

Reform work at the Ministry of Planning and Finance in Mozambique



Foreword

The objective of the *Methods Development Unit* is to contribute to enhancing and strengthening the quality of Sida's development work. The Unit supports the line organisation in developing and applying approaches and methods, for example

- approaches for capacity development,
- transition from a project approach to a programme approach,
- introduction of a rating system,
- efforts to combat corruption,
- etc.

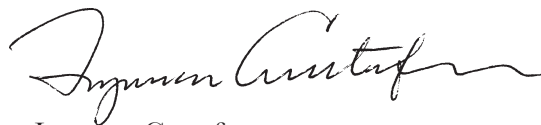
The Unit's main tasks include ensuring that Sida's handbook, "Sida at Work", is kept up to date and is understood by all members of staff. Thus "Sida at Work" forms the framework of the Unit's activities.

Learning processes and exchanges of experience are essential. This series of "Working Papers" is a contribution to Sida's learning. The Papers are often produced as part of Sida's work on specific methodology issues.

The views and conclusions of the Working Papers do not necessarily coincide with those of Sida.

Hopefully, the Working Papers will stimulate reflection and discussion.

This Working Paper has been developed to highlight the complexity of comprehensive administrative reform processes. Sida is frequently invited to participate in national processes of this type, and crucial issues need to be identified and analysed. This Working Paper is a contribution to Sida's experience.



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Statements

This paper is according to its terms of reference intended to analyse the last period of reform work in the area of public finance management (PFM) in Mozambique, reflect this from a point of view of personal impressions and in particular highlight the three following questions:

- In what way was the status of PFM systems analysed by concerned decision-makers in Mozambique and how did they get a comprehensive overview of the situation?
- What reform strategy did they choose and why?
- Which was the role of donors (and lenders) in this process?

This paper states that

- No internal analyses of system status had or has been made from the Mozambican party that affected design and structure of reform work. Most likely nobody held a comprehensive overview of the complete situation from the government's side.
- Hence, there was no choice of reform strategy from the Mozambican side. This has (in practice) been done just recently and at the introduction from donors.
- Donors and lenders have from the start managed and in practice decided on all major reform activities and steps forward in the PFM area, with the exception of a specific period in the Sida funded project. This total donor (or rather lender) influence has grown during the last two to three years.

Introduction. Background

Swedish engagement with the MPF started in 1987 through a request from the then Minister of Finance (the request or the engagement did not follow from a broader contextual analysis from any of the two parties and hence did not include opinions or analyses of possible impact on other institutions or organisations outside the MPF). The minister expressed worries in relation to the budget process and the ability of the Mozambican Government (GoM) to present basic information concerning public expenditure and revenue (not to mention GoM assets and liabilities). The trigger behind this request (and the worries) was most likely pressure from the BWI:s (Bretton Woods Institutions, i.e. the World Bank and the International Monetary Fund) in relation to negotiations

on structural adjustment credits, introduced in Mozambique in the mid 80's. The development from independence in 1975 to the situation ten years later that forced the GoM to accept structural adjustment programmes designed by the BWI:s, will not be discussed in this paper.

The extension of deterioration in the PFM area in 1987 and at project start in 1988, has to be recognised. At that point in time the GoM was unable to put together and present a physical state budget to the Parliament (*Assembleia*) and for internal management purposes. No annual accounts had been presented since 1975 (and would still not be presented until 1998). The GoM payment system was not able to meet basic requests of disbursement of funds and represented (and still represents) a major fiduciary risk. The supreme audit institution (*Tribunal Administrativo*) did not perform. No revenue policy was applied and the tax administration operated at a very low level of efficiency. Sida's choice to engage in this institutional setting could with broad margins be called "a major challenge".

The period 1988–1993

This period represented a standstill in the project, first and foremost because the finance minister that had requested the services from Sida, soon after his request was replaced by another minister that was not interested in this kind of co-operation. As a result, all political support ceased. In the authoritarian and strictly hierarchic structure that Mozambican civil service represents, this was a signal to all staff not to get too engaged in the project.

When the Sida funded project at MPF started in 1988, all other external development assistance was concentrated at the National Directorate for Planning and Budget (*Direcção Nacional de Plano e Orçamento, DNPO*). Especially planning was (and to some extent still is) considered especially high status by concerned Mozambicans and, unfortunately, clusters of people with donors. While as accounting, payment control and auditing are viewed as tasks for book-keepers and clerks (hence the status of corresponding systems). The majority of individual donor resources and projects (from all sorts of donors: Portuguese, German, WB, others) were spent on attempts to improve and structure the existing planning process, still then heavily influenced by the central planning concept. In this setting, budgeting and the budget was considered more or less as accounting and far from the visions and dynamics of planning. It was not a coincidence that there at this point existed two different institutions for planning and budgeting (one autonomous directorate for planning and one budget directorate within the ministry of finance) and at least in theory, two budgets. One for development (investment) expenditure and one for recurrent expenditure. Even today GoM accounts represent nothing else than the budget structure, i.e. registers the accounts in exactly the same structure as the State Budget, a so called budget follow-up registration system.

From this knowledge, the "first" Minister's request and guided by poor in-house consultancy advice, the Sida funded project established itself at the Budget Department and was for a number of years even called the Budget Project.

The Budget Department represented at this point (and still represents) extremely weak capacity. The task for the department was to, in the most favourable scenario, incrementally allocate recurrent resources in the budget. The education background of the staff was generally secondary school (all academics were to be found at Planning). No methodologies for the budget process existed and there were few or no links to other entities or even line ministries in everyday work. All work was performed manually. As mentioned, there was no physical, comprehensive State Budget available.

It was soon realised from lack of response, that results from “normal” capacity building initiatives would be hard to implement at the department. The Swedish consultancy firm contracted to carry out the services in the Sida funded project, at this point came up with the idea to instantly try to introduce a modern accounting system and from this try to compile and discover financial information, in a second phase also to chance budget structures and content. This methodology was intended to influence and affect concerned personnel and enhance commitment and individual competence parallel to system development. The idea did not at all answer to the conceptual knowledge and awareness of the Mozambican staff, including managers, and was met with scepticism (Eventually this conflict led to a replacement of the consultancy firm). No way forward seemed to bear fruit: No response was given to capacity building initiatives which had their points of departure in existing conditions. An attempt to shake the grounds of the ministry through the immediate introduction of a modern accounting system to replace the colonial and very old-fashioned one, only closed doors further.

The misguided establishment of the project at the Budget Department produced one important result. As in many other African countries at this point in time, it proved almost impossible to move forward with the government’s planning and budget process, unless a closer relationship between planning and budgeting institutions could be established. From this knowledge, the Sida funded project started to lobby for a merger of the Planning Directorate and the Ministry of Finance. Much later, in the mid 90’s, the merger eventually took place, creating the current Ministry of Planning and Finance and, within the ministry, the Directorate for Planning and Budget (in practice though the old structures of “planning” and “budget” to a high degree still operate separately).

The period 1993–2000

A peace agreement ending the more than a decade long civil war in Mozambique was reached in 1992. After the elections in 1993 a new minister and vice-minister (the current minister) of finance were appointed. Further analyses in the project at this point in time reflected (correctly) the accounting area as the key to PFM development and the project moved from the Budget Department to the National Directorate of Accounting (*Direccao Nacional de Contabilidade Publica, DNCP*), still with some responsibilities at the Budget Department included. The new leadership showed much more interest in the project, probably partly as a result from BWI pressure and the – later during this period – introduction

of programme support. Gradually the project introduced five long-terms consultants situated in Maputo, one of them responsible for training only.

During this period the project contributed heavily to the re-establishment of the completely deteriorated Mozambican public accounting system (i.e. budget follow-up system). After some initial problems (where Sida revealed a very strict attitude in formulation of a number of very successfully applied conditionalities), the project worked under the support of the political leadership and, as importantly, through special decision-making bodies introduced as parts of project management. These “technical groups” (*Grupo Técnicos*), included all concerned leading staff from the ministry and a number of expatriates from the project (and other expatriates if concerned). All decisions on changes of information structures, new systems, introduction of (nationwide) training schemes, publishing of new information, introduction of new manuals and so forth, were made in these groups. This did not only guarantee Mozambican ownership as such, but also established a pace in project work that was feasible with conditions (e.g. capacity) at the ministry. Apart from necessary links to the Budget Department as far as the budget structure was concerned, the project operated in more or less complete isolation from other national directorates and development assistance introduced at these other entities of the ministry.

If contacts with other development projects that worked on control of the government’s own resources were few, there was (for good reasons) even less interacting with other initiatives relating to public finance management in a broad sense such as banking supervision or currency control. All of these areas were included in BWI – GoM negotiations on structural adjustment credits, far from the world of PFM. Public administration reform had not been introduced and the civil service was only mentioned as a macro parameter by the BWI:s in their macro programmes (right-, down- or left- sizing the public sector) resulting in GOSPLAN approaches on how to adjust the public sector.

Fulfilling the meaning of development assistance, the project needed to move ahead from restoring existing systems only, to the introduction of a more modern setting. There was no ground for the introduction of a new accounting system at the ministry. There were also some problems in relation to the interest from most engaged managers to support the idea of submission and publishing of accounts at specific dates. The whole budget process as such was not regulated.

This resulted, finally, in the introduction of the new framework Budget Law (*Lei de Enquadramento Orcamental*) in 1997. The law had a distinct impact on attitude to project work at the ministry. Ministry staff considered it very important to adhere to all regulations in the law, not least the presentation of budget and accounting information in the structure and at the dates required through the law. The same motivation could never be found through arguments such as the importance of access to certain kinds of information in the political decision-making process or as a planning tool in the budget process. Even today there is practically no internal request for accounting or other financial information from management at the ministry. This goes to show that very much of the PFM

process still is conceptually mechanical with the Mozambican side and does not represent real and independent value with the GoM. The whole conceptual idea of modern PFM is still alien and introduced almost only to fulfil requirements from donors, lenders and other funders of Mozambican public expenditure.

Much as a result of the new law, and through project work only, the GoM managed for the first time since 1975 in 1999 (concerning the financial year 1998) to present State Annual Accounts to the Parliament (*the Assembleia*). These accounts, reflecting the disbursement and registration of the majority of State Budget appropriations, do not represent more than approximately one third to half of all resources available to public expenditure in the country (in direct violation of the law!), but the presentation of them has since had a major impact on political debate in Mozambique and also on demand on transparency in the budget process, access to public financial information and calls for action against corruption and misuse of public funds. This is a very distinct example of the tight link between support to improvement of PFM (all components) and Good Governance as part of Democracy support.

In the mid 90's aid concepts in relation to poor countries changed dramatically. In 1996, BWI:s introduced the HIPC-initiative (Heavily Indebted Poor Countries initiative) aiming at the reduction of what was considered not viable public debt in a number of poor countries. For countries to be considered eligible for HIPC, certain conditions had to be fulfilled. The most important of these was the elaboration of a poverty strategy paper (PRSP) displaying long-term goals for the reduction of poverty in the country and prioritised action to do so. Mozambique did not manage to fulfil all conditions for the so called completion point in HIPC, but was still approved; a generous attitude from BWI:s that most likely has influenced events in the project fundamentally during the period from year 2000 onwards.

Parallel to and as a result of the HIPC-initiative, a number of likeminded donors in Western Europe from Dublin to Vienna started to introduce programme support, primarily sector programme support, in their co-operation with HIPC-countries. Parallel to sector support, the majority of the same countries provided general budget support (previously transferred as balance of payment support). BWI:s also introduced special poverty related credits (PRGF and PRSC respectively for IMF and the BW), presently financially dominating external funding of state budget expenditure in HIPC countries (Mozambique has at this point received a PRGF from the Fund but no PRSC from the Bank). Major grants from the EU, mainly as general budget support, was also introduced during this period. In addition resources for poverty related expenditure were made available through debt reduction as a result of HIPC.

All these initiatives put the Sida project at DNCP in focus. In a short period of time, all donors realised the importance of information that could tell them how money had been used (i.e. for poverty reduction purposes). Pressure was mounting and expectations of what could be accomplished in just a few months or a year, were running high and unrealistic.

To meet these demands and create a platform for discussion on PMF issues in the donor community, PFM was introduced in the so called G-group as a permanent topic on the agenda. The G group currently consists of eleven countries (G 11) that all submit to agreed procedures concerning pledges, disbursement and reporting on general budget support and that in a co-ordinated manner monitor PFM reform.

The G-group was the leading dialogue partner to the GoM during this period (1996–2000/1) and launched a number of analyses on both macro support and PFM conditions and reform (the so called JDR:s, Joint Donor Review Missions).

Lack of knowledge of actual working conditions in Mozambique and what is required to establish an accounting system nationwide, created tensions between the Sida funded project and members of the G-group. Requests for information and immediate introduction of modern PFM systems were repeatedly raised by a number of the members in the G-group (without a more precise definition of what was the demand). At the same time it could be stated that information from the project to the G-group could have been presented more regularly, including ideas of co-ordination of reform initiatives in the PFM area. As time passed, it became more and more important to keep the rest of the bilaterals informed, an experience not to be underestimated in the future.

During this fruitful period of the project, working relations with the Department and National Directorate for Human Resources (*Direccao Naciona/Departamento de Recursos Humanos, DNHRH*) were also established. As mentioned, the project team held one long term resource allocated for management, planning and execution of training only (more than 3.000 individuals have been trained through the project, nationwide in Mozambique). DNHR was engaged to take responsibility for practical arrangements in connection to the project training. As collaboration intensified it also came to include transfer of competence from the project not only in training administration, but also how courses should be organised and why. Through project resources and project support an inventory was also made concerning individual competence with the staff at the ministry and the start of a training policy introduced.

The Budget Law opened, in many respects, possibilities to introduce a new accounting system. Appraisals to the introduction disclosed the immanent need to co-ordinate reform work in all major PFM areas to make an introduction possible (parallel and very “isolated” reform work took place in all major areas of the MPF: budget and planning, accounting, payment system, revenue and audit). Once again it became urgent to introduce some kind of co-ordinating (reform) entity at the ministry responsible for consistency and coherence between different reform areas. Year 2000 the so called UTRAFE entity was introduced to fulfil these tasks (see below). The Sida funded project played an important role in the process leading to the introduction of UTRAFE.

Parallel to these initiatives at the MPF, a number of sector programmes – SWAps – were introduced in Mozambique (education and agriculture in the first round). Other line ministries also developed their planning procedures. Donor willingness to make resources available for sector pro-

grammes or other kinds of line ministry programmes, were directly linked to possibilities to get access to result information (on poverty results), also concerning consumption of financial resources. In a “normal” situation, line ministries would have turned to the MPF and asked them what kind of instruments they could offer and what kind of sector individual information that could be made accessible. However, from experience line ministries knew that MPF could not provide them with almost anything of what they (i.e. donors to the sector programme) needed. As a result, all concerned line ministries entered in to the process of establishing their own comprehensive PFM systems and responded to the more limited MPF requests in a separate process. This deep disappointment and mistrust from line ministries towards the MPF still heavily affect possibilities to establish workable and understandable result reporting routines that can serve both the needs of MPF as well as those of line ministries. Not even at this stage the Sida funded project tried to engage line ministries in its work (not until approximately year 2000). Line ministries also did not want to get engaged. To them, any approach from the MPF meant a possibility of someone taking something away. This was also thoroughly displayed through the parallel introduction of new planning and budget routines at the DNPO triggered by the sector programming approach. In this, line ministries proved to reveal as little information as possible to MPF concerning especially off-budget funds. This was a direct result of many years’ experience of much control and no service from the MPF.

The absence of results in system development and the inability of the GoM to report on actual poverty results, also led a number of donors to engage in direct support to provincial administrations (this was also done from a policy point of view, indicating the superior position of lower levels of the administration, operating closer to the “people”). Support was provided as project money or, increasingly, also as sector programme support. Sweden was the first donor to introduce untied general budget support to a province, highly appreciated at the MPF. Donor advantages of direct provincial support were obvious: At the positioning of an expatriate resource in the province, all steps of realisation could be monitored: planning, budgeting, execution and reporting. Capacity constraints with the provinces in Mozambique are however much worse than at central level and factual possibilities to follow through are not always at hand. Work in any province in Mozambique would also display the non-delivery from central level, especially in relation to funds the province is entitled to according to the budget but that is undeliverable due to permanent liquidity crisis. Engagement at provincial level represents a bit of previous project motives: In a smaller and closer implementation area, possibilities of success increase. On longer term however, this represents more of expatriate funding (and ruling) of the country and is not feasible as a definition of eventual domestic full ownership. In an aid world dominated by programme support for public expenditure, engagement with provinces or districts or regions is however recommended, to keep in contact with reality and also as a mean to check up on results. This would mean more than a tracking study. As part of the re-establishment of the accounting (budget follow-up) system, the Sida funded project co-oper-

ated successfully with all provinces in Mozambique through a number of years.

The period from and including the year 2000

The introduction of the “poverty concept” from the BWI:s did not only represent a change of terminology. It was also triggered by the fact that many of the concerned countries gradually stabilised their macro economy during the 80’s and the 90’s. This left BWI’s – especially the Bank – with the question what to do in these countries. What was their *raison d’être* in the dialogue with for instance Mozambique? The answer came out as engagement in ID – institutional development. The BWI:s had realised that continued motivation for engagement lied with the possibility to present results pointing to poverty alleviation. The means to accomplish this was the government’s institutions in concerned countries. In a very short period of time a rather odd setting established itself in Mozambique: The World Bank (as it should) came to engage in the public administration reform and (much more unusual) the IMF came to be the leading agency in PFM reform. A number of new diagnostic instruments were introduced from the BWI:s and are now considered to be most important tools, even though they not always guarantee high quality (primarily CFAA, a renewed PER and the ROSC).

This new setting had and has a tremendous and profound influence on bilateral donor possibilities and engagement in institutional capacity building in the public sector in countries guided by a PRSP, from Vietnam to Mozambique (Vietnam represents core engagement from other multilaterals as well: the ADB and the UNDP).

For the Sida funded project at the MPF, there was no immediate impact from the introduction of a PRSP in 2000. First request from the BWI:s came as a wish to introduce functional classification of the budget (to serve BWI:s possibilities to analyse the poverty profile of the budget). Since no other operational and competent resource was (and is) available at MPF, this “request” landed with the Sida funded project that had to do all implementation work. Parallel to these initiative from BWI:s, a number of their own analyses were carried out. Based on these, a new request for a comprehensive PFM law was presented from the Finance Minister to the Sida funded project (the new Public Finance Management Law, *Lei do Sistema de Administracao Financiera do Estado, SISTAFE*), making it possible to introduce an IFMS, an Integrated Financial Management System, also called SISTAFE, in Mozambique.

Top management realised that some initiatives had to be taken to make it possible to implement the new IFMS. In the absence of other capacity, even at UTRAFE – the new and obvious co-ordinating entity for the implementation of the SISTAFE – top-management once again turned to the Sida funded project for help.

An engagement from the Sida funded project in the implementation of the law seemed to be obvious. The core area of the new law was a new accounting model (in addition to the payment system, control functions, budget and asset management) where the Sida project had its home. Since accounts stretch out to and influence all other PFM areas, and as a

result of the absence of competent expatriate resources in almost all other development assistance, the Sida funded project soon found itself in a position where more and more responsibility was handed over linked to the implementation of the technical features of SISTAFE. As late as in April 2002 discussions took place concerning a Sida funded take over of the previous EU engagement at the Treasury Directorate in the ministry. This was all done under the full approval of all levels of the ministry, from minister downwards. There was no reason for the project to anticipate anything but full support in this, in the implementation stages. The problem was instead to limit the engagement and make it feasible for the project. Pilot projects at three line ministries and one province were drawn up. An informal request was presented to Sida about extended resources for the new three year period starting 2003.

This scenario completely reversed in more or less six months from mid 2002 to the turn of the year half a month ago. This brutal change was the direct result of an IMF decision to engage in the management of the UTRAFE entity. In the absence of “normal” WB initiatives in this area and in the vacuum (non-action) of a co-ordinated initiative from the G-group, IMF found it appropriate to take the lead in the introduction and implementation of the SISTAFE. The first idea was probably to monitor this process through control of UTRAFE only. A Brazilian long term consultant was contracted to safeguard IMF influence in policy-making, content and co-ordination of the reform at UTRAFE.

Either based on a policy decision at the IMF or as a result of personal ambition and engagement, the Brazilian consultant, backed by the name, position and function of the IMF, succeeded in six months to convince the minister to transfer all implementation responsibility of the technical SISTAFE to UTRAFE, to transfer procurement responsibilities of both the training programme as well as the crucial IT-application of the whole IFMS to UTRAFE, to accept a very limited conceptual model for SISTAFE as compared to a modern IFMS and in practice prohibit all bilateral co-operation between the MPF and any donor, that included support to the implementation of the SISTAFE.

In practice this meant that the Sida funded engagement at the ministry in six months went from an almost complete control of the whole implementation of the new law, to a one year contract with the ministry including a number of areas that do not relate to the SISTAFE implementation at all. A, to say the least, very dramatic development, realised as a result of very tough language from IMF to the minister and also to Sida representatives. It is likely that the finance minister understands the limitations of the Brazilian conceptual model and would have liked to keep Sida engaged, but had to bend to IMF requirements. What will happen on medium term remains unclear. One alternative would be that limitations in the conceptual models will raise interest for a revision towards a more Anglo-Saxon/Nordic technical model. This is however unlikely since the model will meet GoM immediate needs to improve financial control. Also, the WB that holds professional competence in this area, will, in spite of this, not challenge its BWI brother. Considering IMF's very limited knowledge in institutional capacity building, the current situation must be appraised as at least unfortunate.

Why bother?

A crucial and interesting aspect of donor engagement in these kinds of co-operation, lies with the question when and why you should continue and when and why you should withdraw. Sida policies in this field have been and still are more than applicable in this Mozambican case:

The dimension of corruption and especially misuse of funds (gravely increased through disbursement of programme support from donors to the GoM's payment system almost without any control) almost goes beyond comprehension, bearing in mind that these monies are stolen for private consumption. Attempts to reveal these misdeeds are met by organised murder, most likely funded by the President's son. Poverty reduction results are limited in spite of and in relation to massive external financial support. Capacity at core parts of the MPF has not improved and is still in a terrible state (the Treasury). In some areas the situation has deteriorated in the last years (Budget and Planning). No support is provided to sector ministries from MPF in financial areas crucial to them. The conceptual model of SISTAFE now intended to be implemented will not improve this situation. There are few signs of improvement of staff competence. Ownership to all reform work is very low and diminishing. In addition, accountability in terms of service delivery answering to the rights of the citizens, is also low.

Are these reasons enough, in a result oriented management, not to continue co-operation? Could the situation become any worse? Is it the seriousness of the situation that in fact constitutes ground for continuation? The BWIs that carry few moral aspects in their political agenda, will always continue in a setting such as the Mozambican. Is this in itself a reason for continued bilateral engagement?

From the current situation in Mozambique you could also put the question if some countries are more popular with donors irrespective of conditions. The Swedish Government is considering whether to terminate bilateral co-operation with Guinea-Bissau or not. This support has been on-going during more or less the same period of time as the support to Mozambique. There could be good reasons to cease continued assistance: There is serious political instability in the country and no delivery of results. The country is declared off-track by the IMF. In Mozambique it would be fair to ask if the State is run by an elected government or completely penetrated by criminal networks. In addition result delivery is poor. Yet nobody nowhere would initiate a process to ask if bilateral co-operation should come to an end.

Some impressions

A few issues could be highlighted as experiences from this project. Some of these aspects relate directly to Sida's policy for capacity development and have been applied (successfully) in the support to MPF:

- System development and reform of procedures are not enough. You should always work with Human Resource Management (HRM), at least at concerned entities. Parallel engagement at the concerned ministry's/institution's HRM entity will become necessary on medium

term for sustainability reasons. All support must not come from one donor in one project. Sida policy page 10.

- There is a completely new setting for capacity building projects in the public sector in poverty oriented development assistance since a few years back. BWI:s is at lead. This has to be realised and accepted. Bilaterals play a crucial role to oppose bad or weak policies from BWI:s and complement where they lack knowledge, techniques and/or experience (they seldom think they lack any of this). See Sida studies nr 6. Sida should also take initiatives for the introduction of co-ordinated monitoring mechanisms of public sector reform.
- To influence, Sida must build alliances. The bilateral period including two parties only is over in this kind of support. Alliances are built through initiatives and transparency. Sida policy page 11.
- Sida must be active on the “home front” to influence new methodologies and instruments from BWI:s and others and the intended application of these. Sida (preferably in alliance with others) should operate already at the “source”, i.e. in Washington (and other likeminded bilateral donor cities in Europe). Sida studies nr 6.
- All projects of this kind must be tested against political will. Political acceptance should be the minimum criteria. Should Sida have withdrawn during the period 1988 – 93? All policies and analyses pointed in this direction. Yet Sida stayed with obvious results during the next phase. In the new setting, political “will” is in most cases guaranteed through BWI presence.
- You could define technical “truths” for different areas of public sector support. The technical truth for PFM is that the accounting area is the core area in all reform work.
- Organisation and structure with the co-operating institution matter and should be included in project agreements.
- The key to success is different in different settings. In Mozambique (and probably most other co-operating partners to Sida in Africa) legislation triggers loyalty to project goals and action and activity to obtain them.
- Provincial (or regional or district) engagement and presence is important and could represent the main stream of co-operation during a phase. But it could never be the final and isolated solution.
- Every situation is unique. There are few possibilities to avoid all hindrances through general application of policies or insights from parallel activities.
- Programme support does not mean that you need less administrative resources, especially not at the field. On the contrary, a successful monitoring of public capacity building initiatives linked to reporting of poverty results funded e.g. through programme support and parallel co-ordination and dialogue with present donors and lenders, require more and skilful staff at the embassies.

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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