

The Government of Mozambique, acting through the Ministry of Planning and Finance (MPF) and the Bank of Mozambique, has begun preparations for a fast-executing post-HIPC debt strategy; and a domestic public debt strategy is also currently being developed.

II – INTEGRATION OF GOVERNMENT PLANNING, MONITORING AND EVALUATION INSTRUMENTS

PARPA was conceived as an instrument within the public planning system that makes the government's five-year program operational. Its implementation involves annual planning of its proposals, objectives and actions in the Economic and Social Plan (ESP) and the State Budget (SB). Consistent with these proposals, monitoring and evaluation mechanisms prioritize and make the most of existing instruments linked to the ESP Balance Sheet and SB Execution Reports.

The conceptual framework described above requires adjustments to be made to current planning practices (including monitoring and evaluation). This section reviews efforts made in that direction, highlighting the constraints encountered. The corresponding conclusions and recommendations are set forth in the final section of the document.

II. 1. Issues relating to the Economic and Social Plan (ESP)

Annual planning needs to adhere more strictly to the proposals set out in the government's five-year program and medium-term planning instruments, in order to contribute to their implementation. Medium-term instruments include: PARPA 2001–2005; strategic sectoral and provincial plans; and the Medium-Term Fiscal Scenario. It is therefore important for each year's ESP to establish explicit objectives, actions and targets for that year, consistent with the effective implementation of PARPA and other medium-term instruments. Such instruments must unequivocally become foundation documents for the annual planning process.

Accordingly, in 2001 the methodology used to prepare the 2002 ESP named PARPA as its basic planning instrument.

An evaluation of the current state of integration and consistency shows the following:

The 2001 ESP did not explicitly achieve the required level of consistency between actions to be undertaken and PARPA proposals. This was partly due to the length of time taken in reviewing the final approved version and its publication, which dragged on until September 2001, by which time the 2002 planning cycle had already begun. In the 2003 cycle, which has just started, intersectoral discussions are now being based on PARPA and other medium-term instruments, so integration and consistency are likely be greater and more explicit.

Planning proposals at the central and provincial levels remain out of step with each other. Activities at the provincial level, reflected in the provincial ESP, are not explicitly consistent with PARPA and strategic sectoral plans. A major effort needs to be made to regionalize (by provinces) the targets adopted at the sectoral level, to ensure they are considered in the provincial planning process. This is important for the decentralization of resource allocation, and for the implementation of plans, oversight and evaluation. The sectors need to take the initiative on this, and it is the job of the MPF to promote and monitor the process. Actions taken by MPF in this direction thus far were included in the 2003 planning cycle: the document *Orientações para a preparação do PES e do OE* ("Guidelines for preparing the ESP and SB") made it compulsory to explicitly establish the targets and resources to be assigned to the provinces, in the light of priorities defined in the government's program and in PARPA. Teams sent by MPF to assist the provinces in preparing their budgets informed provincial

offices of the need to integrate PARPA with other planning instruments. In addition, discussions on SB proposals analyzed the regional distribution of programs budgeted by sectors in the fundamental action areas that already have integrated programs in place: namely education; health; agriculture and rural development; and public works (highways and water).

II. 2. Issues relating to the State budget (SB)

In view of the fungibility of resources, and in order to match the increase in funding allocated to (and within) priority sectors to actions conducive to poverty reduction goals, by promoting social and economic development following a wide range of preceding initiatives, it was decided to break public expenditure classifiers down into more detailed sub-classes. This meant that the SB 2001 execution reports were prepared on the basis of a transitional classifiers, but the 2002 SB was prepared and is being executed and monitored using the new more detailed ones. Since this is the first year in which the new budgetary classifiers have been used, the learning curve is still in play. Accordingly, analytical capacities need to be developed at the provincial,² sectoral and global levels, to enable early corrective measures to be taken to ensure timely implementation of the programs, actions and targets established in annual and medium-term planning processes. In addition, the data series that will be produced are expected to serve as an important additional tool of evaluation and decision-making regarding the consistency of objectives, actions and resource allocation.

In addition to these measures, worries about the effectiveness of public expenditure has led the government to embark on what will become a systematic public expenditure review (PER), supported by the World Bank. This process has already started in the education, health and agriculture sectors.

II. 3. Monitoring and evaluation

Following the adoption of PARPA 2001–2005, deepening, clarification and decision-making on the final monitoring and evaluation scheme became a government priority. The fundamental principles underlying this scheme were debated and discussed in detail, leading to final adoption of the specific monitoring and evaluation document in December 2001.

In the same way as PARPA is integrated into the existing public planning system, the issue of PARPA monitoring and evaluation was resolved by integrating it into the existing public planning system. Monitoring (of processes in particular) is based on an information system consisting of ESP Balance Sheets and SB Execution Reports. For these instruments in particular, valuation and balance sheet processes have been introduced in the various organizations, including provincial governments, ministries, the Council of Ministers, and Parliament. The impact monitoring system has also now been defined. This includes quantitative and qualitative poverty assessments, the preparation of which is open to academic institutions, and to other participants that wish to apply from outside the public sector.

A feature of the existing planning process has been the participation of local and foreign partners; and their consultation work in sectoral, provincial and participatory district planning is well known and appreciated. Nonetheless, given the non-existence of a more global and wide-ranging forum at the central level, the *Poverty Observatory* (PO) was created. This is a consultative forum whose primary function is to monitor PARPA objectives, targets and actions. Although coordinated by the government, it is responsible for establishing solid foundations for coordinated action by all participants in the fight against poverty and promotion of sustainable development in Mozambique. In

² In this context, DNPO staff traveled to the provinces in July-August 2001 to train personnel in the provincial directorates for Planning and Finance, Education, Health, Agriculture and Public Works, to use the new classifiers in budgetary programming.

fulfilling this brief, it works through the monitoring and evaluation system for medium and short-term planning instruments, among other things. It also recommends measures aimed at the continuous improvement of public policies.

Operational implementation of the PO consists of three different phases: conception and preparation of the proposal; its approval by the government and other participants; and the holding of six-monthly evaluation meetings (the first scheduled for the fourth quarter of 2002) to analyze monitoring reports and assess compliance with the poverty reduction strategy established in government planning instruments and in other documents submitted by partners in the Opinion Council. The latter is a top-level meeting of the PO involving State-sector leaders representing PARPA fundamental areas, together with representatives of civil society organizations (CSOs) and Mozambique's international cooperation partners.

The PARPA monitoring strategy was finally introduced on a routine basis following its implementation in 2002. With regard to Process and Results Monitoring, PARPA matrices were completed for the first time to measure sectoral performance during 2001 and the first half of 2002, and they accompanied the respective ESP balance sheets (information which serves as a basis for this report). In the impact monitoring domain, the results of the most recent 2000-2001 QUIBB survey are currently being analyzed, in a process consisting of data modeling and verification of preliminary results. In the case of Budget Monitoring, public expenditure is being evaluated in the education, health, and agriculture and rural development sectors.

Work done on process and results monitoring was subject to a number of constraints, relating mainly to the quantity and quality of information provided by the sectors as to their compliance with priority actions. In many cases this information was substandard, and in some cases totally lacking. In other cases, the information received revealed a lack of understanding of the real dimension of existing problems and the most suitable corrective measures. In some instances where programmed actions failed to be carried out, it was merely reported that the execution of a given action was hindered or rendered unviable because of a lack of financial or human resources, without clearly and objectively quantifying and specifying real factor needs. The same criticism applies to "successful cases", when reports omit to make a qualitative assessment of the results and effects produced by the actions implemented.³

To solve this problem, work has been going on to raise participants' awareness of the need to systemize the process of collecting and reporting information on priority PARPA activities. Sectors were specifically recommended to include indicators in their monitoring systems, and they are required to regularly submit completed matrices attached to the sectoral ESP.

III – EVALUATION OF PARPA IMPLEMENTATION

III. 1 Sectoral performance in the fundamental action areas (1995-2000)

This section evaluates progress made in complying with PARPA 2001–05 objectives in the priority sectors. Progress has mainly involved expanding coverage and enhancing the provision of basic social services, and promoting the supply of food and cash crops, where producers in the "rural households" sector are major players. The analysis will evaluate the trend of indicators projected for the sector,

³ For example, courses and other training programs where the number of trainees is mentioned without providing evaluative data.