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**Republic of Mozambique**

**Country programme evaluation**

**Executive summary**

Evaluation Committee — Fifty-ninth Session  
Rome, 9 October 2009

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For: **Review**

## **Note to Evaluation Committee members**

This document is submitted for review by the Evaluation Committee.

To make the best use of time available at Evaluation Committee sessions, members are invited to contact the following focal point with any technical questions about this document before the session:

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## Abbreviations and acronyms

ASCA	Accumulating Savings and Credit Association
ASP	Agricultural Support Programme
CPE	Country Programme Evaluation
COSOP	country strategic opportunities programme
CPMT	Country Programme Management Team
FSLDP	Family Sector Livestock Development Programme
NADP	Niassa Agricultural Development Project
NAFP	Nampula Artisanal Fisheries Project
PAMA	Agricultural Markets Support Programme
PF	Eastern and Southern Africa Division
PFU	project facilitation unit
PROAGRI	National Programme for Agricultural Development
PROMER	Rural Markets Promotion Programme
PRONEA	National Programme for Agricultural Extension
RFSP	Rural Finance Support Programme
SBAFP	Sofala Bank Artisanal Fisheries Project
SMEs	small and medium-sized enterprises
UNOPS	United Nations Office for Project Services

# Republic of Mozambique

## Country programme evaluation

### Executive summary

#### I. Introduction

##### **IFAD's assistance to Mozambique**

1. Since the start of its operations in Mozambique in 1982, IFAD has approved 10 loans for a total of US\$175 million, corresponding to 1.7 per cent of IFAD's total lending globally and 9 per cent of lending in the Eastern and Southern Africa region.
2. The total cost of the project portfolio in Mozambique amounts to US\$286.7 million. Cofinanciers have provided US\$48 million. These include the African Development Bank, Norway (the Norwegian Agency for Development Cooperation [Norad]) and the OPEC Fund for International Development (OFID). All loans were provided on highly concessional terms.<sup>1</sup> As part of the Debt Initiative for Heavily Indebted Poor Countries, IFAD has provided debt relief of US\$16.6 million (in nominal terms) in grants to the country.

##### **Evaluation objectives, methodology and process**

3. The country programme evaluation (CPE) had two objectives: (i) assess the performance and impact of IFAD operations (including non-lending activities)<sup>2</sup> in Mozambique; and (ii) produce building blocks for the preparation of the new country strategic opportunities programme (COSOP) to be prepared by IFAD's Eastern and Southern Africa Division (PF) and the Government of Mozambique following the completion of the CPE.
4. In order to meet its objectives, the CPE addressed three main issues: (i) quality of the country strategy in terms of the main directions defined for rural poverty reduction, selection of geographic areas, subsector priorities and the choice of partners; (ii) implementation of the country strategy through a combination of project and non-lending activities; and (iii) the results and impact of IFAD's strategy and operations.
5. This is the first CPE that IFAD's Office of Evaluation (OE) has undertaken for Mozambique. It includes an assessment of seven IFAD-funded projects approved by the Executive Board since 1993. Of the seven projects covered three are closed, while four projects are in different stages of implementation.
6. Following standard practice for CPEs, OE used internationally recognized evaluation criteria to assess portfolio performance and impact. These included assessments of relevance, effectiveness, efficiency, rural poverty impact and sustainability. In addition, innovation, replication and scaling up, as well as the performance of partners (IFAD, the Government and the cooperating institution) are also assessed. The evaluation criteria are defined in appendix IV.
7. At the outset of the CPE, PF undertook a self-assessment of the country programme in Mozambique, which provided OE with the perspectives of those closely involved in country strategy development, project design and implementation. Two of the three closed projects covered by the CPE had previously been evaluated by OE separately. These project evaluations provided invaluable evaluative evidence, which was used by the CPE.<sup>3</sup>

<sup>1</sup> IFAD lends on highly concessional, intermediate or ordinary terms. For a more detailed explanation of lending rates see appendix V.

<sup>2</sup> Knowledge management, partnership-building and policy dialogue.

<sup>3</sup> The Nampula Artisanal Fisheries Project and the Niassa Agricultural Development Project.

8. The main CPE mission<sup>4</sup> was fielded for four weeks during September/October 2008. The mission visited the provinces of Cabo Delgado, Gaza, Maputo, Nampula, Niassa and Zambezia, interviewing implementers and service providers and speaking with individual beneficiaries and community groups involved in market linkage development, artisanal fisheries, rural finance and agricultural extension/livestock. Discussions were also held with government officials in Maputo and at the provincial and local levels. The comments and inputs of PF and the Government were duly considered by OE prior to finalizing the CPE report. The evaluation further benefited from a comprehensive internal peer review process within OE.<sup>5</sup>
9. As a final step in the evaluation process, in close collaboration with the Government and PF, OE will organize the Mozambique CPE national round-table workshop in the country in the first half of 2010. This learning workshop will offer an opportunity to discuss with multiple stakeholders the issues and themes emerging from the CPE. Workshop participants will include representatives of the Government, IFAD Management and staff, international organizations, NGOs, project staff, community-based organizations, the private sector and others. Moreover, as per the decision of the Board in September 2009, IFAD's Evaluation Committee will participate in the event, as part of its annual field visit in 2010.

### **Economy and poverty**

10. Mozambique is a subtropical country with a surface area of 799,380 km<sup>2</sup>. Between 1992 and 2003, average annual growth in agricultural GDP reached 6.2 per cent, well above the level for most African countries. However, crop production, mainly rainfed, is subject to significant periodic fluctuations due to droughts and floods. Droughts in 1994 and floods in 2000 resulted in significant declines. During the 2005-2007 period, annual rates of real GDP growth were in the range of 7.3 per cent to 8.8 per cent and most projections suggest that the economy will continue to grow at an annual rate of 5 per cent in the immediate future.
11. Prevalence of HIV/AIDS is increasing at an alarming rate and, in 2004, reached an estimated 16 per cent in the prime age group (ages 15-49). By 2010, an estimated 2 million people will be infected, reducing life expectancy to some 37 years as compared with 50 years for those without AIDS.
12. Approximately 65 per cent of Mozambique's population and 80 per cent of the nation's poor live in rural areas. Between 1997 and 2003, the national poverty incidence declined from 69.4 per cent to 54.1 per cent and the poverty gap was reduced from 29.2 per cent to 19.9 per cent, implying that also those who remained poor increased their consumption.<sup>6</sup> Poverty in rural areas was reduced by 16 points from 71.6 per cent to 55.2 per cent, while urban poverty incidence declined by 12 points from 63.9 per cent to 51.6 per cent. Among farmers, the poverty incidence fell from 72.6 per cent to 58.2 per cent.
13. Agriculture (including forestry and fisheries) has the lowest sector share of GDP (23 per cent), which is unusual for a low-income country. The services sector is the biggest contributor to GDP (47 per cent) followed by industry (30 per cent). The significant contribution of industry to overall GDP is due to a few large investments in the mining and energy sectors as well as in aluminium production. This explains Mozambique's classification as in transition from an agriculture-based country to a transforming country, as outlined in the World Bank's 2008 *World Development Report* on agriculture. Despite the relatively modest contribution of agriculture, the

<sup>4</sup> The list of consultants is presented at appendix III.

<sup>5</sup> The OE Director and four evaluation officers reviewed and commented on the main CPE deliverables, including the final draft report.

<sup>6</sup> As defined in the National Plan of Action for the Reduction of Absolute Poverty (PARPA) 2001-2005: "inability of individuals to ensure for themselves and their dependants a set of basic minimum conditions necessary for their subsistence and well-being in accordance with the norms of society."

sector employs about 80 per cent of the population, an indication that agricultural productivity is very low compared with productivity in other sectors.

14. Mozambique's average annual public expenditure on agricultural development was estimated at 3.5 per cent in 2007 and 7.5 per cent in 2008, i.e. less than the target of 10 per cent agreed at the Ministers of Agriculture of the African Union Conference in Maputo in 2003. Annual official development assistance (ODA) commitments in Mozambique averaged US\$900 million during the 1990s; since 2004, they have averaged US\$1.3 billion, of which about one third is provided by multilaterals. In the period 1996-2006, only 5.6 per cent of ODA was dedicated to agriculture (including forestry and fisheries). However, a part of the General Budget Support (GBS) is also being dedicated – through the national allocation system – to agriculture and rural development. IFAD's average disbursement from 1995 to 2007 was around US\$5.8 million, equivalent to 6.6 per cent of ODA dedicated to agriculture and rural development.

## **II. The quality of IFAD's strategy**

15. IFAD's overriding strategic goal in Mozambique has been commercialization of smallholder agriculture, emphasizing development and marketing of high-value cash crops and fish. The strategy takes as its starting point the recognition that exclusive emphasis on food crop production will not have a major impact in terms of reducing rural poverty. Rather, increased rural incomes and broad-based economic growth depend upon the ability of smallholder producers to better participate in the rapidly expanding market complex.
16. The CPE assessed the country strategy based on the 2000 COSOP (and its 2001 addendum) and the 2004 COSOP. Both COSOPs embraced this strategic goal through market linkage development for food and non-food production. In the 2004 COSOP, the country strategy in Mozambique was further refined, prioritizing assistance to smallholders by "developing the most promising commodities based on local comparative advantages and on accessible markets, both domestic and international". Other elements introduced may be considered to be supportive of this overriding strategic goal, e.g. the priority given to empowering rural poor people and their organizations, supporting decentralization and improving access to financial services. Appendix II outlines the evolution of the COSOPs' goals, orientation and strategies.
17. In this context, the IFAD-funded project portfolio has focused, since 2000, on the following five broad thematic areas: (i) primary production and fishing; (ii) commercialization and market linkages, including feeder roads; (iii) rural finance; (iv) social infrastructure; and (v) institutions and policies.
18. In terms of geographic focus, IFAD-funded activities have been concentrated in the provinces north of the Zambezi River since the mid-1990s. The major areas of support have included selected districts of Niassa (Niassa Agricultural Development Project [NADP] and Agricultural Markets Support Programme [PAMA] Support Project) and Cabo Delgado (PAMA Support Project) and the coastal areas of Nampula (Nampula Artisanal Fisheries Project [NAFP], and Sofala Bank Artisanal Fisheries Project [SBAFP]), and Zambezia and Sofala (SBAFP). Minor support has also been provided to Maputo Province (PAMA Support Project), while the Family Sector Livestock Development Programme (FSLDP) provided more intensive support for Gaza, Manica, Tete and Nampula. Although these have traditionally been areas with a high prevalence of rural poverty, the CPE questions the relevance of an exclusive geographic concentration on provinces in the north, in light of emerging data that indicates that rural poverty is increasing in severity throughout the south.
19. IFAD is currently in the process of implementing a paradigm shift in the programmes it supports, moving from stand-alone self-contained subsector projects and programmes that are area-based, towards purely national thematic initiatives

specialized in: (i) support services to primary production; (ii) market linkages; and (iii) rural finance. This is based on the assumption that the three areas and support programmes will complement each other. While the new paradigm may lead to a more coherent country programme over time, the CPE finds that it would be prudent to apply this new approach gradually. The stand-alone self-contained projects at the grass-roots level still have some virtues as they allow for greater opportunities for direct impact on the rural poor through more focused targeting, a shorter time lag from project approval by the Board to effectiveness and, often, greater efficiency as IFAD is able to participate in the selection of executing agencies and modalities in partnership with the Government.

20. Overall, the evaluation found that IFAD has pursued relevant strategic goals and made the correct strategic choices, broadly aligned with IFAD's overall mandate and key policies. There is a satisfactory logic in the Mozambique country strategy, cascading through the hierarchy of the overriding goal and strategy (increasing household income through commercialization), the objectives and their supporting strategies (empowerment, financial services, decentralization), and the related subsectors and thematic areas selected for support.
21. Furthermore, the CPE found that the main strategic thrusts of the country strategy are in line with the needs of the rural poor in the country. However, the alignment with the evolving national policy framework is more debatable. The problem faced today by IFAD and other development partners in Mozambique wishing to align their agricultural sector support with national frameworks is that national priorities and focus have changed within a relatively short period of time. As a result, the strategic thrusts defined in the COSOPs appear to diverge at times from the Government of Mozambique's current priorities of increasingly focusing on food production with a view to achieving greater self-sufficiency.
22. IFAD's strategic thrusts in the country, for example, were well aligned with the priorities of the country's two poverty reduction strategies, the National Plan for the Reduction of Absolute Poverty – PARPA I and PARPA II – and also with the National Programme for Agricultural Development (PROAGRI). However, the current policy framework seems to be determined by the policies of the Food Production Action Plan (PAPA) 2008-2011. The plan is a response to the current international food crisis, focuses exclusively on basic food, oilseed crops, poultry and fisheries, and assigns a proactive participatory role to the state in processing and marketing, including interventions to promote food self-sufficiency and market stability.
23. The CPE revealed the importance of focusing on augmenting household income through commercialization, given that: (i) very poor rural households often depend on agricultural production other than traditional food crops for their livelihoods, e.g. cattle, small ruminants, cashew, tobacco, sesame and cotton; (ii) a recent poverty analysis provides evidence that households are more likely to move out of poverty when they engage in cash crop production, livestock, and non-farm income-generating activities; and (iii) food self-sufficiency goals may exclude Mozambique from the potential benefits of comparative advantages and specialization, which appear significant given the country's enormous diversity in terms of agricultural potential, population density and market access.
24. The COSOPs, however, did not articulate a coherent targeting strategy in terms of geography or socio-economics. With evidence provided by more recent poverty studies, it becomes difficult to sustain the COSOPs' claim that all rural households are poor, and therefore that the goal of "increasing the income of rural poor" applies to all.
25. Gender mainstreaming and HIV/AIDS prevention activities were introduced as general strategic thrusts relatively late (HIV/AIDS in the 2001 COSOP addendum and gender in the 2004 COSOP). Though the priorities were introduced, plans of action on how to implement them have still to be prepared and limited action has



- been taken in the context of the ongoing portfolio to raise gender mainstreaming issues and promote HIV/AIDS prevention activities.
26. The evaluation found that effectiveness in achieving the COSOP objectives was moderately satisfactory. Nationally and in areas supported by IFAD, smallholders have improved their participation in markets and they have been empowered through increased participation in associations and groups. The increasingly decentralized support is managed with the participation of beneficiaries. Financial services have also expanded their outreach into rural areas. However, while the trends are positive, there is still a long way to go to achieve the objectives of increasing the income of rural poor people through increased marketable production and improved marketing of high-value cash crops and fish.
  27. Regional and global technical assistance grants have made only a marginal contribution to the effectiveness of the country programme. The COSOPs provided little elaboration on how these instruments, combined with other measures were to support IFAD-loan funded activities in order to ensure a coherent country programme.
  28. The promotion of innovation was not a major feature in the COSOPs. The innovation promotion process remains unsystematic in the absence of a specific strategy for replication and scaling up. A key finding is that several innovations planned at design were not implemented, while during implementation important innovations emerged and were scaled up by the project team in the process of searching for solutions to practical problems that arose in the field.
  29. Development of a coherent country programme may require more resources and capacity for the Mozambique Country Programme Management Team (CPMT). Annual budget resources for country programme management and delivery have almost doubled since 2003, when a proxy IFAD country office was established in Maputo. At the same time, however, the workload has increased substantially, with participation in sector frameworks, the One United Nations process, and direct supervision and implementation support.
  30. New ways of planning lending, grant resources and non-lending activities will have to be developed. IFAD need not stay exclusively within the current areas of support (support services to farmers and artisanal fishers, market linkages and rural finance) in the future.

### **III. Performance of IFAD-supported projects in Mozambique**

31. Details of the ten projects funded by IFAD in Mozambique are shown in appendix I. As highlighted in paragraph 5 above, the CPE includes an assessment of seven of these projects.
32. Supervision has been entrusted to the United Nations Office for Project Services (UNOPS) in six projects and to the World Bank/International Development Association in one project. As of 2007, however, IFAD started to assume responsibility for direct supervision and implementation support in one project – the Agricultural Support Programme (ASP) (in support of the National Programme for Agricultural Extension (PRONEA) and, since January 2009, the entire portfolio in Mozambique has been directly supervised by the Fund.
33. In addition to loan-funded operations, Mozambique has also benefited from three types of grants: (i) country grants of US\$316,000, which are relatively small technical assistance grants, managed by the CPMT and therefore may be assumed to have been designed and implemented to enhance the effectiveness of the country programme; (ii) regional/global grants of around US\$3.2 million that cover Mozambique, among other countries and often are executed by Consultative Group on International Agricultural Research (CGIAR) institutions; and (iii) grants of

US\$15.2 million, supporting elements of individual loan programmes and provided by other development partners. Two regional research grants have been assessed by this CPE.<sup>7</sup>

### **Relevance**

34. The portfolio objectives are highly relevant in terms of the needs of the rural poor, and the policies of the Government and IFAD. However, designs have, particularly in early projects, defined overoptimistic or unrealistic targets and strategies, especially given the difficult situation following the end of the 16-Year War in 1992. This has carried through to implementation, where some project strategies and interventions have been abandoned or substantially revised.<sup>8</sup> While this may be interpreted as a positive indication of IFAD's flexibility, it may also be an indication that design processes were not sufficiently participatory to ensure that project design reflected the full understanding and ownership of all partners and stakeholders.
35. Participatory design processes have been applied in the more recent projects, and these have also been aligned with government investment programmes and strategies, notably PROAGRI and PRONEA. The manner in which the process was applied in developing the support for artisanal fisheries stands out as an example to follow. IFAD entered the artisanal fisheries sector in 1994 with a small loan (US\$6 million) for a pilot project (NAFP), which provided lessons through an independent evaluation by OE. The Government and IFAD then used this pilot initiative to design a much larger follow-up programme (SBAFP) by means of an internal participatory design process rather than having the programme designed by a team of external IFAD consultants. As a consequence, there is strong stakeholder ownership of SBAFP.
36. The overall relevance of the project portfolio is assessed as satisfactory, as project and programme designs – specifically activities in support of commercialization, market linkages, artisanal fisheries, rural finance and social infrastructure – have been highly relevant to the needs of the rural poor. The issues identified by the CPE in the context of relevance tend to relate to highly ambitious designs that are out of line with the conditions on the ground and to questions pertaining to the sustainability of some programme activities. An issue of some concern is also the general evolution of the portfolio. IFAD – which had established itself as an important player in terms of artisanal fisheries development – is moving towards a more all-encompassing approach that includes rural finance, agriculture, value chain development and institutional support. Given the limited resources available, it could be argued that IFAD may be spreading itself thinly.

### **Effectiveness**

37. The interventions supporting different areas (rural finance, roads, etc.) have shown considerable variation in the extent to which objectives were achieved. IFAD's support for improving support services for farmers has generally faced problems in achieving its objectives, given the recent establishment of a national public extension system with limited institutional capacities. The Fund's support for artisanal fisheries has facilitated the introduction of support services that hardly existed before NAFP/SBAFP. Faced with a fisheries resource under threat, co-management committees (government/artisanal fishers) have been introduced. Together with emerging and more reliable information on stocks, these should create the basis for more sustainable utilization of resources. Four projects (NADP, NAFP, PAMA Support Project and SBAFP) contributed to the general nationwide

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<sup>7</sup> The two grants assessed in the context of the CPE are: (i) Programme for Alleviating Rural Poverty by Improving Rice Production in Eastern and Southern Africa (US\$1.5 million, implemented by the International Rice Research Institute); and (ii) Expansion of Farmers' Field Schools Programme in Eastern and Southern Africa (US\$1.3 million, cofinanced and implemented by the Food and Agriculture Organization of the United Nations [FAO]).

<sup>8</sup> For example a number of interventions in the NADP design were abandoned, including the introduction of village extension guides, savings and credit associations, district development funds, and the rehabilitation of 115 village stores.

expansion in the coverage and quality of the rural road network. Support for district and community access roads has achieved or surpassed the design targets and made a significant contribution to improving access to markets and services. This has led to the development of transportation services and significant reductions (up to 50 per cent) in transportation costs in some cases.

38. NADP made an initial attempt to develop rural trade in agricultural produce and inputs but did not achieve its objectives primarily due to poor performance by the contracted service provider. The different interventions supporting rural financial services have had varying degrees of effectiveness, partly due to the choice of implementing partners. The effectiveness of two projects (NAFP and SBAFP) in introducing and promoting savings and credit services through the Accumulating Savings and Credit Associations (ASCAs) in poor rural communities (now widely implemented throughout the country) is assessed as highly satisfactory. On the other hand, the CPE finds that the ongoing Rural Finance Support Programme (RFSP) risks not achieving its objectives, largely due to slow implementation progress in establishing the mechanisms required to on-lend funds to financial intermediaries. In this regard, at the time of the CPE, only a limited number of activities had been initiated in terms of the institutional support component. Starting with FSLDP in 1996, all projects have had an institutional/policy component. For example, NAFP and SBAFP have been instrumental in introducing into law the three-mile restriction zone for artisanal fishing, the monitoring and control of industrial trawling and co-management of coastal fishing. Significant progress has also been achieved in introducing co-management committees (Government and fishers), community fisheries councils and fishers' associations.
39. In addition to the variation with respect to achieving their objectives, there are also differences in effectiveness over time and among projects. Generally, since 1992, there has been an overall improvement in capacity within the Government and among private service providers, which may explain some of the differences between the early and recent periods. Variations among interventions operating in the same period may be attributed to differing: (i) capacities of service providers; (ii) arrangements for implementation management; and (iii) performance and capacity of key persons responsible for implementation.
40. While much has been achieved in terms of linking the rural poor to markets, grass-roots institutions established in the IFAD-financed programmes remain weak, with limited prospects for sustainability. In terms of rural finance, the poor effectiveness of the Innovation and Outreach Facility, and the choice of sub-par institutional partners such as the Fund for Economic Rehabilitation under the RFSP, have had a negative effect. However, this has been counterbalanced by progress in terms of support to the provision of rural credit and savings through ASCAs under the NAFP and the SBAFP. The support provided for primary schools, health posts and water points for safe and easily accessible drinking water has been effective overall in achieving stated targets and the socio-economic objectives. Overall, the effectiveness of the evaluated portfolio is assessed to be moderately satisfactory due to the significant variations in performance.

### **Efficiency**

41. The CPE observed significant variations in the contracted service providers and implementation arrangements. Efficiency has improved over time and has generally been superior when implementation was managed by a full-time project facilitation unit (PFU). For example, SBAFP and PAMA Support Project were the best performers in terms of delivering quantitative targets on time, in part due to the fact that they were managed through fully dedicated PFUs and a professional consultancy firm in the case of the PAMA Support Project. However, the potential benefits of dedicated PFUs must, of course, be counterbalanced by the fact that they may not be conducive to developing national ownership and partner institution capacity.

42. Similarly, differences in efficiency were noted across the thematic areas supported by IFAD. This may also be partly explained by the varying performance of service providers; the NADP evaluation noted that activities within the core mandate of public institutions tend to perform better than activities at the margins of their institutional mandates, e.g. those in the private-sector domain.
43. Efficiency in the first three years of the RFSP has been unsatisfactory due to serious implementation delays and significant overexpenditure on administration: about 50 per cent of the total operational budget has been spent within the first three years of operation. Allegations gathered by the CPE mission of unethical business practices within the context of RFSP were promptly reported to IFAD's Office of Audit and Oversight and PF.
44. Overall the support for primary schools, health posts, and water points has achieved design targets and been implemented with unit costs and a quality comparable with national standards, with occasional issues related to the quality of the structures and services provided. Road construction and rehabilitation have generally been undertaken within existing national cost norms and standards except for the rehabilitation of a primary road in Niassa, cofinanced by the OPEC Fund under NADP.
45. The average time lapse between loan approval and loan effectiveness varies from six months (NADP) to around 20 months (PAMA Support Project, RFSP).<sup>9</sup> Except for SBAFP, the time lag has increased for the new generation of projects as IFAD has shifted to supporting sector programmes with other donors, which entail more complex design and longer start-up periods. Project extensions (1-2 years) are the norm and actual implementation periods (from effectiveness to closure) have varied from 8 to 11 years (NADP more than 11 years), with consequent increases in management costs. In conclusion, the efficiency of the project portfolio is considered overall moderately satisfactory.

#### **Rural poverty impact**

46. Projects enhanced beneficiaries' **physical asset** base for individuals and in terms of priority community assets. The CPE finds that there has been a positive impact on the income and assets of households that benefited from project interventions such as the savings and credit groups, market access roads and the introduction of improved fishing, processing and marketing methods. Overall, the impact on household income and assets is assessed as "satisfactory" for the fisheries and marketing projects, while it is assessed as "moderately unsatisfactory" for the agriculture interventions. The most significant direct contributions to raising household income and assets have been obtained from the support to artisanal fisheries, improving farmers' market linkages (PAMA Support Project), establishment of grass-roots financial institutions (ASCAs in NAFP and SBAFP), small and medium-sized enterprises (SMEs) and business development services (PAMA Support Project's Agricultural Marketing Fund [FAMA]).
47. **Human assets** were strengthened mainly through training for literacy skills and women's empowerment. In Cabo Delgado and Niassa, close to 14,000 people participated in literacy courses run by the PAMA Support Project, and 41 per cent of the participants were women. It is also noteworthy that female participation in the fishing communities has been significantly higher in the savings and credit groups than in the other activities. On the other hand, while SBAFP has facilitated the involvement of women in some fish processing and marketing activities, it did not (being a fisheries project) support women in their agricultural activities, which constitute an important element of sustaining the livelihoods of artisanal fisheries households.

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<sup>9</sup> The current average period between loan approval and loan effectiveness stands at 11.8 months in the Eastern and Southern Africa Division.

48. The development of **social capital and empowerment** provided mixed results. The most significant contributions have been achieved through the support to savings and credit groups, users' associations for management of water points and social infrastructure, and literacy courses. Positive impacts on social capital and empowerment are emerging in the SBAFP- and PAMA Support Project-assisted marketing groups/associations, but additional efforts are required to consolidate the majority of groups. However, a number of issues were identified, including: (i) difficulties in having the associations legally recognized; (ii) problems in or lack of communication between project authorities/service providers and beneficiary groups; and (iii) some problems in terms of community contributions to social investments. The PAMA Support Project facilitated governance exercises within the associations and the identification of and the negotiation with buyers. However, support to empowering the associations and their members will, in many cases, need to be continued in order to guarantee a sustainable impact.
49. The most important contributions to **agricultural productivity and food security** have been obtained from the support for marketing and crop diversification (PAMA Support Project) and fisheries (NAFP/SBAFP), while the main support for agricultural production (NADP and FSLDP) has only provided marginal contributions. Significant impact was expected from NADP's large investment in agricultural research and extension but yields did not increase, partly due to the limited institutional capacities available in the Government-supported extension services. FSLDP contributed to improving animal health and thereby food security, although there are now indications of deteriorating animal health services. Interventions from NAFP and SBAFP have had a positive impact on food security. The ASCAs developed in these projects have provided many thousands of households with access to savings and credit services, which indirectly contributes to better food security.
50. The National Road Authority has been strengthened through its involvement with IFAD-funded activities to develop rural feeder roads (notably PAMA Support Project), and has recruited and retained relevant staff. The limited preparedness of the Ministry of Agriculture and the Ministry of Planning and Development has however, left these ministries missing the opportunity of having their human resource capacity improved.
51. Positive contributions to improving **natural resource management/the environment** were expected from NADP and the fisheries projects while the remaining part of the portfolio was environmentally neutral, with the exception of minor potential risks associated with feeder road construction. One objective of NADP was to replace slash-and-burn agriculture with more intensive sedentary cultivation but the cultivation system did not change. Also, the reforestation support produced limited results due to widespread apathy in the communities. The artisanal fisheries projects have made a number of achievements, which may eventually contribute to reducing the sustainability threats to fisheries resources. However, many fishers continue using environmentally unfriendly and unsustainable practices and industrial fishing within the three-mile zone is difficult to control. Information on stocks is still not sufficiently comprehensive or reliable to draw any solid conclusions as to whether the stock situation for the different species under threat is improving.
52. Through its lending programme, the Fund has had a significant impact on **institutions and policies**. In agriculture, NADP introduced the concept of district development funds, to be planned and managed jointly with communities, at a time and in a context where public resources were entirely planned and managed by central and provincial governments. In artisanal fisheries, support has facilitated the introduction of the ASCA model, joint management of fisheries resources and the three-mile zone reserved for artisanal fisheries. At the level of community-based organizations, the PAMA Support Project facilitated the important 2006 revision of the law on associations that simplified registration procedures, reducing the costs

and time involved in the registration process, directly resulting in a greater number of registered organizations. Farmers' group development has contributed to alleviating the constraints imposed by the lack of organization of smallholder farmers. Integration of gender-related training content has contributed to making smallholder farmers' institutions more democratic and inclusive. The PAMA Support Project also facilitated Niassa and Cabo Delgado in developing their provincial commercialization strategies, which serve as instruments for the coordination of provincial efforts.

53. In terms of **rural financial services**, the engagement by the office of assistance to small industries (GAPI) with FAMA, PAMA Support Project's rural finance initiative, made it possible for the institution to undertake its internal organizational development. By the end of the PAMA Support Project, GAPI had strengthened its business development services specialized in capacity-building of rural producers, traders, and small-scale agroprocessors.
54. The **overall rural poverty impact** of the project portfolio assessed is moderately satisfactory. Social capital and empowerment, and natural resources and the environment are singled out as the two impact domains that require improvement as they are rated unsatisfactory overall.
55. **Gender.** While some attempts have been made to mainstream gender into project strategies and introduce gender disaggregated data, none of the projects have developed a dedicated gender strategy. The absence of project gender strategies partly results from the absence of similar strategies in the implementing partner institutions.
56. The main impact on women's empowerment has been achieved through the savings and credit groups (ASCAs) – which have broken the gender barrier in microfinance in northern Mozambique – and through the literacy programmes supported by the PAMA Support Project and SBAFP. The support for water points (NADP, NAFP and SBAFP) has also made an important contribution by reducing the time and burden of women and children in water collection and by involving women in water users' committees.

### **Sustainability**

57. As in IFAD-supported programmes in other countries, sustainability remains a challenge in Mozambique. Prospects of sustainability have generally been best in areas where there is a government institution with mandates related to rural poverty reduction and adequate resources. This includes social infrastructure (water points, schools and health posts) and, to some extent, roads and management of fisheries resources. Generally, these areas are also prioritized in central or local budget allocations. In the private-sector domain, there are rarely such institutions with, for example, the mandate and budget to support the development of producers' marketing organizations, grass-roots financial institutions, or trade and processing enterprises. In these cases, the support is often provided by a project-contracted service provider and therefore ends at project completion. Hence, the sustainability prospects depend on how far the project progresses in helping the group or activity become self-reliant and viable before project closure.
58. PFUs have proved effective in ensuring sustainability of benefits. Their effectiveness at implementation, however, is balanced by their autonomous nature, which often limits their impact and the potential benefit that government institutions can derive in terms of capacity-building from implementing donor-financed programmes. This clearly leaves the policymaker in a quandary over whether to favour smoother implementation or the longer-term benefits of direct Government agency/institutional involvement, which would enhance the chances for longer-term sustainability of the interventions financed by IFAD.

59. In terms of the overall sustainability of the institutions and activities financed by IFAD programmes, results are mixed. When programmatic support is provided in the context of a good institutional framework in high priority areas (as defined by the Government), there is usually some potential for sustainability over the long term. An example in this regard has been the support for the development and rehabilitation of road infrastructure, a high government priority supported by the National Road Authority. The opposite also tends to be true for more diffuse activities, such as those related to private-sector and value chain development, where there usually are no clear cut institutional responsibilities. This has made it difficult to identify a national "champion" that could be mandated to support the specific activities necessary to help develop the sector. Due to this situation, the portfolio is assessed as moderately unsatisfactory as far as sustainability is concerned.

#### **Innovation, replication and scaling up**

60. While the portfolio in Mozambique has not produced groundbreaking innovations, it has introduced technologies, systems and approaches that were innovative in the national and local context. For example, IFAD-supported programmes contributed to the introduction of the concept of crop marketing associations, the combination of lending and access to complementary business development services, and wholesale lending to associations of informal traders and to unions of farmers' associations that then provide microcredit to their members. Some of the most important innovations emerged during implementation, such as ASCAs and the leasing of outboard motors for fishing vessels. On the other hand, some innovations planned and included in project designs were abandoned as they were found not to be feasible (inventory credit) or politically acceptable (village extension guides) in the context at the time.
61. Innovation in the context of the portfolio could be characterized as being "scattered", as there does not appear to be a clear innovation agenda supporting the elements identified as most important at the country strategy level (including value chains and the wider private-sector and market linkage issue). The major contributions to innovation have been provided by the support for agricultural marketing and artisanal fisheries, although some minor contributions were made in support of the livestock sector. In terms of scaling up, the project-level innovations, such as the ASCAs, that were pioneered in the artisanal fisheries projects, and the introduction in NADP of the concept of district-level development funds are examples of activities and approaches that have now been scaled up to the national level by government agencies, and are being implemented across Mozambique or adopted within the national regulatory framework. However, a systematic approach to replication and scaling was not evident. In conclusion, the CPE assesses the performance of the project portfolio as moderately satisfactory in the promotion of pro-poor replicable innovations.

## **IV. Performance of partners**

### **Performance of IFAD**

62. IFAD has introduced a high degree of flexibility into the design and implementation of projects and programmes aligned with national frameworks. This is particularly true in the support to agricultural extension and the livestock subsector, artisanal fisheries and agricultural marketing. In the case of the agricultural sector-wide approach to planning, PROAGRI, IFAD's position has been cautious and selective, which the CPE finds was appropriate and justified, considering: (i) IFAD's niche and mandate; (ii) the first phase of PROAGRI did not impact poor rural households but mainly public administrative systems; and (iii) there is as yet no agreed strategic framework for the second phase of PROAGRI.
63. In addition, with the establishment of a proxy country presence in 2003, IFAD has been gradually augmenting its implementation capacity in the field to the benefit of

improved programme coordination and harmonization. This has made it possible for IFAD to support activities (including the development of project monitoring and evaluation [M&E] systems) that are helping to foster portfolio quality. Though IFAD's achievements in terms of harmonization are relatively modest thus far, the Fund has made significant efforts in this regard, which coupled with the country presence, bodes well for the future.

64. IFAD must, however, take part of the responsibility for the poor performance thus far of the RFSP, even though UNOPS was responsible for supervision until January 2008. It was not conducive to efficiency to abandon the separate programme management structure of the design and fully integrate programme management into the Economic Development Support Fund (FARE) structure. Supervision missions also regularly noted the failure of FARE to contract external technical assistance to support staff with relatively limited microfinance experience.
65. Taking into account the Fund's cautious and well-aligned approach, its deeper involvement in implementation support, and the relatively poor performance, (notably of the rural finance component thus far), IFAD's overall performance is assessed as moderately satisfactory.

#### **Performance of government agencies and service providers**

66. The Government of Mozambique has been a solid partner for IFAD, and has had a very positive role in establishing a good partnership with the Fund, engaging in policy dialogue (albeit at the project level) and responding to portfolio issues in a prompt and effective manner. There has been, however, significant variation between the different government agencies that have served as executing agencies for the projects or as "contracted" implementers of different project components or activities. These projects have also benefited from close cooperation with numerous provincial authorities and district administrations for the implementation of field activities.
67. At the project level, the performance of executing/implementing government agencies has been mixed, both across the various organizations and within a given organization involved in various projects. The overall impression is that performance has been more efficient, when: (i) the implementing ministry has established a PFU with staff dedicated full time to implementation; and (ii) staff turnover in the PFU has been limited and the PFU is managed by a capable person. This is especially the case when the projects attempt to introduce an innovation. However, if the PFU is not integrated with ministerial systems, a capacity vacuum might be left at project closure. In artisanal fisheries, the trade-off between efficiency and ownership/sustainability has been minimized largely because the Institute for the Development of Small-Scale Fisheries has seconded its staff to the PFU, which has contributed to ensuring efficiency, as well as ownership and sustainability.
68. It is noteworthy that the Government has never defaulted on its loan services payments to IFAD, though it has not fully met its counterpart fund obligations, not because of inability or bad will, but rather due to annual ministerial budgeting that failed to foresee and include the allocation of funds required to pay value-added tax and duties on imported IFAD-funded equipment and materials.
69. Project M&E systems have significantly improved over time. While the early NADP never managed to establish a functioning M&E system, the PAMA Support Project and SBAFP have managed to introduce well-functioning M&E systems, based on logical frameworks and clearly defined indicators. Attempts have also been made (in the PAMA Support Project and SBAFP) to move beyond output monitoring and measure impact through baseline and repeat surveys.
70. Numerous government service providers have been engaged and their performance shows significant variation. Three service providers have had the role of



“component implementers” with varying results. Overall, the Government’s performance is rated moderately satisfactory.

### **Performance of the cooperating institutions**

71. UNOPS has served as cooperating institution for all projects evaluated with the notable exception of the ASP/PRONEA (directly supervised by IFAD from start-up). In January 1999, UNOPS took over responsibility as cooperating institution for NADP from the World Bank, in full agreement with the Government and the World Bank whose similar project had ended. Performance has been satisfactory on loan administration and fiduciary aspects but, due to budget limitations, there have been insufficient field work and analysis as well as backstopping on technical issues. Generally, response to and resolution of issues between annual missions has been slow. It should also be recognized that, in general, UNOPS has highlighted key problems and that UNOPS alone cannot resolve issues unless IFAD and the Government follow up with a rapid and consequent response.
72. This picture of moderately satisfactory performance applies to all projects, with the exception of NADP. Compared with the Bank, UNOPS tended to adopt a more pragmatic approach, shifting focus from procedures to results. UNOPS was more flexible on project management, speeding up the process of loan disbursement and procurement. However, though UNOPS’ supervision reports were more detailed than the Bank’s, they failed to establish a transparent picture of physical outputs, and the expenditure on each output/subcomponent/component. Guidance should have been provided on how to report on physical progress and financial expenditure, setting out the actions and responsibilities of the PFU and implementation partners.
73. Overall, the performance of the cooperating institutions is rated as moderately satisfactory.

## **V. Non-lending activities**

74. The major part of IFAD’s engagement in policy dialogue, knowledge management, and partnership development is taking place within or has originated in the lending programme. Within the support for agricultural marketing and artisanal fisheries, there have been substantial elements of knowledge management and lesson-learning. The most recent loan for the Rural Markets Promotion Programme (PROMER) allocates US\$6.8 million (of a total programme budget of US\$42.1 million) for management (including knowledge management) and policy/institutional support. Activities taking place outside the narrow context of the individual loan-financed programmes, include: (i) grants that are not designed to directly support the formulation and implementation of the lending programme (please refer to section VII); (ii) policy dialogue activities, mainly related to participation in the PROAGRI framework and the One United Nations process; (iii) knowledge management for the purpose of promoting scaling-up and a more coherent country programme; and (iv) partnership development related to strengthening IFAD’s contribution to policy dialogue and innovation and IFAD’s participation in the One United Nations process (Mozambique being one of the pilot countries).
75. Though the overall volume of IFAD’s **non-lending** activities has significantly increased since establishment of country presence in 2003, it remains relatively modest. Nevertheless, the portfolio-related policy dialogue has achieved satisfactory results. Some partnership development has taken place outside the narrow project context, for example, in connection with the One United Nations process. In the case of knowledge management, there has been good progress over time within the individual projects.

## VI. Summary of CPE ratings

76. Table 2 provides a summary of CPE ratings for the project portfolio in Mozambique across all evaluation criteria.

Table 2

### Aggregate evaluation ratings<sup>a</sup> of IFAD-funded projects in Mozambique

<i>Evaluation criteria</i>	<i>Rating<sup>b</sup></i>
Relevance	5
Effectiveness	4
Efficiency	4
Aggregated project performance	4.4
Rural poverty impact	4
Sustainability	3
Innovation, replication and scaling up	4
Overall project portfolio achievement	4
Performance of IFAD and partners	
IFAD	4
Government	4
Cooperating institutions	4

<sup>a</sup> The rating scale adopted by OE is the following: 6 = highly satisfactory; 5 = satisfactory; 4 = moderately satisfactory; 3 = moderately unsatisfactory; 2 = unsatisfactory; 1 = highly unsatisfactory.

<sup>b</sup> Ratings considered here are those of seven projects for which substantial documented evaluative evidence is available. The projects rated are: NAFFP, NADP, FSLDP, PAMA Support Project, SBAFP, RFSP, ASP/PRONEA. However, RFSP and ASP/PRONEA have only been rated for "relevance."

## VII. Conclusions and recommendations

### Conclusions

77. Over the past 13 years, the Fund has made an important contribution to agriculture and rural development in Mozambique. The country programme comprises a set of relatively successful development interventions that have covered remote and marginalized areas of the country, where infrastructure and services are limited, access to inputs and markets is uncertain, and institutional capacities are weak.
78. **Strategic alignment.** The CPE notes that the goals and strategies outlined in the 2001 and 2004 COSOPs are broadly aligned with IFAD's corporate policies, with the Government's poverty reduction strategies and with PROAGRI. Mozambique has sustained high rates of growth thanks to prudent economic management and a gradual transition towards a market-based economy. Though agriculture, including fisheries and forestry, is contributing least to GDP and exports, it contributes most to rural employment and livelihoods. Poverty was reduced from 69 per cent in 1997 to 54 per cent in 2003, largely thanks to high growth in agriculture.
79. **Strategic focus on market participation.** The country programme's overriding strategic goal since the mid-1990s has been to improve the market participation of smallholder farmers and artisanal fishers. The strategy has included support for raising the productivity, quality and sustainability of primary production and fisheries; linking smallholder farmers and fishers to markets; and improving their

share of end-prices and the value in the chain from production to the final market destination. This has entailed focusing on increasing competition for produce (by promoting rural traders) and empowering farm and fishery households by facilitating development of their groups and associations engaged in marketing and processing. Support for rural financial services that enhance credit access for smallholders and SMEs has been an important part of the programme.

80. **Focus on three pillars.** An important strategic consideration that requires attention is the paradigm shift in the activities supported through the country programme. This is exemplified in the shift from stand-alone self-contained subsector programmes, with an area-based focus in the period 1996-2004, to national programmes. These are specialized in: (i) support services to primary production (PRONEA); (ii) market linkages (PROMER); and (iii) rural finance (RFSP). The COSOP assumes that synergies and complementarities will develop to form a coherent country programme encompassing these three main thematic initiatives. This is based on the assumption that the three areas and support programmes will complement each other, a major challenge given the fact that coordination among public institutions is often problematic.<sup>10</sup>
81. **Increasing inequality.** Recent evidence suggests rising rural inequality and a less positive outlook for the more underprivileged among the rural poor. Past COSOPs maintained that all rural households were poor and that there was no need for a targeting strategy. This claim can no longer be sustained in Mozambique's rapidly evolving context. There is evidence of increasing rural inequality and livelihood threats for the poorer segments in society, as well as for the economically active poor. Furthermore, while the country programme's target areas in the north used to be among the most disadvantaged in the country, major changes have resulted in a new situation where some of the southern provinces now have a higher poverty incidence.
82. **Gender and HIV.** The 2004 COSOP specifically highlights the need for gender mainstreaming as well as the integration of HIV/AIDS concerns into the country programme. The CPE concurs with this strategic goal: gender inequalities remain widespread throughout Mozambique, and HIV/AIDS is becoming an ever more serious problem. Efforts in this regard have been fragmented and do not appear to have had any real impact.
83. **Partner institutions.** Generally, the assumptions about the capacity of public- and private-sector partners have been too optimistic, and occasionally a weak or unsuitable partner choice has been made, such as the decision to house the Innovation and Outreach Facility in the Economic Development Support Fund. The CPE also notes that in most cases, private and civil society organizations rather than government agencies are best positioned to develop the capacity of private-sector entities, although they have been rarely considered as important implementing partners. While outsourcing has been applied in the ongoing portfolio, the possibility of delegating the execution and budget of loan-financed components or subcomponents to a private-sector/civil society organization may warrant further consideration.
84. **Innovation.** Though the portfolio provides examples of innovations, its rating is assessed as moderately satisfactory. The innovation promotion process remains unsystematic in the absence of a specific strategy for replication and scaling up. A key finding is that several innovations planned in the design were not implemented, while during implementation important innovations emerged and were scaled up in the process of searching for solutions to practical problems that arose in the field.

<sup>10</sup> New measures are being put in place to mitigate this risk. These include: (i) establishment of an enhanced CPMT (including the national directors of the projects' lead agencies), and within the CPMT, a subgroup of programme coordinators, with the task specified in its terms of reference of ensuring coordination among different programmes; (ii) direct supervision by IFAD and cross-use of project teams and expertise in supervision; and (iii) specific mechanisms envisaged in PROMER design for coordination with both RFSP and PRONEA.

The ASCAs are a case in point. Though the specific ASCA model was not foreseen at the outset, it has become a widely accepted model for introducing financial services at the grass-roots level throughout Mozambique.

85. In several recent loans, IFAD has integrated implementation responsibilities within government organizations and avoided the establishment of dedicated programme/project units. This has, however, reduced efficiency and the speed of implementation in some cases. In artisanal fisheries, a model has been developed whereby an integrated unit facilitates implementation efficiency as well as the ownership and capacity development of the government partner by seconding staff from the implementing government agency to the unit. Although of a temporary nature, task forces or project units are in many countries considered a normal part of the government machinery. Once the change process has been completed and the innovation accepted and integrated within government, the relevant authority takes over and the unit is dissolved. The programme/project unit model applied in artisanal fisheries provides a positive lesson and inspiration for organizing implementation in the future.
86. **Non-lending activities.** The CPE notes that IFAD's engagement in policy dialogue, partnership development and knowledge management primarily has taken place within the context of the lending programme while less attention and resources have been given to purely non-lending activities. While there have been several successful results with regard to policy dialogue, IFAD's engagement in policy processes at the national level has been limited. In addition, grants are poorly linked with loan-funded projects. Ad hoc mobilization and opportunistic searching for grant resources impair effectiveness and innovation. Regional and global technical assistance grants have made a limited contribution to the effectiveness of the country programme, though some small country grants have been useful. The moderately satisfactory performance of non-lending activities may be partly explained by the limited (human and financial) resources provided by IFAD for this purpose. Moreover, the somewhat cumbersome process of mobilizing and managing grant resources limited the potentially important role grants could play, inter alia, in promoting policy dialogue, knowledge management and the development of pro-poor technologies.
87. **Partnership and harmonization.** Engagement with other development partners is essential in a country like Mozambique where donor coordination is strong. In addition to engaging development partners in the early stages of identification and design of operations, there is a need to continue raising IFAD's profile within the larger donor community where much of the policy dialogue originates and is increasingly coordinated. The recent overall harmonization indicator trends in Mozambique are, unfortunately, negative. While IFAD has made major efforts to mobilize the support of other development partners for its recent programmes, achievements have been modest. The Fund and the Government, for example, attempted to use the rural finance and marketing programmes to lead a multidonor effort and mobilize additional resources from other partners, but with little success. However, within the PROAGRI framework, IFAD has – thanks to its support for the ASP/PRONEA – become an important partner in harmonization efforts.
88. **Supervision and country presence.** None of the operations (until 2008) were directly supervised by IFAD. Supervision was carried out by cooperating institutions, which have been rated as moderately satisfactory by the CPE. While the supervision of fiduciary aspects was generally well performed, the provision of implementation support that might have improved project execution and performance was limited. The establishment of a proxy country presence in 2003 contributed to enhancing IFAD's profile in Mozambique. Though limited in terms of resources and authority, this country presence has allowed for better dialogue with the Government and enabled IFAD to further its commitments in relation to the Paris Declaration on Aid

Effectiveness as well as the United Nations “Delivering as One” pilot initiative,<sup>11</sup> for example, through its participation in all United Nations country team meetings.

### Recommendations

89. The CPE makes five overarching recommendations:

- (a) **Maintain the current goal and strategic thrusts.** The overriding goal of improving the market participation of smallholders and artisanal fishers as well as the supporting strategies should be maintained. Strategy and programme design should strive to ensure the integration of the three programmatic pillars: (i) increasing surplus production and its value; (ii) developing agribusiness SMEs and smallholders’ organizations as well as market linkages; and (iii) enhancing access to finance for smallholders and SMEs. However, considering the coordination difficulties that may arise between public institutions, the CPE recommends that greater efforts be made in the country programme to further engage in non-lending activities, particularly policy dialogue. This should be complemented by efforts to develop appropriate institutional platforms for coordination and integration of the activities foreseen under the three programmatic pillars.

To improve the market participation of smallholders and artisanal fishers, diversification into high-value production should also be maintained. Selection of new intervention areas and new value chains for support should be determined by agroecological potential and market opportunities, rather than by political priorities. Value chains in the livestock sector offer a potential opportunity for smallholders as consumption is rapidly expanding but is currently covered mostly by imports. Other options to explore include small-scale irrigation and water management, as well as aquaculture and inland fisheries.

- (b) **Develop and implement an innovation agenda adapted to realities in the field.** An agenda for innovation should be developed, identifying priority areas for innovation, replication and scaling up. Dedicated resources and efforts are needed in policy dialogue, knowledge management and building partnerships, all essential for the replication and scaling up of innovations. With regard to the latter, the next COSOP must specifically outline a strategy for scaling up; this is the ultimate test of IFAD’s capacity to promote pro-poor innovations. Areas in which innovation should be pursued include continued efforts in ensuring that policy initiatives are adopted as national legislation, developing new rural financial services and products, supporting grass-roots organizations and pioneering strategic partnerships with private-sector organizations active in fields relevant to the country programme.

A key CPE finding is that several innovations planned at the design stage have been abandoned while important innovations have emerged and were then scaled up during implementation in the process of searching for solutions to problems encountered in the field. Without a project/programme unit or dedicated equivalent task force these “search and find processes” are unlikely to occur. Efforts should therefore be made to maintain the units and promote these as “temporary change process tools” that are owned by the implementing government partners, with the ultimate goal of integrating changes and innovations into government structures and programmes.

- (c) **Develop a targeting strategy.** IFAD and the Government should develop a more articulated targeting strategy in the context of the next COSOP. Considering IFAD’s mandate and limited resources, a key priority should be interventions that directly support more disadvantaged areas and provinces

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<sup>11</sup> Please note that this terminology replaces the earlier “One United Nations Initiative” that the reader may be more familiar with.

rather than interventions that only support general capacity development of central institutions. However, in certain cases, it may still be relevant for IFAD to join other development partners in supporting the development of national frameworks.

In those instances where it may be decided to support projects not specifically tied into national programmes, or direct resources to specific areas in the country, IFAD and the Government should examine whether the current geographic concentration on provinces in the north continues to be relevant, especially in light of emerging data indicating that poverty is increasing in severity throughout the south. While these latter provinces generally benefit from better services and relatively easy access to the market of Maputo metropolis, economic development in these provinces is hampered by a significant series of constraints. Support for the south would also require a carefully designed gender strategy as women constitute a large majority of the population. Generally, there is a need to make strategies for gender equality and HIV/AIDS more operational.

- (d) **Engage private and civil society organizations as component implementers.** The country strategy and portfolio in Mozambique is private-sector-based. Within marketing and financial services, private and civil society organizations are often better positioned than government organizations to deliver the required services. While private and civil society organizations have been engaged as contracted service providers for specific tasks or as clients, IFAD and the Government should, in the future, explore options for gradually assigning implementation responsibility for programme components to private and civil society organizations.
- (e) **Adjustments to IFAD's operating model.** The development effectiveness of the IFAD-Government cooperation would be further enhanced by adjustments to IFAD's operating model, based on a thorough needs assessment. This could include the establishment of a permanent and well-resourced country presence in Mozambique (consideration may also be given to outposting the country programme manager from Rome as one of several options), which would be a useful element in strengthening direct supervision and implementation support, expanding policy dialogue, helping to improve donor coordination and developing in-country partnerships.

## IFAD loans to Mozambique, 1983-2007

Title	Total Cost	IFAD Loan	Cofinancier	Date			Cooperating Institution
				Approved	Effective	Closing	
National Programme for Food Production in the Cooperative and Family Sector	25.5	19.8		31/03/1982	23/02/1983	31/12/1986	UNOPS
Second Agricultural Rehabilitation Project	21.3	16	Government of India: AFRICA Fund (US\$1.5 m)	10/09/1987	26/04/1988	31/01/1996	World Bank/IDA
			Government of the Netherlands (US\$2.5 m)				
Nampula Artisanal Fisheries Project (NAFP)	11.2	6	OPEC Fund (US\$ 2 m)	15/09/1993	04/11/1994	31/12/2002	UNOPS
Niassa Agricultural Development Project (NADP)	20.1	12.4	OPEC Fund (US\$ 4.1m)	20/04/1994	19/10/1994	30/06/2006	UNOPS
Family Sector Livestock Development Programme (FSLDP)	25.7	19.4		04/12/1996	12/02/1998	31/12/2006	UNOPS
PAMA Support Project	26.6	22.8	Ireland / DCI (US\$1.0 m)	08/12/1999	07/09/2001	31/12/2008	UNOPS
Sofala Bank Artisanal Fisheries Project (SBAFP)	30.6	18	Belgium (BSF) (US\$3.4m)	12/09/2001	02/09/2002	31/03/2011	UNOPS
			Norway (NORAD) (US\$5.8m)				
Rural Finance Support Programme (RFSP)	34.3	9.5	African Development Bank (US\$16.4 m)	17/12/2003	31/08/2005	31/03/2014	IFAD
			Africa Development Fund (US\$5.4 m)				
Agricultural Support Programme (ASP/PRONEA)	50.8	20	Several Partners under the PROAGRI Framework	20/04/2006	25/11/2007	30/06/2016	IFAD/IFAD
<b>TOTAL COST</b>	<b>246.1</b>	<b>143.9</b>					

Note: In September 2008, IFAD's Board approved a loan of US\$31.1 million to support the development of rural markets (PROMER)

## Evolution of the COSOPs' goals, orientations and strategies: 2001 and 2004

<b>2001 COSOP</b> <b>Goals/Orientations</b> First Strategic Orientation: <b>Develop commercial linkages between small-scale producers and private markets</b>	<b>Strategies</b> a) promote linkages between smallholders, input suppliers and markets b) support producer group formation c) enhance access to rural financial services	<b>2004 COSOP</b> <b>Goals/Orientations</b> First Strategic Orientation: <b>Increase the income of rural poor</b>  <i>Increase marketable production and improve marketing of high-value cash crops and fish</i>	<b>Strategies</b> a) promote public private partnerships b) improve access to advisory services  c) promote conducive environment for market linkages d) enhance sustainable access to financial services
Second Strategic Orientation: <b>Promote decentralization and empowerment.</b>	a) operationalize participatory processes for planning & implementation of development activities b) decentralised planning and management systems established	Second Strategic Orientation: <b>Empower the rural poor</b>	a) promote small producers' associations b) promote local partnerships in districts
Third Strategic Orientation: <b>Rationalize donor-supported projects to ensure better coordination and ownership</b>	a) contribute to formulation and establishment of subsector programme framework	Third Strategic Orientation: <b>Mainstream gender equity and HIV/AIDS prevention and mitigation</b>	a) innovations to promote gender equity b) gender targeting and monitoring c) HIV/AIDS info and education in communities and workplaces d) mitigation measures integrated in programmes



## Consultant evaluation team

<b>Consultants:</b>	
<b>Team leader</b>	Mr Jakob Grosen, Consultant Team Leader (Economist)
<b>Team members<sup>1</sup></b>	Ms Alicia da Silva Calane, Socio-economic Expert (gender, HIV/AIDS and community participation) Mr Simiao Antonio Mahumana, Agricultural Marketing Expert  Mr Abdel Kader Mboup, Artisanal Fisheries Expert  Mr Fion de Vletter, Rural Finance Expert  Ms Ana Bela Cambaza dos Muchangos, Livestock and Veterinary Services

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<sup>1</sup> The preparation of the CPE also benefited from the inputs and comments provided by the following resource persons: (i) Mr Yussuf Adam, Decentralisation and Rural Grassroots Organisations; (ii) Mr Fernando Matola, Rural Roads; and (iii) Dr Verona Parkinson, Agricultural Research and Related Technical Assistance Grants.

## Definition of evaluation criteria

- (i) **Relevance** is defined as the extent to which project objectives are consistent with: the needs of the rural poor; IFAD's strategic framework and policies; and the country's current policies and strategies for poverty reduction
- (ii) **Effectiveness** is defined as the extent to which project objectives were achieved at project completion
- (iii) **Efficiency** is a measure of how economically inputs (funds, expertise, time, etc.) are converted to outputs. This can either be based on economic and financial analysis, or on unit costs compared with alternative options and good practices
- **Project performance** is a composite of the assessment of the relevance, effectiveness and efficiency evaluation criteria.
- **Impact on rural poverty:** This criterion assesses the changes that have occurred by project completion. IFAD defines rural poverty impact as the changes in the lives of the rural poor, intended or unintended – as they and their partners perceive them at the time of the evaluation – to which IFAD's interventions have contributed. Impact has been divided into 9 impact domains that are addressed by IFAD projects to varying degrees. The 9 impact domains are:
  - **Physical assets** including equitable access to land, water, livestock, tools, technology and infrastructure.
  - **Financial assets** including secure access to rural financial services by working through and improving institutional frameworks that provide such services.
  - **Food security** covers availability (production and trade), access to food (income, markets and prices) and stability of access (storage and marketing arrangements).
  - **Environment and Common Resource Base** focuses on assessing the extent to which a project contributes to the protection of rehabilitation of natural resources and the environment or the extent to which the project contributed to the depletion of natural resources.
  - **Human Assets** assesses the level of capital embodied in people and include their nutritional status, health, and knowledge.
  - **Social Capital and Empowerment** includes an assessment of empowerment of individuals, quality of grassroots organisations and institutions, the poor's collective capacity (their social capital), and so on.
  - **Agriculture Productivity** is measured in terms of cropping patterns (e.g., shifting from subsistence farming to producing cash crops) and yields (production as compared to inputs).
  - **Institutions and Services** aims at assessing the quality and performance of institutions, policies and regulatory frameworks that influence the lives of the rural poor.
  - **Markets** are important for rural poverty reduction. Evaluations assess the project's efforts in promoting physical access to markets (transport routes and means of transportation) and to information on prices and good.
- **Overarching factors:**
  - Sustainability: The continuation of benefits from a development intervention after major development assistance has been completed.
  - Innovation: As per the new innovation strategy, a product, idea or approach his innovative if it is: (i) new to its context of application;

(ii) useful and cost-effective in relation to a goal; and (iii) able to “stick” after pilot testing.

- **Performance of partners:** This assesses the performance of primary partners in the project: IFAD, cooperating institutions, the government agencies responsible for implementing the project, the NGOs/community-based organizations involved into project implementation and project cofinanciers. This assesses how well IFAD and its partners identified, prepared and supervised the project, and the contribution each made to project success during implementation.
- **Project achievement** provides an overall assessment of an IFAD-funded project. It is not a simple numerical aggregation, but rather a judgement formed by the evaluators, building on the ratings assigned to the various evaluation criteria.

## **IFAD lending terms**

IFAD provides loans to developing Member Countries upon highly concessional, intermediate and ordinary terms for approved projects and programmes. The criteria for determining the terms to apply to a specific country are assigned on the basis of Gross National Product (GDP) per capita figures.

The conditions for these lending terms, as defined IFAD's Lending Policies and Criteria, are as follows:

- Highly concessional loans shall be free of interest but bear a service charge of three fourths of one per cent (0.75%) per annum and have a maturity period of forty years, including a grace period of ten years;
- Intermediate terms loans shall have a rate of interest per annum equivalent to fifty per cent of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of twenty years, including a grace period of five years; and
- Ordinary terms loans shall have a rate of interest per annum equivalent to one hundred per cent of the variable interest rate, as determined annually by the Executive Board, and a maturity period of fifteen to eighteen years, including a grace period of three years.

