

Executive Summary

INTRODUCTION

Mozambique is a country in transition and, by most accounts, a relative success story of peace building and post-conflict recovery. Within the space of a decade, it has successfully managed multiple transitions: from war to peace, from a one-party state to a multi-party constitutional democracy, from a socialist centrally-planned economy to a market-based system. Today, it is one of the fastest growing economies in Africa.

However, Mozambique remains a poor country heavily dependent on aid. As its Human Development Index (HDI) ranking of 170 out of 175 countries shows, poverty remains high. A major challenge for Mozambique is how to ensure that the benefits of a growing economy are used equitably to alleviate widespread human poverty, especially in the rural sector, and at the same time broaden the base of its economic growth beyond a few mega-projects and the substantial influx of development assistance.

This report presents the findings of the Mozambique Assessment of Development Results which was undertaken between October 2003 and May 2004. The purpose of the ADR was to assess UNDP's overall performance and contributions to development results as well as to draw lessons for future strategies. It assessed programmes undertaken by UNDP under the 1998-2001 and 2002-2006 Country Cooperation Frameworks (CCFs). It also evaluated UNDP's strategic position vis-a-vis the government's development and poverty reduction thrust.

NATIONAL CONTEXT

Mozambique became independent in 1975 following a protracted struggle against Portuguese colonial rule. Far from leading to peace and stability, independence spawned a series of proxy wars started by Mozambique's neighbours, South Africa and what was then Rhodesia, and a destructive civil war which ended in 1992. It has been 12 years since the war ended and a decade since the two movements, FRELIMO and RENAMO, who fought each other for years, contested the general elections of 1994. General elections in December 2004 marked the third nationwide elections in a country moving steadily toward a representative democracy. This makes Mozambique's achievements stand out in a world and, particularly so, a region where civil wars start easily and are difficult to end.

Economic and social prosperity is, however, a different matter. At the end of the war, Mozambique was one of the poorest countries in the world with high levels of both income and human poverty and remains so today. Until recently, household surveys reported that around two-thirds of the population fell under the consumption-based poverty line. A more recent survey whose reliability has been questioned by some has shown a reduction in the incidence of poverty in certain areas of the country.

However, aggregate income growth averaging something more than 7 percent over the past eight years has not made a significant dent in poverty. At independence, Mozambique was governed by a socialist regime which managed much of the economy centrally. Toward the end of the war, the government, which had joined the World Bank and the International Monetary Fund (IMF) in 1984, embarked on a radical reform of state economic and fiscal planning. Centrally managed socialism was replaced by a liberal, market-driven economy. The country opened up to foreign investment and following the dismantling of apartheid in 1994, its arch-enemy of the 1980s, South Africa, became its main investor in the 1990s. The reforms imposed strict financial discipline on government spending, opened up the economy to depend more on market forces and made efforts to diminish the role of the public sector. The social and human development returns of these policies are arguable.

The most critical development challenges are endemic rural poverty, inequalities, unequal development and regional disparities, high rates of illiteracy especially among women and the rural population, high vulnerability to natural disasters and the growing threat of HIV/AIDS. Insufficient public infrastructure and weak capacity within the public sector is also a matter of great concern.

As with any least developing country (LDC), foreign aid places an important role in Mozambique. With political stability, aid has increased considerably. Half of Mozambique's budget expenditures are financed through development assistance and, since 1992, Mozambique has received increasing support from a number of foreign donors. During the Consultative Group (CG) conference in October 2003, donors pledged US\$790 million for 2004, exceeding the US\$680 million that the government had requested. As of 2000, Mozambique's partners have been moving steadily towards direct budget support (DBS) modality. Presently, 15 of the donors (G-15) now channel part of their aid allocations through this modality. For some observers, this is a measure of the confidence that Mozambique's development partners have in its capacity to maintain sustainable peace and stability.

However, aid dependency of this magnitude can be as much a measure of national vulnerability as it is a measure of donor confidence. Domestic revenue has increased only modestly, at an average of 0.3% per annum because of more efficient tax collection. Viewed from above, Mozambique is a classic dual economy with much of the growth occurring in isolated mega-projects while the rural sector languishes. If the government is to spark genuine growth it will need to

support rural development by investing in the agricultural sector and providing the necessary basic public services such as roads and other physical and social infrastructure in order to narrow the income and human poverty gap. Until it does so, Mozambique will be plagued by what the noted development economist Joseph Stiglitz has called a lack of "fairness", where the benefits of income growth are not redistributed to the poor who need them the most.

Mozambique has successfully made the transition from war to peace and democratic pluralism and there has been tremendous progress since 1992. The political and development terrain has changed considerably, but there are still some major deficits on the human development front and tremendous challenges ahead. Mozambique's pressing human development challenge is to broaden the base of its economy to include the poor areas of the country as factors in its economic and human development strategy, essentially to make the agricultural sector more productive and to include and extend the benefits to a much broader portion of the population. It will need to address not just the country's skewed production structure, but also to narrow the rural-urban divide, the regional imbalances and gender disparities as a way of reducing the endemic income and human poverty faced by the majority of the population. This requires, first, the political will to recognize the imperative of a pro-poor economic growth strategy. Second, it requires the development of a public sector with the capacity to carry out pro-poor growth policies. Third such an ambitious plan requires human and financial means.

As for political will, Mozambique has adopted its own Action Plan for the Reduction of Absolute Poverty (PARPA), recognized by the World Bank as the country's Poverty Reduction Strategy, which channels a considerable portion of government resources toward poverty alleviation programmes. The government has also committed itself to a clear set of national Millennium Development Goals (MDGs). One of the MDG targets is to reduce acute poverty by half by 2015.

As for capacity in the public sector, a lot remains to be done. The government, with strong support from partners including UNDP, has invested heavily in public sector, reform and capacity building with the objective of improving efficiency, enhancing transparency and devolving responsibility from the heavily centralized state ministries to the provinces and districts. There are some successes. Nevertheless, the results of these efforts have been modest. There continues to be widespread concern that, with the exception of a few key ministries, federal planning bodies lack the financial and human resources and overall capacity

¹ Joseph E. Stiglitz, *Globalization and its Discontents*, New York: W.W. Norton, p. 78

to effectively manage national development programmes.

Economic reform measures of the last decade have made important contributions to Mozambique's transition and, from the perspective of aggregate growth, Mozambique has performed well; foreign direct investment in turnkey projects have contributed to increases in national income. However, from the perspective of human development concerns and the distribution of the benefits of income growth to the poor, Mozambique has performed far less well for, indeed, as this report demonstrates, high levels of income and human poverty persist alongside the positive growth rates.

This raises some questions that are central to this report. How can UNDP re-shape its programmes to ensure that it promotes a pro-poor growth strategy? How can UNDP partner with the government to reduce regional disparities and reduce the large numbers of people in remote areas who are vulnerable to disease and disaster? Can UNDP marshal the resources and the expertise to promote and complement the government's poverty reduction strategies and encourage a growth strategy that promotes a balanced and people-centred approach to poverty reduction?

TRENDS IN UNDP SUPPORT: FROM CRISIS RESPONSE TO LONG-TERM DEVELOPMENT

During the period under review, UNDP's programmes have straddled many themes. The 1993-1997 phase was primarily a response to the state of emergency when UNDP concentrated its efforts on supporting rehabilitation programmes and forging strong partnership with government. UNDP provided emergency relief, it supported a diversity of public initiatives including construction of water points and roads, it was the first international organization to assist in rebuilding institutions such as de-mining and disaster management institutes, the National AIDS Council, the electoral commission, the police academy, courts and prisons. It has maintained support to these institutions ever since.

In the second phase, covering the 1998-2001 CCF period, UNDP mobilized resources, supported the creation of new institutions and provided economic management services to the government for building capacity within the public sector. And when a combination of natural disasters occurred in 2000 and 2001 – floods followed by a prolonged drought – UNDP spearheaded the mobilization of over US\$450 million in order to provide emergency relief. UNDP's visibility and stature in Mozambique during this period was built upon its ability to meet the demands of a country in crisis and its support and role was strategic and relevant.

However, in the third phase, 2002 to the present, UNDP's overall effectiveness seems to have declined. It does not seem to have as yet made an effective and complete transition to post-conflict strategies and is not strategically positioned to effectively support the government's emerging needs and priorities and the alternative aid modalities such as direct budget support.

In essence, UNDP has tried to make the difficult transition from quickly meeting a wide range of crisis-driven needs to providing specialized development support and services designed to meet the long-term needs of economic growth, poverty reduction and increasing the capacity of the public sector. Many of the challenges that UNDP now faces seem to stem from the organization's approaches and strategies that worked in a complex emergency situation but that must now be geared towards longer-term development needs.

MAIN FINDINGS

UNDP's performance in Mozambique is mixed. It has an excellent record in establishing key institutions such as the Disaster Preparedness Institute and the National Aids Council and driving key initiatives in demining – always important in a country formerly wracked by civil war – disaster management and HIV/AIDS awareness and prevention. More recently, UNDP has been widely commended for its role in coordinating donor response to the 2000 floods and the mobilization of more than US\$450 million in aid. It has promoted participatory local governance throughout the country and the district planning model it piloted jointly with the UNCDF has been replicated, scaled up and is now enshrined in government policy. It has also been in the forefront of supporting the development and strengthening of the justice sector and a credible electoral and court system.

However, there are some deficits and challenges that UNDP will need to address. Despite the Agenda 2025 exercise and the publication of an award-winning Human Development Report in 2001, UNDP is mostly absent from the policy discussions between the government and its development partners. The organization's current programming lacks the necessary coherence to permit its identification with a clear strategic position, and changes may be necessary to allow UNDP to regain the visible and strategic role it held in the aftermath of the war. The ADR team's findings suggest that UNDP does well in conflict situations but finds it difficult to carve out a distinctive niche once the agenda shifts to long-term development perspectives. UNDP's inflexible programming procedures and the lack of resources that are not tied to five-year programming cycles

may well explain this lack of a flexible, agile and forward-looking-response capacity which is very much needed in the present day Mozambique.

It is important to note that this ADR report gives greater priority to highlighting areas of concern than to dwelling on those areas where the country office has had notable successes. It stresses those areas where UNDP has encountered difficulties or where the outcomes are not what might have been anticipated. For example, UNDP success in setting up the National AIDS Council is tempered by the fact that this important institution functions poorly. The ADR team regards the successes of the decentralization and local government programmes as very much important as the challenges faced in implementing the justice, prison and parliamentary reform, but it has chosen to offer views on why public reform in sensitive areas has met with only modest success instead of detailing UNDP's successes elsewhere. It has chosen to focus on what might be done about the holdover poverty programmes that have very localized and very little policy impact, or how the UNDP might more properly respond to the emergence of a donor consensus on aid harmonization. It has chosen to contribute to building a more effective programme by confronting frankly and constructively those programme features that have encountered the most significant constraints.

PROGRAMME PERFORMANCE AND UNDP'S CONTRIBUTION TO DEVELOPMENT RESULTS

Four key areas emerged as UNDP's most significant contributions to development results in Mozambique during the period under review: (1) emergency response and post-conflict recovery, (2) local governance and decentralization, (3) support to institutional and capacity building in demining, disaster preparedness, the National Aids Council and the justice sector and (4) providing catalytic intervention in these areas and for the electoral process.

UNCDF/UNDP Mozambique scores high with the performance of what has become its flagship programme in decentralization and the strengthening of local government. Its model for training district level officials is being replicated rapidly throughout the country. Here is an instance of UNDP leveraging its core resources effectively for country-wide success.

Other programmes in other areas have been less successful. None of the other programme areas have had the same impact on policy, nor have they built capacity to the same degree or elicited the same degree of government ownership. The somewhat less impressive results from sup-

port to key democratic institutions such as parliament, prisons and police are understandable, given the sensitive nature of these institutions and the entrenched interests that reform must overcome to make these institutions better serve the public interest. Because of this and in spite of the modest record of results, the ADR team considers such efforts positive rather than negative.

The same can be said for UNDP's support in limiting the spread of HIV/AIDS. The capacity of institutions created to stem the infection and its devastating consequences needs to improve in order to more effectively increase awareness, disseminate information about prevention, provide treatment and assist those living with HIV/AIDS. The results must nevertheless be judged positive, given the magnitude of the task and institutional capacities required to accomplish the task.

Results in the poverty reduction programme area and attempts at gender mainstreaming are less positive. Despite commitments in the CCFs, programme results across the board indicate that UNDP has not succeeded in mainstreaming gender equality in its programmes. The poverty reduction projects are, with few exceptions, localized and geographically isolated with only a modest promise of being scaled up or indeed replication. One exception is UNDP's support to the government's Poverty Observatory, which has the potential to improve an understanding of the level and persistence of poverty and to nudge the PARPA's success criteria closer to human poverty concerns and national MDG targets.

It is important to underline that in Mozambique, limited institutional and administrative capacity in most institutions inhibits the outcomes of UNDP's support and indeed that of other development partners. For example, in spite of considerable UNDP support, the National AIDS Council has difficulty managing the considerable resources received from development partners. Institutional weakness and lack of transparency have affected the performance in disaster mitigation and demining, and in the case of Environment Ministry programmes, have led to the withdrawal of some key UNDP programme partners.

STRATEGIC POSITIONING OF UNDP SUPPORT TO MOZAMBIQUE

As noted above, in the first phase of the period under review, UNDP's support was strategically positioned, and its programmes effectively laid the groundwork for long-term development commitments by other development partners. Notably, UNDP provided catalytic support to create and strengthen key government institutions in justice reform, demining, disaster preparedness and in the

campaign against HIV/AIDS. It supported the building of institutional capacities in government and within civil society organizations and promoted local governance and decentralization and engendered democratic transitions especially through its support to the electoral process.

Until recently, the Mozambique Country Office has scored highly on resource mobilization. Under the first CCF, it mobilized more than twice the amount raised by the second-ranked country in Africa. However, alternative funding modalities for donors mean less cost-sharing arrangements with UNDP. Changing modalities for development funding in Mozambique has meant that bilateral donors have more mechanisms for channeling their development assistance. Donors still channel some of their funds through UNDP to support UNDP's programme areas, and the decision by the European Union to provide US\$10 million to UNDP to support a new phase of its justice programme is a case in point. However, that the quantity of resources channeled through UNDP is diminishing and is likely to diminish further.

Mozambique's central human development dilemma is to address the high levels of income and human poverty which are most acute in the rural areas. One of the MDG targets is to reduce acute poverty by 50% by the year 2015. As the country makes its transition to a stable democracy, the challenge is to ensure that the rural poor are both contributors to, and beneficiaries of its present income growth. The government needs concentrated assistance in select areas that meet these national priorities particularly tackling the levels of human poverty and increasing the pace of poverty reduction by expanding opportunities in health and education to the majority of the population and ensuring that basic social services reach the poorest segments of the population. UNDP has begun to emphasize its outreach to the rural poor through its local governance and decentralization programme, as well as through its programmes to bring court reform to rural districts and support to community radio stations. But a lot remains to be done. Its local governance and decentralization programme, for example, could incorporate components that support income generation and addresses both human and income poverty. Court reform in rural districts might begin to address the legal and bureaucratic obstacles to accessing justice by the poor and to expanding and sustaining enterprises among rural households.

PROGRAMME COHERENCE

As a whole, the ADR team is of the opinion that UNDP's programmes do not add up to a coherent strategic response to the development challenges facing Mozambique at present. For the most part, they are managed as separate initiatives with little synergy with each other as called for

under the second CCF. UNDP seems to be doing many different things and doing only a few things with the kind of strategic focus that could enhance its strategic positioning in Mozambique.

Declining resources have aggravated the fragmentation of UNDP's focus because, as the crisis has abated and the funds available for emergency response fallen, the resources available for regular programming are spread thinly around a number of remotely connected initiatives. While resource mobilization was at record levels during the initial stages of the first CCF, resources from non-core resource have fallen 55 percent in the second CCF period, and are likely to fall further. Supporting a broad diversity of programmes and projects might have been a viable strategy during a period of ample resources when donors depended on UNDP to manage their funds in a wide variety of areas, but this is no longer the case. Making the best use of declining resources requires the UNDP to cut its programme to fit its cloth, to concentrate more on what it does best and in the areas which most clearly draw upon its comparative advantage and fit its mandate and respond to the MDGs. Maximizing the effectiveness of diminishing resources implies trimming the scope of its initiatives, giving them more coherence and ensuring that projects and programmes are sufficiently cross-linked to explicitly draw upon each other.

COMPARATIVE ADVANTAGE AND RESPONSIVENESS TO NATIONAL PRIORITIES

UNDP proved its ability to respond to crises in the course of a prolonged civil war and, more recently, during the droughts and floods in 2000 and 2001. Government continues to regard UNDP as an ideal partner in programmes for managing natural disasters or for removing the threat of landmines or for assisting in responding to the threat of HIV/AIDS. However, when expertise is needed on issues dealing with fiscal or monetary policy, on administrative reform, on tax policy or agricultural programmes, government officials have partnered with other organizations with a comparative advantage and expertise in these areas.

UNDP has not responded rapidly as government needs have changed from emergency response to long-term development. The ADR findings point to a widely shared perception within the government and among most donor partners that the UNDP may not be as competitive and as well placed as in the past to provide leadership and substantive capacities in today's key policy areas particularly with respect to providing policy alternatives and enhancing government capacity within the context of PARPA and budget support modality. In order to play a significant role in a rapidly changing and complex environment, a first step

for UNDP is to enhance its capacity in select areas and to engage or contract substantive expertise in these chosen competencies.

PROMOTING GOVERNMENT CAPACITY AND OWNERSHIP OF THE DEVELOPMENT AGENDA

Since 2002, the aid environment in Mozambique has been changing and a rapidly growing number of donors are now collectively channeling development assistance into the central treasury as direct budget support. This group has grown from six two years ago, to 11 last year, to 15 this year, with more expected to join soon. The group calls itself G-15 and includes the World Bank and the European Union. Direct budget support presently accounts for 45 percent of all annual aid flows.

The group of budget support donors have formerly constituted themselves as the Programme Aid Partners (PAP) group, which has signed a Memorandum of Understanding with the government setting out the terms of their partnership. These donors conduct annual Joint Reviews in order to assess the government's implementation of the government's plans as reflected in the PARPA, the PES and the Performance Assistance Framework (PAF), coordinating the work of five thematic groups and twenty working groups. The Programme Aid Partners (PAP) has in many ways effectively replaced the Development Partners Group (DPG), co-chaired by UNDP and World Bank, as the principal coordinator of donor activity, as the main interlocutor with government, and as the venue where substantive issues of development are discussed.

In Mozambique, UNDP has only recently begun to participate as an observer on the occasions when the budget support donors convene, and this year it participated in the annual Joint Review conducted by the group. The findings of the ADR suggest that UNDP's presence and the impact of its contributions in the policy arena are modest. The emerging consensus among the direct budget support donors (G-15) has positioned this group as the principal interlocutor with government, particularly on PARPA and annual joint review exercises. The trend towards support for harmonization among key donors therefore has implications for Mozambique's future development strategies. It also has implications not just for how UNDP supports and collaborates with government but also for the UN system as a whole.

The nature of strategic partnerships which UNDP forges with the government and national development constituencies in Mozambique will be critical to the strategic

repositioning of its role and support in the years ahead. The success of the UNDP and indeed of the UN depends on them anticipating the country's needs, redefining their roles as priorities shift and staking out strong positions on human rights and development. A strategy is necessary to support government to ensure that DBS generates benefits to the country through effective and sustained support for the PARPA and MDG goals. Given its past record, its comparative advantage in UN system coordination through the resident coordinator system, and its experience in capacity building of key government institutions, it is the view of the ADR team that UNDP, in partnership with the UN system, is strategically placed to spearhead these efforts.

LESSONS

Based on its findings, the ADR team has identified a number of lessons which could assist UNDP in strategically repositioning its support to strengthen its contribution to Mozambique's emerging needs and future development priorities, in collaboration with the UN agencies and other development partners.

Better understand the transition from crisis response to long-term development. The requirements of responding to emergencies are very different from those of collaborating with the government on meeting long-term development objectives. UNDP seems to have done well in responding to the conflict situation in Mozambique but the evidence suggests that this success has not easily translated into a strong and strategic partnership role for long-term development needs. It may well be that the transition is not well understood and there may be too few instances of successful transitions to provide lessons.

The achievement of successful development outcomes requires long-term commitment, close monitoring and broad-based participation and partnerships. The UNCDF/UNDP success with the local governance and decentralization pilot programme in the Nampula province had a long gestation period beginning 1999. It involved a variety of partners and the participation of target communities and the commitment of considerable resources. UNCDF/UNDP has replicated the model of district planning and strengthening local government, which was piloted in Nampula, and the World Bank has replicated it in four other provinces. The Ministry of Planning and Finance has adopted it as a nation-wide model and it is now the basis for national legislation on local government.

Development effectiveness demands a coherent human development strategy. UNDP's present programmes are an amalgam of diverse projects that may not necessarily be strategic enough to promote a coherent focused response to prevailing conditions. Some of the

projects are legacies from previous years, some could be projects that the government counterparts may be reluctant to discontinue, and some are those that UNDP retains because of their potential for drawing more resources from donors. Many of them seem to be ‘supply driven,’ kept on because resources or support is available for them and not because they are part of an effective strategy for reducing poverty or enhancing human well being. Demining, for example, uses significant resources almost as much as the fight against HIV/AIDS, even though its contribution to the human development agenda may be far less. UNDP is better served at the country level by a programme that resonates with its human development and human rights advocacy role and generates support because it offers a coherent strategy to improve human wellbeing.

A compelling vision and an effective communication strategy are critical for the visibility and success of the organization. UNDP’s credibility relies on having a distinctive and compelling vision of its mission. UNDP must not underestimate the importance of effectively projecting an image of its corporate principles and accomplishments. Documenting, disseminating and distinctively branding the organization with its successes have a number of advantages: the exposure this affords builds partnerships, generates resources and enhances credibility. Although UNDP has scored a number of successes with building institutions and with the Nampula local governance and district planning model, not many will associate these successes with UNDP’s image and contributions in a few years time, unless they are turned into strategic knowledge assets for the organization and the country.

Informed advocacy on key issues is more important than simply preserving a reputation for neutrality and generating resources. UNDP’s focus on its reputation for neutrality may at times hinder its advocacy on critical human rights and human development issues. By the same token, concern with raising resources from donors may lead to accepting the management of programmes that detract from UNDP’s core business and its effectiveness. UNDP should take stronger stands in supporting programmes that are of strategic value and are in line with UNDP’s priorities, rather than focusing on programmes only because donors are more inclined to fund them.

RECOMMENDATIONS

The findings and conclusions of the ADR lead to the set of recommendations outlined below. By no means exhaustive, they cover issues that the ADR team think strategic and necessary to support UNDP as it builds on its comparative advantage and past record of achievements to reposition itself to meet Mozambique’s development challenges.

ENHANCING THE STRATEGIC POSITIONING OF UNDP SUPPORT

Define a coherent and compelling vision and an effective communication strategy. Designing a compelling, coherent and distinctive vision of how UNDP will support Mozambique’s development needs in the years ahead is an urgent challenge. In a crowded and competitive environment such as Mozambique, where the development needs and government’s strategies for addressing them have changed, it is a necessary first step in increasing UNDP’s profile and relevance.

Develop an effective transition strategy from crisis response to long-term development. As its excellent record of performance in the aftermath of Mozambique’s civil war shows, UNDP has a clear comparative advantage in managing and providing support during conflict and the immediate post-conflict periods, but seems to lack an effective strategy for making the transition to a post-conflict phase. The challenge for UNDP is to devise an effective formula that allows it to harness the successes of peace building and recovery for long-term development gains.

Develop a strategic response on how to support governments that have adopted direct budget support at corporate and country level. UNDP cannot expect to make a substantive contribution to development policy in Mozambique as long as it remains outside of the donor harmonization and coordination of aid initiatives and fails to develop a strategic approach to supporting government in the new environment. There are avowedly a number of risks in supporting direct budget support, but there are greater risks in not taking any decision at all and continuing with systems that may wrongly or correctly be perceived as raising transaction costs and undermining national ownership. The adoption of direct budget support by government entails changes in UNDP’s traditional convening and coordination role and in its policy advisory role. A way needs to be found for UNDP to participate as a full member in the Joint Donor Review which the government conducts with donors annually. This is essential if UNDP is to play a credible role in placing human development and poverty reduction at the centre of policy discussions. UNDP’s hesitancy to join the group of direct budget support donors is understandable given the potential risks of compromising its neutrality or impartiality, but UNDP should not be perceived as undermining the Rome Declaration and Monterrey Consensus. Direct budget support with its attendant implications challenges UNDP, both at the corporate and at the country level, to make a decision, one way or the other, about how to respond to government capacity needs and how to re-orient its role in this harmonization initiative.

There are a number of options UNDP could pursue. First UNDP could participate fully in aid harmonization, both globally and in individual countries, such as Mozambique, where donors are increasingly committed to direct budget support. Second, UNDP could focus on advocacy work and building government capacity. In the case of Mozambique, a way needs to be found for UNDP to participate as a full member in the Joint Donor Review which the government conducts with donors annually. This is essential if UNDP is to play a credible role in placing human development and poverty reduction at the centre of policy discussions.

The ADR team has concluded that UNDP would be well-advised to encourage the UN system as a whole to commit itself to the donor support group and to bring, not just UNDP's resources and expertise to the table, but the collective weight of the UN system as a whole.

Support capacity building for development management and aid coordination to promote government leadership and national ownership of the process. UNDP should focus on enhancing capacity for strategic planning and financial management at crucial levels of the government. All parties in support of direct budget support – the government, the bilateral and multilateral donors – understand the magnitude of the effort required to lead, coordinate and manage development assistance and the development processes and to direct external resources and efforts towards national development priorities. Government leadership and national ownership can mean the difference between achieving aid effectiveness through direct budget support and attaining development effectiveness. Increased capacity within the central government to improve financial management systems and to foster systemic efficiency to manage the resources channeled directly into the state treasury and conduct national level planning is a pre-requisite.

Even though fifteen out of 47 donors have made commitments that range from 1 percent to 60 percent of their aid budget, the success of this experiment is not guaranteed. For more donors to join and for those who have joined to maintain a predictable level of funding and perhaps increase their level of commitment, assurances will be required that finance managers and planners are prepared to execute their responsibilities accountably and effectively, and for this, a great deal more training and restructuring is required. Because of UNDP's impartiality and its relationship of trust with the government, it is uniquely placed to promote and support the building of capacity in departments and

ministries to reduce fiduciary risks, accelerate programme implementation, and thereby enhance government's leadership role.

Champion and strengthen UN system collaboration through joint programming and broaden non-traditional partnerships. UNDP is unlikely to marshal resources on its own to give priority to its human development agenda. This will require greater collaboration among UN agencies. The scope of the resident coordinator office has grown impressively in the last two years, and this may provide a foundation for further collaboration. The United Nations has agreed on system-wide objectives and guidelines for programming, but these objectives mean little without the collective weight that comes with joint programming. This is the moment to experiment with joint programming on a significant scale. Pooling resources in joint programming is perhaps the United Nations' only viable strategy for overcoming its reputation of having too little funds, limited expertise and often too many agendas, especially in the context of greater donor harmonization and adoption of the direct budget support mechanism.

The trend towards support for harmonization among key donors has extensive implications for the UN system as a whole. A strategy to meet this challenge is necessary and depends on the UN Agencies developing a strong position of joint advocacy on human development, MDGs and strengthening a pro-poor bias in PARPA. Efforts to articulate common goals and strategies through the United Nations Development Assistance Framework (UNDAF) have not yet led to the ultimate objective of maximizing goal-oriented development cooperation through joint programming. The UNDAF strategic objectives represent the collective commitments of the UN system, including its programmes and funds (UNDP, UNFPA, UNICEF, WFP), the specialized agencies (FAO, UNESCO, WHO) and the commitments sanctioned by the Mozambique government in a number of international instruments.

The UNDAF for Mozambique (2002-2006) has embraced two common thrusts for development assistance across the UN system. The first is the HIV/AIDS pandemic and the second is gender equity with a special emphasis on girls' access to educational opportunities. Recent research, especially in the Common Country Assessment, reveals that "common and mutually reinforcing support for HIV/AIDS and gender equity are undoubtedly key to ensuring longer-term empowerment, reaching poverty reduction goals and ensuring rights attainment for all populations."²

² United Nations, Mozambique, *United Nations Development Assistance Framework (UNDAF) 2002-2006*, Maputo: April 2001, p. 5

Redouble efforts to enable civil society to have a genuinely independent input to PARPA through the Poverty Observatory. UNDP has had a tradition of supporting the emergence of a strong civil society sector in Mozambique. In part because of its efforts, the number of NGOs in the country has increased more than eight-fold since the mid-1990s. The Poverty Observatory, housed within the Ministry of Planning and Finance, to track PARPA is a promising instrument for providing an independent assessment of the efforts by government and donors to reduce poverty, inequalities and regional disparities.

UNDP should intensify its efforts to ensure that the Poverty Observatory opens up the way for civil society organizations to participate in national policy dialogue on poverty reduction. Civil society organizations should include the full gamut of non-government organizations, encompassing faith based, private sector and citizens' groups, all of which are essential actors in bringing fuller democracy to Mozambique. More important, civil societies can also be a resource that UNDP can tap into to test and enrich its ideas and knowledge base on critical development issues facing the country.

ENHANCING PROGRAMME PERFORMANCE AND CONTRIBUTION TO DEVELOPMENT RESULTS

Sharpen strategic focus, achieve greater coherence and enhance programme effectiveness by reducing the number of core areas. Achieving greater coherence will entail building on existing strengths as well as developing new areas. These strengths are in local governance and decentralization through district planning, support to democratic institutions and the response to the HIV/AIDS pandemic.

UNDP should concentrate its support on four core areas: (a) local governance and decentralization through district planning; (b) support to key democratic institutions; (c) combating the spread of HIV/AIDS; and (d) policy advocacy in the area of poverty reduction and MDGS that draws on the organization's human development paradigm while limiting micro-level support to innovative high-impact replicable ideas.

Within the context of PARPA, UNDP could focus on the alignment of PARPA reporting and tracking of progress to human development and MDG targets by piloting provincial and district level human development reports. Nampula would be an obvious place to start if synergies within and among UNDP interventions are to be realized. This entails reducing commitments to other areas where a

clear comparative advantage is not evident and the potential for development results is demonstrably less. The following are areas where commitments could be reduced: enterprise promotion, microfinance, community-based income and employment generation schemes and demining. Support in these areas may be maintained only to the extent that they demonstrate innovation and reinforce outcomes to be achieved in core areas.

Promote a rural development focus and accord increased priority in UNDP programming to reducing human poverty and improving rural livelihoods. The overwhelming imperative in Mozambique is to devise and implement a viable pro-poor growth strategy that places the rural poor at the centre of the equation. Income and human poverty in Mozambique is primarily rural. The majority of Mozambique's poor, with little or virtually no access to education, health, safe drinking water and basic physical and social infrastructure, are rural-based. Reduction of human poverty should be a cross-cutting objective to which all UNDP programme areas aspire. Closing the rural—urban divide and the huge income and human poverty gap will depend on expanding the opportunities and human capabilities of the rural poor.

MDG targets for reducing absolute poverty have been set and annual commitments made within the context of PARPA. Augmenting on-farm and off-farm rural incomes is essential to closing the gap between high growth and persistent human poverty, and the PARPA will need to put rural development at the centre. Given its human development mandate, UNDP is in a strong position to take a stronger stand on devising a rural focused programme and advocate for a greater human development and rural bias within PARPA. More explicit linkages should be made between existing UNDP programmes with a rural presence—decentralization and justice sector programmes – and poverty reduction by building support for augmenting rural incomes more deliberately into these programmes.

Build on past successes and increase initiatives to strengthen local government. Decentralization of government functions and strengthening of district level governments have worked well in Mozambique. Experiments in devolution of responsibilities and even in fiscal decentralization have shown the government that sharing political responsibility with district governments has the potential to move the centers of decision-making closer to the people, to provide services efficiently, generate income and reduce poverty in the rural areas. UNDP's success in strengthening representative district-level planning

has spawned a number of other initiatives which now need coordination and close observation in order to ensure that the collective lessons of these diverse experiments are not lost and make a real contribution to the government's decentralization plans.

Improve and diversify resource mobilization and partnership strategies. UNDP will need to re-invigorate and diversify its resource mobilization strategy, broaden partnerships and develop flexible programming procedures. This will assist the organization in reversing the downward trend in resource mobilization levels and in improving the coherence and quality of its programme. Notwithstanding the harmonization of aid, there is still a large universe of potential cost-sharing avenues outside direct budget support. The quality of UNDP's programming is the currency of its future success in resource mobilization. Instead of responding to donors and government by undertaking programmes proposed by them, or formulating programmes which UNDP presumes will interest its partners, UNDP's interests are best served by making its programmes of high enough quality to place them in demand among its government and donor partners. The programmes need to be demand-driven rather than supply-driven.

A first step in upgrading its resource mobilization strategy will be to improve the way it trademarks or brands and markets its programmes. To this end, the UNDP should devise a comprehensive communication strategy which highlights successful experiences and enhances UNDP's visibility in order to effectively market its programme to potential funders. Non-traditional sources of funds and partners should figure significantly in this strategy.

Another important and crucial step is to improve the quality of service that UNDP provides in collaborating with funding partners, and this refers especially to the quality and timeliness of reporting and speedy resolution of any implementation problems if UNDP is to be seen as a high quality provider of unique development services by either government or donors

The UNDP should also seek opportunities to provide services to government on a contract basis in areas where it has unique technical expertise. Capacity building and technical advice in the context of direct budget support is one such area while election monitoring is another. Building capacity in poverty programming, monitoring and accounting is yet another, especially as increases in direct budget support place demands on the government's capacity to manage poverty alleviation programming, monitoring and reporting. However, being a credible development service

provider requires high quality technical competency, flexibility and reliability and UNDP at both corporate and country level will need to squarely address this area. Reprofiting has left UNDP's capacity thin on the ground and highly specialized skills will be needed. UNDP will need to draw upon corporate units and its global networks for these resources and skills.

The ADR team applauds the UNDP's current preoccupation with the design of the next CCA/UNDAF and its promotion of joint programming among key UN agencies. Amalgamating HIV/AIDS, disaster management and food security under a single category labeled "the triple threat" has taken a strategic step toward linking major programmes in a way that opens the way for joint programming. The ADR strongly supports this joint programming initiative and recommends that these laudable joint programming initiatives be strengthened by explicitly linking these efforts to meeting specific MDGs and by incorporating gender equality as one of its components.

ENHANCING KNOWLEDGE AND STREAMLINING BUSINESS PRACTICES

Increase in-house expertise by expanding the knowledge base. In a rapidly changing context, in-house expertise and substantive capacity are indispensable for effective programming and maintaining credibility and a competitive edge with government and other development partners. Mozambique presently requires a set of skills and capacities which the UNDP country office does not have in abundance. Based on perceptions gathered during the ADR, a number of partners, including government, perceive UNDP as well-intentioned but at times lacking the requisite competencies to make a substantial contribution to their programmes.

It is the view of the ADR team that while reducing the scope of its interventions, the UNDP should seek to build high level in-house expertise in its core areas to meet present and future demands. This would contribute to substantially raising its profile and the quality of its contributions to the policy debates on poverty reduction strategies. UNDP must be seen as a leader and substantive authority on those core areas which it supports and champions. It can engage expertise locally through research institutes or abroad through its regional centres and the global network or it can build expertise by establishing research and resource centres where successful experiences and lessons are documented. As an example, UNDP might support the central and provincial government in establishing a

Resource Centre based in Nampula to document UNDP/UNCDF's and government's experiences in strengthening local government and to disseminate lessons and innovative ideas, nationally and internationally on the process of decentralization. This would allow UNDP to turn this invaluable experience and the lessons learnt into knowledge assets for the country and re-engineer itself as a knowledge organization within Mozambique.

Improve business processes. Because it is perceived as a success story, Mozambique is an attractive destination for visiting missions. It is the view of the ADR team that the country office seems to be overwhelmed by frequent requests to receive delegations and participate in pilots for the UNDP and the UN system as a whole. These obligations have strained its capacity and often diverted attention away from the core business of the office. What UNDP really needs from corporate headquarters is strategic guidance in meeting its present challenges. How to respond to direct budget support and UNDP's somewhat declining fortunes as it searches for a new niche are critical areas where such support is acutely needed. In a way there have been missed opportunities at both corporate and country level. Mozambique is not the only direct budget support country, and headquarters should assist its country offices by sharing best practices, developing tool kits and system-wide corporate guidelines to address the changing context(s) of aid and development.

CONCLUSION

Mozambique has made tremendous progress in overcoming a legacy of conflict and has succeeded in forging a comprehensive strategy for poverty reduction and secured the commitment of its key development partners in this process. It has achieved and sustained a relatively high record of economic growth over the past seven years and has become a reasonably attractive country for foreign direct investment.

However, as this evaluation has shown, Mozambique is still very much a country in the process of transition from a post-conflict country to a stable democracy and has a huge backlog of human poverty and income disparities. The principal challenge for UNDP is how to work with the government in pushing pro-poor and pro-human development for the majority of Mozambicans.