

Document: EB 2018/123/R.4/Add.1  
Agenda: 4(a)  
Date: 27 March 2018  
Distribution: Public  
Original: English

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## Comments of the Independent Office of Evaluation of IFAD on the Country Strategic Opportunities Programme for the Republic of Mozambique

### Note to Executive Board representatives

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Executive Board — 123<sup>rd</sup> Session  
Rome, 16-17 April 2018

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For: Review

## Comments of the Independent Office of Evaluation of IFAD on the Country Strategic Opportunities Programme for the Republic of Mozambique

### General comments

1. In 2016, the Independent Office of Evaluation of IFAD (IOE) undertook a country strategy and programme evaluation (CSPE) in Mozambique, covering the period 2010-2016. The CSPE provided recommendations for the third country strategic opportunities programme (COSOP) and, in accordance with established practice, the agreement at completion point for the CSPE signed on 14 September 2017 has been included as an appendix to the new COSOP for 2018-2022.
2. The third COSOP for Mozambique integrates the lessons learned from the implementation of the previous country programme and aligns IFAD's collaboration with Mozambique with the national policies and with the IFAD Strategic Framework 2016-2025. In this respect, it addresses:
  - (a) Rural poverty alleviation, through an inclusive targeting strategy, enhanced access to security of land tenure, and development of value chains and rural finance services;
  - (b) The national malnutrition challenge, through nutrition-sensitive interventions that include access to and management of water resources;
  - (c) The threats to the natural resource base and the effects of climate change, through sustainable environmental management and enhanced resilience of small-scale producers; and
  - (d) The efficiency of programme implementation and of non-lending activities.
3. IOE acknowledges that the COSOP builds to a large extent on the CSPE findings and its six recommendations. These called on the Fund to: (i) support rural poor people and more vulnerable groups, including women, youth and people living with HIV; (ii) strengthen sustainable natural resource management and climate-change resilience; (iii) support the rural finance sector with a long-term commitment; (iv) enhance efficiency of financial execution; (v) rationalize the engagement with service providers in project implementation; and (vi) give attention and resources to knowledge management and policy dialogue.
4. The extent to which the CSPE recommendations have been taken into account in formulating the new COSOP is discussed below.

### Specific comments

5. Targeting and pro-poor development. The CSPE concluded that IFAD, in Mozambique, had not adequately focused on improving food security and nutrition and reducing poverty in rural areas. Opportunities had been missed for greater value addition at the local level for more producers and the benefits of the value chains had accrued to those outside the rural communities. Also, by targeting the economically active poor, the bulk of the rural producers (who in good years might achieve a limited surplus and in bad years struggle with food insecurity) were either left out of project activities or were only marginally involved through the outreach capacity of the National Agriculture Extension System. Furthermore, despite the dire statistics on HIV and AIDS prevalence in the country, the portfolio had not made efforts to integrate people living with HIV into the value chains, the saving and credit groups, or the capacity development efforts on nutrition, functional literacy or any other topic.
6. The new COSOP embraces the first recommendation of the CSPE and proposes an explicit targeting strategy that identifies poor, vulnerable and disadvantaged rural households as the direct target group, including emerging, subsistence and semi-subsistence producers. Specific mention is made of those living below the

national poverty line, of quotas to ensure the participation of women (50 per cent) and young women and men (30 per cent); and of ensuring that disadvantaged groups such as HIV/AIDS-affected individuals and elderly people have access to relevant support. Participatory measures are also planned to involve communities in the selection of beneficiaries.

7. Sustainable natural resource management and climate risk categorization. The CSPE had assessed these thematic areas as weak, with few activities dedicated to improving the management and sustainable use of land and aquatic resources. This partly contributed to undermining potential positive impacts and sustainability of the projects with respect to food security and production, considering the high dependency of producers' livelihoods on natural resources. Also, it was a missed opportunity because the country has vast resources that could potentially be exploited more sustainably for present and future generations. The new COSOP makes a commitment to improve environmental sustainability and climate change adaptation and resilience in all its interventions. It foresees managing environmental impacts through different complementary measures. It also envisages in-depth climate risk and vulnerability assessments at the design step of all proposed value chains and the integration of mitigation measures.
8. Support to rural finance. The previous COSOP had correctly identified the lack of rural finance services as one of the major obstacles to poverty alleviation in rural Mozambique, and a project addressing this gap was implemented. Nevertheless, the CSPE found that achievements fell short of expectations and that this gap was undermining the effectiveness and sustainability of the portfolio. The new COSOP includes provisions for a new national rural finance project (the Rural Enterprise Finance Project), still subject to approval, which has been designed taking stock of the lessons learned in the country and elsewhere. The implementation of the project in two phases, with results from the first informing the design of the second, thereby allowing for adjustments, adaptations and integration of more time- and segment-specific interventions, is appropriate to the context and to ensuring sustainability of the investment.
9. Improve efficiency. The CSPE had found efficiency to be low across the portfolio. Among the various factors were: complex project designs, weak commitment to harmonize with complex governmental procedures, multiple partners with diverse disbursement procedures, delays in availability of Government counterpart funds, and excessive reliance on service providers for project implementation. The new COSOP refers to these (under the lessons learned section) as areas that will be given specific attention during project design and implementation. In particular, it proposes that recruitment of service providers be made more selective and that it be underpinned by measures such as improved staff capacity to define and manage results-based contracting, reduction of costly and inefficient implementation, and avoidance of conflict of interest. Although this discussion is well laid out under the lessons learned section and highlights specific areas in need of greater attention, the COSOP would have benefited from a list of specific actions to guide the portfolio towards that path.
10. Knowledge management and policy engagement. The CSPE considered that IFAD's projects could all have contributed lessons for evidence-based policy dialogue, but that this had been hampered by: the activity-focused project monitoring systems; the absence of programme-level monitoring; and late and under-resourced efforts on knowledge management. The new COSOP recognizes the importance of all these elements in contributing to the sustainability of its portfolio, and commits to several steps in this sense. These range from continued engagement of the IFAD Country Office in the existing national policy forums, to knowledge exchange within the context of South-South and Triangular Cooperation, to the identification of innovations and the generation and

documentation of lessons and knowledge to be fed into policy processes. While the knowledge management framework is well detailed, it would have been useful to provide some discussion on the resources available or those that could be mobilized (for example, grants) in order to make relevant activities feasible.

Final remarks

11. IOE concludes that the new Mozambique COSOP made efforts to follow up on the recommendations of the 2017 CSPE, in line with the agreement at completion point.