

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.

measuring the level of execution of programmed activities. Any inferences drawn should ultimately be used to improve PARPA.

(a) Education sector

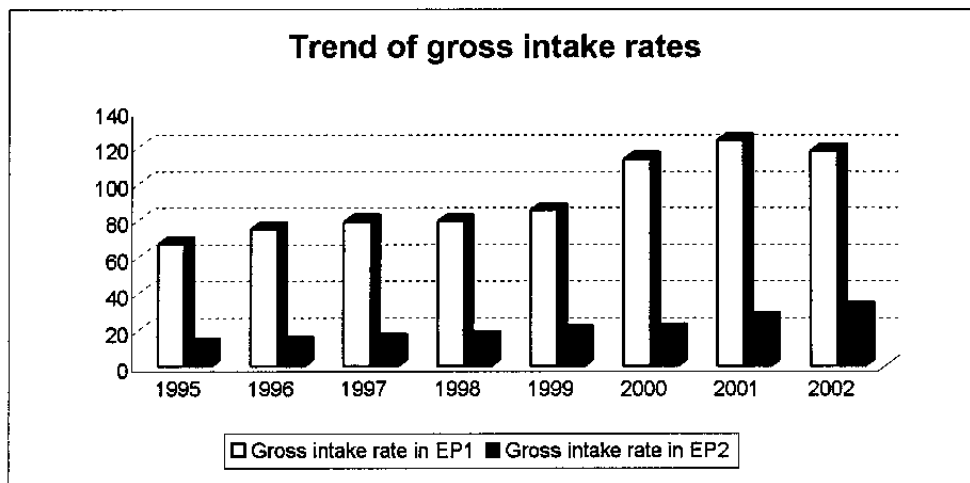
PARPA has the following basic objectives in this fundamental action area: (a) universal school enrolment and expansion of access to all levels of schooling, with special emphasis on gender equity; (b) improvement of the quality and relevance of schooling, in order to reduce the inefficiency indicated by student repetition and dropout rates.

To evaluate the performance of this sector, an analysis was made of the trend of selected indicators, using a time series covering 1995-2002. Data for 2001 and 2002 are compared with the corresponding PARPA targets. This exercise is intended to evaluate the extent to which measures adopted in the sector, and included in the Strategic Plan for Education (PEE), are achieving the desired results.

To assess improvement in access to education, specifically progress towards universal primary enrolment, the gross intake and enrolment rates were analyzed.

The gross intake rate at EP1 level (Primary Grades 1–5) rose from 66.8 percent in 1995, to 122.3 percent in 2001. The corresponding PARPA targets for 2001 and 2002 were 120 and 122 percent, respectively, so the 2001 target was 113 percent fulfilled. The intake rate in the first half of 2002 was 118 percent, however. At the EP2 level (Primary Grades 6–7), while the gross intake rate remains below 40 percent, it has risen from around 11.5 percent in 1995 to 25.6 percent in 2001, exceeding PARPA expectations by 2 percentage points. Moreover, preliminary estimates for 2002 see EP2 intake rising to around 31.3 percent—6 percentage points above target, so compliance with the corresponding targets for 2001 and 2002 can be considered satisfactory.

Figure 1



Note: Figures for 2002 are estimates.

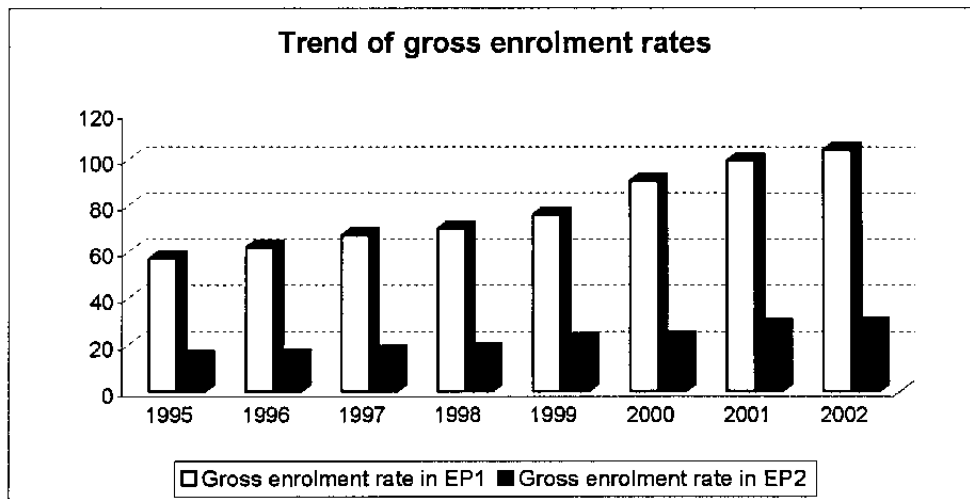
Source: MINED – National Planning Office, 2002.

The basic difference in the performance of the intake indicator between EP1 and EP2 stems from the fact that some children enter the school system at the EP1 level older the normal age, and there is also a high repetition rate. Another part of the problem is generated on the supply side at the EP2 level.

The number of schools offering complete primary education (EP1 and EP2) has grown, but where this has not happened, students have to travel further to obtain EP2 schooling, and this acts as a disincentive to persevering with their studies.

Gross enrolment rates show a rising trend at the EP1 level. This statistic is defined as the ratio between the total number of students enrolled in EP1 and the population in the official age group for that level (i.e. children in the 7–11 age range from 1987 until 1992, and in the 6–10 age group as from 1993). From a level of 56.9 percent in 1995, the gross EP1 enrolment rate had climbed to 99.5 percent by 2001, in line with PARPA targets (100 percent). In 2002 the rate is expected to reach 104.1 percent, 2 percentage points above the target established in the operational matrix. Gross enrolment rates in EP2 were around 27.9 percent in 2001, broadly coinciding with the forecast made in the Poverty Reduction Plan (28 percent). The PARPA target for EP2 gross enrolment is 30 percent for 2002, and the forecast for the year is 31.2 percent; this means a compliance rate of 101.2 percent, and a 3.3 percent improvement compared to 2001. Provided this pattern of performance is maintained, PARPA target for 2005 (36 percent) looks set to be attained.

Figure 2



Note: Figures for 2002 are estimates.

Source: MINED – National Planning Office, 2002.

The analysis of intake and enrolment indicators points to a positive trend in access to education in the primary school subsystem. This is basically the outcome of efforts being made within the education sector, such as additional school building and initial teacher training. Results achieved in 2001 and the first half of 2002 include the following:

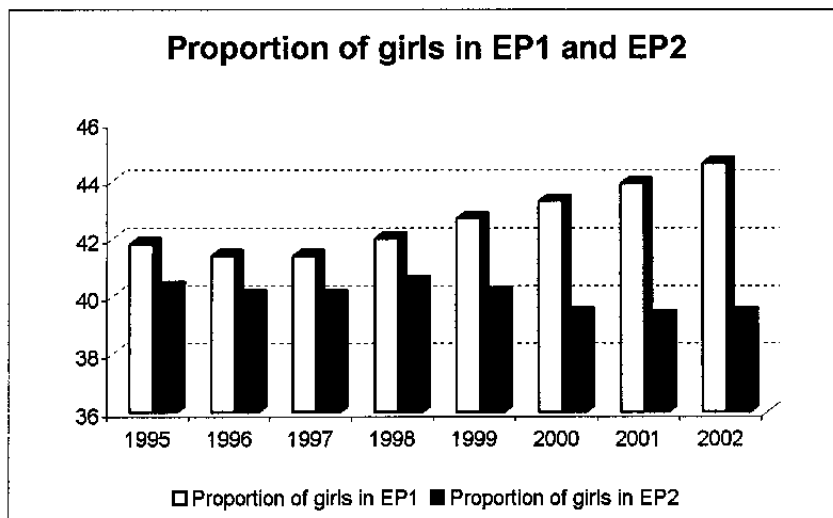
- A total of 424 new schools were opened in 2001 (an additional 6 percent over the total number of schools in 2000), distributed mainly in the provinces of Zambézia, Niassa and Inhambane; another 275 were opened in the first half of 2002 (+3.5 percent over total schools in 2001), benefiting mainly Zambézia, Gaza and Inhambane.
- Teacher training in 2001: 956 teachers graduated from primary teacher training centers (CFPPs)—8 percent more than in 2000. Another 1,546 teachers graduated from primary teacher training institutes (IMAPs) (+147.7 percent). The total figure of 2,502 easily surpasses PARPA target of 1,680 primary teachers trained per year.

In terms of the geographic distribution of teaching staff, PARPA envisaged efforts targeting the provinces of Cabo Delgado, Nampula, Zambézia and Sofala. At the present time, Nampula, Zambézia and Cabo Delgado have the largest number of schools.

Overcoming gender disparities in access to education is one of the main vectors of government action. This policy emphasis is justified by empirical evidence showing a strong correlation between literacy levels among mothers and the level of well-being in the household unit.⁴

Figure 3 shows that the proportion of girl students in EP1 improved during 1995-2001, rising from 41.8 percent in 1995 to 43.9 percent in 2001, broadly in line PARPA target of 44 percent. First semester figures for 2002 suggest this ratio will reach 44.6 percent for the year as a whole, thus fulfilling PARPA target of 45 percent. At EP2 level, the proportion of girls in the total enrolment remained relatively stable throughout the period. From 40.3 percent in 1995, the ratio edged down to around 39.3 percent in 2001 and 39.4 percent in 2002—figures that were below PARPA expectations of 40.5 percent and 41.5 percent respectively. The relatively stable behavior of the proportion of girls and the consequent slow growth in this indicator also reflects popular traditions that tend to restrict opportunities for girls' advancement.

Figure 3



Note: Figures for 2002 are estimates.

Source: MINED – National Planning Office, 2002.

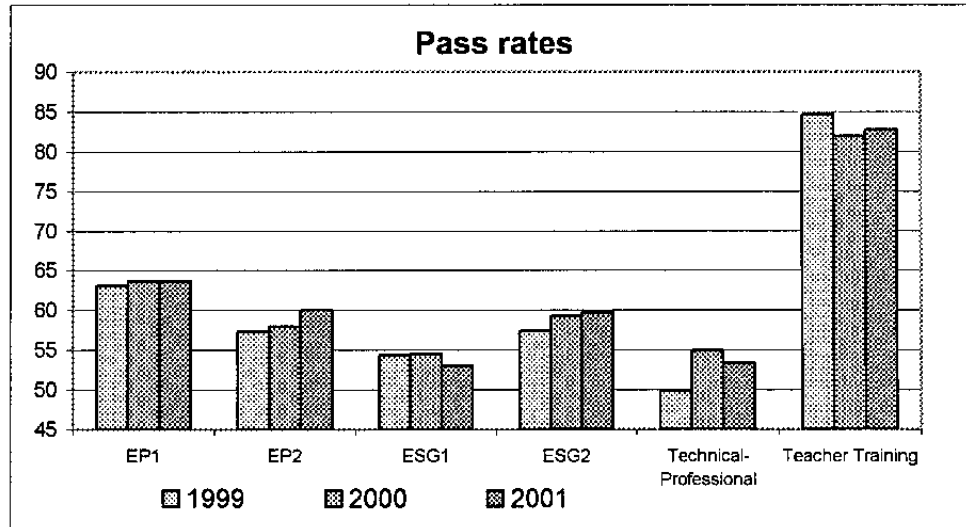
Further expansion of girls' access to the education system, in a context of poverty reduction, will continue to depend on government efforts in this direction—including actions to mobilize and raise awareness among parents and educational guardians of the relevance and importance of children's education generally, and girls' education in particular.

In terms of *education quality*, dropout and repetition rates in the various school subsystems point to a series of constraints. **Figure 4** reveals a relative standstill in the recent trend of grade promotion rates

⁴ Empirical studies conducted in several sub-Saharan African countries reveal a positive correlation between per-capita consumption levels and women's schooling.

at lower levels, which can be explained by several factors—pedagogic, administrative, sociocultural and economic, among others.

Figure 4



Source: *Balanzo do programa de actividades, 1º Semestre 2002* (July 2002). *Projecto de Plano de Efectivos escolares para 2002* (August 2001). MINED – National Planning Office.

Notes: Average pass rates in daytime and night-classes weighted by the number of students, 2001. Technical-professional schooling: Elementary, Basic (commercial and industrial) and Secondary. Teacher training: CFPPs and IMAPs. EP1 = lower primary, EP2 = upper primary, ESG1 = lower secondary, ESG2 = upper secondary.

This situation shows that, without neglecting quality, the sector has focused on expanding access, in order to satisfy growing demand at different educational levels. Recent activities to strengthen the education quality improvement component do not seem to have had a significant effect as yet. The following key actions in this direction were implemented in 2001 and during the first half of 2002:

- Renewal of the basic education curriculum: the redesign of primary education was completed in 2001, and the experimental phase began in 29 pilot schools in January 2002. PARPA foresees implementation of the new curriculum in 2003, and the sector is working on this with a view to its nationwide introduction starting in 2004.
- In-service teacher training: in 2001 Teacher Training Nuclei were formed in the IMAPs, and progress was made in preparing new courses.
- A total of 4,481 school directors and their deputies were trained nationwide, which was better than planned (1,340 directors and assistants to be trained annually). Overall, 10 percent of leadership posts are held by women.
- Expansion and revival of Zones of Educational Influence (ZIPs), by providing materials and strengthening their capacity for pedagogic supervision in schools (training of coordinators).

- A total of 9,750,270 books were distributed to 2,889,151 students enrolled in public and community schools. This formed part of the free textbook distribution plan in the *Caixa Escolar* program, covering all children in basic education.

There is a clear need for more aggressive implementation of sectoral policies aimed at improving the quality and relevance of education. In particular, the curricular change process at the EP1 and EP2 levels needs to be accelerated and extended into the secondary and technical-professional levels, where only small-scale specific changes have been introduced thus far. With regard to in-service training, courses for teachers recruited with no pedagogic qualifications need to be introduced and expanded. In activities aimed at improving access to education, inter-regional balance should not be neglected.

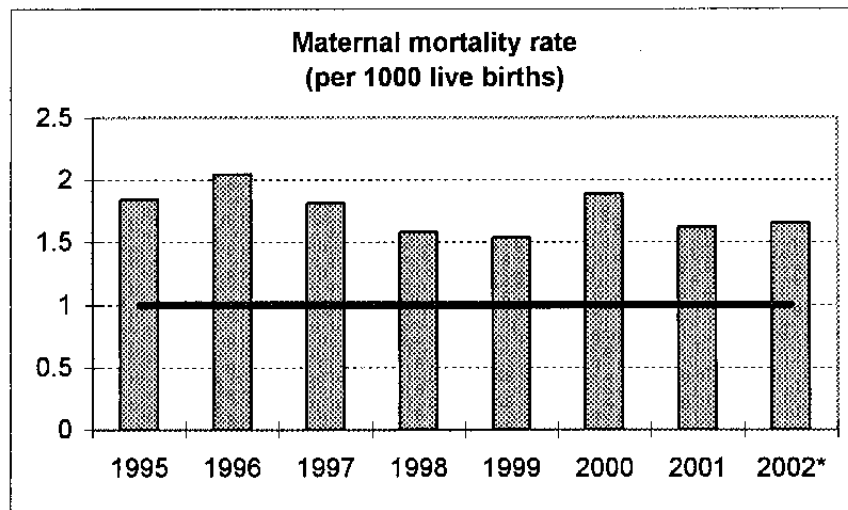
(b) Health sector

Alongside education, the health sector also has an important place in government policy, given its mission to promote and preserve a healthy population. The 2000–2004 government program stresses the need to universalize basic healthcare throughout the population, in conjunction with universal access to primary education, in order to expand the supply of healthier, better trained and more motivated human resources throughout the country. In keeping with the Strategic Health Plan (PESS), PARPA establishes the following objectives in this strategic area: improving the quality of primary healthcare and access to it (mother-child health and adolescent health); and combating the major endemic diseases (malaria, tuberculosis and leprosy) and HIV/AIDS. Achieving these objectives requires expanding the health network, developing human resources and improving planning and management methods in the sector.

Health-sector performance was analyzed on the basis of indicators chosen for their close relation to the aims described above: the intra-hospital maternal mortality rate; the infant mortality rate; the prevalence of intra-hospital low-weight births; the percentage of children under one year of age that have completed the DPT 3 immunization program; the coverage of institutional births; and the distribution of condoms in STD/AIDS preventive actions carried out by healthcare units.

Figure 5 shows the trend of the intra-hospital maternal mortality rate during 1995–2002, which is an indicator of health sector performance in the women's health component. In 1995, the maternal mortality rate was 1.84 per 1,000 live births. PARPA 2001–2005 set a target of 1 per 1000 live births to be reached by 2005 (shown as the continuous line in the graph). Mortality fell significantly in 2001, but in 2002 it has remained above 1.6 per 1,000.

Figure 5



Source: MISAU – Planning and Cooperation Office, 2002. (*) Estimate for the first half of 2002.

One of the key action areas in the mother-child health component involves expanding access to primary care. This is measured by the coverage of pre-natal check-ups, institutional births, post-delivery consultations and the number of new users of family planning services. The following table shows that PARPA targets in this domain have generally been achieved.

Table 2: Access to primary care

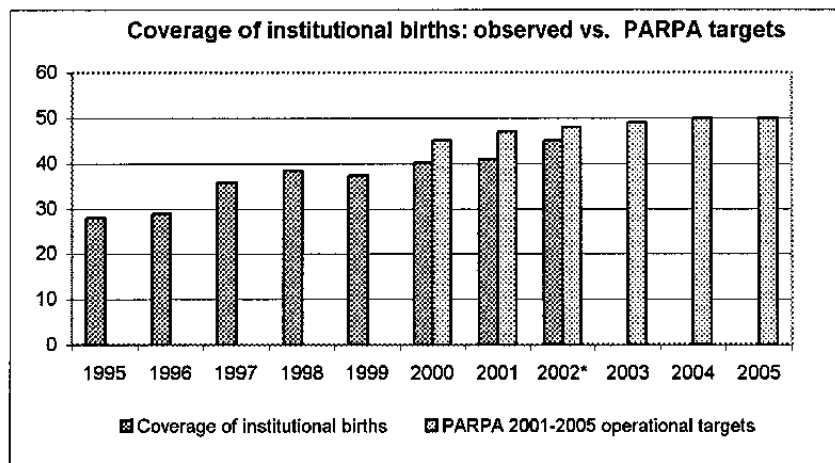
Coverage indices	2000		2001		2002	
	PARPA	Observed	PARPA	Observed	PARPA	Observed (1st half)*
Pre-natal check-ups	95%	105%	96%	105.8%	97%	54.5%
Institutional births	45%	40.3%	47%	41%	48%	20.8%
Post-delivery consultations	50%	50.0%	52%	51%	54%	24.1%
New users of family planning services	13%	7%	13%	7.6%	15%	

Source: MISAU – Planning and Cooperation Office, 2002.

(*): Index of coverage in the first semester of 2002, calculated as a percentage of the annual target group.

Although Figure 6 shows a growth trend in the proportion of women giving birth in healthcare institutions, PARPA 2001–2005 targets in this case have not always been achieved. From 28 percent in 1995, institutional birth coverage had climbed to 41 percent by 2001. But despite this progress, a large proportion of women, particularly in rural areas, continue to deliver their babies with assistance from traditional midwives. This has resulted in an increase in the number of deaths caused by complications arising during childbirth. Efforts to overcome this problem are included in the priority of extending the health network to the most remote regions of the country.

Figure 6

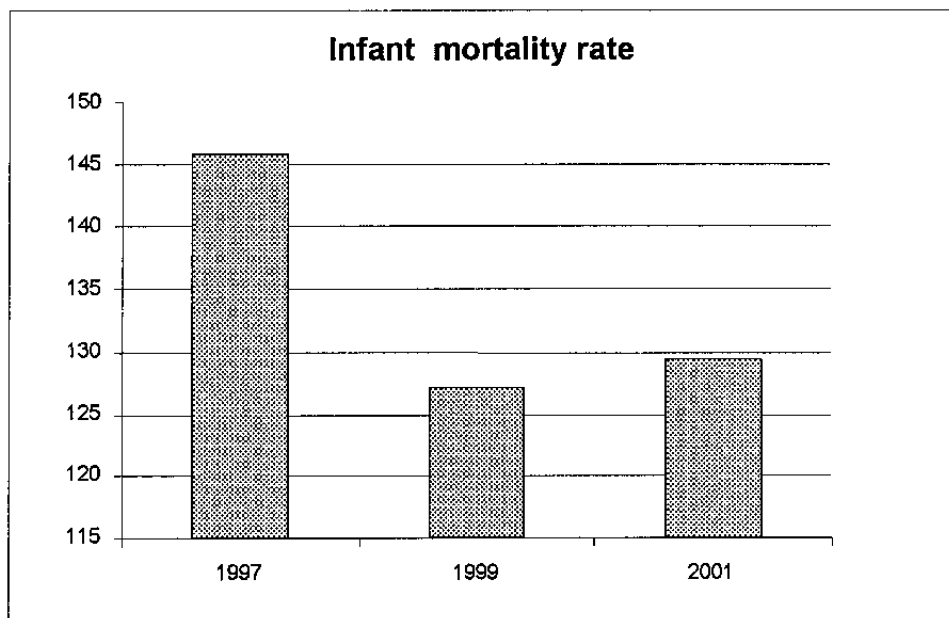


Source: MISAU – Planning and Cooperation Office, 2002.

(*) MPF estimate for 2002, based on first semester data.

In the *child health* component, the main objective is to reduce infant-childhood mortality to 200 per 1,000 live births by 2005. Figure 7 shows a declining trend in the infant mortality rate, which has fallen from 145.7 per 1,000 live births in 1997, to 127 in 1999 and 129.4 in the first half of 2002.

Figure 7



Source: INE, 1997 Census and QUIBB.

In the child health component, the sector has concentrated on improving primary healthcare services and preventing the major endemic diseases through the extended immunization program. Actions in 2001 have included introduction of the tetravalent and hepatitis-B vaccines, and the use of disposable syringes. **Table 3** gives coverage indices indicating the progress made in these areas.

Table 3: Coverage indices of the Extended Immunization Program, 2000-2002

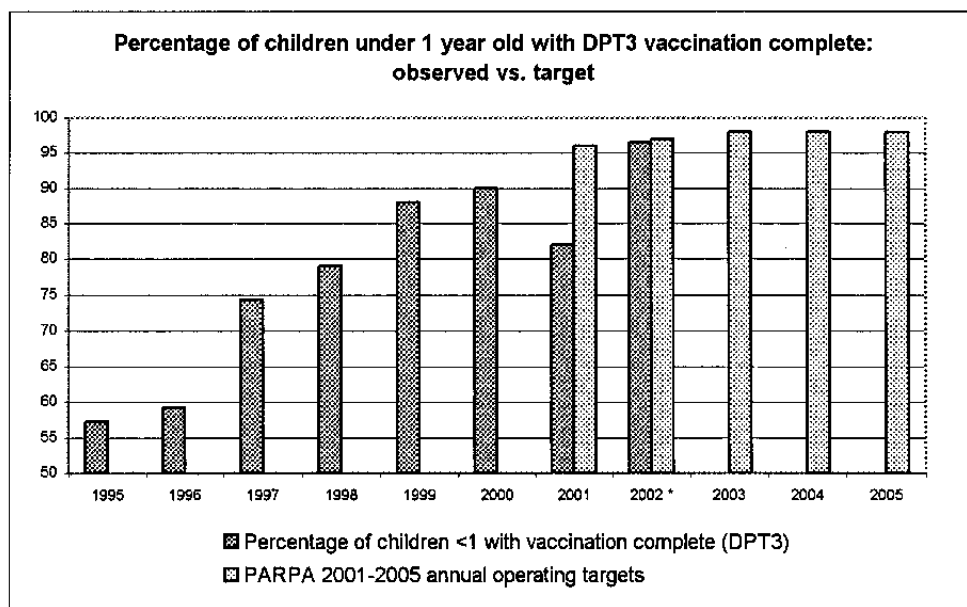
Coverage indices	2000		2001		2002	
	PARPA	Observed	PARPA	Observed	PARPA	Observed (1st semester)*
First medical check-up, 0-4 years old	60%	58.9%	62%	48%	64%	35%
First check-up, 0-11 months old	95%	100%	96%	100%	97%	89%
Inoculation of infants under 1 year old against Tuberculosis	97%	100%	97%	97%	98%	41%
Inoculation of infants 9-23 months old against Polio and DPT	95%	88%	96%	82%	97%	43%
Inoculation of infants 9-23 months old against Measles	95%	97.1%	96%	94%	97%	47%
Inoculation of women of childbearing age against Tetanus	25%	9.9%	27%	7.1%	29%	%

Source: MISAU – Planning and Cooperation Office, 2002

(*): Coverage index in the first half of 2002 calculated as a percentage of the annual target group.

Figure 8 shows the trend in coverage of full DPT3 immunization for children under one year old. Compared to a figure of 57.3 percent in 1995, the coverage rate for this inoculation had climbed to 79 percent by 1998 and reached 82 percent in 2000. The pattern of improvement has been reinforced by a simultaneous decline in the rate of abandonment of the DTP inoculation program between the first and third doses. This positive development serves as a quality indicator reflecting efforts made by the health authorities to correctly plan the inoculation timetable and circuit, supported by work done to mobilize the community and raise awareness.

Figure 8



Note: (*) MPF estimate for 2002, based on first semester data.

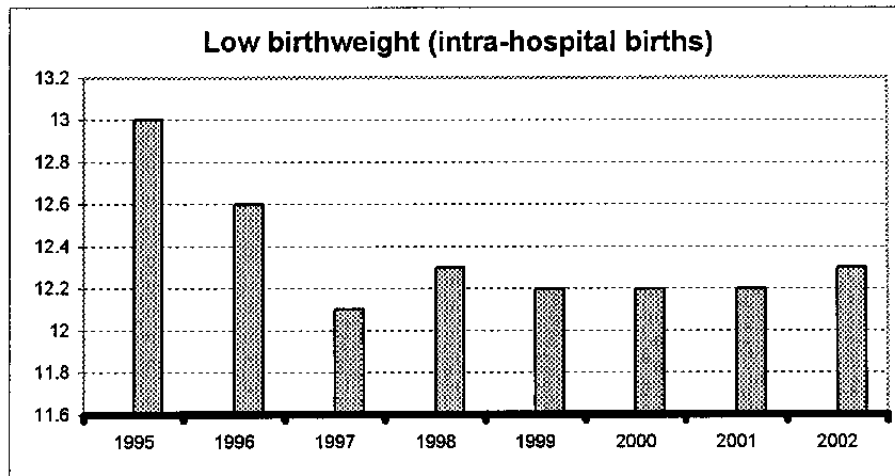
Source: MISAU – Planning and Cooperation Office, 2001

In combating the major endemic diseases, a variety of activities were carried out under the National Malaria Control Program, including the anti-vector campaign, and early diagnosis and treatment. In the sphere of prevention, priority was given to indoor spraying campaigns (protecting approximately 3.5 million people in 2001), together with outdoor spraying in all provinces, and the distribution of mosquito nets (60,000 in 2001, and 50,000 in 2002) in the provinces of Sofala, Zambézia and Tete, and in Maputo City.

In actions to combat *Tuberculosis and Leprosy*, based on proposals by the National Program for the Control of Tuberculosis and Leprosy, the logistics survey and preparatory phase for launch of the COMBI project were both completed during the first half of 2002. This project aims to speed up the Leprosy Elimination Program, and is scheduled for pilot introduction in Nampula in September (Nampula is the province with highest leprosy prevalence—8.9 cases per 10,000 inhabitants). Activities in the fight against tuberculosis and leprosy carried out during 2001 and the first half of 2002 include training for health workers and for supervisors of treatment given to patients in healthcare units. Priority aims are to raise the cure rate to 75 percent in the case of tuberculosis, particularly in the central region (72.6 percent in 2000), and to reduce leprosy prevalence to under 1 case per 10,000 inhabitants (4.5 per 10,000 in 2000, 3.8 in 2001, and 3.4 in the first half of 2002).

Figure 9 shows the trend of one of the key indicators of *food and nutritional security*, especially among children and women of childbearing age, namely the intra-hospital low birthweight prevalence rate. In 1995, more than 13 percent of children born in the country's healthcare units had a birthweight below 2.5kg, which is associated with a deficient pattern of nutrition in the mother during pregnancy. Although the rate had fallen to 11.7 percent by 2000, there has since been an upturn during 2001 and the first half of 2002. PARPA foresees a rate of 11 percent being achieved by 2005.

Figure 9



Note: Figures for 2002 refer to the first semester.

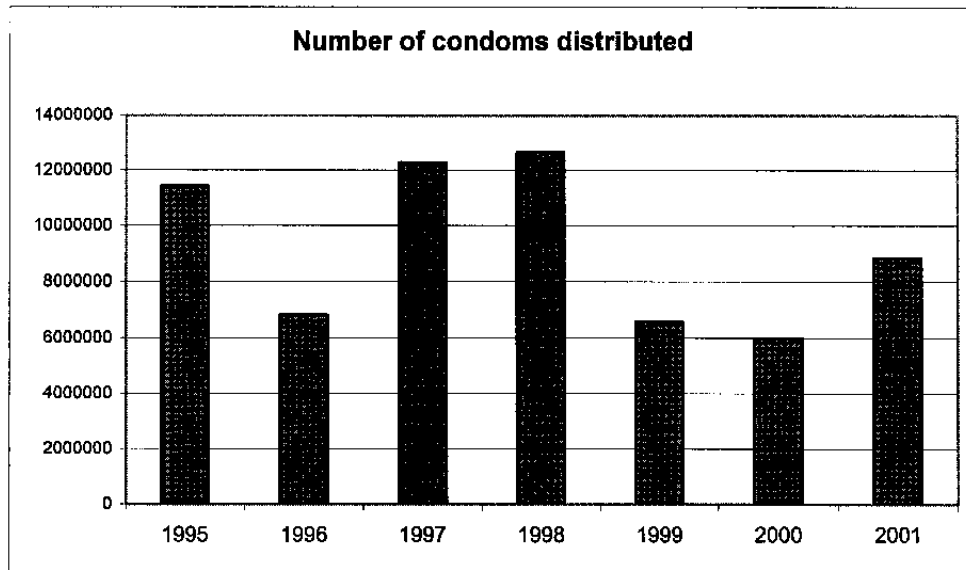
Source: MISAU – Planning and Cooperation Office, 2002.

Activities in this domain were aimed at promoting nutritional education in healthcare units and in the community at large, in the framework of the Food Security Program coordinated by SETSAN. In addition, food supplements were introduced using vitamin-A, ferrous salt and folic acid capsules, during the second round of the mother and child healthcare campaign; implementation of the LOA program was also continued.

The main objectives in the fight against *sexually transmitted diseases (STDs) and HIV/AIDS*, are to prevent infection and improve the treatment of patients, in keeping with the National Strategic Plan to Combat AIDS 2000–2002. The key actions planned to prevent and reduce the impact of HIV/AIDS include promoting condom use, running information campaigns, and creating and implementing Advisory and Voluntary Testing Bureaux (GATVs).

Figure 10 shows the number of condoms distributed between 1995 and 2001 by MISAU and other institutions. Distribution broke down during 2000 in the wake of the floods, as health-sector efforts were diverted to emergency actions. Significant growth was recorded in 2001, despite failing to meet PARPA target of 1.5 million for that year. Actions during 2001 and the first half of 2002 focused on education and information campaigns on STDs and AIDS, and the opening and promotion of GATVs. A total of six bureau were opened in 2001, and a further 18 in the first half of 2002. As many as 21,766 people submitted to voluntary testing between January and September 2002, which suggests that the number of tests in 2002 as a whole could exceed PARPA target for the year of 24,000. Prevention campaigns have also been intensified, especially with respect to mother-child transmission. In addition to prevention, the health sector is also strengthening efforts in the treatment area, given the rising number of declared cases.

Figure 10



Source: MISAU – Planning and Cooperation Office, 2002.

The components for primary healthcare, combating major endemic diseases and HIV/AIDS all benefited from efforts made to *expand the health network*. In 2001, 43 healthcare units were constructed in the primary network (first-aid posts and health centers), mainly in Cabo Delgado, Zambézia and Sofala, and another 27 units were refurbished. In the secondary network, activities focused on refurbishment and extension of nine rural hospitals and the promotion of six health centers to the rural hospital category. In the tertiary network, refurbishment was carried out in the provincial hospitals of Xai-Xai, Tete and Quelimane, and also at Maputo central hospital in the quaternary network.

Quantity increases in health services need to be matched by efforts to raise quality. Priority actions in this area relate to the training of health workers and the provisioning of healthcare units. In the initial training domain (intermediate, basic and elementary level) 826 students graduated in 2001, with a further 990 graduations expected in 2002. In addition, 12 specialist doctors were trained in priority areas. With regard to provisioning of medicines and other material in healthcare units, steps were taken to improve knowledge on needs, supply prioritization mechanisms and process-supervision instruments.

Another basic objective in the health sector is to improve planning and management. In this area, the Strategic Health Sector Plan was finalized and the strategic planning process is underway in the provinces of Inhambane, Nampula, Tete, Cabo Delgado and Manica. Annual provincial programming is currently being computerized.

Analysis of sectoral performance shows that activities have prioritized the goal of increasing the supply of healthcare services. The trend in coverage rates satisfies PARPA targets and is a clear indication of the progress made by the sector. In the fight against HIV/AIDS, prevention has been given more importance than curative action, although treatment is now being strengthened as the number of sick patients increases. The goal of improving the quality of health services remains a challenge for the sector and needs to be strengthened in sectoral planning and execution.

(c) Agriculture and rural development

Adopting the basic principles of PROAGRI, PARPA has established the following key objectives for agriculture and rural development in contributing to poverty reduction: (i) an increase in agricultural output and productivity, especially in the family sector (this means greater and more efficient use of credit and factors of production such as seed and land); (ii) an increase in the profitability of agricultural activity (purchase of inputs and marketing of surpluses in more accessible and competitive markets); and (iii) a reduction in food insecurity. The Ministry of Agriculture and Rural Development (MADER), acting through the various components, needs to improve the quantity and quality of public services aimed at achieving the sector's objectives (training, development ...) and preferentially targeting the family sector. A prerequisite for improving the provision of MADER services is development of existing institutional mechanisms.

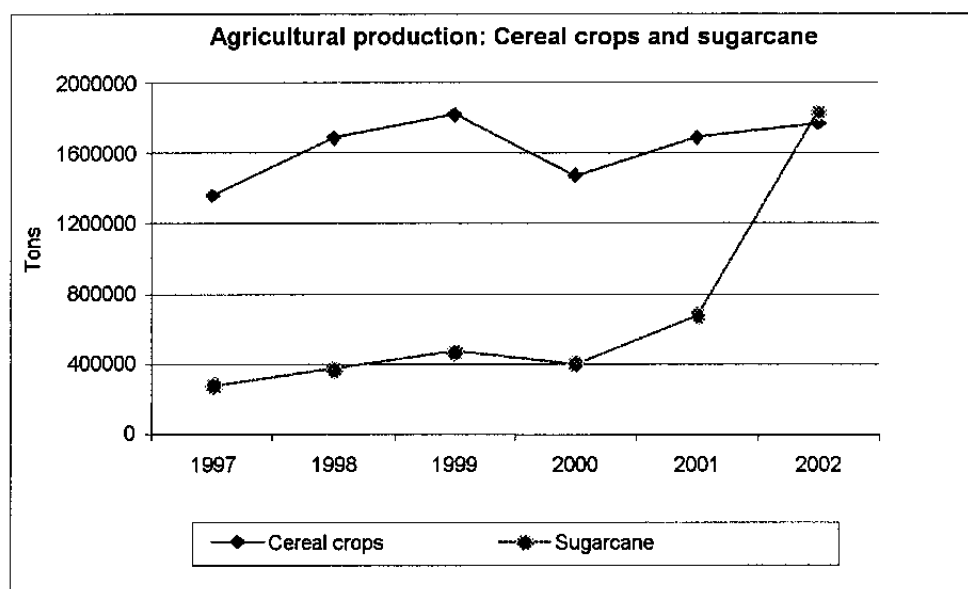
The most recent agriculture and livestock census (conducted in 1999–2000, with results published in July 2002) has shown that land plots of between 0.2 and 2 hectares accounted for 79 percent of all cultivated land area, and that 98 percent of the country's farms are smaller than 3 hectares. Given that about 70 percent of the Mozambican population is rural, improvements in agricultural production should help reduce poverty. This analysis evaluates the production of cereals, cotton, sugar and cashew nuts, given the impact of these crops on household incomes. The data reported refer to the previous year, since agricultural seasons start in one year and end in the first half of the next. Following the analysis of production, an evaluation is made of sectoral activities, based on currently available information.

Cereal crops, particularly maize (which accounts for about 70 percent of total grain production and occupies 62 percent of cereal crop-growing area), are mainly grown on small plots of land (average cultivated area 1.22 hectares). Indeed, as much as 97.6 percent of the total area devoted to maize involves small-scale operations. Maize is also important in measuring progress in commercial activity, since most household units that market their cereal crop production sell maize.

In the 1997-98 season, grain production increased from about 1.359 billion to 1,686 billion tons, and production in the following seasons has stabilized around that level (**Figure 11**). Nonetheless, there were setbacks in the 1999-2000 season, coinciding with the first floods, which destroyed agricultural infrastructure and caused input markets to break down. Output recovered in 2001, however, to grow by about 4.9 percent in the most recent season (2001–2002).

Production of sugarcane has been trending upwards thanks to efforts by the government to revive the national sugar industry. In 2001, the Marromeu factory came back on stream, thereby increasing the country's installed sugar production capacity, although Marromeu and Mafambisse were both hit by the flooding that occurred in the first half of the year. Sugarcane output grew by 172 percent in 2002, with all factories fully operational. Figures from the 1999-2000 agriculture and livestock census show that about 60 percent of the area of sugarcane cultivation is carried out on large plantations, while 41 percent involves small-scale operations. Although the recent production trend mainly benefits the large producers, it also has an indirect impact on reducing poverty. The rehabilitation of the sugar industry has created new jobs in rural areas generating increased incomes for the peasant population living there.

Figure 11



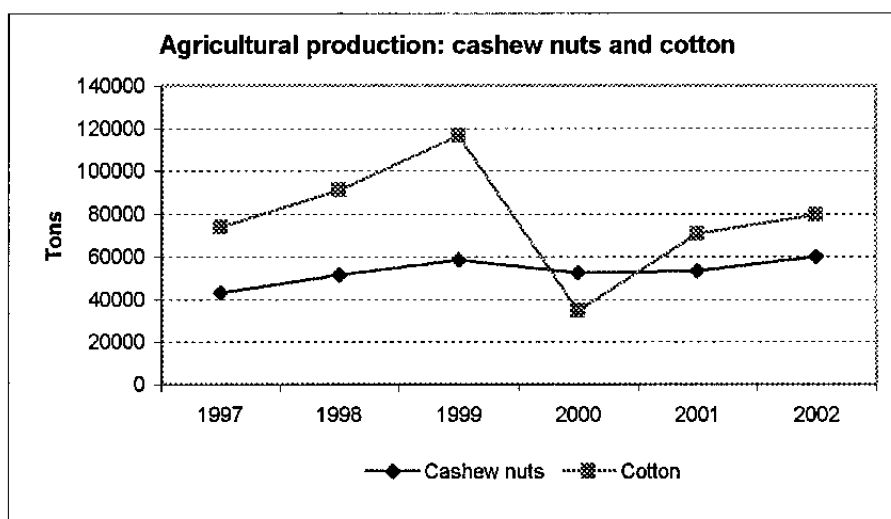
Note: Figures for 2002 are estimates.

Source: MADER – National Office of Economic Affairs, Statistics Department, 2002.

Figure 12 illustrates the output trend for *cashew nuts and cotton* between the 1996–97 and 2001–02 seasons. According to the 1999–2000 agriculture and livestock census, 88 percent of areas sown with cotton and 98.75 percent of cashew growing areas are small-scale operations. These two crops form part of Mozambique’s agricultural export base; about 49 percent of the cashew crop and nearly all cotton production is commercially marketed.

In the 1999–2000 season, *cotton* production plummeted to around 35,000 tons as a result of the floods. In the most recent seasons, the prevalence of cyclical weather-related shocks compounded by the low price of cotton on the international market, have substantially hindered the sector’s revival. In contrast, a representative *cashew nut* production series displays a rising trend, although leveling off slightly in the 1999–2000 and 2000–01 seasons. The 2001–02 cashew crop totaled about 60,050 tons.

Figure 12



Source: MADER – National Agriculture Office, Rural Extension Department, 2002.

Table 4 shows output trends for grains, cashew nuts and cotton seed, in relation to PARPA targets. Although production has been increasing, it does not yet meet those targets.

Table 4: Agricultural production in the 2000/01-2001/02 seasons

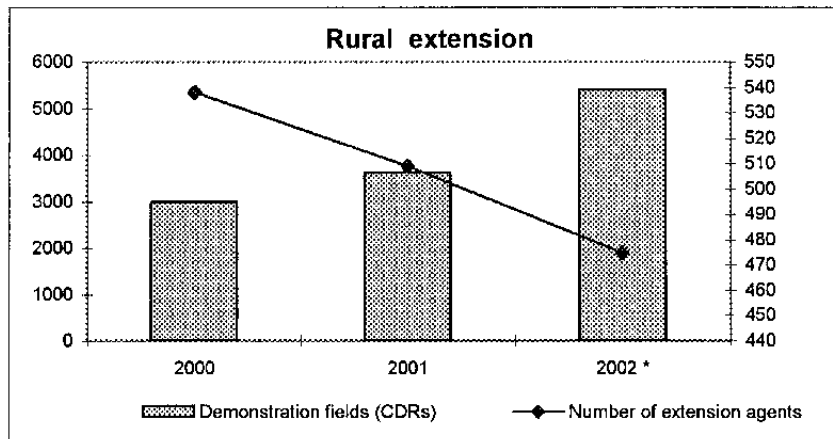
(Tons)

	2000/01 season			2001/02 season		
	Target	Outturn	Result	Target	Outturn	Result
Cereal crops		1,686,000		1,650,000	1,768,0000	Achieved
Cashew nuts	60,000	53,613	Not achieved	79,400	60,050	Not achieved
Cotton seed	95,000	71,048	Not achieved	110,000	79,713	Not achieved

As indicated at the start of this chapter, expanding output is one of several priority objectives for the agriculture sector. Data provided by MADER on activities carried out during 2000, 2001 and 2002 are more abundant and of better quality when referring to the goal of *increasing families' production capacity and enhancing productivity*, and specially as regards incentives for families to adopt better techniques, and the control of pests and diseases. These activities are carried out by the agricultural services area (Rural Extension, Livestock, Production Support, and Research). Nonetheless, in keeping with PARPA requirements, there is a growing tendency to outsource certain services (for example, sanitary assistance in the livestock component).

The trend of rural extension services is monitored through results demonstration fields (CDRs) which serve as an indicator of the expansion and dissemination of standards and techniques for rural communities in the family sector. **Figure 13** shows a rising trend in the number of CDRs, resulting from the effort made by MADER to disseminate improved agricultural production techniques. Despite the effort the State has been putting into training, it is competing with NGOs to hire extension agents. Nonetheless, 23,808 CDRs were registered in 2001 with a further 33,920 in 2002; and the sector has been working to improve performance in this activity.

Figure 13



Note: Figures for 2002 are estimates.

Source: MADER – National Agriculture Office, Rural Extension Department.

In order to guarantee *land access* rights, the key activities undertaken by MADER during 2001 and the first half of 2002, were mainly aimed at simplifying procedural mechanisms relating to land use rights. In promoting the *commercialization* of agricultural products and access to input markets, key steps included three major projects to create and consolidate rural micro-finance institutions; together with improvements in the collection and dissemination of information from provincial agricultural markets (SIMAP). With regard to the aim of *reducing food vulnerability*, efforts by MADER to coordinate with other SETSAN institutions and activities failed to achieve the expected results; and activities to improve the nutrition situation were mainly confined to increasing agricultural output.

Generally speaking, agriculture and livestock output expanded during the two seasons evaluated, despite failing to achieve PARPA targets. Analysis of activities described in the PARPA monitoring matrices for 2001 and the first half of 2002, shows that efforts have concentrated mainly on stimulating production and increasing agricultural productivity—particularly through the dissemination of improved techniques and protection against pests and diseases, in line with PARPA objectives. Despite the effort made by the sector, it is hard to be specific about the degree to which goals have been achieved because of a lack of details on the execution of activities provided by the sector. Ongoing work in the framework of the Agriculture Sector Expenditure Review has confirmed that agricultural services obtained the largest budget share in annual activity plans (PAAOs) between 1999 and 2002 (around 42 percent).

Institutional development is clearly the component that most increased its budget share, thereby reflecting the sector's determination to improve institutional mechanisms. This is one of the key objectives pursued by PROAGRI, in its mission to restructure MADER, which includes refocusing it

and preparing it to meet new requirements arising from the restructuring of Mozambican agriculture in the market economy framework.

Meanwhile, components relating to improved access to land, encouragement of marketing and reduction of food vulnerability need more attention in terms of planned activities and funding. These aspects need to be highlighted, in order to uphold the more broad-based approach of PARPA.

(d) Infrastructure

The availability of basic infrastructure is the key to reviving poverty-reducing economic growth, and the gains in economic growth achieved over the last five years are partly the result of efforts made by the government to restore this. Nationwide coverage of transitible highways is still fragile, however, which has discouraged private-sector investment and slowed the development of rural markets for agricultural inputs and products.

This section evaluates progress made in fulfilling the PARPA 2001–05 infrastructure goals. The analysis is restricted to 2000–2001 and the first half of 2002, using sectoral projections and the degree of execution of programmed activities to assess the current situation.

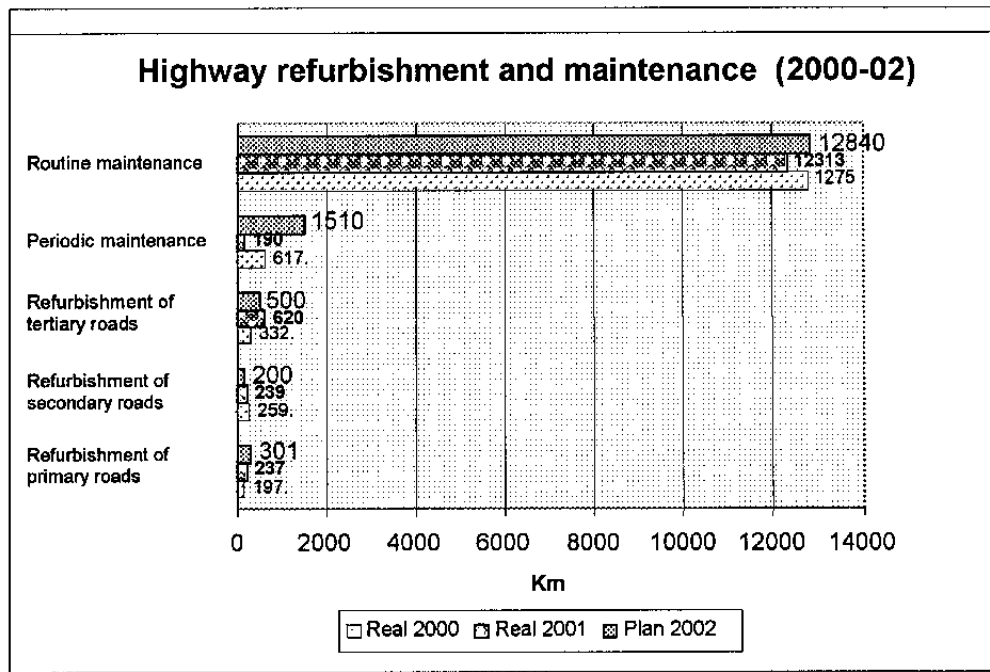
Roads

The main aim in the highways sector is to expand the coverage of access roads, prioritizing those which: (i) afford access to national markets for poor isolated regions with agricultural potential; (ii) help markets expand; (iii) help reduce transport costs; and (iv) help develop the main corridors. The target is to reduce the proportion of impassable roads to under 5 percent, and bad quality roads to under 25 percent, by 2005, through intensive use of labor.

Figure 14, below, illustrates the trend of primary road maintenance and refurbishment activities in 2000–2002, indicating the degree of fulfillment of the sectoral plan. In 2000, about 12,700 km of roads received routine maintenance, and 617.4 km underwent periodic maintenance aimed at keeping them passable all year round. In addition about 332.5 km of tertiary roads were refurbished, along with 259.9 km of secondary and 197.9 km of primary roads. The following targets were set for 2001: (i) refurbishment of 348 km of primary roads covering the following stretches, Muxúngue-Rio Save (48 km); Gorongosa-Caia (79 km); Nampula-Nacala (8 km); Vandúzi-Changara (14 km); (ii) refurbishment of 243 km of secondary roads as follows: Macomia-Oasse (86 km), Memba-Cava (93 km), and Cava-Lúrio (60 km); (iii) rehabilitation of 658 km of tertiary roads; (iv) periodic maintenance covering 227 km; and (v) routine maintenance on 15,000 km, together with reconstruction and assembly of six metallic bridges.

As the graph shows, the level of compliance with the sectoral plan targets has been quite satisfactory: 68.1 percent in terms of primary road refurbishment; 98.4 percent for the refurbishment of secondary roads; and 94.2 percent in the case of tertiary roads. In relation to PARPA targets, sectoral performance displays a 62 percent achievement rate for the rehabilitation of secondary roads in 2001, and about 112.7 percent with respect to tertiary roads. In terms of periodic maintenance, the 2001 sectoral plan was 83.7 percent complied with (82.1 percent in the case of routine maintenance). In addition, four metallic bridges were constructed and assembled during the year, which implies 66.7 percent compliance with the target set in the sectoral plan.

Figure 14



Source: MOPH, Economic Affairs Office, 2002.

Fulfillment of targets in 2001 was seriously disrupted by the floods that occurred in the early months of the year in the central and northern parts of the country. Although definitive data are not yet available on fulfillment of the 2002 plan, levels of compliance with activities programmed up to the end of the first half of 2002 were as follows: in rehabilitation work, 30.7 percent for primary roads, 64 percent for secondary, and 9.8 percent for tertiary roads; in maintenance work, 10.7 percent for periodic and 40 percent for routine maintenance. These figures point to an average compliance rate above 60 percent for the year as a whole.

Even though the figures indicate increased availability of access roads, additional efforts still need to be deployed in this area. Resource constraints, compounded by the devastation caused by the latest flooding, require a commitment towards high-quality construction in order to make access roads more durable. The use of labor-intensive technologies, especially in periodic and routine maintenance work on classified and unclassified roads, in conjunction with other capital-intensive technologies, has a multiplier effect on other sectors of activity. Labor-intensive activities make it possible to raise income levels, particularly among rural families, which encourages greater consumer spending; while capital intensive activities boost expenditure on intermediate inputs produced in the domestic market, thereby stimulating development of a whole range of related anchor activities.

Water and sanitation

Access to potable water is one of the key vectors of government action aimed at improving the population's living standards. Given its crucial importance for the country's socioeconomic development, PARPA establishes the following central objectives in the water component: (i) promote sustainable water use; and (ii) increase the supply of potable water and provision of low-cost sanitation in urban areas.

The following key actions were programmed in 2001 to fulfill the first objective: (i) rehabilitation of the hydro-meteorological network, and installation of a flood warning management office. Activities in this area include refurbishment of 26 hydrometric stations (Inkomáti (7), Zambeze (3), Umbeluzi (2), Lago Niassa (2), Limpopo (1), Banguza (1), Muri (1), Govuro (1), Uinhamiquelenc (1), Inhamitanga (1), Luia, Capoche, Marrromeu (1) and Lunho (1)). This meant an execution rate of about 30 percent, since 87 were originally programmed. In addition 12 pluviometric stations were constructed—just 1 percent of the 132 that had been planned; (ii) supervision of compliance with international agreements relating to the management of international rivers. Meetings and bidding processes were held as part of this activity, in order to develop a Strategic Integrated Plan for the Management of Water Resources in the Zambezi River. In 2001, joint studies concluded on the socioeconomic development opportunities of the Inkomáti river basin.

PARPA 2001–2005 set the following targets for increasing the supply of potable water and providing low-cost sanitation in urban and rural zones: (i) raising coverage of water supply to urban and periurban populations to 50 percent, by refurbishing supply systems and reducing losses; and (ii) raising water supply coverage in rural areas to 40 percent, covering six million people by 2004, and ensuring sustainability of local infrastructure management, particularly in Zambézia, Nampula and Niassa provinces.

To achieve these targets, 1,171 drinking-water fountains (standpipes) were constructed and/or refurbished: 118 in Niassa, 163 in Cabo Delgado, 62 in Nampula, 103 in Zambézia, 74 in Tete, 59 in Manica, 144 in Sofala, 150 in Inhambane, 145 in Gaza, and 153 in Maputo. This corresponds to an average national coverage rate of 35 percent. According to the figures shown in the table, the additional standpipes led to improved coverage rates in Niassa, Cabo Delgado, Nampula, Zambézia, Manica, Sofala, and Maputo.

The PARPA 2001-2005 operational matrix does not set specific annual targets for evaluating progress towards the goal set for 2005. To make a more complete and consistent assessment of progress in this area, the sector would have to identify specific targets for each year, by zones (rural and urban), indicating the population to be covered. Nonetheless, evidence suggests that the country is substantially on course to achieve average coverage of about 45 percent in water supply to urban, periurban and rural populations by 2005.

Table 5: Comparative analysis of water sector performance

Province	2000		2001	
	Standpipes	Coverage	Standpipes	Coverage
Niassa	45	34	118	40.7
Cabo Delgado	6	39	163	48.0
Nampula	40	15	62	15.1
Zambézia	64	18	103	20.4
Tete	65	57	74	47.3
Manica	40	47	59	48.3
Sofala	1	31	144	53.2
Inhambane	44	33	150	24.1
Gaza	12	70	145	65.3
Maputo	7	26	153	65.8
Total	334	36.5	1171	35.0

Source: MOPH, ESP Balance Sheet 2001.

In activities to strengthen the improved latrine system in urban, periurban and rural areas, 13,078 of the 20,000 latrines planned for construction were actually built, 855 of these being destined for vulnerable population groups. This represented about 65 percent compliance. The various factors responsible for failure to achieve the target include delays in approving the investment budget, and the irregular nature of disbursements. The number of beneficiaries totaled about 65,390 people. Figures shown in Table 6 indicate a substantial increase in the degree of coverage among the target population.

Table 6: Latrines constructed, beneficiary population and coverage rate per project

Projects	Population served					
	2000			2001		
	Latrines	Population	Coverage	Latrines	Population	Coverage
Maputo and Matola	8 737	665 240	54	1 237	671 425	56
Xai-Xai, Macia and Mandlhacaze	852	89 975	70	1 662	98 285	78.9
Inhambane, Maxixe and Massinga	1 426	79 470	41	1 134	85 140	45
Beira and Dondo	1 239	105 205	25	1 458	112 495	27.1
Chimoio	1 182	139 035	59	1 790	147 985	64.2
Tete	890	35 660	24	1 114	41 230	27.9
Quelimane/Mocuba	1 730	68 700	35	1 779	77 595	40
Nampula and Angoche	2 919	97 370	28	1 517	104 955	30.7
Nacala	821	37 460	19	413	39 525	20.4
Pemba and Montepuez	499	72985	45	299	74 480	47.5
Lichinga and Cuamba	795	34 590	49	675	37 965	54.9
Total	21 090	1 425 690	43	13 078	1 491 080	44.6

Source: MOPH, ESP Balance Sheet 2001.

Coverage of the target population increased by 3.7 percent in 2000-2001; if a growth trend of around 3–4 percent per year is maintained, the 50 percent population coverage target for the supply of improved latrines, set by PARPA for 2005, could actually be surpassed.

Energy

The main PARPA objectives in the energy domain are as follows: (i) expand people's access to energy sources, and reduce the environmental impact of the use of non-renewable sources. As key actions to achieve this in the component relating to installation of electric power plants in district capitals, electrification was completed in 2001 in the following districts: Chiúta, Guro, Nova Mambone, Macossa, Chinde, Morrumbala, Cheringoma, and Namarrói. Work is currently ongoing to complete electrification in a further 17 districts (including the localities of Nungu in Niassa, and Bibiliza and Ibo in Cabo Delgado).

Despite efforts deployed by the government to meet PARPA targets, the infrastructure base of the Mozambican economy is still very fragile. Prioritization of resource allocation in the infrastructure area will require more clearly defined objectives, targets, indicators and concrete actions for each year, in order to improve the monitoring and evaluation process.

(e) Good governance, legality and justice, decentralization and deconcentration

Although the 2001–2005 edition of PARPA is the first to include a separate chapter on *Good Governance, Legality and Justice*, this component has been receiving special government attention for some time, through a broad spectrum of initiatives undertaken by various ministries and agencies

at both central and provincial level. These are part of a multi-institutional strategy implemented by the State to improve its dealings with citizens and their institutions, in the areas identified below. Initiatives include launching the public-sector reform program, initial application of Decree 15/2000 on recognition and legitimization of local authorities by their communities, and the provision of technical assistance to all provincial governors and local State bodies.

Legality, justice and public order – central government agencies are making major efforts to fulfill the various PARPA commitments, which reflect the expectations of economic agents, social actors and society at large. Activities include the following:

The Integrated Strategic Plan for the justice sector was concluded in 2001, and work is currently ongoing to review the corresponding budget proposal and details of operational indicators to implement the plan.

Template projects for the creation of Labor Tribunals in five provinces are still being prepared.

With a view to improving prison conditions, rehabilitation work is currently underway in the Maputo Central Jail, the Central Jail of Beira, the Mabalane Penitentiary, the Chimoio Agricultural Penitentiary and the Nampula Industrial Penitentiary. Alongside this, other civil works are being carried out in support of the Justice sector.

With regard to skill training and humanization of staff, the prison guards training program has been completed; training courses have also been held for inmates; two courses have been held for prison educators; and management training has been provided for prison directors. The activities monitoring system in this area needs to be improved by specifying the number of people covered and the pass rate, among other quality indicators.

As part of a drive to increase capacity and improve performance among the forces of law and order, 570 new cadets were trained on the basic police course in 2001, while the Police Academy (ACIPOL) admitted 40 new students.

Partial-scope actions were implemented to improve prison services in preventive detention units in Niassa, Zambézia and Cabo Delgado (Pemba and Montepuez). In addition, a wide-ranging program to rehabilitate installations and equipment in the Maputo, Beira and Nampula police stations was implemented, together with other building investments (new construction and refurbishment). This program has been extended to the prison system starting with rehabilitation work on the maximum security jail in Maputo and the Industrial Penitentiary of Mizeze (Cabo Delgado), among others.

Other important actions in the 2002 program within the jurisdiction of the Ministry of the Interior (MINT) included the following: (a) investment in organization, methods and training—through two courses held at ACIPOL, one for detectives and another on drugs; (b) a diagnostic study was carried out in the PRM provincial commands in Gaza, Inhambane and Sofala, as part of the Police Station Rehabilitation Program; funds to execute the corresponding works remain to be assigned. The authorities also have tightened compliance with preventive prison terms, as part of the effort to promote justice and legality. In addition, the names of police officers discharged for engaging in activities incompatible with police functions have started to be publicized. Collaboration has also been intensified between the PRM, the Migration Services and Customs on the control and investigation of transboundary crime. The main constraint on these actions at the sectoral level is the scarcity of suitably qualified human resources.

Restructuring and strengthening of public institutions in dealing with the private sector, other agents and the public. During 2001, the respective ministries (MIC/MAE/MJUST) implemented a wide-ranging training program involving 77 officials, 33 magistrates, 40 legal officers and five legal

assistants. Although the MPF has been working to reform economic-activity licensing and inspection bodies to make them more dynamic, there is a need for more specific and detailed information on the concrete steps taken.

Pursuant to its institutional brief, the MAE undertook a review of Decree 36/89 dealing with rules governing the functioning of State services; this culminated in Decree 30/2001 being approved, which lays down operating rules for public administration services. The decree sets forth guiding principles for the actions of public officials, together with bureaucratic deadlines, with the aim of improving citizen services. Other MAE activities include a review of the General Civil Servant Statute (EGFE), with the aim of making this a regulatory instrument governing relations between the State, civil servants, agents and citizens. In addition, the Public Administration Training System (SIFAP) was implemented to raise professional performance indices and improve the quality of services; buildings were rehabilitated or constructed for district administrations and administrative posts, and training was provided for civil servants at that level.

Also in 2001, programmed construction work was completed in civil registry and notary offices in various parts of the country – including the provinces of Inhambane (Jangamo), Sofala (Buzi) and Gaza (Bilene)—together with building refurbishment in justice-sector buildings in Maputo (Marracuene), Nampula (Monapo), Gaza (Guijá) and Zambézia (Ile and Milange). The promotion of the civil registries in Memba and Monapo (Nampula) and Montepuez (Cabo Delgado) to conservatory rank helped to streamline procedures that previously had depended on conservatories located in provincial headquarters.

As part of the modernization of civil registry and notary services, equipment including 12 computers was purchased in the first half of 2002, and 25 staff were trained. At the same time, measures to simplify bureaucratic procedures were pursued.

In addition to the conclusion in 2001 of an ad-hoc revision of the Penal Code, the Code of Criminal Procedures is now in the global reform phase.

Protection of borders and maritime inspection – the project to implement the Vessel Monitoring by Satellite (VMS) system, to protect and patrol the country's territorial waters and maritime activities, was launched in 2002 following contract award to the successful bidder. Implementation of the project is suffering from a lack of coordination among participating institutions (MINT, MPESCAS), however.

In the customs domain, steps were taken to streamline import clearance and VAT drawback procedures, and customs procedures were adapted and simplified in order to bring them into line with the Southern African Development Community (SADC) trade protocol.

The fight against corruption – Although the Commissions for the Strengthening of Legality have been created and are already operating, constraints on their maintenance and improvement still remain, stemming from the absence of legal instruments institutionalizing their existence. Progress has been made, however, in preparing the professional ethics and deontology project for staff holding positions of responsibility in the State apparatus. There have also been legal modernization measures, including a revision of Decree 51/95 creating the State Administrative Inspectorate.

Decentralization and deconcentration – In connection with the objectives of making local State bodies (particularly at the district level) more dynamic and better able to interact with other relevant social actors, and in order to institutionalize participatory planning and public administration measures, several actions included in PARPA were carried out, either partially or in full, including the following:

Hearings were held with several sectors of society for the purpose of receiving submissions in relation to the *Local State Institutions and Complementary Legislation* bill, which is to be sent to the Assembly of the Republic later this year.

In the domain of *institutionalization and expansion of participatory district planning*, the fourth National Meeting of the Decentralized Planning Program (May 2001) considered a new vision of the Decentralization Strategy (see foundation document *Apoio à Estratégia de Decentralização 2002–2006* [“Support for the Decentralization Strategy 2002–2006”]). This includes the District Planning Program which aims to institutionalize and standardize the planning process in districts, giving special relevance to District Executive Councils (participatory component).

Pilot schemes have been run in Nampula and Cabo Delgado for the purpose of fine-tuning methodologies and providing inputs for the production of national standards. This is a very important project, given its role as a laboratory for a multi-functional methodology encompassing the decentralization of district planning, participatory public-sector management systems and training, together with fund management processes for public investments, improvement of the provision and maintenance of social infrastructure, and functions relating to planning and policy management in local (district) government. In the first half of 2002 a project was signed to extend the experiment to Zambézia, Sofala, Tete and Manica. By the end of 2002, 21 districts are expected to have the participatory district planning process in place, compared to 14 districts in 2001. Among other preparatory measures for implementing the project nationwide, a diagnostic study was made of the institutional capacity of district councils in all provinces, and seminars were held to publicize the district planning program proposal.

Other actions are being carried out by the MPF, including the creation of a support program for the 2002–2006 decentralization strategy, and a training program for DNPO and DPPF technical staff in the areas of oversight and evaluation.

It is important to recognize that while the authorities have made visible efforts to fulfill PARPA objectives on good governance, there remain serious lapses, insufficiencies and deficiencies, whose resolution requires a more aggressive approach from the relevant public bodies. Shortcomings include cases of prison overcrowding, conditions of virtual indigence inside jails, and physical abuse stemming from a lack of training among prison staff, among other issues.

III.2. Evaluation of expenditure in Fundamental Action Areas – 1999–2002

This section discusses the trend of budgetary indicators (planned and executed) during 1999–2002, in the light of commitments assumed in PARPA framework. The evaluation covers total, current and investment expenditure, from the standpoint of its distribution among the fundamental action areas (especially education and health) and geographically. The discussion relies on the 2001 and 2002 State Budgets, in their original and revised versions, together with execution figures up to September 2002, since this is the most recent and indicative information of the likely execution of public accounts during 2002 as a whole.

The analysis is based on public expenditure data recorded by the MPF public accounts services. The specific information sources used in preparing this document were as follows: the General State Accounts (CGE) for 1999 and 2000; the General State Account for 2001; the expenditure forecast for 2002, as set out in the revised 2002 State Budget, approved by the Assembly of the Republic; and the Budgetary Execution Report for the third quarter of 2002 (cumulative figures covering January–September).

(a) Total expenditure

Total expenditure in the priority sectors trended upwards during 1999–2002, rising from 13.3 percent of GDP in 1999 to around 19.1 percent in 2001. A figure of 18.4 percent is forecast for 2002. PARPA criteria call for the fundamental action sectors to be guaranteed increasing weight in relation to GDP.

Table 7

TOTAL EXPENDITURE ON PARPA PRIORITY AREAS (1999-2002)

	1999	2000	2001	2002
TOTAL EXPENDITURE IN PRIORITY SECTORS				
As a percentage of GDP	13.3	19.0	19.1	18.4
As a percentage of total public expenditure	60.1	67.6	64.3	65.0
As a percentage of total public expenditure excluding interest on the public debt	62.0	68.1	65.8	67.8
TOTAL EXPENDITURE IN PRIORITY SECTORS AS % OF GDP				
EDUCATION	3.5	5.5	6.8	4.8
HEALTH	2.9	3.6	2.9	3.8
HIV/AIDS	0.0	0.0	0.2	0.2
INFRASTRUCTURE	2.9	4.4	5.0	4.8
AGRICULTURE AND RURAL DEVELOPMENT 3	1.1	1.7	1.0	1.5
GOVERNANCE, SECURITY AND JUDICIAL SYSTEM	1.9	2.2	2.2	2.1
OTHER PRIORITY SECTORS	1.1	1.5	1.0	1.2
TOTAL EXPENDITURE IN PRIORITY SECTORS (As a percentage of total excluding interest on the public debt)				
EDUCATION	16.1	19.8	23.3	17.8
HEALTH	13.4	12.9	9.9	14.0
HIV/AIDS	0.0	0.0	0.5	0.8
INFRASTRUCTURE	13.3	15.7	17.4	17.5
AGRICULTURE AND RURAL DEVELOPMENT 3	5.2	6.3	3.4	5.5
GOVERNANCE, SECURITY AND JUDICIAL SYSTEM	8.9	7.8	7.7	7.7
OTHER PRIORITY SECTORS	5.0	5.6	3.6	4.5

Source: CGE 1999, CGE 2000, CGE 2001 and Revised SB 2002.

Throughout 1999-2001, expenditure on the priority sectors always accounted for over 62 percent of total expenditure, excluding debt interest. As **Table 7** shows, this ratio displayed a rising trend, in keeping with PARPA resource allocation criteria that encourage progressively higher expenditure in sectors related to the fundamental action areas. **Table 8** shows that in 2001 the priority sectors' share of total public expenditure in the executed State Budget (excluding debt interest) was 2.4 percentage points below PARPA target of 68.2 percent (according to the General State Account 2001). For 2002 this indicator is expected to surpass the target: i.e. expenditures on the fundamental action areas should amount to 67.8 percent of total public expenditure excluding debt interest.

Table 8

TOTAL EXPENDITURE ON PARPA PRIORITY AREAS (2001-2002)

	2001			2002			Execution rate (in relation to Revised SB) 3rd quarter
	PARPA	SB Revised (with complementary period)	Executed SB (CGE)	PARPA	Initial SB	Revised SB	
TOTAL EXPENDITURE IN PRIORITY SECTORS							45.2
As a percentage of GDP		19.4	19.1		17.9	18.4	
As a percentage of total expenditure	67.4	63.9	64.3	65.0	63.2	65.0	
As a percentage of total expenditure excluding interest on public debt	68.2	65.4	65.8	66.1	66.1	67.8	
TOTAL EXPENDITURE IN PRIORITY SECTORS (As % of total excl. debt interest)							
EDUCATION	24.8	22.8	23.3	19.8	18.8	17.8	54.8
HEALTH	11.5	10.4	9.9	13.1	14.2	14.0	32.3
INFRASTRUCTURE	18.2	16.9	17.4	19.1	18.0	17.5	37.2
AGRICULTURE AND RURAL DEVELOPMENT	3.6	3.4	3.4	3.9	3.4	5.5	52.4
GOVERNANCE, SECURITY AND JUDICIAL SYSTEM	8.2	8.0	7.7	7.7	7.5	7.7	65.0
OTHER PRIORITY SECTORS	1.8	3.2	3.6	2.4	3.3	4.5	43.3

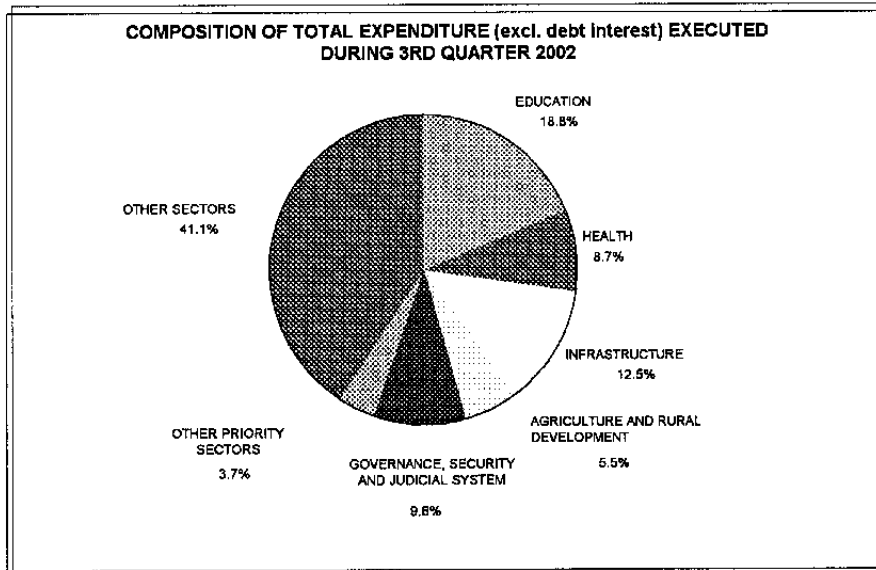
Source: PARPA, Revised SB 2001, CGE 2001, Initial SB 2002, Revised SB 2002, Execution Report 2002.Q3

Sectors in the fundamental action areas display low levels of budgetary execution (45.2 percent) for January–September 2002. Nonetheless, this is consistent with global budgetary execution for the first three quarters of the year (52 percent of assigned budget, excluding debt interest, according to the Revised 2002 State Budget and Q3 Budgetary Execution Report). The overall budgetary execution rate could increase during the fourth quarter, but an additional execution effort would be needed to achieve this. Section (d) analyzes execution rates for the current and investment expenditure components.

With regard to the *sectoral composition* of public expenditure, both programmed and executed (as shown in Table 7), the education, health and infrastructure sectors absorb the largest shares of the total, jointly accounting for 42.8 percent of total expenditure in 1999 and about 51 percent in 2001. During that period, education and infrastructure both increased their share of total public expenditure.

In January–September 2002 the priority sectors accounted for about 60 percent of total executed expenditure (See Figure 15). The education, infrastructure, governance, security judiciary and health sectors again claim the largest individual shares in the total.

Figure 15

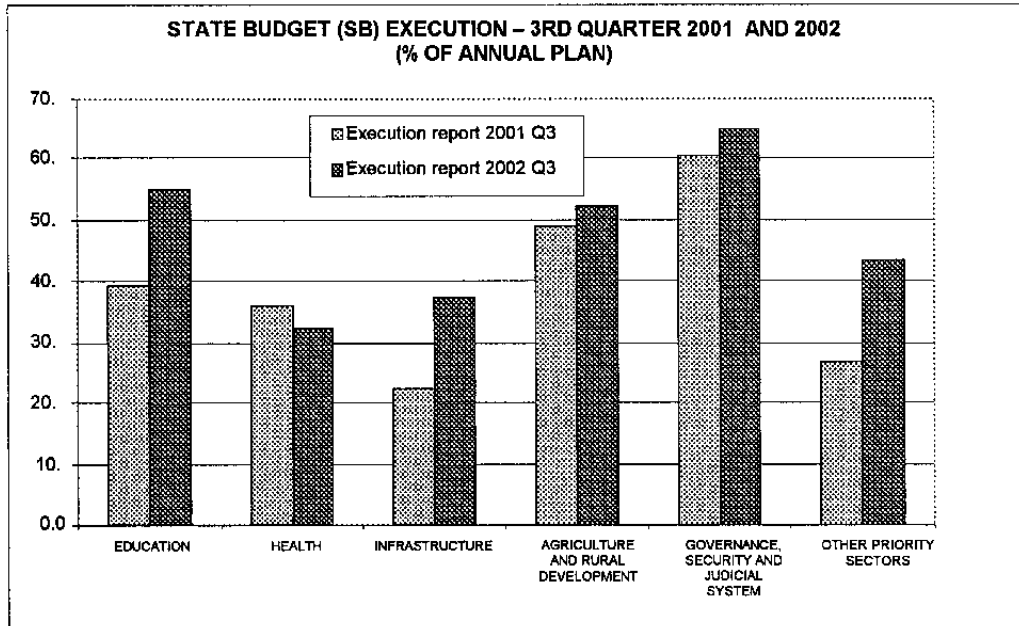


Source: Execution Report 3rd quarter 2002.

Note: "Other sectors" corresponds to expenditure made under Remaining Sectors and General State Expenses (expenditure not imputable to sectors, such as transfers, subsidies, etc. excluding interest).

Although SB execution levels in January-September 2002 are low in absolute terms, they are generally better than the equivalent figures of a year earlier (see Figure 16). "Governance and Justice", Education, Agriculture and "Other Priority Sectors" display the highest rates of budgetary execution as of September 2002.

Figure 16



Source: Revised SB 2001; Revised SB 2002; Execution Reports 2001 Q3 and 2002 Q3.

(b) Current expenditure

Operating expenditure in the priority sectors averages about 7 percent of GDP, and has absorbed over 50 percent of total current expenditure in the State budget, excluding public debt charges (interest payments), every year between 1999 and 2001—rising from 50.8 percent in 1999 to 53 percent in 2001, as shown in Table 9.

Table 9

OPERATING EXPENSES IN PARPA PRIORITY AREAS

	1999	2000	2001	2002
TOTAL OPERATING EXPENSES IN PRIORITY SECTORS				
(As a percentage of GDP)	5.9	7.2	7.3	7.2
(As a percentage of total current expenditure)	48.1	52.7	50.6	50.0
(As a percentage of total current expenditure excl. debt interest)	50.8	53.5	53.0	54.4
OPERATING EXPENSES IN PRIORITY SECTORS				
(As a percentage of total operating expenditure in priority sectors)				
EDUCATION	43.0	44.8	46.7	46.2
HEALTH	18.7	19.3	20.0	22.9
HIV/AIDS	0.0	0.1	0.0	0.0
INFRASTRUCTURE	1.4	3.2	1.1	1.1
AGRICULTURE AND RURAL DEVELOPMENT	4.7	3.7	3.3	3.0
GOVERNANCE, SECURITY AND JUDICIAL SYSTEM	28.8	25.3	24.9	23.5
OTHER PRIORITY SECTORS	3.4	3.7	4.0	3.4

Source: CGE 1999, CGE 2000, CGE 2001 and Revised SB 2002.

On average, the education, health, governance and justice sectors jointly account for about 90 percent of current expenditure in the priority sectors; education and health alone account for two thirds.

(c) Investment Expenditure

As shown in table 10, below, the priority sectors absorb an average of 77.6 percent of total public investment expenditure. The infrastructure, education and health sectors take the lion's share (about 75 percent of total public investment expenditure in sectors related to the fundamental action areas).

Table 10

INVESTMENT EXPENDITURE IN PARPA PRIORITY AREAS

	1999	2000	2001	2002
TOTAL INVESTMENT EXPENDITURE IN PRIORITY SECTORS				
(As a percentage of GDP)	7.4	11.7	11.8	11.1
(As a percentage of total investment expenditure)	74.8	81.9	77.3	76.3
INVESTMENT EXPENDITURE IN PRIORITY SECTORS				
(As % of total investment expenditure in priority sectors)				
EDUCATION	12.7	19.5	28.4	13.7
HEALTH	23.9	18.6	12.1	19.4
HIV/AIDS	0.0	0.0	1.3	1.8
INFRASTRUCTURE	37.2	35.3	42.1	41.1
AGRICULTURE AND RURAL DEVELOPMENT	11.4	12.6	6.2	11.6
GOVERNANCE, SECURITY AND JUDICIAL SYSTEM	3.0	3.0	3.6	3.6
OTHER PRIORITY SECTORS	11.8	11.0	6.3	8.8

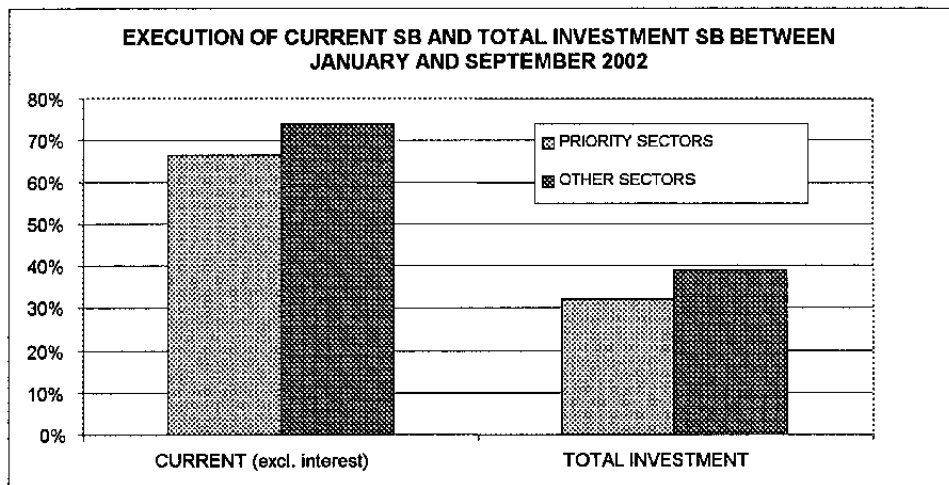
Source: CGE 1999, CGE 2000, CGE 2001 and Revised SB 2002.

(d) Execution of current and investment SB for January-September 2002

Generally speaking, SB execution levels for January-September are higher in the current budget (excluding debt charges) than in the investment category (see **Figure 17**), with government tending to prioritize operating expenses, including wages and the procurement of goods and services such as medicines and hospital equipment, etc. This is valid for the fundamental action areas and other government sectors alike.

Expenditure execution in “Other Sectors” is higher than in the “Priority Sectors”. It should be stressed that in the “Other Sectors” category, General State Expenses (i.e. expenditures that cannot be imputed to specific sectors, such as transfers, subsidies etc.) account for half of the total executed (44 percent of current and 54 percent of investment expenditure in “Other Sectors”). Execution rates in the General State Expenses category are quite high (especially treasury operations involving current transfers to public administrations in the context of decentralized budgetary management). This explains why execution rates in “Other Sectors” are generally higher than in the “Priority Sectors”.

Figure 17



Source: Execution Report 2002 Q3 and Revised SB 2002.

Notes: “Current Expenditure” excludes debt interest; “Other Sectors” corresponds to expenditure in Remaining Sectors and General State Expenses (i.e. expenses not imputable to sectors, such as transfers, subsidies, etc). Of total current expenditure in Other Sectors (excluding debt charges), 56 percent corresponds to Remaining Sectors and 44 percent to General State Expenses.

(e) Geographic distribution of expenditure

Figure 18 shows the trend of provincial spending during 1998–2001, in comparison to total SB expenditure. Provincial expenditure includes all public spending programmed and executed at the level of the respective province; but it excludes expenditures which, despite benefiting individual provinces, are executed centrally. However, some projects could be recorded at both central and provincial level, such as rural electrification.

Municipal public expenditure is recorded at the central level as a transfer to public administrations. Depending on the value in question, such expenses may be transferred and recorded at the provincial level. This type of expenditure is essentially aimed at supporting municipios and executing projects in the fields of sanitation, water supply, combating erosion, promotion of a healthy

environment, education and health. In principle, municipios ought to finance the major part of such projects, but given their weakness in generating financial resources locally compounded by low technical capacity, central government is called upon to co-finance or execute such projects in full.

Provincial expenditure has grown from 31 percent to nearly 40 percent of the total State budget from 1998 to 2001, despite remaining at very low levels in absolute terms. In relation to GDP, provincial expenditure grew from 4 percent in 1998 to 7.4 percent in 2001.

Figure 18

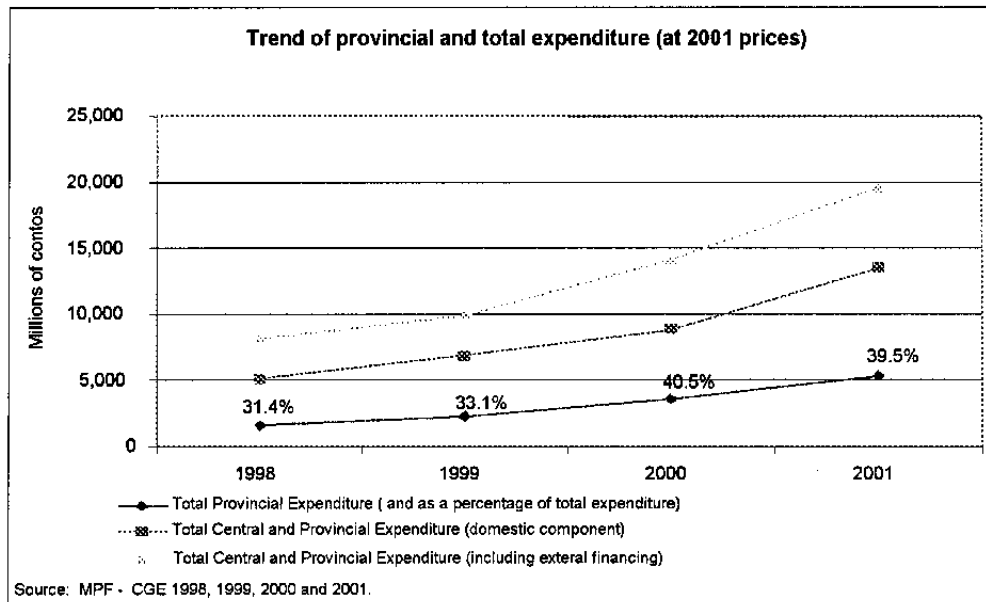


Figure 19, below, shows that all Mozambican provinces increased their spending in absolute terms between 1999 and 2001. Figure 20 reveals that the provinces in the north and south of the country expanded their overall share of total executed provincial expenditure during January–September 2002, while Maputo City and the country’s central provinces, apart from Sofala, saw their share decline. Nonetheless, the northern provinces’ increased share of total public expenditure does not necessarily reflect higher provincial spending in per capita terms.

Factors contributing to this phenomenon include: low capacity among certain provinces for generating resources locally, lack of capacity to award investment projects at the provincial level, and a need for greater control in executing current expenditure, especially wages in the education sector.

Figure 19

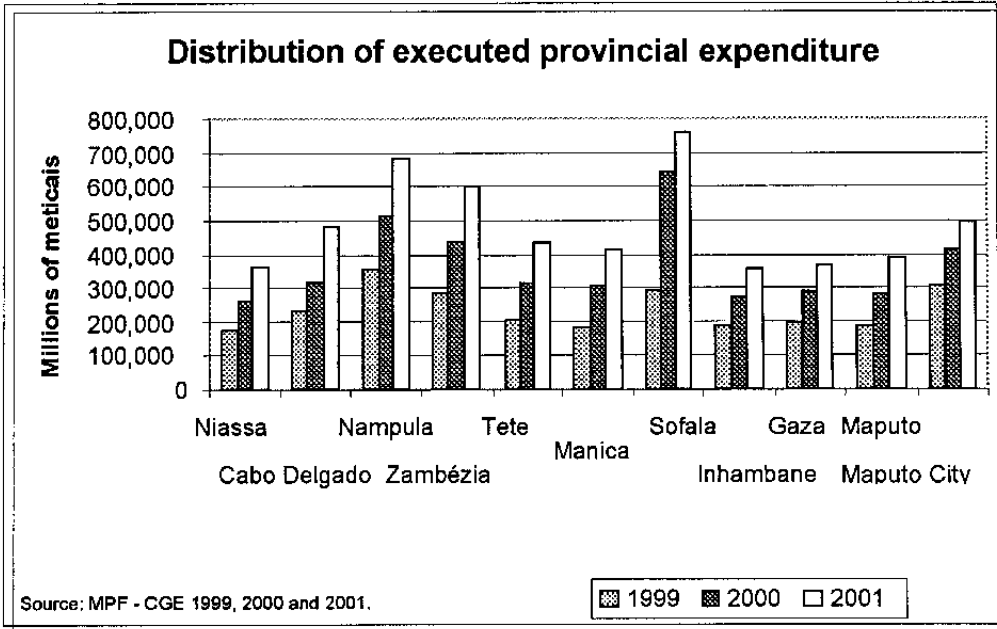
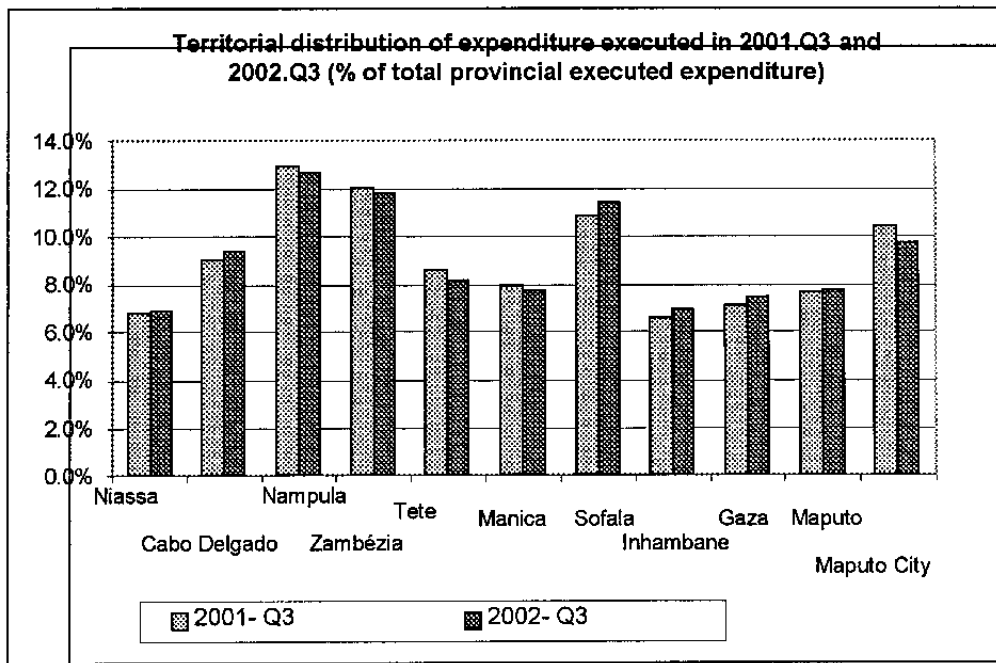


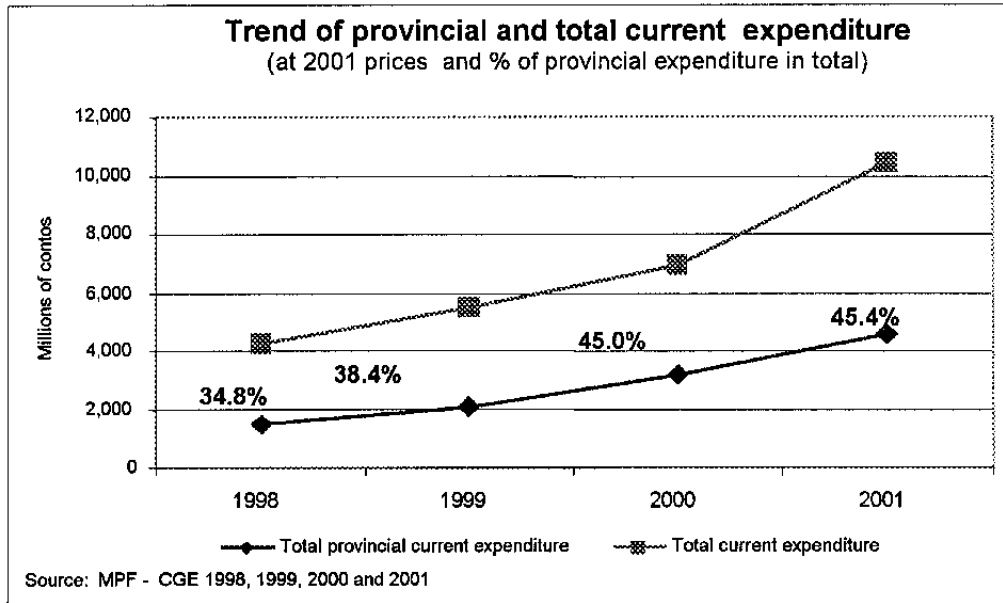
Figure 20



Source: SB Execution Report 2001 Q3 , and SB Execution Report 2002 Q3.

Figure 21 shows the trend of provincial and total current expenditure. Provincial expenditure is most important at the operational level, largely because the provincial share of current expenditure in the education and health sectors is high.

Figure 21

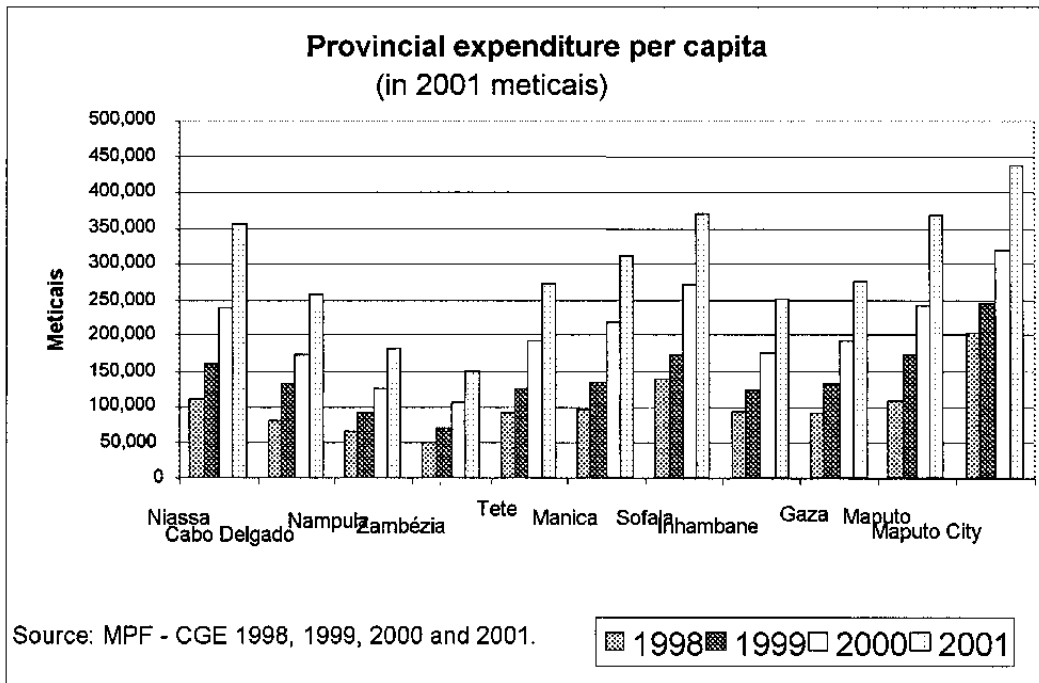


For reasons pertaining not only to economies of scale but also to management capacity, large-scale public investment expenditures, such as infrastructure works, tend to be carried out by central government agencies, regardless of their location. Consequently, provincial investment expenditure is not very large.

Figure 22 shows the trend of *per capita* current expenditure in each province. From 1998 to 2001, average provincial current expenditure per capita increased, in real terms, by about 88 percent on a cumulative basis. The provinces of Cabo Delgado, Nampula, Zambézia and Inhambane remain below the provincial average, however, and a major government effort is required to reverse this situation.

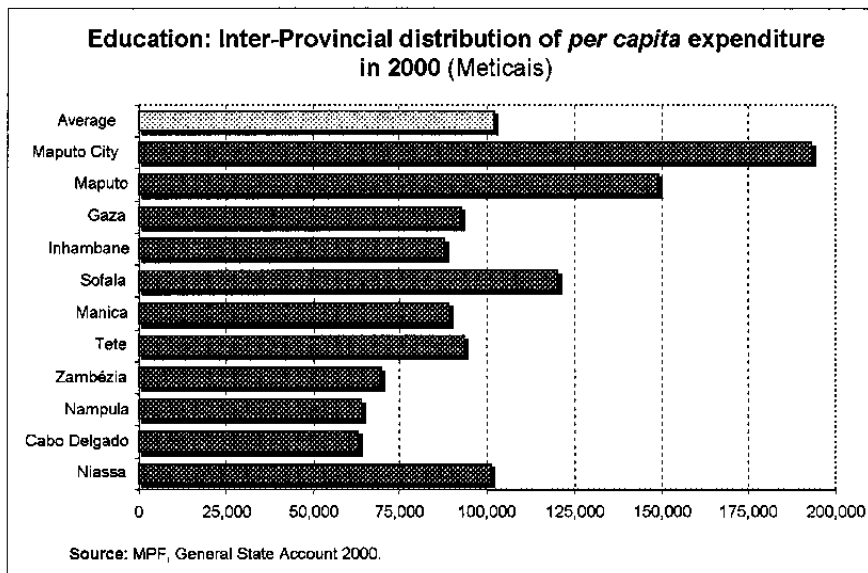
This distribution of current provincial expenditure per capita is determined by the need for high levels of expenditure in Sofala and in Maputo Province and City. This is where most government administrative apparatus is located, including service-providing institutions at the central and provincial level. In the province of Niassa, population is a major reason why its per capita current expenditure is way above the provincial average.

Figure 22



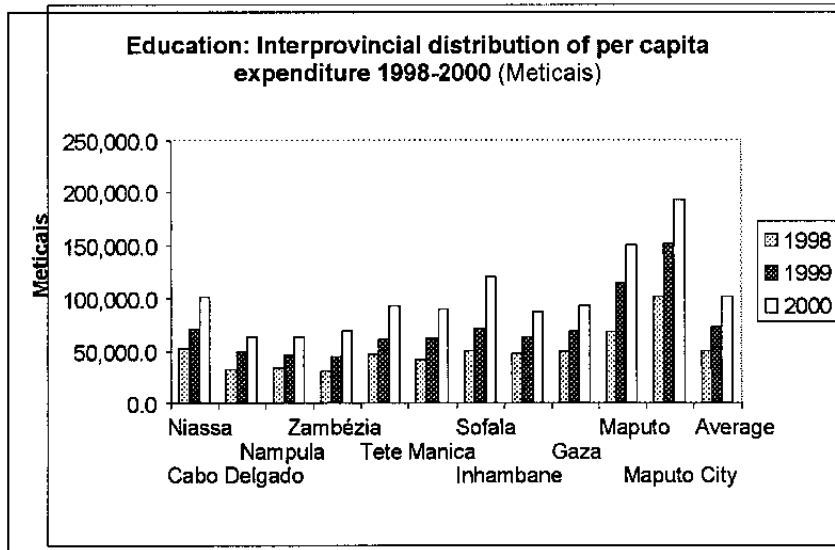
About 52 percent of total education spending is carried out by provincial bodies. Figure 23 illustrates the distribution of such expenditure between provinces.

Figure 23



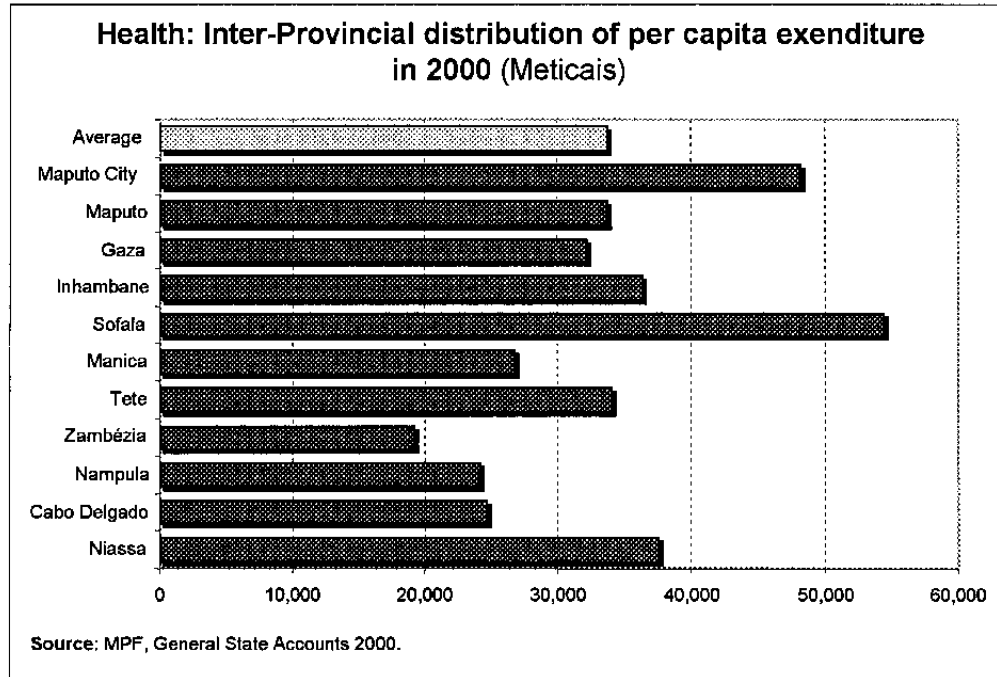
During 1998-2000, per capita expenditure on education increased in all provinces, as shown in **Figure 24**. Nonetheless Cabo Delgado, Nampula and Zambézia were always below the provincial average.

Figure 24



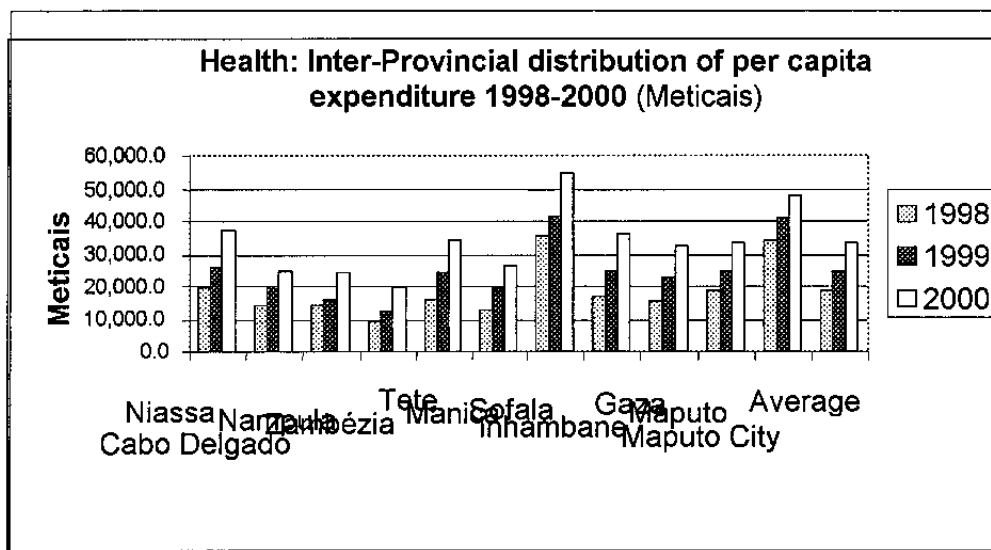
Of total health expenditure, only 23 percent is executed at the provincial level (see **Figure 25**). The regional pattern in the health sector is broadly similar to that of education.

Figure 25



As in education, per capita provincial expenditure in the health sector rose throughout 1998–2000. The same three provinces were again below the provincial average (see Figure 26).

Figure 26



(f) Conclusions

In general, the government has succeeded in allocating resources increasingly on the basis of PARPA objectives and poverty reduction targets. Nonetheless, the scarcity of resources, both financial and human (qualified technical personnel in all regions of the country), has made it more difficult to achieve those objectives.

The analysis of the data shows quite low levels of budgetary execution, mainly at the provincial level. This highlights the need for government to press ahead with efforts to decentralize competencies and finance, to ensure actions aimed at national development are reflected at provincial and local level alike; and, more specifically, to reduce regional imbalances.

In the case of the municipios, the government must clearly continue channeling resources into the education and health sectors. New infrastructure projects are also needed, especially with a view to improving basic sanitation conditions, potable water supply, environmental conservation and road maintenance.

The ongoing need for central government to co-finance municipal budgets stems from the fact that expectations promoted when the municipios were created, that they would gain increasing budgetary autonomy through internally generated revenues, have not been fulfilled. As a result of their inability to generate sufficient resources locally to finance the necessary activities, social installations and basic infrastructures steadily deteriorate, seriously undermining the activities and living standards of municipal inhabitants.

Alongside continuing co-participation, studies need to be conducted with a view to raising the fiscal capacity of the municipios by making revenue collection and resource management more efficient, so as to reduce their dependence on the General State Budget.

In 2003, the government is planning to implement measures to strengthen administrative-financial capacity at the local level, and the 2003 State Budget increases the proportion of funds channeled to the provinces. In the investment category particularly there is increased provincial funding, especially for Sofala, Tete, Niassa, Nampula and Zambézia, in order to finance infrastructure development programs of various kinds.

GENERAL CONCLUSIONS AND RECOMMENDATIONS

The monitoring and evaluation of PARPA execution during 2001 and the first semester of 2002 provides a measurement of the effort made by the government, through the different sectors, to achieve the objectives set out in the fundamental action areas. By analyzing data and information provided by participants, it is also possible to identify progress and pinpoint the weaknesses that hinder full achievement of the goals and objectives defined for 2001–2005. This chapter intends to structure the main conclusions and put forward general recommendations for consideration in work between the MPF and the different sectors. These would aim to make PARPA execution more efficient, by applying the monitoring and evaluation strategy more effectively, and seeking to improve it, and by introducing timely corrective measures to render the objectives set out in government strategies more realistic and achievable.