their products at the local level and thus adding value to their produce at the market; (iii) enhancing their participation in farmers' organizations; and (iii) strengthening their capacity to negotiate more profitable access to markets. This vision should fully inform all steps in project design and implementation, from selection of participants to choices of value chains and market opportunities, to identification of capacity development needs, including functional and financial literacy, nutrition and HIV prevention.

Recommendation 2: IFAD-supported projects in Mozambique should include among their principles full attention to sustainable natural resources management and to strengthening climate-change resilience. All projects should explicitly include sustainable natural resources management and climate change adaptation and mitigation, as appropriate and relevant to their goals, and in line with IFAD's most recent policies and the Government's relevant strategies. Moreover, natural resources management and climate change adaptation and mitigation should be mainstreamed in all project activities, including capacity development and technology transfer.

Recommendation 3: IFAD's support to the rural finance sector should be conceptualized within a long-term commitment horizon and based on lessons learned to date. Based on the extensive lessons learned and experience gained by IFAD in the country and elsewhere, a long-term engagement, possibly over a 15-year horizon, would be required and appropriate to enable robust and transparent institutions at all levels and across all productive sub-sectors to gain strength and credibility and provide sustainable financial services to the rural poor in Mozambique.

Recommendation 4: Enhance efficiency of financial execution. Integration of IFAD-funded projects into the governmental procedures and systems (e.g. e-SISTAFE) should be pursued and sustained in the spirit of governmental ownership and for reasons of transparency. Some specific measures will be fundamental to raise implementation efficiency up to standards. These include: (i) enabling e-SISTAFE to meet the requirements of IFAD-supported projects in terms of flexibility in workplans, formal requirements for beneficiaries and timing of disbursement; (ii) until e-SISTAFE is able to safely meet the specific requirements of IFAD-supported projects, allocating 25 per cent of project budgets to be executed outside e-SISTAFE to enable adjustments over plans and continued execution throughout the year; (iii) developing a fast-track mechanism for approving contracts and service procurement acts for IFAD-supported projects that fully complies with the requirements of the State in terms of controls and transparency; (iv) privileging the application of financial agreements and accounting tools that allow counterpart funds from the Government to be provided in kind rather than cash, and avoiding any requirement for parallel financial execution; (v) negotiating with other partners to mainstream their contributions within IFAD's standard disbursement and financial execution procedures; and (vi) strengthening the capacity of PMUs in financial planning.

Recommendation 5: Develop principles for the reliance on service providers in project implementation.

The principles should include the following lessons learned: (i) service providers should be recruited only for components and activities that governmental organizations and PMUs do not have the capacity to implement; (ii) service providers should be selected based on their proven experience and competence, and long-term engagement in the areas for which they are recruited; (iii) service providers have in general proven to be more effective than governmental services in supporting empowering processes at the level of communities, associations, households and individuals; (iv) and service providers who do not have previous experience in handling contracts in the framework of an IFAD-funded project should be entitled to an induction training on administrative and financial procedures, and relevant and clear manuals should be prepared at the very beginning of a project's life.

Recommendation 6: Dedicate attention and resources to knowledge management and policy dialogue.

IFAD headquarters and the ICO should ensure that sufficient resources are allocated in project and ICO budgets for non-lending activities, starting from sound M&E systems, and that the country programme rests on the following pillars:

- (a) the development of robust outcome-level monitoring indicators for COSOPs and projects;
- (b) a country programme-level knowledge management strategy closely anchored to key COSOP elements and to those project components that can usefully be scaled up through national policies and strategies;
- (c) the early identification of evidence-based issues and results that can be usefully fed into policy dialogue processes at a high strategic level, through appropriate knowledge management processes.