

POLITICAL GOVERNANCE IN MOZAMBIQUE

FINAL REPORT

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Abbreviations and Acronyms

DFID	Department for Foreign and International Development
FRELIMO	Mozambique's Liberation Front (the ruling party in Mozambique)
GoM	Government of Mozambique
MDG	Millennium Development Goals
MONAMO	Mozambique's National Movement (junior opposition coalition member)
NEPAD	New Partnership for Africa's Development
PAPs	Programme Aid Partners
PARPA	Mozambique's Poverty Reduction Strategy Programme
RENAMO	Mozambique's National Resistance (the main opposition party)
USAID	United States Agency for International Development

Executive Summary

I. Introduction

Mozambique is one of the countries in Africa receiving significant amounts of development assistance. It owes this privileged position to many factors. First of all, after a protracted civil war which lasted from the late seventies to the early nineties, Mozambique's then Marxist oriented government and the "right-wing" Renamo rebels signed a peace agreement which has since held. In fact, not only were the warring parties able to effectively establish a peaceful order, but they also saw the country through three general elections (1994, 1999, 2004) and two local elections in 33 municipalities (1998, 2003). While the fairness of these elections has been the subject of controversy, many observers attest Mozambique a measure of progress in democratic consolidation. Secondly, since the mid-eighties, Mozambique has embarked on a programme of economic and political reforms with support from the International Monetary Fund, the World Bank and several Western donors. These reforms have consisted in the liberalization of the economy and the discussion and approval of a new multi-party constitution, which actually came before the peace settlement. Thirdly, the country has shown a consistent degree of commitment to international development goals, a most recent example of which is its integration of poverty alleviation goals into the policy decision making process. While this may be largely due to the debt relief context within which poverty alleviation became a major issue, Mozambique has been remarkable in holding on to it. In April this year, PARPA II (Mozambique's PRSP) was approved. Overall, Mozambique has been exemplary in its commitment to development.

Notwithstanding the progress made over the years, much remains to be done. The reform of the state apparatus began in earnest, but it is far from over. Decentralization is very slow. The so-called "gradualist" policy adopted by the Government in the mid-eighties appears to have become an end in itself. Since the first local elections were held in the late nineties no further municipalities have been added to the original list of 33 and, what is more, discussion of the issue has abated. The reform of the legal and judicial system appears to have stalled. Courts have been very slow in discharging their functions. As several high-profile cases such as the murder of the investigative journalist Carlos Cardoso or of the bank administrator António Siba-Siba Macuácuá have shown, the courts appeared often to be responding to outside pressure not to do their job, rather than setting the wheels of justice in motion. Financial accountability has increased considerably, particularly since the Ministry of Finance has been receiving a lot of technical assistance for reforming its tools. Nonetheless, public accounts are still inaccessible to the wider public and, most importantly, Parliament is not yet playing the role which it should play in checking the integrity of the treasury. Politically, the ruling Frelimo party seems to have been able not only to entrench its power, but also to make the opposition irrelevant. While the Mozambican media, especially thanks to the independent media with a strong presence in the cities of Maputo and Beira, is quite vibrant, it faces major financial and political constraints which render it less effective than it could potentially be.

It was against this, at best, ambivalent background that the present report was commissioned. Central to the study on which it is based was political governance in Mozambique. In other words, the study set out to appraise political governance issues in the country against the background of Programme Aid Partnership within the context of the Memorandum of Understanding agreed upon by the Government of Mozambique and Programme Aid Partners.

More specifically, the study had the task of looking into the real significance of Programme Aid, with particular emphasis on direct budget support, to Mozambique's political evolution. What contribution is Programme Aid making towards strengthening Mozambique's commitment to good governance and international development goals? Could Programme Aid provide a framework for fruitful and constructive dialogue between donors and official aid recipients? What impact do recent political events such as the change of government in the wake of the third general elections have on Programme Aid and what challenges do they pose to donors in their efforts to engage the Government of Mozambique in constructive and mutually beneficial dialogue?

II. Main findings

Based on formal one-to-one interviews with selected Heads of Mission, Heads of Cooperation Agencies, informal contacts with Mozambican Government officials and political observers as well as an intensive and focussed workshop with an enlarged reference group of donors, the study yielded three main findings. These refer to the structural and policy implications of Programme Aid, relations between Programme Aid Partners and the Government of Mozambique, and political governance issues in Mozambique. The study found that,

- **Programme Aid has the potential to live up to the expectation of efficiency, harmonisation and coherence in development assistance. It certainly represents a major departure over project aid.**
- **However, Programme Aid is in the process of creating a parallel heavy apparatus alongside the Mozambican state and tends structurally to be biased in favour of the ruling party.**
- **Programme Aid appears to lack a clear hierarchy of goals.**
- **The evidence suggests that Programme Aid may not necessarily promote ownership or accountability of the Government of Mozambique before its own society.**

The adoption of Programme Aid has been accompanied by the introduction of dialogue and consultation mechanisms such as regular review exercises, working groups, and high and middle level meetings between Government of Mozambique officials and donors. While these may be necessary to reassure donors that Mozambique is in a position to identify relevant needs through appropriate expertise, execute decisions with adequate technical capacity and apply donor funds in a sound and accountable manner, the introduction of dialogue and consultation mechanisms appears to have become an end in itself. The Government of Mozambique does not seem to have the personnel and the time to fully participate in these mechanisms; donors themselves have not always been able to prepare themselves adequately for these various meetings. In this connection, Programme Aid is in danger of becoming a parallel apparatus making demands on Government and donor time without necessarily providing a platform for constructive and productive exchange. A further structural shortcoming of Programme Aid is the natural advantage which it accords the Government of the day. While this may be inevitable, in the context of a fledgling democracy that Mozambique is, such a state of affairs may lead to a situation in which Programme Aid actively undermines democratization efforts by giving an unfair advantage to the ruling party.

Programme Aid's immediate legitimacy claim is the Paris Declaration on the harmonisation of development assistance. Given the high number of donors present in Mozambique the new approach has brought a considerable degree of harmonisation to aid provision. However, Programme Aid could achieve more in this respect if it were able to establish a clear hierarchy of goals. While the Memorandum of Understanding is quite clear about the immediate goals

of Programme Aid, in practice the new approach has been loaded with goals that are substantively problematic and hard to measure. An underlying assumption, for instance, is that poverty alleviation is an indicator of progress. This assumption is problematic because the alleviation of poverty is not the privilege of democratically oriented polities. On the other hand, given that poverty alleviation policies are premised on donor financial inputs, the reduction of the number of the poor does not necessarily mean that Mozambique has acquired the institutional ability to respond to such problems. It follows, therefore, that poverty alleviation is only one among many possible objectives of Programme Aid and failure to recognise this might be at the origin of much donor anxiety concerning the pace of reform in Mozambique.

Finally, Programme Aid aims at promoting ownership and accountability in Mozambique, two major tenets of the new thinking in development policy. To the extent that Programme Aid seeks to place national governments at the so-called “driver’s seat” by centrally channelling funds to the treasury, it is potentially well positioned to live up to this aim. However, the manner in which Programme Aid is structured and functions tends to undermine these goals. Consultation and dialogue mechanisms give donors too much influence over what needs to be done, the asymmetry of power between them and the Government of Mozambique renders dialogue one-sided and the reference to their own countries’ experiences as models for Mozambique bears heavily on the consideration of what needs to be done. These factors tend to limit the extent to which the Government of Mozambique can be said to be “driving” Mozambique’s development. Furthermore, Programme Aid establishes donors as a very strong interlocutor within the country at the detriment of Parliament and Civil Society Organizations, thus undermining accountability. A telling example was the approval of PARPA II in April between the Government of Mozambique and donors without any consultation with Parliament.

III. Recommendations

The available evidence from the study suggests that Programme Aid has set development assistance in Mozambique on the right track with a great deal of potential to make a positive impact on Mozambique’s ability to achieve development goals defined and pursued according to autonomous and internal processes wisely assisted by a concerned and sympathetic donor community. There is no doubt that Programme Aid represents a major departure from previous development policy. It has the potential to make donor assistance more harmonious, development aid more efficient and Mozambique more responsible for its own development. For this to be the case Programme Aid Partners may wish to consider forms of intervention that do not carry the danger of making donors too intrusive, but rather establish them as relevant dialogue partners whose experience and expertise is appropriately valued by their Mozambican counterparts.

- Strengthening trust: Programme Aid can best achieve its goals if parties to the Memorandum of Understanding trust each other. Donors need reassurance that their funds will be used in a responsible and accountable manner. The Government of Mozambique needs reassurance that it is taken seriously by donors and can count on a steady and predictable flow of financial inputs. This means that:
 - Donors may wish to consider simplifying the mechanisms through which the Government of Mozambique accounts for the use of funds; two possible options are as follows: (a) donors could engage the services of auditing companies, which could also be foreign, but should include Mozambicans; (b)

donors could delegate responsibility to relevant Mozambican institutions such as the Administrative Court (Mozambique's auditing office).

- Donors rethink the structure of working groups by reducing their number to a minimum and by opening them up to wider public participation. At present, these working groups are functioning as advisory bodies whose counsel does not appear to be always welcome. Furthermore, they seem to be taking the place of public debate which is arguably a pre-condition for genuine "ownership".
- Limiting bias: Programme Aid can best achieve its goals if the Memorandum of Understanding does not become a private arrangement between donors and the Government of the day in Mozambique. Donors need to strengthen the Government of Mozambique's capacity to deliver, while the latter requires the assistance of the former in enhancing its technical capacity. Meanwhile,
 - It should be ensured that the manner in which donors advise the Government of Mozambique does not render public debate irrelevant. This implies a review of the matters that require prior donor assent before the Government of Mozambique can submit them to public scrutiny. *Annual budgets should perhaps be discussed in Parliament first, before the Government negotiates the details with donors.*
 - Steps should be taken to ensure that local policy analysis capacity is developed. Experience shows that the vibrancy of democracy owes much to the existence of interest groups ready and willing to articulate their concerns. What these groups need in Mozambique is solid policy advice, which can only be effectively provided by local policy studies institutions. Institutions of this sort are already emerging, but the role of universities should not be neglected either.
- Defining clear goals: Programme Aid can best achieve its goals if the Memorandum of Understanding is not regarded as a general development blueprint for Mozambique. Donors may wish to establish a hierarchy of goals as well as identify local institutions and *fora* which may be better placed to engage with the Government of Mozambique in matters concerning poverty alleviation and the achievement of the Millennium Development goals. This may require,
 - A return to a clear distinction of development, humanitarian and diplomatic interests. The establishment of a hierarchy of goals would open up options for donors to react to developments in Mozambique in a measured manner as well as enabling them to identify appropriate levels of intervention.
 - The integration of the monitoring of poverty alleviation measures and the achievement of the Millennium Development Goals in local monitoring processes. The poverty observatory and the G-20 may be cases to consider. The point of this change consists in the idea that effective and sustainable monitoring of social goals can only take place within the political process itself; poverty alleviation should be part of political debate in Mozambique.

IV. Conclusion

This study was able to confirm the enormous potential which Programme Aid Partnership has in both harmonising development assistance within the spirit of the Declaration of Paris and promoting ownership of the development process and accountability of the polity in Mozambique. While the practice of Programme Aid Partnership shows structural and

normative shortcomings, the available evidence supports the belief that this new approach in development policy is likely to have a positive impact on the Mozambican development process. The recent history of Mozambique documents the commitment of its governments to the Underlying Principles while at the same time suggesting that this commitment is to a large extent the result of internal political processes which require greater consideration in donor intervention.

The study was limited in scope to address all the questions which would need to be posed and answered in order to have a fuller and richer picture of political governance issues in Mozambique at the intersection of development assistance and consolidation of democracy, economic reform and peace and stability. The study focused on donor perceptions, but it would be of utmost importance to get a more balanced and less diffident view from Mozambique itself. Such an undertaking would imply an inquiry into (a) Government perceptions of the workings and potential of Programme Aid Partnership, (b) the identification of constraints on a stronger participation of Civil Society Organizations in Programme Aid Partnership and the benefits which they could bring to it, (c) dominant interest groups in Mozambique, their mode of operation and how they influence policy and politics and (d) the workings of selected institutions (Attorney General, Administrative Court, Parliament, Ministry of Finance, Ministry of State Administration) in order to ascertain the constraints which they face and the contribution which they can make to Programme Aid Partnership.

Report

1. Introduction

This year, Mozambique celebrated the 31st anniversary of its independence. Twenty years ago, the country may have found little reason to rejoice and many might have thought then that twenty years on there would be no reason whatsoever to do so. In 1986 Mozambique was in the grips of a brutal civil war in the most politically volatile region in Africa at the time. The country was falling apart under the weight of the aggressive policies of its mighty neighbour, South Africa under Apartheid, and as a result of the failure of the economic development model adopted by the rulers of the immediate post-independence period. In the course of the same year, Mozambique experienced the death of its head of state and the accompanying process of succession. Joaquim Chissano, who ruled the country until as recently as two years ago, led Mozambique through succession, economic reform and, more importantly, achieved a negotiated settlement of the civil war.

Since the 1992 Rome General Peace Agreement, Mozambique has held three presidential and parliamentary elections; it has held municipal elections in 33 councils and has generally responded in a positive manner to international development initiatives. While all the elections have been marred by fraud accusations, the general feeling among Mozambicans and the international observer community has been largely positive about the extent of Mozambique's commitment to democracy. This positive feeling is extended also to Mozambique's commitment to economic reform, the most eloquent document of which is PARPA, Mozambique's Poverty Reduction Strategy Paper, and the role that the elimination of poverty plays in the political thinking of major political actors. President Guebuza has made the elimination of absolute poverty his main policy goal as indicated in his inauguration speech.

One significant indicator of the extent to which the general feeling towards Mozambique is upbeat is the level of development assistance that the country has been enjoying. In fact, Mozambique is by all accounts a "darling" of the international community and has been enjoying steady flows of development assistance. Since committing itself to structural adjustment under the aegis of the IMF in 1987 Mozambique has enjoyed almost preferential treatment. It was among the first to be considered for debt relief under HIPC.

Since February 2005 Mozambique has had a new President, Armando Guebuza. The real significance of this change for the consolidation of democracy in Mozambique is hard to gauge given the fact that the single most important test of the stability of democracy would be an election victory by the opposition. Frelimo continues to rule the country and, in fact, it managed to secure an even larger majority (nearly two thirds of the seats), thus tightening its grip on the political institutions of the country. While the commitment of Frelimo and its members to democracy and attendant accountability may be present, it is hard to imagine that the course political developments are taking in the country will be good to the health of transparency, rule of law and accountability. The initial signs issued by the new government are rather mixed in this respect. President Guebuza seems to have made out a new mood in the country. Since his inauguration he has sought to capitalize on it by distancing himself from the local politics of his predecessor. He has also emphasised rhetoric that encourages people to be more self-reliant, daring and less lethargic about the future of the country.

Several interview partners made a point of stressing this. One donor interview partner even remarked that the new government is different from the previous one in that its members are expected by the current President to just do what needs to be done and not wait for donors to provide the encouragement.

This drive has been accompanied by a clear commitment to the role of the party – Frelimo – as the guiding force in the country. On several occasions since the formation of his cabinet the new President has held high-level party meetings in which ministers were inducted into ways of bringing their work in line with party directives. The high point of this drive will be reached later this year when Frelimo holds its 9th Congress. This event will be the occasion to discuss so-called theses to the Congress which, on the one hand, reveal a self-assertive party that seems to be aware of the fact that it needs a strong political profile and, on the other hand, betray an ambivalent relationship to democracy by overemphasising Frelimo's almost sole right to set the pace and content of change in the country. In certain respects the theses are reminiscent of earlier periods in Mozambique's history when political thinking was dominated by the idea that Frelimo represented the whole people of Mozambique.

The downside to these developments is that the country's public sphere is increasingly dominated by a single party while the opposition appears more and more unable to present itself as such, let alone articulate clear and legitimate social interests in the country. True, the opposition, especially the main opposition party, Renamo, is largely to blame for this, as it has consistently failed to make any progress towards institutionalising its own political processes. Indeed, Renamo has seemed to rely on its leader, Afonso Dhlakama, whose leadership style has scared off able politicians such as Raul Domingos, Renamo's former chief negotiator at the peace talks in Rome. As this study was underway, newspapers in Maputo reported that Monamo, Renamo's junior coalition member in the electoral union, was leaving the union amid allegations of communication difficulties due to Dhlakama's leadership style. It is not at all clear where this will lead to, but the immediate and visible effect is Frelimo's unchallenged dominance, voter apathy as shown in the poor election turnout as well as the absence of any major organised channels for the articulation of grievances.

This political landscape provides the background for this study. Indeed, as Mozambique has continued to enjoy unbroken and relatively high levels of development assistance over the past two decades a legitimate issue arises. Have donors unwittingly been supporting a political development that might not necessarily lead the country down the normative goal of a polity based on accountability, transparency and the rule of law? Levels of support to Mozambique have continued unabated in spite of several scandals with political implications. The murders of the investigative journalist Carlos Cardoso, and of António Siba-Siba Macuácuá, a Central Bank administrator, as well as various allegations of embezzlement which the courts have failed to pursue in a sufficiently convincing manner come to mind. As Joseph Hanlon, a knowledgeable observer, pointedly asked in one of his writings, are donors promoting corruption in Mozambique? Significantly enough, a USAID commissioned study on Mozambique was published just a week before this study was undertaken with a shattering verdict on the commitment of the Mozambican ruling elite to fighting corruption, upholding the rule of law and leading its country towards sustainable development. One may disagree over the basis upon which the USAID commissioned study came to its conclusions, but the misgivings expressed in its report clearly place the onus on donors to justify their continued commitment to Mozambique.

The donors that may be particularly at pains to do this are those who provide direct budget support to Mozambique. Indeed, by favouring this form of development support over project

aid, which traditionally left donor agencies with much control over disbursement, spending and accounting of the funds, donors have not only shown that they are committed to ownership, but have also placed a considerable degree of trust on Mozambican political actors and institutions. The question that arises out of this situation, therefore, is whether Mozambican political actors and institutions can be trusted to remain committed to the underlying principles that inform the Memorandum of Understanding and pursue the kinds of policies which will deliver Mozambicans from poverty as well as meeting the Millennium Development Goals. The easy answer to this question is another question: what does it matter? Indeed, the decision to adopt direct budget support can be seen in a positive manner as proof of donors' trust in Mozambique. Any trust involves an element of risk and, in this sense, the question whether Mozambican political actors and institutions can be trusted becomes rather academic, especially if it is asked long after the decision to trust was taken.

The more difficult answer is linked to the assumptions underlying the decision to place trust in Mozambique. Risk is a calculated decision based on the assessment of likely outcomes. What assumptions informed donors' decision to trust Mozambique? What practical measures underpinned these assumptions and provided the background for risk taking? As a matter of fact, direct budget support is not a blank check. The Memorandum of Understanding does make extensive provisions to reassure donors that the funds which they provide in good faith are used correctly, accounted for and make a significant contribution towards the reduction of poverty and the achievement of the Millennium Development goals. In the years since it came into being direct budget support has become one of, if not the major development cooperation framework between donors and Mozambique. Much of its growth in significance as well as the extent of its activities appears directly related to the need to reassure donors. It has put in place a massive platform not only for donors to engage with the Government of Mozambique at all levels, but also for donors to monitor progress. How good is this platform and, most importantly, to what extent can it really address donors' fears concerning Mozambique's political development?

Concerns about political governance in Mozambique are not solely related to whether donors can trust. They are also about much larger issues such as ownership, aid dependency and development in a general sense. These issues are part and parcel of democratic political development which, in turn, should be viewed as a political process. To put it differently, political development is almost always subject to negotiation. Different actors bring different and, sometimes, incommensurable normative positions which render development a very open process, indeed. Earlier project aid was perhaps less risky to donors because they could keep a tight grip on the purse. However, it also meant that in order to ensure the success of the project they had to constantly intervene to correct the course and discipline implementers and beneficiaries. Direct budget support, in contrast, relinquishes the grip on the purse and, more substantially, it signals, at least in principle, donors' willingness to accept the open nature of development which includes the fallibility of their policy recommendations. This openness means that local stakeholders may take wrong decisions or may even let their judgements be coloured by short term considerations. As far as political governance is concerned, the question ceases to be whether donors have any reason to trust Mozambique, but rather the extent to which they would be willing to allow Mozambique to make its own mistakes. This is the sense in which larger issues of development, aid dependency and ownership become relevant to any analysis of political governance in Mozambique.

1.1 The study and its methodology

The main purpose of this study was to explore these issues with a view to helping donors who are engaged in direct budget support to articulate their concerns in a manner that is responsive not only to their parliaments at home, but also cognisant of Mozambique's specific circumstances. The study was based on a review of literature – mostly donor commissioned studies on the economic and political performance of Mozambique – one-to-one interviews with donor representatives in Maputo, informal contacts with Mozambican political actors and a workshop with a donor reference group. The one-to-one interviews included four interviews with ambassadors¹, three interviews with heads of bilateral aid organisations² and four interviews with representatives of multilateral organisations³. Intensive discussions took place with individual members of the so-called reference group which was then expanded for the workshop.

The one-to-one interviews explored issues arising out of direct budget support. They sought to elicit information on practical aspects of the Memorandum of Understanding as well as the interview partner's overall assessment of its potential as development cooperation framework. While a clear and structured interview schedule had been designed well in advance of the study, the interviews did not follow it rigidly. The consultant felt it necessary to be flexible and favoured a research approach that drew heavily from respondents' expertise as well as interests. This proved extremely valuable in eliciting information that not only reported facts, but also provided insights into the normative background against which respondents discussed developments in Mozambique. The workshop provided an occasion for the consultant to test some preliminary conclusions. These referred particularly to the assumptions underlying donor commitment to Mozambique. Furthermore, the workshop proved a useful moment to deepen discussion of wider issues of political governance in Mozambique drawing from the solid expertise that most of the participants brought with them.

1.2 Structure of report

This report consists of two main parts. The first part presents the main findings of the study which can be grouped around three major headings: (i) structural and policy implications of direct budget support; (ii) structure of relations between PAPs and GoM; and (iii) political governance issues. The second part of the report makes recommendations on the basis of the terms of reference drawing mainly from the main findings of the study. The terms of reference required the consultant to report on the following aspects: (i) a baseline analysis of political governance in Mozambique; (ii) description of a positive trajectory of change in Mozambique's political governance based on stated Government of Mozambique policy and plans; (iii) identification of potential and objectively verifiable milestones along that trajectory; (iv) indications as to where the GoM planned trajectory is potentially at variance with international norms; (v) proposals for options for an "early-warning" process to identify when a key milestone is likely to be missed; (vi) proposals for options for processes or mechanisms for dialogue with GoM to agree the trajectory of change and the key milestones; and to respond to deviations from the expected trajectory.

2. The main findings

¹ Portugal, The Netherlands, South Africa, Denmark.

² Swiss Cooperation, SIDA, USAID.

³ World Bank, UNDP, European Union (2 different interview partners).

The following excerpt from the Memorandum of Understanding (point 3) sets the stage for an understanding of political governance issues in the context of direct budget support:

GoM and PAPs hereby declare their commitment to create an effective development partnership based on mutual commitment, trust, respect and confidence. They do so in the interests of the people of Mozambique, aiming to reduce poverty, and sustain development gains. GoM and PAPs contributing Direct Budget Support are also aiming to promote peace and deepen democracy. GoM and PAPs are determined to work in the spirit of the principles of NEPAD, Monterrey and Rome in a process of open dialogue and mutual accountability. In this context, GoM and PAPs declare their commitment to the modality of Programme Aid, given the potential to improve aid effectiveness and country ownership of the development process through increasing donor harmonisation, increasing recipients' institutional capacities in planning, implementing, monitoring and evaluating their programmes, strengthening domestic accountability, reducing transaction costs, allowing allocative efficiency in public spending and increasing predictability of aid flows.

First of all, these introductory provisions commit both sides of the partnership to mutual trust, respect and confidence; secondly, they identify the reduction of poverty and the sustainability of development goals as the ends of the partnership and mention the promotion of peace and the deepening of democracy as desirable goals; thirdly, the introductory provisions identify the spirit in the context of which partnership will be pursued; fourthly, and finally, they describe Programme Aid as the most effective instrument towards the achievement of the identified goals. This is easier said than done, but it is the context within which political governance issues emerge. What informs the commitment to mutual commitment, trust, respect and confidence? In other words, what have donors – and Mozambicans for that matter – to go on in this commitment? Do poverty reduction, sustainability of development goals and the promotion of peace and democracy provide enough common ground to secure the allegiance of both partners to the commitment? Is the spirit of NEPAD, Monterrey and Rome enough to normatively ground this commitment? To what extent can Programme Aid be seen as the most effective tool towards securing the objectives of the commitment of the partners?

The study revealed that Programme Aid does indeed represent a major departure from traditional forms of development assistance. In fact, not only is this departure structurally novel, but it is also the most vigorous statement ever produced by donors to live up to ownership. Most interview partners were positive about the structural advantages of Programme Aid over Project Aid. They felt that it is consistent with the spirit of the Paris Declaration on the harmonisation of donor activities and, more fundamentally, saw it as potentially more efficient in managing development assistance. They were, however, also a few critical voices, which saw direct budget support as being fundamentally problematic because it tended to latch donors on to the fate of the government. This was seen as particularly problematic given Mozambique's political landscape which is currently heavily skewed in favour of one party. Direct budget support in this context appeared to be support to one party.

Significantly enough, the nature of the reservations towards Programme Aid is directly linked to the political dimension of development assistance. To put it simply, the fear that Programme Aid might lead donors to indirectly support one political party brings into bold relief the issues of political governance that seem to be at stake. In other words, what is the basis of donors' trust in Mozambique? Can Mozambican political actors and institutions be trusted to deliver their part of the bargain? To a very large extent, the actual structure of Programme Aid in Mozambique is a response to these fears. At the same time, it represents an

attempt at giving institutional substance to the commitment that binds partners to one another. The main findings of this study relate to the manner in which the structure of Programme Aid speaks to these fears and how it influences the nature of political issues arising thereof.

2.1 Structural and Policy Implications of Programme Aid

The implications of Programme Aid need to be seen in two lights. The provision of Programme Aid has implied institutional arrangements designed to provide a framework for dialogue, consultation and monitoring. These institutional arrangements are part of what could be seen as the structural implications of Programme Aid. Another implication is more subtle and is related to the substantive content of the work that takes place within those institutional arrangements. This substantive content forms what should be seen as part of the policy implications of Programme Aid.

2.1.1 Structural implications

Direct budget support represents a major departure in the provision of aid. It has a number of advantages over project aid:

- Coherence: it allows donors to speak with (almost) one voice with their Mozambican counterparts; in this way it responds positively to the Paris Declaration on the harmonisation of aid activities;
- Efficiency: it reduces problems of coordination and monitoring of assistance by allowing for the Government of Mozambique to centrally oversee the management of development funds within an overall framework agreed with donors;
- Ownership: it makes important moves towards placing the Government of Mozambique at the “driver’s seat” of its own development and reducing the time-consuming task of responding to the individual needs and interests of individual donors.

Taken together, these advantages represent major gains. It is true that not all donors are part of Programme Aid. Major donors such as USAID and UN multilaterals continue to deal individually with the Government of Mozambique. In this sense, therefore, coherence, efficiency and ownership gains for the Government of Mozambique are merely relative. The structural implications are not only positive. Among the major negative implications the following can be noted:

- Time-consuming: many interview partners (including informal contacts with the Mozambican side) complained that Programme Aid has not implied a reduction in the work load directly related to coordination between donors and recipients; indeed, the joint reviews as well as the working groups were felt to be exacting on senior Mozambican civil servants, who in a year must commit an average of two months liaising with donors⁴.
- Biased: the manner and the schedule according to which budget issues are discussed with donors give the Government of Mozambique a head advantage in its discussion with parliament and civil society organizations; as a matter of fact, such discussions are properly speaking privileged moments during which the Government of

⁴ This complaint was voiced by several interview partners. The most negative comment in this regard was to the effect that some working group sessions have a poor quality due to the fact that, prior to the meetings, neither Government nor donor participants care to carefully read the documents that should be discussed in the meetings.

Mozambique gathers arguments to confront its local opponents; this places a large question mark over the goal of making the Mozambican system internally more accountable.

Some of these negative implications are the direct result of the transition from Project Aid to Programme Aid. The latter introduced more coherence, efficiency and ownership into development cooperation, but left programme officers with unclear job descriptions⁵. More often than not, these programme officers have sought to make themselves relevant by using their spare time to think up problems to keep their Mozambican counterparts busy. While this may seem to overstate the case, there is a sense in which Programme Aid has been unable to confront one of the main structural constraints in the provision of aid, namely the different levels of institutional efficiency that partners on both sides bring with them to the partnership. In other words, donor missions and agencies work within well-staffed, well funded and well functioning institutional contexts which allow their personnel to bring more efficiency into their dealings with the Government of Mozambique; the latter, however, is still striving to achieve these levels of efficiency and, consequently, the difficulties which its personnel face in responding promptly and adequately to the demands of its counterparts may often be interpreted as signs of the absence of commitment on their part. It is a no win situation for the Mozambican partners.

Moreover, the number of working groups (24) as well as the issues on which members of these groups are called to comment upon is not matched by equal levels of expertise on either side of the partnership. Interview partners complained about lacking time to devote enough attention to documents circulated for preparation or of not being adequately prepared to discuss whatever was at issue in the meetings of the working groups. Yet, the absence of commitment was easier to make out on the part of the Mozambican partners, who are few in number, than on the part of the donors, whose representational basis is much larger within the context of Programme Aid.

2.1.2 Policy Implications

Policy implications inhere directly on the ends served by the commitment to partnership. The stated objective of Programme Aid is to work in the best interest of the people of Mozambique by endeavouring to reduce poverty, achieve the Millennium Development Goals and promote peace and democracy. These are noble objectives. Moreover, they are consistent with the overall goals of development cooperation. Given that they are the legitimacy basis of assistance to Mozambique, clarity over the precise relationship between poverty reduction, achievement of MDGs and the promotion of peace and democracy would be of critical importance. The Memorandum of Understanding states that the overall objective of Programme Aid is "... to contribute to poverty reduction in all its dimensions by supporting the evolution, implementation and monitoring of the PARPA" (Section 1, point 6) and moves on to identify "underlying principles" summed up in the following excerpt (section 3, point 8):

GoM and those PAPs supplying Direct Budget Support consider the GoM's commitments to peace and to promoting free, credible and democratic political processes, independence of the judiciary, rule of law, human rights, good governance and probity in public life, including the fight against corruption, (with reference to commitments in the

⁵ This point was particularly emphasised by one interview partner who pointed out that some of the energy that donor representatives put into the work of working groups is an attempt at compensating for the dwindling significance of project aid.

constitution, NEPAD and international agreements) to be underlying principles of governance for the provision of budget support.

The unspoken assumption is that there is a link between the political governance issues identified in the underlying principles and poverty reduction. This may prove to be a highly problematic assumption, for successful poverty reduction does not necessarily depend on political governance issues of the type identified in the underlying principles. The available evidence from the experience of different countries – Southeast Asian countries, China and even Europe – is at best inconclusive in this respect. Good governance in the sense of commitment to liberal democracy can be just as well a pre-condition for successful poverty reduction or a consequence thereof. Given that poverty reduction in Mozambique occurs within a formally established context which involves legally binding agreements between the Government of Mozambique and bilateral and multilateral donors, particularly the IMF and the World Bank, issues of political governance as spelt out in the underlying principles appear completely irrelevant as pre-conditions for success.

Moreover, a highly ironical twist taken by the failure to clarify the nature of the relationship between poverty reduction and the promotion of peace and democracy is to be found in the additional principles that partners on both sides should observe (section 3, point 9), namely

GoM's commitment to fight poverty (with reference to the Millennium Development Goals and PARPA), including through a pattern of public expenditure consistent with PARPA priorities; GoM's commitments to pursuing sound macro-economic policies (with reference to IMF programme 'on-track' status or an equivalent judgement).

What if the Mozambican Parliament rejects PARPA? What if civil society organizations mobilize popular protest against IMF inspired policies and put pressure on Government to resist donor advice? What if the implementation of poverty reducing policies and the achievement of Millennium Development Goals requires more expediency in the treatment of process in government work?

The major finding as far as policy implications are concerned is that the underlying principles, which seek to reconcile donor commitment to Mozambique with the normative assumptions which lend legitimacy to development assistance, need to be more clearly articulated with the main objective of Programme Aid. Curiously enough, this clearer articulation might involve separating poverty reduction and the achievement of the Millennium Development Goals from the wider political governance issues, which though deserving pride of place in the commitment to partnership with Mozambique, sit uneasily on the immediate aims of Programme Aid.

This separation might also mean that donors need to consider a hierarchy of goals in their cooperation with Mozambique. Indeed, as far as most donors are concerned their presence in Mozambique makes sense in the context of development assistance. The reduction of relations with Mozambique to development assistance may prove problematic and an unnecessary limitation of donors' options. The best argument in favour of development assistance is providing relief to the poor. As the example of Zimbabwe has shown, which appears to have received more assistance for humanitarian purposes than Mozambique has for development in general, commitment to reducing poverty cannot be a useful gauge of the fulfilment of whatever principles donors may consider inalienable. Since in principle humanitarian assistance can be expected to be provided in a worst case scenario, there is a need to identify interests and goals that are both independent of poverty reduction and development cooperation in a narrow sense. This points to an issue that emerged in some

discussions concerning the relationship between development aid and general foreign policy goals. To what extent would it be desirable and feasible to separate development aid from diplomatic interests? This issue is taken up under point 4.1 below.

2.2 Relations between PAPs and GoM

Programme Aid Partnership provides the context within which the declared commitment of donors and the Government of Mozambique to create an effective development partnership based on mutual commitment, trust, respect and confidence can be honoured. It is however also a site of conflict, for each partner brings interests, aims and home policy constraints that need to be negotiated with the other partner. The unease which donors sometimes feel regarding Mozambique's commitment to the Underlying Principles of Programme Aid often has its origin precisely in the need to negotiate over the terms of the partnership which at times may involve giving up certain interests and aims as well as watering down home policy strictures in order to reach compromises.

Donors bring to the partnership with Mozambique a genuine commitment to the goal of aiding the country in its development efforts. This commitment finds its most obvious expression in solidarity with the poor and a deep feeling of repulsion towards the conditions which make poverty possible. Donors have firm ideas about how Mozambique can best achieve the goals of poverty reduction and promotion of peace and democracy. They can draw from the experience of their own countries, but also from the wealth of information which their agencies, experts and institutions of higher learning produce to gain a sense of whether Mozambique is doing the right thing or not. In the heydays of conditionality donors would draw from this knowledge advantage to force recipient governments to adopt policies deemed appropriate. Furthermore, donors operate within institutional and political contexts which have their own rules of accountability. Levels of assistance are subject to domestic political considerations which do not necessarily take into account the need recipient countries have of planning their development on predictable commitments. This is a problem even the IMF has raised on several occasions concerning how vitally important it is for Mozambique to be able to bank on firm financial commitments⁶. To compound the problem, donor institutional and political contexts are not accountable to the recipient governments, but enjoy a considerable degree of influence over the latter's decision making process.

The Government of Mozambique brings to the partnership commitment to the goal of building a nation out of Mozambique. This is expressed in the forthcoming way in which it aligns its activities with the aims and policy recommendations of donors. It is financially dependent on donors to carry out its own plans and this dependence may nurture feelings of resentment towards partners⁷. Differences of opinion may or may not be expressed depending on whether the risk of losing financial support is high or low. While responding to donors the Government of Mozambique has to react to its own constituencies. These may at times entertain visions of the countries' development which are not entirely consistent with what donors deem appropriate for the health of the country. At the same time, however, the pivotal role that the Government of Mozambique plays between donors on the one hand and the people of Mozambique on the other hand, make relations with donors a potential resource for individual members of government who might pursue personal agendas that are incompatible with the aims of Programme Aid. This seemed to have been a major problem

⁶ See IMF Country Report Nr.06/46.

⁷ Interview partners in the informal contacts repeatedly complained about the „arrogance“ of donor representatives, some of whom were described as „incompetent“ and „intellectually weak“. This view was echoed by some donor interview partners too.

with the previous government. A donor interview partner, for instance, suggested that in the past ministers would sit still waiting for donors to provide funds for some task to be publicly commissioned in the hope of winning the contract themselves!

It is against this background that relations between donors and the Government of Mozambique should be seen. The study yielded two major findings in this regard, namely that trust and predictability are major issues.

2.2.1 Trust

As far as donors are concerned the major issue is whether there is any reason to trust given the perception that,

- Mozambican political elites are not necessarily committed to the development of their country⁸;
- Mozambican political elites are inclined to taking personal advantage rather than favouring collective outcomes;
- The Government of Mozambique is more interested in entrenching the power of the Frelimo party and doing away with the opposition;
- Lack of accountability and transparency and a weak political opposition and civil society are in the best interests of Mozambican political elites.

The personal background of those who represent the interests of donors in Mozambique probably plays a major role in the way in which they perceive their counterparts; elaborating on this would have been beyond the terms of reference underpinning the study. It is however important to draw attention to this factor. The lifestyles of members of the political elite in Mozambique are in stark contrast not only to the general poverty of most of the people, but the conspicuous consumption patterns that they tend to take – celebrating personal anniversaries in luxury hotels, demanding extremely high per diems or consultancy fees for work expected to help the country, etc. – also offend the sense of decorum and modesty that donors deem appropriate. Considering the northern European protestant background of significant numbers of donors, it would not be surprising that accusations of corruption draw from such considerations.

Mozambicans, on their part, resent what they perceive to be,

- Donor arrogance: this arrogance takes two main forms. The first one refers to technical expertise, where Mozambican officials may feel more qualified to issue an opinion on a given matter, but whose plausibility remains hostage to hierarchies of power; donors are usually right. The second form refers to the quality of communication. Both interview partners from the donor side as well as Mozambican officials informally contacted suggested very strongly that some meetings take place in an atmosphere of suspicion. This atmosphere is thought to be caused by the arrogance of some donor representatives who, in the words of one European Head of Mission, are “patronising and racist” towards Mozambicans.

⁸ This view found its most vocal articulation in remarks over the dramatic increase of the wealth of a few Mozambicans. This wealth was contrasted with the previous almost ascetic attitude of Marxist days and the “immoral” (as a donor put it) displays of wealth of today (lavish celebrations of birthdays in luxury hotels with hundreds of guests).

A follow-up study might be better placed to explore these issues further, perhaps even based on an observation of actual exchanges between donors and local partners. It seems obvious that the quality of communication is a major issue. Doubts were raised about the age of donor representatives serving as interlocutors to the Government; their grasp of Mozambican politics and society as well as their allegedly poor understanding of political processes in their own countries were mentioned as factors that render communication difficult. Interestingly enough, these critical remarks were mainly voiced by donor interview partners.

2.2.2 Predictability

Development cooperation works best if both sides have clear ideas about where they are heading and what kind of information is available to them in order to plan ahead. Donors expressed concerns about whether the Government of Mozambique,

- has clear ideas about its present needs;
- knows how it would like to relate to donors;
- feels the need to take control of the development process;
- can appreciate the constraints – parliament and outcomes – acting on donors.

Donors understand predictability in two ways. The first way is general and refers to the larger question as to whether the Government of Mozambique can be trusted to deliver. The second way is narrower in focus and points to the future: most donors feel that it is possible to increase development assistance to Mozambique, but they would like the Government of Mozambique to help them argue the case by not only delivering, but also coming forward with initiatives of its own. Predictability refers, therefore, to whether the commitment to partnership can translate into sustained support to Mozambique.

2.3 Political governance issues

Political governance issues are the crux of the matter. The major insight which the study yielded is that *more than the empirical political reality in Mozambique donors' attitudes to political governance are informed and largely determined by the significant change which Programme Aid represents over Project Aid*. As noted above, this change has meant in effect that donors relinquished, at least in theory, control over the funds entrusted to them by their own parliaments. This change has created *anxiety* among donors with justified fears about whether they could be able to justify before their own parliaments the high levels of assistance given to Mozambique as well as the trust placed on its government should the latter decide to flout the underlying principles. To compound the problem, the Memorandum of Understanding does not provide for an effective mechanism to enforce the underlying principles other than broad threats of suspension of aid.

It appears, therefore, that the major problem facing donors with regards to political governance in Mozambique can be reduced to *the extent to which donors can be able to manage their anxiety*. This management bears directly on three major issues, namely (i) ownership, (ii) accountability and (iii) appropriate political indicators.

2.3.1 Ownership

The main findings with regards to the issue of ownership in the practice of Programme Aid are the following:

- The spirit of direct budget support is more consistent with the current emphasis on ownership;
- Given that before the Government of Mozambique can be able to take full advantage of direct budget support it requires considerable levels of technical assistance, the provision of such assistance is placing checks on ownership; furthermore, the longer the Government of Mozambique has to rely on this technical assistance the more likely it is that such assistance will develop its own reproductive logics which will resist relinquishing control;
- Direct budget support takes place under clearly defined conditions, namely PARPA and IMF “on-track” status; the question arising thereof is whether the Government of Mozambique can be said to “own” its development process. One possible answer to this question would be to say that the Government of Mozambique is “free” to refuse PRSP and structural adjustment. However, the major issue raised by these “conditionalities” is not so much whether Mozambique owns the process, but rather what amount of responsibility donors can be expected to take on if their recommended course of action does not deliver the expected results. *There is a sense in which donors want to exercise power without responsibility.*

Issues of ownership revolve around the proper meaning of “conditionalities”. How much conditionality is good for countries to be able to own their development process? It seems obvious that to have no conditionality at all is not an option for donors, particularly because this is simply not possible. However, how much of the conditions which donors can reasonably impose are good for ownership? The issue may have to do with the relationship of donors to recipient countries. Donor mistakes usually come to an end with donors merely acknowledging that they made a mistake. Developing countries’ mistakes have more far-reaching consequences. While this may be accepted as the way things are in the world – some countries are strong, others weak – it seriously limits the potential of ownership for development.

2.3.2 Accountability

Issues of accountability yielded the following findings,

- The spirit of direct budget support is more consistent with the objective of strengthening internal accountability; the main reason for this is the very idea of channelling funds to the treasury which should create room for local discussion over how the funds should be used;
- Again, as with ownership, before the Government of Mozambique can be able to submit to internal scrutiny, it requires technical assistance from donors to properly use the funds. This assistance is made largely necessary by the fact that donors cannot wait until Mozambique has functioning auditing and accountability instruments to reassure themselves and their parliaments that their funds are being properly used. This situation makes the Government of Mozambique accountable to donors and not to its own parliament;
- The mechanisms in place to account for the use of donor funds turn direct budget support into a powerful technical advisory instrument for the Government of Mozambique which faces parliament and society armed with the arguments provided to it by donors. This sets limits on the notion and practice of accountability.

To a certain extent, direct budget support is functioning as a system that produces ignorance. To put it simply, the very strong cooperation with the Government of Mozambique and all the mechanisms in place to ensure that funds are properly accounted for are turning civil society organizations as well as parliament, including the opposition parties, into ignorant institutions and individuals. Once the Government of Mozambique is ready to submit its accounts to the public, it has reached a level of sophistication – enjoying, furthermore, the approval of donors – that makes it almost immune to any kind of critique.

2.3.3 Political indicators

The underlying principles have found their way into the working groups that deal directly with how the justice system works, how the state administrative apparatus functions and, more generally, how institutions can be strengthened in order to promote peace and democracy. This is very important work which must be continued, as Mozambique does have serious deficits in its justice, parliamentary and state systems. What will need to be clarified in this necessary work is the exact relationship between institutional development and consolidation of democracy. The study had two main findings in this regard, namely that the underlying principles appear to fail to realize that *politics is a process and that the indicators which they privilege may miss important developments within the political system:*

- Politics as process: the progress made by Mozambique towards the consolidation of peace and democracy tends to be measured according to whether the country is on schedule as far as institutional reforms are concerned. For example, failure to approve a new electoral law would be seen as a setback and might compel donors to doubt Mozambique's commitment to democracy. However, the measure of a country's stability is neither the absence of conflict, nor the accomplishment of formal goals. Rather, it is how a country solves conflicts as well as its ability to diffuse their destructive potential. Therefore, the issue whether there is a new electoral law may be irrelevant to ascertain the progress made by the country; *indeed, what is more interesting is how failure to agree on a new electoral law came about and how the country's institutions are managing the setback.*
- Measuring politics: an undue emphasis seems to be placed on institutional indicators of the extent of democratization, such as number of political parties, party membership, quality of elections, voting behaviour and number of independent newspapers. Less attention is paid to the longer term impact of development gains such as poverty reduction, for instance. What happens to a person taken out of absolute poverty? How does this person see him or herself? What claims does this person feel entitled to make and on whom? In which way do political parties and civil society organizations seek to articulate the concerns of this person? Measuring politics using institutional indicators fails to take into account the piecemeal changes taking place within society as a result of development gains. These changes may produce citizens who are increasingly aware of their rights and entitlements and may be either willing to fight for them or to lend their support to those who will fight on their behalf. Development gains create new and lively political constituencies which formal indicators consistently ignore. The assumptions underlying this example apply to other areas in society. The promotion of private enterprise, for instance, may encourage individual entrepreneurs to develop new attitudes towards transparency. Where entrepreneurs might have been inclined to use their political influence to further their economic interests, even against formally established rules, the dynamic nature of economic exchange in the context of private enterprise may yield growing numbers of entrepreneurs who may have a structural interest in observing transparency in their

economic activities so that none gets an unfair advantage. Subjectively they may not find transparency good, but to the extent that it contributes to a level playing field, individual entrepreneurs may be prepared to fight for it within whatever political context in which they may be operating. This is already happening in Mozambique, where conflicting business interests make transparency the best solution to individual entrepreneurs, conscientious civil servants and honest politicians. The job of measuring politics should be sensitive to these subtle changes.

3. Lessons to be drawn

Before moving on to the recommendations it would be appropriate to draw lessons from the experience of Programme Aid in Mozambique as ascertained from the fruitful exchange with donor representatives in Maputo. Programme Aid represents a major departure from previous development policy. It has the potential to make donor assistance more harmonious, development aid more efficient and Mozambique more responsible for its own development. For this to be the case, however, donors should:

- Resist overburdening direct budget support with objectives alien to it; in other words, the Memorandum of Understanding should perhaps set up such institutional mechanisms as are required to ensure that donor funds are properly accounted for; this would mean that most interaction between donors and Mozambique should perhaps be limited to the Ministry of Finance.
- Accept poverty reduction and the achievement of the Millennium Development Goals as enough for the purpose of justifying their humanitarian engagement with Mozambique. Poverty reduction cannot be the only grounds upon which the performance of the Government of Mozambique can be gauged internally (by Parliament, for instance)
- Develop a hierarchy of goals in their relationship with Mozambique going beyond development cooperation concerns. This hierarchy might include appropriate forms of intervention for each goal; project aid might still be the best approach to take up general political governance issues (civic education, media, party development, policy analysis).
- Consider joint review mechanisms which do not make local institutions irrelevant as is the case now. How much consultation and dialogue do donors need with the Government of Mozambique to reassure themselves that their funds are properly accounted for?
- Rethink the structure of working groups and consider whether they are at all necessary. By all accounts, the working groups appear, at best, like a parallel state apparatus in miniature and, at worst, they sap the energies of Mozambican civil servants.
- Encourage local policy analysis capacity (through assistance to institutions of higher learning, research centres and civil society initiatives) and local professional bodies (Chamber of Commerce, Association of Economists, Engineers, Medical Doctors, etc.), for these are the individuals responding to changes within society and who can easily see the virtues of articulating their interests politically.

4. Recommendations

What follows are recommendations based on the main findings and the lessons drawn from those findings. The structure of these recommendations follows the terms of reference for the study.

4.1 Baseline analysis of political governance in Mozambique

The study has shown that political governance is characterised by a very strong party and a weak state. Furthermore, development cooperation plays a major and decisive role in Mozambican politics. As far as Frelimo's dominance is concerned a more specific study might be necessary to ascertain the social interests which it represents, the extent to which these interests are articulated and influence policy and, finally, to identify how the party functions, i.e. the relative weight of informal as opposed to formal processes. Drawing from general knowledge about Mozambique what can be said now is that there are three main reasons for this dominance. The first is historical. Frelimo has a much longer institutional history than any other political party in the country and has benefited enormously from the attraction that ruling parties all over the world exercise over young and ambitious people. The second reason is political-economic. The Rome peace settlement was not only about ending the civil war, but also about who should capture the State. Frelimo has benefited enormously from its control of the State since the end of the civil war. The difficulties of separating the State from the party in Mozambique have helped Frelimo take advantage of State resources in manners that are objectionable by democratic standards⁹. The third reason is developmental. Development aid to Mozambique has helped strengthen Frelimo in terms of technical expertise, professionalism and political legitimacy.

Frelimo's strength has been at the expense of other political forces. While the current leadership appears committed to entrenching this dominance, a legitimate commitment for any political party, this does not necessarily have to be a zero-sum game. As one interview partner (a donor) remarked, it might be good for Mozambique to have a strong party that can do things. The challenge for donors is to ensure that the process of reforming the State continues with a particular emphasis on the preservation of the integrity of technical expertise against possible political interference. This means that donors should privilege diplomatic contacts to identify civil servants committed to professional standards, politicians committed to integrity in politics and Civil Society organizations campaigning for transparency and encourage them to bring these issues to the attention of the wider public in a responsible manner.

There is a feeling among some donors that it has become more difficult to have access to Ministers now. Donors fear that the Government is withdrawing into its own. This view is not shared by all donors¹⁰. Nonetheless, it seems clear that the new Government has a different attitude to donors, starting from the fact, as pointed out by one donor, that the President wants his Ministers to produce results, irrespective of whether donors have made funds available or not. There is a sense in which dialogue with donors is seen as time-consuming. The new Government seems to hold the view that the close relations which the previous Government had with donors were partially to blame for the so-called "espírito do deixa-andar", i.e., indifference to public matters. Reliance on donors was seen as the root cause of Mozambique's lack of initiative. President Guebuza has been repeatedly stressing the importance of "self-esteem" and "self-reliance" as the key to Mozambique's ownership of its development process. Ministers who are too close to donors are not held in high esteem. The

⁹ It is not unusual for Ministers or civil servants to combine state duties with party-political work.

¹⁰ One Head of Mission reported having challenged a colleague to say when he/she had met the former Foreign Minister (in President Chissano's cabinet) and remarked that it had in fact become much easier now.

Prime Minister, who is said to be too close to donors, may be the one political figure in Mozambique who has had more trouble managing the change in government. Many observers hold the view that her continued presence in government is a necessary evil from the perspective of the Government. This is not due to her expertise, which is not challenged, but to the negative consequences of too much reliance on donors.

The problem with dialogue is a structural one. There are donors in Maputo who have privileged access to the Government of Mozambique. Interestingly enough, these donors are those who believe that development cooperation should be kept separate from larger diplomatic interests. Their argument is that development cooperation is too narrow a field to win the confidence of Mozambican counterparts. It is a highly asymmetrical field that prejudices dialogue right from the start. Diplomacy, in their view, is still the best means to influence attitudes, opinions and beliefs. The lesson that can be drawn from this emphasises one recommendation of this study which is that donors should establish a clear hierarchy of goals within which development cooperation and other foreign policy interests are not conflated into one big goal.

As far as the study could ascertain, donors working within the framework of Programme Aid do not have the same views concerning how they should relate to the Government of Mozambique. Some donors expressed strong concerns that some Missions are headed by people with a development, rather than a diplomatic background. They feared that the concern with development aid might restrict donors' appreciation of the changes taking place in the country. They claimed to be cultivating personal relations with individual members of the Government, political parties, intellectual and cultural elites and the business community which helped them win the confidence of their interlocutors. These donors seemed to attach a lot of importance to talking to people in Mozambique outside of the constraints of development aid and felt that in this way they were able to identify problems with the use that was made of their own money and could talk to the right people to overcome them. Donors committed to a central role to development aid in structuring relations with Mozambique pointed out that their countries' foreign policy interests in Mozambique boiled down to development aid. They claimed that it is almost impossible to have any other platform for dialogue with Mozambique, as without the provision of development aid they might as well withdraw from Mozambique. Whatever the merits of the two positions, it is obvious that some donors have much better access to the Government of Mozambique than others. The extent to which "better access" might entail a weakening of the position of donors before the Government of Mozambique is difficult to ascertain within the narrow terms of reference of this study.

4.2 Trajectory of change in Mozambique's political governance

Available evidence suggests that Mozambique will stay on course regarding peace and the consolidation of democracy. The experience of the decade and a half since the signing of the peace agreement shows that war has no constituency in Mozambique. A powerful illustration of this was the almost general hostile reaction to the call for arms made by a Renamo Army General in 2005. Peace and stability have created a peace constituency in Mozambique which finds its strongest manifestation in the creation of wealth by both Frelimo and Renamo high ranking officials. Peace has become an important structural asset for power brokers in the country. It is however a very delicate peace whose stability does not depend on the achievement of institutional milestones – such as the adoption of a new electoral law – but rather on the transparency of politics. This transparency implies that Government action should be subject to public scrutiny not necessarily in Parliament (although important), but

through the media, policy analysis and a more assertive attitude on the part of professional bodies.

The challenge for donors is manifold. Firstly, donors should be careful not to associate too closely with the Government of Mozambique. Government failure should be seen as government failure. At present, it is in theory very easy for the Government to lay part of the blame for its failures on donors. The need to distinguish clearly between donor failure and Government failure is not explained by the need to shield donors from critique; rather, it is explained by the need to encourage and promote debate within the country. President Guebuza appears to be aware of this need and the first years of his leadership have seen a much stronger emphasis on personal responsibility. Some interview partners noted with pleasure that a new attitude is setting in among civil servants and ministers. Unlike in the past, they cannot afford not to do what should be done on the grounds that they have no funds.

Secondly, donors should pay more attention to processes of social differentiation taking place within the country. Regionalism, ethnicity and allegiance to Frelimo or Renamo are still very important factors influencing the behaviour of local actors. At the same time however it is important to note that economic liberalisation has produced an entrepreneurial climate that increasingly places emphasis on clear rules and development aid has been accompanied by rhetoric that has made many people aware of their rights. The interests which arise thereof cannot always be accommodated within these traditional factors. They may even be instrumental in promoting transparency as the only mechanism that can ensure fairness within the political system. Donors could use traditional diplomatic channels to identify emerging interests within political parties and Civil Society in general to encourage them to articulate their views publicly and force public debate over transparency.

Finally, donors need to accept the open nature of development and politics. Development may be premised on the expectation that results will be achieved. However, it is important to note that the road from the plan to the results is not always straight. The practice of development engenders its own momentum, sets the agenda for politics, constrains individuals to act in certain ways and, generally speaking, continuously creates new situations. There should be a way of taking this into account in any analysis of the process of development, for politics is often hostage to such processes. For example, the technical possibilities which the Ministry of Finance has acquired over the years have most certainly led to the emergence of a professional class within the Ministry that may be strongly committed to transparent and fair accounting practices. These individuals may be vulnerable to political pressure, but appropriate diplomatic assistance can help them assert themselves more strongly in the name of professionalism.

The Government of Mozambique appears committed to peace, consolidation of democracy and development. This commitment should be checked by the quality of interaction between the ruling party and opposition parties and civil society, for experience shows that no ruling party will limit its own power in the interest of democracy. A very strong Frelimo party may be good for ensuring the efficiency of the State apparatus, but it should be acknowledged that the consolidation of democracy requires a level-playing field within which all actors play by transparent rules. While the urge to entrench its power appears hard to resist, progress in consolidating democracy has been hampered by a main opposition party which very much like the ruling party is only committed to the kind of change that will bring advantages to itself. This is normal politics, it should be accepted and acknowledged as a factor constraining progress. Genuine political development may depend on such politicking to become stable in the long run against the background of transparency. One major issue arising out of Frelimo's

dominance at the moment is its use of State funds and privileges for party political ends. Strangely enough, this is an issue that opposition political parties do not raise and civil society groups are also silent about.

4.3 Potential and objectively verifiable milestones

Political stability is a tricky concept. To say that long established democracies are stable because they have a separation of powers, functioning courts, a critical press and an efficient State apparatus is to beg the question. *Long established democracies are stable because they have been stable so far.* This applies to developing countries in general and Mozambique in particular. Regular elections, party congresses, prosecution of crimes and the passing of anti-corruption laws are important elements for political stability, but in and of themselves they say very little about what the future holds in stock for a country.

Under such circumstances the milestones which appear sensible to monitor Mozambique's political evolution are those which refer to transparency in broad terms. Some of these are:

- Treasury: What progress is being made in accounting for State funds? Can the work of the Ministry of Finance be scrutinised by the public? How are public accounts dealt with in public? Does the public have access to them? To what extent do they inform public debate?
- Administrative Court: What progress is being made in checking the activities of the State (especially the observation of procurement procedures, filling of civil service vacancies)? Are violations of State rules by politicians and civil servants appropriately prosecuted? Are the relevant laws observed?
- Public Attorney's Office: What progress is being made in prosecuting high profile crimes? Is there Civil Society pressure for resolution? How is this pressure made? What constraints are faced groups and individuals in pursuing such cases? How does the Government of Mozambique react to the work of the Public Attorney Office and to pressure from Civil Society organizations?

Financial management, administrative procedure and the prosecution of crimes are the only safe indicators of progress towards political stability that can be usefully applied in Mozambique. It would be important to develop milestones based on the available plans for progress in these areas. In order to do this, it may be important to have a better picture of the flow of, and access to information in Mozambique. Technical support to the National Statistics Institute has made a major difference in the availability of reliable information on the country's economy. It is, however, still very difficult for academics, journalists and civil society organizations to access policy documents, official reports and draft laws. Part of the reasons for these difficulties has to do with entrenched single-party traditions of secrecy, and another part has to do with technical difficulties in the treatment of information. There have been regular debates on whether members of Parliament and Government should be required by law to disclose their property. The Minister of Finance took the lead and disclosed his property, but no other member of government followed suit, including the President himself whose business interests have frequently raised question marks over his commitment to transparency. More than a freedom of information law which could require public office holders to disclose their property, Mozambique needs a more transparent debate of the issue. As in everything else, failure to adopt such a law should not be seen as a setback to the campaign for transparency. The process of discussion and decision-making should take pride of place in the assessment of such an outcome.

4.4 GoM planned trajectory and international norms

As of present, there is no indication that the planned trajectory of the Government of Mozambique is at variance with international norms. Mozambicans seem to be highly aware of the fact that development aid is crucial to their own survival. There is no reason why organized interests (parties, professional bodies, civil society organizations) would wish to risk losing aid. At the individual level, however, there may be actions and activities that could put development in jeopardy. One obvious danger in this respect is the growing influence of business and the ascendancy which some sections of it are gaining over political parties. Frelimo is particularly vulnerable to this negative influence given its control of the State. In recent years, Frelimo has attracted financially comfortable membership from sections of the business community. There are rumours, for instance, that in the recent past major party meetings were funded by such business interests and that the forthcoming Frelimo 9th Congress in Quelimane will be funded by the same business interests.

The interpenetration of business and politics is not uncommon in politics. What may be uncommon is the nature of such business (the kinds of goods which are traded) and what political dividends are expected. The challenge for donors, once again, is to press for more transparency and to support groups and individuals within the State machinery willing to keep such business interests at bay. Again, diplomatic channels seem more important than development cooperation.

4.5 Options for early warning

Options for early-warning are linked to whether emphasis on transparency is warranted. If that is the case, progress in institutional reforms in the areas of financial management, State auditing and prosecution of crimes can be used as indicators.

4.6 Processes and mechanisms for dialogue with GoM

Dialogue with the Government of Mozambique is very important. It should be conducted in the spirit of mutual commitment, trust, respect and confidence identified in the introductory provisions of the Memorandum of Understanding. For the commitment of donors to this spirit to be convincing it may be necessary to rethink the institutional arrangements underlying Programme Aid Partnership (see 3. Lessons):

- Accounting for donor funds should be simplified, perhaps through auditing firms;
- Working groups should have more general terms of reference, not be a formal part of Programme Aid and be open to civil society organizations;
- Institutional reforms (Justice, Auditing, State Administration) should be initiated and executed by the Government of Mozambique without any obligation to donors as to the pace at which they take place; donors should however make it clear to the Government of Mozambique that progress in those areas will be taken as a major indicator of the commitment of the Government of Mozambique to the partnership;
- Poverty reduction as opposed to PARPA should be the measure of Mozambique's commitment to development; PARPA limits the discussion of options within Mozambique and renders public debate no good service. Alternatives to PARPA should be encouraged as a contribution towards ownership and accountability.

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