

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

**Agreement at Completion Point**

**A Background**

1. In 2008/2009, IFAD's Office of Evaluation (OE) 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 strategy and opportunities programme (COSOP) for the country. The COSOP would be formulated by the Eastern and Southern Africa Division (PF) 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 organisations 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 organisation may warrant further consideration.

9. In some recent loans, IFAD has integrated implementation responsibilities in government organisations 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 organise 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 up-scaling. 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 upscaled 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 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 mobilise 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 co-financing partnerships from various partners including multilaterals, bilaterals and less traditional partners such as 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**

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.

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' organisations and agribusiness 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**

Considering the evolving socio-economic context in Mozambique and IFAD's mandate and relatively limited resources, it is important that IFAD and GoM 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 GoM 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

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.**

A key CPE finding is that important innovations have emerged and been upscaled 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.

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 upscaling. 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.

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.**

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 organisations might be better positioned than government organisations to deliver the required services. While private and civil society organisations have been engaged with positive results as contracted service providers for specific tasks, IFAD and GoM should in the future explore options for gradually assigning to this type of institutions increased implementation responsibility for programme components.

Although IFAD and GoM 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.

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**

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 operationalisation of IFAD's new operating model**

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-GoM co-operation. Particular emphasis will be given to the strengthening of its country presence, including considering possible outposting 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**

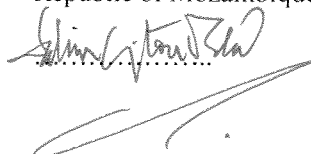
2011 onward

**Key Partners to Be Involved**

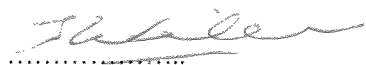
Government of Mozambique and IFAD

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