



***PPFD/PRODER Joint Review and  
Strategy Proposal for the  
National PPFD Program Architecture  
Final Report***

***(Translation from the original in Portuguese –  
September 2006)***



Republic of Mozambique  
Ministry of Planning and Development

Decentralized Planning and Finance Project



Published by

*MÉTIER*, Consultoria e Desenvolvimento, Lda

Postal Box 2188, Maputo – Moçambique

E-mail: [metier@tvcabo.co.mz](mailto:metier@tvcabo.co.mz)

Fax: +258 21498364

Phone: +258 21493506

<http://www.metier.co.mz>

Copyright © Ministry of Planning and Development - Mozambique



# Index

## Acronyms and Abbreviations

## Projects Summary Sheets

Executive Summary	1
1 The Process of Building a PPDF National Programme	6
1.1 Decentralisation Model	6
1.2 Origin of the district planning methodologies and decentralised finance	7
1.3 First wave of district plans and first synthesis of principles (1994-1997)	7
1.4 Pilotage of the principles (1998-2001)	8
1.5 First attempt of integration (2001)	8
1.6 A PPDF with several Projects (2002-2006)	8
2 The piloted Decentralisation Models	9
2.1 Sectoral Approach	9
2.2 District Approach	10
2.3 Community Approach	11
2.4 Preparing for a synthesis?	12
3 Strategic Evaluation of the Projects Implementation	13
3.1 Relevance for the strengthening of community priorities	13
3.2 Influence on the policies and the legal and operational instruments	14
3.3 Efficacy and Impact	14
3.4 Efficiency and Sustainability	16
3.5 Visibility and Ownership	18
3.6 Partnerships and Synergies	18
3.7 Flexibility and Management	19
4 The New Institutional Context	20
4.1 Decentralisation Policy	20
4.2 The Law of State Local Bodies	21
4.3 Deconcentration of Competences and District Governance Model	22
4.4 Involvement of the community and civil society	23
4.5 Institutionalised Methodologies	23
4.5.1 Strategic Planning: PEDDs	24
4.5.2 Operationalisation: Annual planning and budget - PESODs	24
4.5.3 Execution	24
4.5.4 Control and inspection	24
4.5.5 National and sectoral insertion	25
4.5.6 Technical handbooks	25
4.5.7 District Profiles	25
5 Positive Experiences, Good Practices and Challenges	27
5.1 Area A: Participation, Strategic Planning and Operational Planning	27

---

5.1.1	Good Practices	27
5.1.2	Challenges	28
5.2	Area B: Execution of the Plans	29
5.2.1	Good Practices	29
5.2.2	Challenges	30
5.3	Area C: Efficient and transparent application of the public resources	30
5.3.1	Good Practices	30
5.3.2	Challenges	31
5.4	Area D: Knowledge Management	31
5.4.1	Good Practices	31
5.4.2	Challenges	32
6	The Single National PPDF Programme Architecture Proposal	34
6.1	Summary and Structure	34
6.2	National PPDF Principles	38
6.2.1	The district is the base for planning and development	39
6.2.2	Compliance with the legal and methodological official framework	41
6.2.3	Government leadership	42
6.2.4	Increasingly integration within the national financing mechanisms	43
6.2.5	Knowledge management	44
6.2.6	A dynamic and easy environment	45
6.2.7	Good governance and transparency in public service delivery	45
6.3	National Program Architecture	45
6.3.1	The rationale of the four pillars	46
6.3.2	1st Pillar - Strategic, participative & operational planning	50
6.3.3	2nd Pillar - Plan Execution	51
6.3.4	3rd Pillar – Monitoring and Control	52
6.3.5	4th Pillar - Institutional CB and Knowledge Management	53
6.4	National PPDF Management and Operation	54
6.4.1	Management	54
6.4.2	PPFD at the provinces	56
6.4.3	Flow of funds	57
6.4.4	Risks	58
6.4.4.1	Political	58
6.4.4.2	Process	59
6.4.4.3	Fiduciary	60
6.4.4.4	Capacity	61
6.4.5	Global indicators	61
6.4.6	National PPDF Work Plan	62
7	Recomendations	63

---

## Acronyms and Abbreviations

AC	Community Leader/Authority
ANE	National Roads Administration
AR	Assembly of the Republic
ATLAS	UNCDF financial administration system
CARE	International NGO
CBO	Community based Organization
CC	Consultative Council
CCD	District Consultative Council
CCL	Locality-level Consultative Council
CCPA	Consultative Council at Administrative Post level
CDC	Community Development Committee
CDL	Local Development Committee
CEPKA	Local NGO
CFMP	Medium-Term Fiscal Prediction
CGE	General State Account /Treasury
CIRESP	Inter-ministerial Council for Public Sector Reform
Concern	International NGO
CTA	Chief Technical Advisor
DAR	Department of Rural Water (within MOPH)
DAS	Department of Water and Sanitation (within DPOPH)
DBS	Direct Budget Support
DCI	Development Cooperation Ireland
DDADR	District Directorate of Agriculture and Rural Development
DEd	Department of Buildings/Construction (within DPOPH)
DEP	Department of Roads and Bridges (within DPOPH)
DFID	Department for International Development
DNA	National Directorate of Water Works (within MOPH)
DNE	National Directorate of Buildings (within MOPH)
DNP	National Directorate of Planning (within MDP)
DNPOT	National Directorate of Territorial Planning
DPCAA	Provincial Directorate for Co-ordination of Environmental Affairs
DPE	Provincial Directorate of Education
DPOPH	Provincial Directorate of Public Works and Housing
DPPF	Provincial Directorate of Planning and Financing
EPAP	Provincial Planning Support Team (in Cabo Delgado Province)
ETD	District Technical Planning Team
ETP	Provincial Technical Planning Team (in Nampula Province)
EUR	Euro
FDD	District Development Fund
FDL	Local Development Fund
GBS	General Budget Support
GoM	Government of Mozambique
GTZ	German Development Cooperation
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
IFAPA	Institute for Public Service and Municipal Training
IPCC	Participative Institutions for Community Consultation
JR	Joint Review
LIG	Local Investment Grant (=SIL)
LOLE	Law on the Local Organs of the State
M&E	Monitoring and Evaluation
MADER	Ministry of Agriculture and Rural Development

---



MAE	Ministry of State Administration
MPD	Ministry of Planning and Development
MIS	Monitoring and Information System
MOPH	Ministry of Public Works and Housing
MOU	Memorandum of Understanding
MF	Ministry of Finance
MTE	Mid-Term Evaluation
NGO	Non-Governmental Organization
NORAD	Norwegian Agency for Development Co-operation
NRM	Natural Resource Management
OE	National Budget
OLE	Local Organ of the State
ONG	NGO (Non-Governmental Organisation)
ORAM	National NGO
OSEO	Swiss Labour Cooperation
PA	Administrative Post
PAAO	Annual Activity Plan and Budgets
PAF	Performance Assessment Framework
PAI	Annual Investment Plan
PARPA	Program for the Reduction of Absolute Poverty (=PRSP)
PCP	Project Concept Paper
PEDD	District Strategic Development Plan
PES	Social and Economic Plan
PFM	Project Formulation Mission
PPFD	District Planning and Finance Project
PPFD-C	District Planning and Finance Project – Central Provinces
PPFD-N	District Planning and Finance Project – Nampula and cabo Delgado
PRA	Participatory Rural Appraisal
PRODER	Rural Development Program
PRODOC	Project document
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSR	Public Sector Reform
PTIP	Triennial Public Investment Plan
PWA	Public Works Advisor
SDC	Swiss Development Cooperation
SIFAP	Public Administration Training System
SIL	Local Investment Fund
SISRECORE	District Recording, Control and Earnings System
SISTAFE	State Administration Financial System
SNV	Dutch NGO
SWAP	Sector Wide Approach
TOR	Terms of Reference
USD	United States Dollars
UTRAFE	Technical Unit for the Reform of State Finances
UTRESP	Technical Unit for Public Sector Reform

---



## PPFD North – Summary Sheet

Country	Mozambique		
Project Number	MOZ/01/C01 (UNCDF), MOZ/01/001 (UNDP)		
Project Title	Support to Decentralised Planning and Financing in the Provinces of Nampula and Cabo Delgado		
Project Short Title	District Planning and Financing Project – PPDF		
Sector	Development Strategies, Policies and Planning (0210)		
Government Executing Agencies	Ministry of Planning and Finance/National Direction of Planning and Budgeting Provincial Directorates of Planning and Finance, Provinces of Nampula and Cabo Delgado		
Geographical Scope	Entire Province of Nampula, 6 districts of the Province of Cabo Delgado		
Approval Date	May 2002		
Starting Date	May 2002		
Amendment	September 2003		
Completion Date	April 2006		
Amendment	Extended until the end of 2006		
Project Budget (USD)	Total cost: 15.696.076,19 UNDP 2.653.400,00 UNCDF: 3.000.000,00 Netherlands 4.514.000,00 Norway: 4.138.200,00 SDC 200.000,00 DCI 1.190.476,19	Project Ammendment (USD)	Montante: 2.474.000,00 UNDP 1.354.000,00 UNCDF: 550.000,00 Netherlands: 170.000,00 SDC 400.000,00 DCI 1.190.476,19
Development Objective	To contribute to socio-economic development and poverty eradication through improved local governance in the rural districts of Nampula and Cabo Delgado Provinces.		
Immediate Objective	To increase access by local communities to basic infrastructure and public services through sustainable and replicable forms of decentralised participatory planning, budgeting, financing and public management		
Expected Outputs	<ol style="list-style-type: none"> <li>1. Participatory planning cycle for local government (districts, municipalities and provinces) established, institutionalised and made self-sustaining</li> <li>2. Local government financial systems established and managed in a responsible and transparent manner that increases local government income</li> <li>3. Provincial and District Governments have established and institutionalised a transparent system for the implementation, supervision, operation and maintenance of basic infrastructure</li> <li>4. Institutional (including human) capacity strengthened and made self-sustaining for improved local government performance</li> <li>5. Gender and vulnerable group issues effectively mainstreamed into local development and governance processes</li> <li>6. Innovations such as local economic development, natural resource management and district-municipality integrated planning included in the decentralised planning methodology</li> <li>7. Best practices generated through decentralised planning are systematised, standardised and articulated in support of the elaboration of a National Strategy for Decentralised Planning and Financing</li> </ol>		
Date of Mid-Term Evaluation	22.09.-18.10.2004		

Sources: UNDP office Maputo; (UNCDF), Amendment to the UNCDF Project Document – MOZ 01/C01 (UNCDF), MOZ/01/001 (UNDP), (2003)



## PPFD Centre - Summary Sheet

Country	Mozambique						
Project Title	Decentralized Planning and Financing Project						
Project Short Title	PPFD Centre						
Financing agency	IDA – World Bank						
Project n°	P001807						
Sectors	Sub-national government administration (30%), Central government administration (30%), Micro- and SME finance (20%), Roads and highways (20%)						
Themes	Rural services and infrastructure (P), Decentralization (P), Administrative and civil service reform (P), Rural policies and institutions (P), Small and medium enterprise support (S)						
Government Executing Agencies	Ministry of Planning and Development – National Directorate of Planning and Provincial Directorates of Planning and Budget						
Geographic coverage	Central (Maputo) and Provinces of Manica, Sofala, Tete and Zambézia						
Starting Date	1/1/2004						
Completion Date	30/6/2008						
Project Budget (USD)	<table> <tr> <td>IDA</td> <td>41,529,400 USD</td> </tr> <tr> <td>Government of Mozambique</td> <td>4,587,200 USD</td> </tr> <tr> <td>Total</td> <td>46,116,600 USD</td> </tr> </table>	IDA	41,529,400 USD	Government of Mozambique	4,587,200 USD	Total	46,116,600 USD
IDA	41,529,400 USD						
Government of Mozambique	4,587,200 USD						
Total	46,116,600 USD						
Expenditure (USD)	Desde Janeiro 2004						
Development Objective	To improve the institutional capacity of District Administrations to plan and manage small infrastructure investments in response to community demand.						
Expected results	<p><b>Component 1- District Participatory Planning</b> (\$ 8.7 millions)</p> <p>1.1 District administrations strengthened to formulate development plans with community participation.</p> <p>1.2 Civil society strengthened to participate effectively in formulation and implementation of local development plans.</p> <p><b>Component 2 – Local Investment Grants</b></p> <p>2.1 Local Investment Grants disbursed and accounted for in accordance with agreed procedures.</p> <p>2.2 LIG financed sub-projects correctly procured and executed to agreed technical standards</p> <p><b>Component 3 – Local Administration Capacity Building</b></p> <p>3.1 Provincial and District staff with adequate skills and knowledge to manage IG funds and subprojects</p> <p>3.2 Provincial and district staff with improved skills and knowledge to fulfill their general responsibility for local governance and administration.</p> <p><b>Component 4 - Support Decentralization Policy:</b> Policies adopted to increase decentralization of fiscal, administrative and governance systems in rural districts.</p> <p><b>Component 5- Support to Project Implementation:</b> Adequate organizational capacity and systems in place to manage and monitor project activities.</p>						

Source: Project PAD.



## PRODER - Summary Sheet

Country	Mozambique
Project Title	Rural Development Program of Mozambique
Project Short Title	PRODER
Sector	Rural Development and Decentralization
Themes	Fortalecimento da sociedade civil, planificação estratégica distrital e finanças descentralizadas, agricultura sustentável, desenvolvimento económico local, gestão de recursos naturais, inovações tecnológicas e processuais, gestão do risco de calamidades, HIV/SIDA
Government Executing Agencies	Ministry of Planning and Development – National Directorate of Rural Development; Provincial Governments of Inhambane, Manica and Sofala
Financing agency	GTZ and GoM
Geographic coverage	Central (Maputo) and Provinces of Inhambane, Manica and Sofala
Starting Date	2/2004
Completion Date	12/2006
Project Budget (USD)	Current phase total cost: EUR 12.500.000 Funding: GTZ EUR 12.000.000 GoM EUR 500.000 (in goods) Ensured 5/2006 aprox. EUR 9.000.000
Development Objective	The population of the selected districts in the provinces of Inhambane, Manica and Sofala have at their disposal an adequate services supply in qualitative and quantitative terms
Component 1 Objective: District development planning	District and municipal administrations elaborate annual plans on the basis of the PEDDs and mobilize resource for their implementation
Component 2 Objective: Strengthening of the state local bodies and the civil society	Local bodies, private sector and NGOs deliver a best service for rural development
Component 3 <sup>a</sup> Objective: Innovating technologies and sustainable natural resources management	More families adopt innovative technologies to increase productivity and for the sustainable management of the natural resources
Component 3b Objective: Natural disasters risk management (GRC)	Local players and communities apply GRC measures based on the PEDDs in the risk zones
Component 4 Objective: Policy makers value PRODER experiences	Policy makers in Mozambique implement relevant strategies and policies, considering the experiences obtained in GTZ support for development programs
Target group:	Poor people, with high percentage of women in the provinces of Inhambane, Manica and Sofala

Source: Project document.

## Executive Summary

The present report integrates the main conclusions of the three PPDF projects evaluation: PPDF-North, PPDF-Centre and PRODER, establishing the articulation with the evolution of the political and administrative evolution and relevant for the decentralization process. Based on this analysis the report proposes the architecture of a single National PPDF Program and its main components.

This report is based on the main conclusions of an extensive field work covering various provinces and districts and of the various workshops with participation of representatives of the Government at different levels, of the partners and national and international staff from the projects. It constitutes an important basis for the work of the commissions created to start the program formulations.

This final report is complemented by other four partial reports:

- Evaluation report of the PPDF North;
- Evaluation report of the PPDF Centre;
- Evaluation report of the PRODER; and
- Phases 2 and 3 Report: Strategy for a single national PPDF.

### *Chapter 1: The Process of Building a PPDF National Programme*

The purpose of this chapter is to demonstrate that the methodologies promoted by the institutions and projects only gain substance in their relationship with the processes where they intervene, and when they intervene it is with individuals and ideas and resources, which are specific in time and space.

The background of the underlying reasoning are the political and administrative developments, to which the methodological changes overlap which, consequently, are influenced by the interaction with the projects and technical assistance.

These three layers are dynamic in time and rhythm. For instance, the configuration of the technical assistance and projects can change and the background of policies or the methodologies not have much developments. On the contrary, significant normative and methodological progress may exist which result in the drainage of the model of the technical assistance.



### *Chapter 2: The piloted Decentralisation Models*

The evaluation of the three projects shows that, as a fruit of this process and of a “*decentralisation model*” which, besides a gradualist philosophy, incarnates an experimental approach – there cohabite, at the level of the political awareness of the several levels of

governance and at the level of the implementation of the three projects - three principal approaches briefly described hereinafter.

We argue that the coexistence of the three approaches does not constitute, in itself, any serious problem. All of them have in common the desire to provide a better level of providing services to the communities.



However, it is fundamental, that the process be monitored strategically and intercalated by moments of synthesis at the level of the official policies, giving continuity to the positive interaction of the three intervention plans illustrated in the previous chapter.

We consider that the fact that this consultancy is integrated into a context of nearness to two important qualitative alterations: (i) Establishment of a Decentralisation Policy and Strategy and (ii) Operation of the technical assistance in a context of a Single Programme with governmental ownership; enables us to anticipate a new moment of a strategic synthesis of principles of decentralized district planning and finance.

### ***Chapter 3: Strategic Evaluation of the Projects Implementation***

The analysis in this chapter is concentrated in the following strategic dimensions of the projects implementation, concluding for a positive evaluation in face of the objectives and expected results of each project:

- Relevance for the strengthening of community priorities
- Influence on the policies and the legal and operational instruments
- Efficacy and Impact
- Efficiency and Sustainability
- Visibility and Ownership
- Partnerships and Synergies
- Flexibility and Management

### ***Chapter 4: The New Institutional Context***

The analysis of the process shows clearly that the successes achieved are associated to the degrees of synergy in different moments and places, among the several actors (Government, Projects, Communities and Civil Society, Private Sector and NGOs) which:

- sustained the progresses obtained at the level of the legal and institutional framework of policies and new district competences; and

- are materialised in the progresses at the level of the district institutional capacity, in the institutionalisation of an integrated set of participating methodologies of district planning and finance tested and shared in a wide practice of community participation.

The purpose of this chapter is to systematise the new legislative framework, of methodological policies and instruments which constitutes the starting point and the stimulating elements of the new PPFD Programme, as well the main challenges existing in this domain. This is done through the following sections:

- Decentralisation Policy
- The Law of State Local Bodies
- Deconcentration of Competences and District Governance Model
- Involvement of the community and civil society
- Institutionalised Methodologies
  - Strategic Planning: PEDDs
  - Operationalisation: Annual planning and budget - PESODs
  - Execution
  - Control and inspection
  - National and sectoral insertion
  - Technical handbooks
  - District Profiles

### ***Chapter 5: Positive Experiences, Good Practices and Challenges***

The purpose of this chapter is to identify the set of experiences and good practices that:

- Reflect a sectoral base of adherence to the PPFD “spirit” which facilitates the expansion of the Programme; and
- Constitute a capital of experience which accelerates the transition from the project to a Programme environment, and facilitates the assistance to national coverage of the process.

This set of experiences and good practices is described with a greater detail in the evaluation reports for each project, and is registered with a different degree of elaboration and formalisation at the level of the management units of each project, in the form of project implementation handbooks, technical documents, didactic matter and project reports.

Having in view to integrate better this analysis in the methodological framework proposed for the new Programme, the summary of these experiences, as well as the identification of the main challenges in each area, are classified below according to the thematic areas proposed:

- Area A: Participation, Strategic Planning and Operational Planning
- Area B: Execution of the Plans
- Area C: Efficient and transparent application of the public resources
- Area D: Knowledge Management

## ***Chapter 6: The Single National PPDF Program Proposal***

This chapter has the objective of proposing a fusion of the three current Decentralised Planning and Financing projects with other existing donor and government initiatives to form a National Programme for Decentralised Planning and Financing, hereafter referred to as National PPDF.

The report emerges from a consultative process designed to develop a consensus on the principles and architecture of the National PPDF.<sup>1</sup> This was a process consultancy in which the structure of the National PPDF outlined here was developed through a series of meetings and discussions with stakeholders.

This proposal is developed through the following program components:

- National PPDF Principles
  - The district is the base for planning and development
  - Compliance with the legal and methodological official framework
  - Government leadership
  - Increasingly integration within the national financing mechanisms
  - Knowledge management
  - A dynamic and easy environment
  - Good governance and transparency in public service delivery
- National Program Architecture
- National PPDF Management and Operation
  - Management
  - PPDF at the provinces
- Flow of funds
- Risks and mitigation measures
  - Political
  - Process
  - Fiduciary
  - Capacity
- Global indicators
- National PPDF Work Plan.

---

<sup>1</sup> The team was composed of Lourenço Rodrigues (Project Manager and Team Leader of Phase 1), David Jackson (Team Leader of Phases 2 and 3), Francisco Fernandes, Thomas Thompsen and Winifred Borowczak.

The global “official” objective for the final National PPDF programme will be chosen from this list adopted by the JR workshop:

- To improve Local Government institutional capacity for planning and management, in a participatory/transparent way, the socioeconomic development and poverty reduction efforts;
- To promote a sustainable local development and good governance, through participatory planning mechanisms and a decentralized and transparent management of public resources;
- To establish an integrated and decentralized planning and financial management national system, with participatory and transparency promotion mechanisms, that enable a sustainable socioeconomic local development.

Whilst it may be seen as unsatisfactory to proceed with three alternative development objectives it is also understandable. As stated above, the National PPDF is best perceived as the continuation of a complex, decade long set of interrelated reforms rather than the resolution of a specific development problem. Establishing a clear objective will be important for the programme formulation.

The following slide provide the global objectives and main results areas for each pillar.

Pillar 1 Strategic, participative & operational planning	Pillar 2 Plan Execution	Pillar 3 Monitoring and Control	Pillar 4 Institutional CB and Knowledge Management
1. To establish a national integrated and harmonized participatory system for strategic and operational planning & budgeting.	2. To ensure a better decentralized planning execution.	3. To ensure the efficient, accountable and transparent use of the public resources.	4. Local institutions cable of promoting and managing development in a sustainable way.

### ***Chapter 7: Recommendations***

This report has the objective of providing a practical tool for the development of the National PPDF. The report summarises the discussions and decisions of an intense period of activity, culminating in the Joint Review workshop. This is a work in progress and at the time of writing government and partners are beginning the discussions around a Memorandum of Understanding that will formalise the responsibilities of each actor with respect to the National PPDF and that will effectively bring the national programme into life. At the same time working commissions for each pillar are meeting to flesh out the details of the log frames that were discussed in the Joint Review workshop

# 1 The Process of Building a PPDF National Programme

The purpose of this chapter is to demonstrate that the methodologies promoted by the institutions and projects only gain substance in their relationship with the processes where they intervene, and when they intervene it is with individuals and ideas and resources, which are specific in time and space.

The background of the underlying reasoning are the political and administrative developments, to which the methodological changes overlap which, consequently, are influenced by the interaction with the projects and technical assistance.



These three layers are dynamic in time and rhythm. For instance, the configuration of the technical assistance and projects can change and the background of policies or the methodologies not have much developments. On the contrary, significant normative and methodological progress may exist which result in the drainage of the model of the technical assistance.

## 1.1 Decentralisation Model

The concept of local governance based on a local allocation of State resources coupled to a vision of local development has deep roots in the first years of the National Independence. For several reasons internal and external to the process, these experiences were gradually inserted in a centralised planning system and the local vision progressively hidden in the underlying systems.

With the peace, the debate on the local diversity of the country and the need to introduce practices that better approach the citizen and the State at all levels had conditions to be resumed.

In this context, the legislative proposal of 1994 provided for an “autarchysation of the districts”. This idea was, however, reemitted by the decision of progressing gradually with this process and to consolidate, previously, an “urban” practice of the concept. In that way the first 33 autarchies came into existence, which are not embraced by the PPDF.

The debate on a Law of State Local Bodies reappeared in parallel which would ensure a trajectory of professionalism and integration of governance at this level on a participatory local approach. This is the spirit that was consecrated in the Law of Local Bodies and its specific regulation, which frames, in several governance areas, a new framework of decentralised competences for the district level, as well as in the rest of the legislation on the community authorities and the active involvement of the communities and their representation and consultation bodies.



## 1.2 Origin of the district planning methodologies and decentralised finance

The origin of the PPDF methodologies can be found in the National Reconstruction Plan (PNR) which was drawn up between 1991 – 1992 in order to guide the post-war reconstruction. The plan resulted in an inventory of projects listed by districts based on the reconstruction of the destroyed infrastructures. The *Three Year Plan of Public Investment (PTIP)*, which included a provincial component, was the main implementation instrument.

The experience of planning, financing and execution of public investment at province level brought new challenges. However, the provincial governments have developed their capacity to programme and execute local investments and coordinate the budgetary implementation with the local external financing. The role of the public works and construction industry was important and the respective institutions had a fast learning process.

The PTIP was a training school on planning methodology for the several levels of governance which provided sound bases for, with focus on the intervention of the Ministry of Planning and Finance (MPF) and the Provincial Directorates of Planning and Finance (DPPF) establishing methodologies of *annual planning (PES)*. The procedures in the dissemination of the Budgetary Reform in 1997 came to consolidate this practice (training of trainers), which happened to be assumed later on in the pilot-experiences of planning and district finance.

Together with this “massification” of the concept of planning, there was an intention to influence the economic and social development of the provinces and districts. The desegregation of the sectoral activities financed by external funds for the purpose of executing them in a territorial context – the district, was a basic principle and the genesis of the district planning.

## 1.3 First wave of district plans and first synthesis of principles (1994-1997)

As a fruit of these endogenous developments, three types of district plans were developed:

- Plans widely sponsored by NGOs or other agencies as a way to coordinate their sectoral-based-interventions, in a district.
- Plans sponsored by the former National Institute of Physical Planning focussed on the environmental coordination and land use, but without a financing component; and
- Development plans of district governments (with technical assistance), in order to structure the local development and the coordination between activities and financial resources.

A first official synthesis of these experiences set the lines of development district plans, in a common methodology and format, based on the following principles:

- Institutionalised dialogue between the district government and the community;
- District (as a territorial and administrative entity) at the centre of the process; and
- Articulation of the physical and economic planning.

## 1.4 Pilotage of the principles (1998-2001)

The process that came into existence from implementation and test of these principles within the framework of several projects enabled the subsequent assessment of the process of action convergence between several partners of the decentralisation process and local governance, namely:

- The UNDP, with a long list of technical and financial support to the above mentioned processes, financing the PRN, the support to the provincial PTIP, district surveys and also, together with UNCDF, contributing to the pilot experience in Nampula, with the financing of the government of The Netherlands;
- Bilateral donors, through pilot programmes (for example, SNV, Concern e Swiss Cooperation) and other initiatives (for example, GTZ in Manica, Sofala and Inhambane);
- The World Bank, with activities in the central provinces similar to the “social fund” model (applied internationally by the WB).

## 1.5 First attempt of integration (2001)

The conclusions of the pilotage indicated that there were basic conditions to apply the model of Nampula at National scale and integrate the several sources of finance in favour of the methodologies developed at the pilot phase.

The big lesson of this first attempt of integration was that, the procedural divergences of the donors and government systems, the insufficient clarifications of some policies and systems, and the fact that the resources transferred to the district level do not ensured sufficient critical mass at this level, rendered difficult the effective integration of the several actions.

## 1.6 A PPDF with several Projects (2002-2006)

Therefore, the “PPFD” spirit progressed in a format of “several projects”, designed based on the pilot methodologies and before alignment of the policies, assuming an advocacy and experimental role, for the purpose of crystallising the political engagement and contributing for the legislation.

The tutelage of the MPF/DNPO and the monitoring of the governmental Supervision Committee provided the institutional mechanism for the synthesis and progressive integration of the good practices tested by the several projects, in the official systems and methodologies.

In short, it started a phase where the three projects of this JR assumed the commitment to implement and improve the methodologies tested in the 1994 – 2001 and, do it in the context of joint cooperation with the government endeavours to provide the districts with critical mass in terms of financial, material and human resources.

## 2 The piloted Decentralisation Models

The evaluation of the three projects shows that, as a fruit of this process and of a “*decentralisation model*” which, besides a gradualist philosophy, incarnates an experimental approach – there cohabite, at the level of the political awareness of the several levels of governance and at the level of the implementation of the three projects - three principal approaches briefly described hereinafter.



### 2.1 Sectoral Approach

It's about a model based on interventions based on central and provincial sectoral plans and strategies, with district directorates and delegations with operational competences and some delegated or decentralised investment responsibilities.

This is the model that better depict the current level of practical awareness at the level of the provincial governmental action in view of the districts and that, in a certain way, explains some (marginal) interventions in the context of the projects.

This practice, its advantages, risks and limitations can be systematised as follows:

- The decentralisation for the district level is seen essentially as a step to perform the provincial sectoral plans;
- The adequacy instruments to the local and community demand are considered important to approximate the service to the citizen, but subordinated to the matrix of allocation of provincial sectoral resources and sectoral priorities;
- The forms and mechanisms of provision of services (except for “urban” services at the district centres) are inserted in sectoral systems and strategies and the resistance to their adaptation and integration according to the district institutional context is clear;
- The strengthening of the communities and activity of other partners and NGOs at this level is considered as an important local supplement, but isolated from the global system of planning and identification of sectoral priorities;
- The public investment at district level is, in its format, scale and award procedures, a supplement to the demand addressed to the private sector based on the provincial capitals;
- The vision centred on the operation of the units of provision of sectoral services restricts the integrated observation of the local priorities and does not promote the community supervision nor the accountability before this level;
- The connection between the economic and territorial planning is disregarded and limited to some initiatives within the scope of agricultural zoning of the land;

- The creation of mechanisms and horizontal systems of governance at district level and integration of community structures in the governance is rendered difficult by the sectoral allocation of resources and institutional degeneration in the format of “district delegations”;
- The spirit of service at district level is more of “accomplishing the province plan” rather than “to serve the community”.

## 2.2 District Approach

It is a model that better depict the existing level of practical awareness at the level of district governmental action, as well as the implementation strategy of the three projects:

- Based on interventions centred on district strategies and plans drawn up based on the community participation and inserted into the national and provincial planning system (PESODs);
- Managed by a district governance system with decentralised competences in the current management area and investment and with some degree of horizontal integration and intersectoral coordination mechanisms (ETDs); and
- Potentiated by institutionalised forms of community intervention and control (IPCCs).

This practice, its advantages and the risks and limitations can be systematised as follows:

- The local planning and allocation of resources is subordinated to the priorities identified by the communities and inserted in the PEDDs, establishing with the sectors a coordination relationship tending to sectoral integration in the base unit of district planning (ETD) and redistribution of resources from the provincial level to district level;
- The process of community participation is institutionalised in IPCCs Advisory Councils to the several levels of district governance, with the District Advisory Council assuming a character of some “direct representativeness” of the district governance;
- The process of investment is gradually addressed to promote the demand to the local economic agents and as a mechanism to stimulate the integrated development of the economy and district private sector, in a context of advocacy of the community priorities;
- The connection between the economic and territorial planning is strengthened;
- The PEDDs may be efficient instruments for strengthening cooperation networks between the several partners and local economic agents and the need for developing the civil society finds a strengthened intervention space;
- The spirit of public service turned to the community and accountable before the same is gradually dominant, even though with risks of weakness of the accountability before the higher levels of governance;
- It requires the adequate management of some important risks stemming namely from the possibility to occur:

- Process of definition of partial decentralisation policies and non-coordinated implementation with the reform of the public sector and with the State financial management system (SISTAFE), creating some disarticulation in the apparatus of district government;
- The development of models for capturing elites in the process for selecting the members of the community representativeness bodies;
- Failures in the sectoral coordination with prejudice in the provision of services (schools without teachers and scholar matter; health centres without nurses and medicine kits; poor quality of management of the service and others);
- Systems of community participation disconnected from the identification of available resources;
- Stimulus to systems of identification of the community needs and binding with its priorities besides the technical, organisational and resources capability of the district governance.

## 2.3 Community Approach

It's about the model that better depict the community expectations and important areas of the PODER implementation strategy and, to a certain extent, of North PPDF.

This practice, its advantages and the risks and limitations can be systematised as follows:

- Centred on the mechanisms for community strengthening and allocation of resources more efficiently and leveraging the community own resources;
- Respect for the community priorities and transparency in the management of the resources is strengthened;
- The inclusion in the development process of gender, less-favoured groups and HIV/AIDS fight issues is promoted;
- The insertion of the development process into the priorities and local economy is natural and the development of the local technical capabilities and low cost technologies resorting to local materials is potentiated;
- The “legal” concept of the community personality is gradually strengthened with opening of chances of hiring resources external to the extended community;
- The insertion into the development process of risk management mechanisms (natural disasters, food safety, HIV) adjusted to the reality of the districts is made viable;
- It requires an adequate management of some important risks stemming namely from the possibility to occur:
  - Lack of local strategic prospects and solutions of problems common to several communities, with insufficient exploration of scale economies;

- Problems of sustainability and management of service units stemming from weak coordination with the sectoral and district governance;
- Weak connections with the planning, budget, accountability and financial management official systems;
- The development of models for capturing elites and inequality in the access to resources within the communities.

## 2.4 Preparing for a synthesis?

The coexistence of the three approaches does not constitute, in itself, any serious problem. All of them have in common the desire to provide a better level of providing services to the communities.

However, it is fundamental, that the process be monitored strategically and intercalated by moments of synthesis at the level of the official policies, giving continuity to the positive interaction of the three intervention plans illustrated in the previous chapter.



We consider that the fact that this consultancy is integrated into a context of nearness to two important qualitative alterations: (i) Establishment of a Decentralisation Policy and Strategy and (ii) Operation of the technical assistance in a context of a Single Programme with governmental ownership; enables us to anticipate a new moment of a strategic synthesis of principles of decentralized district planning and finance.

### 3 Strategic Evaluation of the Projects Implementation

The district planning and decentralised finance are a privileged vehicle for establishing the connection among the envelop of resources, the priorities of the local communities and the objectives for reducing poverty and development.

The three projects now evaluated reflect in their strategic objectives the following principles:

- “To promote the socioeconomic development and the reduction of poverty through a better local governance in the rural districts of Nampula and Cabo Delgado” (PPFD – North);
- “To improve the institutional performance of the District Administrations in order to plan and manage small investments in infrastructures which respond the needs identified by the communities” (PPFD – Centre); and
- “The population in selected districts from the provinces of Inhambane, Manica and Sofala having at their disposal a supply of adequate service in quantitative and qualitative terms” (PRODER).

The individual assessment of each project (reported separately) concluded that those objectives were achieved. In the context of this joint evaluation and of the preparation of the PPDF National Programme, it matters now to deepen the *process and its implementation strategic dimensions*, in order to extract the main lessons which may nourish the synthesis process described previously.

#### 3.1 Relevance for the strengthening of community priorities

As a whole, the three projects have a significant level of relevance as a result of the following aspects and results:

- The community participation mechanisms created in the process of district planning render a means of intervention and direct influence of the communities in the processes of: definition and establishment of priorities in the District Development Strategic Plans and their programming and budgeting;
- The process enabled the assembling of initiatives and support to the development from several local partners, including the private sector and NGOs, in local networks and consequent generation of synergies;
- It was possible to promote processes of legal personality of some communities and of the successful implementation capability of several projects eligible to external funding;
- Influence on the governance culture
  - Clarification of the connection of the communities with the administrative apparatus and greater facility of dialogue, through the consolidation of the community participation in the governmental structure up to the level of the administrative posts and localities;
  - Institutionalisation of the Advisory Councils at the several levels of district governance;
  - Increase of transparency in the management processes and strengthening of the accountability mechanisms before the communities;



- The model provoked gradually a new attitude of the Government officials (consultation to the communities and respect for their desires) and at level of the communities (active participation);
- The partisan bipolarisation was consigned to a less important position, which facilitated the relationship of the IPCCs with the District Government.
- Strengthening of the district autonomy and capability in its relationship with the Provincial Government and service providers.

### 3.2 Influence on the policies and the legal and operational instruments

Decisive contribution and influence to the debate and formulation of decentralisation national policies and strategies and to legal operationalisation of the process of participative planning and decentralised finance, namely with regard to:

- LOLE Regulation in several areas and in particular within the scope of the community participation, via the practice in the Consultation and Community Participation systematised in the District Planning Handbook;
- Statute of budgetary unit of the district and allocation of more budgetary resources and budgetary ceilings for each district for the years 2006 and 2007;
- Proposal of the District Finance Handbook (in progress) aiming at operationalising the District as a Budgetary Unit;
- The opportunity for issuing the legislation that enables the admission of technicians as district staff and the review of the district administration staff in order to include staff of main management roles, namely in the planning, finance, procurement and management of construction works;
- Legislation and regulation on procurement;
- Model for accountability and assessment based on coordinated interventions of the General Inspection of Finance and Administrative Tribunal;
- Development of models for promoting the use of low cost technologies and use of local materials, management of disaster risks and fight HIV/AIDS; and
- Proposal of the Decentralisation Policy and Strategy.

### 3.3 Efficacy and Impact

The efficacy assesses the degree in which a programme achieves its objectives and, in this extent, it is intimately associated to the impact produced at social, political, economic and other levels.

The projects individual evaluation reports issued, present the detailed measure of the degree of performance in each of the impact indicators associated to the several components of the three projects.

In this section we shall present only some relevant aspects common to the three projects, which testify the satisfactory degree of efficacy and performance observed in each one of the projects.

- From the total of districts covered by the project, about three quarters apply integrated participative district planning methodologies and identify, set priority and execute infrastructure works based on community priorities inserted in the PEDDs approved by the District Advisory Councils;
- As a result, the impact on the access and operation of the basic public services improved significantly in the areas of water, health, education and circulation of goods and people;
- The impact of the projects is also perceived at the level of the increase of employment, use of local resources and promotion of micro-enterprises, with direct effect in the generation of household income and in a greater volume of transactions internal to the district, and in the progressive development of mechanisms for hiring artisans and making them eligible for the demand of the district public sector;
- The transverse strategies within the scope of Disasters Risks Management and mitigation of HIV/AIDS (PRODER) have already in the embraced zones a very significant impact on the sustainability of the community local systems;
- Impact on the district budget: increase in the collection and recording of the local revenue; increase in the tax revenue on investment commercial transactions; greater collection and integration of extra budgetary resources, within the framework of decentralized planning;
- Impact on the communities and institutional capacity:
  - Empowerment of the communities, facilitation of the community development committees within the scope of acquisition of land titles, in the introduction of low cost technologies and based on local materials and in the disaster risk management.
  - In the development of the capability of the communities to draw up, present for financing and implementing projects with community funds, as well as to dialogue on financial aspects and cost of works to be executed;
  - The gradual effect on the capability of the artisans and contractors and their organisation to integrate the process of investment has been stimulated by the programme.
  - Allocation of accounting and building construction technicians to all districts and legal determination that the technicians and graduate personnel shall integrate the staff of the district administrations;
  - Positive impact on the Building Departments of the Provincial Directorates of Public Works and Housing (DPOPH) on the quality of execution of procedures concerning tenders within or outside the scope of the Programme;

- Carrying out of actions of training and technical assistance at provincial, district and communities levels.
- The attainment of the pilot objectives of the projects, as well as the consolidation of the participating, control and community consultation apparatus constitute also important efficacy and impact zones on the projects implementation.

### 3.4 Efficiency and Sustainability

The efficiency of a project is linked to the attainment of a maximum of results with a minimal cost in resources. In this sense, there is a certain correlation between this concept and that of sustainability, which translates the expectation on to what extent the objectives of a project continue alive after its conclusion and the main beneficiaries want and are able to pursue the same objectives.

If we take into account the long term nature of the objectives underlying the decentralisation process, the average spent resources (USD1.5/inhabitant/year, 1/3 being in infrastructures) and, on the other hand, the projects experimental character, they may be considered efficient, with results able to be generalised and positive infrastructure effects, as well as a good degree of political influence.

It is difficult to make an accurate quantitative assessment of all attained results and volume of consumed financial and human resources, including the supplemental effort of all actors (community, partners and public institution cadres), but we believe that such an evaluation will not affect significantly the previous judgment.

However, one remark subsists: “The operation of the system to function at national level and with a good degree of quality and routine requires, certainly, a strong consumption of resources”. It is a fact that on the side of the results these same assumptions have an effect equally high and positive, in view of which the relationship cost-benefit of the process seems to us to tend in the long run towards an important positive value.

In spite of the challenges ahead being enormous and the process still relying on a significant technical assistance, the following achievements deserve to be highlighted.

- Community sustainability
  - The communities gained strong experience, which enables the elaboration of a local agenda of development based on the conjugation of their own resources and capabilities with the budgetary resources. However, the absence of a district budget line for covering the reasonable operating expenditure of the IPCCs is a concern.
  - A risk area is related to the discouraging impact which an eventual imbalance between the community level of demand translated into PEDDs and the real district

implementation capacity and operators may provoke in terms of low achievement of the goals established in the plans.

● Technical and institutional sustainability

- Recruitment, empowerment and training of local staff and the reorganisation measures of the district apparatus, as well as extension of the conscious engagement of the communities in the process.
- Public training system turned to the requirements of district demand, increase the IFAPAs capacity and curricular review, increase the operating capacity of the provinces and the training of trainers and coordination with other partners in the action of empowerment of IPCCs, are steps conceived and in course but which require a particular effort having in view the sustainability of the system.
- The sustainability of the capacities created in the ETDs requires the full-time affectation of the trained/empowered technicians and their institutionalisation with own budgets incorporated in the district budget, in the context of a district structure of planning and finance.
- It is important to strengthen the coordination between the district and province government and the sectoral ministries with a view to ensure the sustainability of the local initiatives.

● Governmental sustainability: The State shall ensure the consistency of the policy, the legal structure and the development of the capacity and stability of the government staff . At the financial level, the absence of provincial and district budget lines for covering the annual working programme of ETDs and EPAPs is a constraint.

● Political sustainability: The political wish for consolidating the process has been reasserted with firmness in this new legislature, though not sufficiently witnessed in the variety of policies and strategies required by the process.

● Control sustainability: The control mechanisms by the communities and accountability of the districts at superior levels are weak and without incorporated stimulus. In progress there is a working programme with the Administrative Tribunal and the General Inspection of Finance which incorporates the necessary endogenous and sustainability vectors.

● Financial sustainability: Difficult to foresee in the medium or long term, given the insipience of the local revenue and the reliance on the Central-Government Budget and on the contributions from the partners. However the growth of the local revenue as well as the promotion of profitable micro projects, may point towards a medium to long term acquisition of budgetary sustainability for the administrative expenditure of the apparatus.

### 3.5 Visibility and Ownership

The *communication* and *participation* are two faces of the same coin. The communication enables that the people be informed, participate in the planning and implementation, reach an agreement and develop knowledge and capacity to keep an efficient system.

In this context, the communication refers to:

- Planned information and publicity (to make the people aware);
- participation (facilitation of the “voice” of the population in the planning and implementation);
- dissemination of the successes and achievements of the programme;
- motivation and didactic education (to help people to adopt and learn); and
- coordination (to help the communities, politicians, governmental and non-governmental organisation representatives to work as a team).

When adopted collectively, these aspects may contribute to the process of change of behaviour by all interested parties, a necessary condition so that the process of district planning and financing can be efficient.

In spite of the efforts made we think that this area must be strengthened in the execution of the programme in order to show clearly the attained results and dilute the *image of “project”* which, in some cases, is still well evident especially at the provincial and central level.

This last aspect is connected to the matter of national and local *ownership* of the process. The several project documents provide that the Government bodies, at several levels, be the responsible for the implementation and supervision.

However, as a fruit of several aspects related to the working of some Government structures and also of formal aspects connected to the operation of some provincial units of projects, not always in all provinces and phases of the process, that aspect was safeguarded, with negative effects on the efficiency and image of the process. Certainly that the patterns in which the new PPDF Programme suggests safeguard clearly this aspect.

### 3.6 Partnerships and Synergies

Another important aspect in which, in general, the progresses achieved are significant has to do with the involvement of the civil society, of the local communities, traditional authorities, representatives of local interests, social and non-governmental organisations intervening at the district level, which are active participants through Local Forums, Advisory Councils of Administrative Posts and District.

The way as these formal and informal networks and interconnections, with origin in the processes of post-war help and reconstruction were stimulated and the projects were able to integrate, assuming a **double character of development agent** and of **facilitation mechanism**, are added values of some provinces and projects (with emphasis for the North PPFD and PRODER) which certainly shall inspire the phase for extending the PPFD “spirit” in the context of the National Programme.

### **3.7 Flexibility and Management**

In general all projects revealed adaptation and learning capacity particularly useful in this phase in which at legislative and policies level there were important progresses.

On the other hand the experiences of management decentralisation and adaptation to the specific reality of each province, as well as of systems of internal control of the projects turned towards the results, performance and impact, constitute a capital of management experience with variable characteristics among the projects, but in any case relevant as a reference for the integrated management of the new PPFD Programme.

## 4 The New Institutional Context

The analysis of the process described in the previous chapter shows clearly that the successes achieved are associated to the degrees of synergy in different moments and places, among the several actors (Government, Projects, Communities and Civil Society, Private Sector and NGOs) which:

- sustained the progresses obtained at the level of the legal and institutional framework of policies and new district competences; and
- are materialised in the progresses at the level of the district institutional capacity, in the institutionalisation of an integrated set of participating methodologies of district planning and finance tested and shared in a wide practice of community participation.

The purpose of this chapter is to systematise the new legislative framework, of methodological policies and instruments which constitutes the starting point and the stimulating elements of the new PPDF Programme, as well the main challenges existing in this domain.

### 4.1 Decentralisation Policy

The 1994 Local Bodies non-government bill provided for the “autarchisation of the districts” faithful to a more “pure” vision of the theoretical concept of decentralisation.

This idea was, however, reemitted by the decision to progress gradually with the process and consolidate, previously, an “urban” practice of the concept. Thus the first 33 autarchies came into existence and the first autarchic elections were held in 1998. On the other hand, a new phase for creating autarchies is announced for 2007, this time, at the rural level in some administrative posts and chief towns.

In parallel a debate on a Law of State Local Bodies rouse again which would ensure a trajectory of professionalism and integration of the governance at this level in a participating local approach in the rural areas.

This is the spirit that was consecrated in the Law of Local Bodies and its specific regulation, which frames, in several areas of governance, a new framework of decentralised competences for the district level, as well as in the rest of the legislation on community authorities and the active involvement of the communities and their representation and consultation bodies.

The coexistence of the two models especially in the expansion phase of the autarchic movement gives a greater relevancy and urgency to the debate on the decentralisation model.

In this context, the draft of Decentralisation Strategy of the Ministry of Planning and Development (MPD) of this year constitutes a precious base for the essential step for establishing an official decentralisation policy and strategy which clarifies the vision of the sub-national apparatus of governance, avoiding duplication of resources and conflicts in a scenario of poor budget resources.



On the other hand, the autarchies are not embraced by the PPDF. However the close relationship between the local development and the creation of autarchies renders evident the need to ensure a better coordination at the level of the Central-Government Budget financing systems and the management systems between the districts and autarchies.

## 4.2 The Law of State Local Bodies

The Law of State Local Bodies defends a trajectory of professionalism and integration of the governance at district level in a participating local approach, consecrating – in several areas of governance, a new framework of decentralised competences, as well as the active involvement of the communities and their representation and consultation bodies.

The LOLE establishes a model based on three fundamental principles:

- The participating institutions and the competences attributed to district governments have the objective to stimulate the district as a pole and motor of the local development;  
*“...the main territorial unit of the organisation and functioning of the State local administration and base of the economic, social and cultural development planning” (Law 8/2003 - Article 10)*
- The role of the provincial governance is to develop the supporting and supervision function, in the format of coordinating body of State decentralised services;
- The Central Government assumes an essential function of global policy-maker and strategies manager of national and sectoral development, as well as decision-maker on the distribution of resources for the several levels of governance.

In relation to the community authorities, the Decree 15/2000 confers them limited representation privileges and incentives for their involvement in the expansion of the tax base.

The Law 8/2003 and the Decree 11/2005 clarify the vision on the involvement of the communities and their consultation bodies at the level of the localities, administrative posts and districts, conferring them specific competences and conceives a vision of the district as a product of the decentralised governance, with significant autonomy of action and established community participating mechanisms, in the context of a debate conducing to the establishment of a vision of the development in each district, coordinated with the national priorities.

We think that in this context two essential questions shall be put in the short term:

- The conciliation of the relationship preconised between the levels of provincial and district governance and the next election of Provincial Assemblies; and
- The pressure in the practice of transforming the CDDs of advisory bodies into bodies with power of decision.

### 4.3 Deconcentration of Competences and District Governance Model

In the context of the political and administrative developments above chronicled, the Law of State Local Bodies fits and its regulation details, in several areas of governance, a new framework of decentralised competences for the district level.

The following table summarises the competences already delegated at the district level by the legislation and directly connected to the decentralised planning and finance.

Relevant Ministry	Administrator	District Government	Permanent Secretary
Ministry of State Administration (MAE)	To represent the central State and lead the district government (39.1) To propose the creation of district services (39.2) To pronounce himself/herself in the appointment of the Heads of Posts and other district staff (39.11)	To execute the government policy (46.1) To promote the participating planning and community involvement in the governance (46.11)	To support the district government and administrator in the execution of his/her competences in all areas included on the left columns, including the areas that are not in the jurisdiction of the provincial sector (53.1, 53.9)
Ministry of Planning and Development / Ministry of Finance (MPD / MF)	To supervise the PES and Central-Government Budget proposals and execution of the plans and budgets (39.7) To inspect the PEDD and coordinate the district planning (39.7) To guide and monitor the cooperation (39.10)	To approve, lead and report on the execution of the PES District Development Plan and Central-Government Budget (46.1) To establish and inspect the collection of tax and non-tax revenue (46.1)	To control and monitor the execution of the provincial plans and budgets, authorise the expenditure and ensure the regular audits (53.3)
Agricultural Development	To promote the agricultural development and give opinion on land concessions (39.9) To promote and authorise the small-scale industrial development and electricity production (39.4, 39.5)	To intervene actively in the promotion of the small-scale industry and agricultural development (46.4, 46.8)	To create and organize the district multi-sectoral teams for the district planning and finance (53.1i, 53.1j)
Ministry for Coordination of Environmental Action (MICOA)	To authorise the use of urban land (39.5) To give opinions to the provinces on the licences for use and utilization of rural land (39.5)	Environmental protection (46.3) To promote the tourist and cultural development (46.15)	To manage the training and development of human resources (53.2)
Ministry of Public Works and Housing (MOPH)	To execute the public works registered in the district PES/Central-Government Budget including the maintenance of roads and basic water systems (39.8)	Management/construction of water systems (46.5) Management and construction of local services and small-scale investments (46.12) Maintenance and construction of non-classified roads, drainage and bridges (46.13)	
Ministry of Health & Ministry of Education (MISAU & MINED)	To supervise the working of basic education and health services (39.7)	To provide the basic health and education services (46.6, 46.7)	

Source: Decree 11/2005

Although the legislation establishes the fundamental principles of the functional organisation of the district government, the same are not sufficiently tested in the field in order to ensure that the structure currently preconised be adjusted to the integrated accomplishment of the decentralised competences.

In particular, the PPDF strategy indicates that the implementation of the legislation on district planning and financing requires a district service of planning and finance, with functions of inclusion in the budget, treasury and budgetary execution. In the context of the PESODs and of the objective to connect the plan and the budget it should be logical to include the technical functions of planning (PES and PEDD) in this service.

The current framework of the functional organisation does not include this approach. One role of the programme shall be to monitor the performance of the districts in the exercise of the new competences and propose and advocate changes in the functional organisation which may improve the quality and efficiency in the application of the local resources and in the provision of public services to the community.

#### **4.4 Involvement of the community and civil society**

The involvement of the civil society in the discussion and approval of the district strategy as well as in the discussion and approval of the PESOD and in its control are essential.

In this area the legislation provides for: (i) the generalised consultation to the community interests as a part of the decision-making process at the local level; (ii) the constitution of the community participation and consultation institutions (IPCCs) at the administrative levels of locality, administrative posts and district. These bodies have competences conferred in the preparation, approval and implementation of the plans and decisions at local level.

The detailed District Community Consultation and Participation Manual systematises what can be assumed as the current methodology and good practice for establishing the community participation model.

The concept of community strengthening and the experiences existing in this domain in Mozambique reveal that this area should deserve methodological deepening and a more developed legal coverage. We think that the development of the PPDF Programme shall produce, in due time, proposals in this matter.

#### **4.5 Institutionalised Methodologies**

These methodologies and the present degree of their institutionalisation and formalisation are systematised and described hereinafter.

#### **4.5.1 Strategic Planning: PEDDs**

Symbolised by the District Development Strategic Plan (PEDD) and the inherent methodologies of long term planning. The minimum configuration of this plan is registered in the guidance on 1998 Development District Plans and was successively expanded and developed in practice. The handbooks elaborated subsequently synthesise and elect the PEDD, in their contents and procedures for their elaboration, as an instrument of conception, guide and guidance for the socioeconomic development of the district.

#### **4.5.2 Operationalisation: Annual planning and budget - PESODs**

The defined methodologies establish the Social Economic Plan – District Budget (PESOD) as the concept and methodology for connecting the unfolding of the PEDDs priorities in annual working plans (based on approved official methodologies) provided with budgetary resources (defined and applied according to budgetary execution methodologies approved in the legislation).

#### **4.5.3 Execution**

In the process of execution, the district shall follow the rules of procedure established for the execution of expenditure and collection of revenue.

The investment expenditure was extended with the granting of a budgetary provision for the district investments, which shall be executed according to the investment budget execution methodology in force, which centres itself on the Public Investment Projects. The introduction of the SISTAE at district level shall constitute without doubt an essential challenge of the new phase of the Programme. In relation to the earnings, focus is the retention in the district in due proportion and their use upon the PESOD and PEDD priorities.

In the area of awarding public works and acquisitions of goods and services the newly issued procurement legislation establishes the official practices according to the main international standards on this matter.

Still in this area of PESOD execution, the district now has competences conferred in the management of human resources (including the recruitment of civil servants) and in the management of public investments (including the signing of contracts with contractors and the management of contracts). In the execution of these functions the district is governed but the legislation in force, including the laws passed recently in the area of procurement.

#### **4.5.4 Control and inspection**

The functions of control and inspection, internal and external, are exercised by the Finance Inspection, State Inspection and Administrative Tribunal, and methodologies and systems appropriate for this purpose exist.

The capacity building development of these bodies and the promotion of mechanisms of public information, as well as the development of the concept of “community supervision and inspection” are important challenges for the new Programme.

#### **4.5.5 National and sectoral insertion**

Another important progress in this process is the insertion of the district development in a national vision conceptualised in the PARPA and the growing importance of the direct budgetary support in the monitoring process between the government and the donors. These instruments include the canalization of resources through sectoral programmes, according to the PARPA priorities (education, health, water, agriculture, roads).

This issue is associated with the tension between developing the role of the district and ensuring the PARPA priorities through sectoral programmes, which remains an important methodological challenge.

#### **4.5.6 Technical handbooks**

An important set of instruments inserted into training systems and technical handbooks was developed and is available to support the implementation of the above mentioned methodologies and which embrace the several techniques of district management, as well as technical support/assistance to self-organisation of the communities in associations, disaster risk management, development of low cost technologies, gender integration, fighting HIV/AIDS, inclusion of less-favoured groups.

This aspect shall be a subject in the next chapter dedicated to the systematisation of experiences and practices relevant for the PPDF National Programme phase.

#### **4.5.7 District Profiles**

The District is a territorial and administrative concept essential for programming the economic and social activity and coordinating the interventions of the national and international institutions. To assess the district potential and its degree of sustainability, as well as the level of adjustment of the respective administrative and technical apparatus to the local development requirements, is, of course, a primordial step. It is, in this context, that the Ministry of State Administration (MAE) elaborated the 2005 edition of the Profiles of the 128 Districts of Mozambique. For their elaboration, the contributions received from several institutions at local and central level were precious.

It was done, in an approach integrated with the process for strengthening the local management and planning, providing – for each district, in the period between 2000 and 2004 – a detailed assessment of the local degree of human, economic and social development.

In particular in this phase of expansion of the methodology for elaborating the PEDDs in the whole country, the District Profiles are – in the context of the Diagnosis phase, an important informative instrument and a contribution to the management process which integrates, on the one hand, the organisational and district competence aspects and, on the other hand, the matters resulting from the development and decentralisation of the planning and allocation and management of public resources.

In this area two challenges are essential for the future:

- Updating the profiles in the context of a current system with district and provincial ownership and constitution of a database which ensures their updating, usefulness for monitoring the PEDDs and for the PARPA indicators; and
- Integration in the context of Provincial Profiles which can support and monitor Provincial Strategic Plans and identify the zones of regional and sectoral synergy among the several districts of each province.

## 5 Positive Experiences, Good Practices and Challenges

The purpose of this chapter is to identify the set of experiences and good practices that:

- On the one hand reflect a sectoral base of adherence to the PPDF “spirit” which facilitates the expansion of the Programme; and
- On the other hand, constitute a capital of experience which accelerates the transition of the project environment to a Programme environment, as well as facilitates the assistance to the national coverage of the process.

This set of experiences and good practices is described with a greater detail in the evaluation reports for each project, and is registered with a different degree of elaboration and formalisation at the level of the management units of each project, in the form of project implementation handbooks, technical documents, didactic matter and project reports.

Having in view to integrate better this analysis in the methodological framework proposed for the new Programme, the summary of these experiences, as well as the identification of the main challenges in each area, are classified below according to the pillars proposed for the Programme.

### 5.1 Area A: Participation, Strategic Planning and Operational Planning

#### 5.1.1 Good Practices

- Partnerships for the local development
  - A model based on phases of progressive intervention and interaction of three big actors: Civil Society, Private Sector and Government, centred on the local geography, integrated in the established legal, political, administrative and institutional framework.
  - In the first phase, the focus is on the decentralisation processes, laid on the community development, in order to ensure the necessary conditions to address, in subsequent phases, the issue of district local development. The projects have accomplished successfully the development of an effective system of participating and decentralised district planning and influenced the institutional framework decisively.
  - The projects as facilitators of the process and assisting the government, not replacing it;
  - District forums involving the main donors and partners of the process of PFD implementation, enabling negotiations and agreements (memorandums).
  - The creation of a network of partners increases the participation of other interveners in projects of community interest.
- Participatory methodologies
  - Were developed not only by the programme but also by the partner organisations based on more than one decade of action



- Participation of the communities, in the form of local councils, on public interest matters, what contributed to a greater approximation between the local interests and the State.
- Influence of the communities in matters of management of public thing, namely in the PESOD programming.
- The community participation model consolidated in the Community Consultation and Participation in the District Planning Handbook, systematises what can be assumed as the good practice in this area, having influenced the LOLE Regulation on this matter and reflecting the absorption of practices also tested in other projects.
- Techniques for elaborating the PEDD
  - Connection to the PESOD and introduction of the “tax account”/ financial scenario based on growth, inflation criteria and other criteria established by the DPPF
  - Priorities incorporated according to a classification as “budgeted” and “non-budgeted”, depending on whether they are contemplated or not in the envelop of the planed resources.
- Techniques for elaborating the PESOD
  - Cost measures associated to the investment activities;
  - Introduction of a detailed planning of the revenue, with mechanisms of execution, following-up and control with community involvement (SISRECORE).
  - Conception and implementation of the SISRECORE, with the backing, at different levels, of the public finance appropriation at local level
  - Introducing the concept of consolidated and balanced budget, and its dissemination at the level of the community, becoming a fundamental factor for the planning process appropriation.
- Technical support/assistance to self-organisation of the communities in formalised associations. This experience is supported by an efficient methodological approach, empowerment of several actors and elaboration of the specific didactic matter, as well as, of informative matter.
- This self-organisation promotes the capacity of the respective communities to present projects to other financiers and implement them.
- Decisive contribution to the decentralization national strategy and policy debate and to the formulation of the correspondent legal framework.

### 5.1.2 Challenges

- To ensure that the Advisory Councils are representative, and recognised as such
- To establish a system for assessing the degree of satisfaction of the communities in the process of planning and accountability.

- To divulge national policies and strategies and legal framework of the decentralisation, participating planning and decentralised finance process.
- To establish a methodology for integrating the transversal topics of HIV/AIDS, gender and management of GRC natural resources in the participating district planning and in the respective PEDDs
- To perform the consolidation of the district financial management model issuing guidance that value the good techniques already in use, namely:
  - Elaboration of the PEDD: its connection with the PESOD, introduction of the “tax accounts”, the incorporation of the requirements classified as “budgeted” and “non-budgeted”, activities associated to costs.
  - Incorporation of all (investment) actions occurring in the district in the PESOD, introducing an integrated vision.
  - Introduction of the detailed planning of the revenue in the budget (PESOD), with execution, following-up and control mechanisms and community involvement (SISRECORE – Recording, Control and Earnings System); the massification of the application of the SISRECORE and the respective community participation for the improvement of the local earning and gradual district self-financing
  - Incorporation of the partners’ cash flows into the budget, as well as of the (non) cash flows into the PESOD including the community contribution or collective participation.
  - Introduction of the achievements and economic and social growth assessment indicators incorporating already the data to be used for informing the communities, for the Development Observatory and for other levels of the government.
- Development of the methodology and procedures for the incorporation of local development micro-projects, valuing the interconnection of the local development with the participating district planning.

## 5.2 Area B: Execution of the Plans

### 5.2.1 Good Practices

- The positive experience of appropriation of infrastructures for providing services to the community, more particularly in the process of identification, selection, construction and maintenance of infrastructures.
- The involvement of community leaders in the revenue collection mechanisms may be replicated for the purposes of other domains of community interest, as water, energy and maintenance of infrastructures of local interest.
- Interconnection of the local economic development with the participating district planning: empowerment of the several actors, elaboration of the didactic matter, edition of informative matter.

- Promotion of local development micro-projects and their interconnection with the participating district planning.
- The introduction of low cost construction technologies reduces substantially the costs of the works and facilitates thus the implementation of the PEDD. These technologies, due to the fact of they being able to be performed by local artisans, enable that up to 60 % of the cost is kept in the district.
- Implementation of disaster risk management systems and integration of the systems into the PEDDs. Elaboration of the specific approach, specific financing, empowerment with detailed didactic matter, elaboration of informative matter.
- Capacity of the district governments for managing investments: The investments planning and management model in small infrastructures in a participating way inspired, in conjunction with other projects, the LOLE regulation.
- The participating forms of planning, financing and procurement methodologies in the SIL3 with small provincial government and project units support is an input in the context of regulating the 7 billion budget transfer to the districts
- The experience from the ETDs strengthened with the allocation of accounting and building construction technicians accelerated the legislation which enables the admission of these technicians into the district staff and the review of the district administration staff in order to include personnel for planning, finance and management of works.
- The financial management system implemented for the district level (PPFD Centre) for the investment funds may constitute a practical and interesting tested model for the district expenditure financial management system, as a whole.

### 5.2.2 Challenges

- Diffusion of low cost building technologies in the construction, practised by the local artisans and using local materials.
- Generalisation of the implementation of disaster risk management systems and integration of these systems into the PEDDs.
- Adoption of methodologies of appropriation of infrastructures for providing services by the community, more particularly for the process of identification, selection, construction and maintenance.
- Replication of the involvement of community leaders in other domains of community interest, as water, energy and maintenance of infrastructures of local interest.

## 5.3 Area C: Efficient and transparent application of the public resources

### 5.3.1 Good Practices

- The model conceived by the project of district supervision, control and assessment based on coordinated interventions of the General Finance Inspection: internal Audit, and external

Audit from the Administrative Tribunal, and its connection with the district empowerment system.

- Internal control systems of projects turned to results, which are relevant for the integrated management of the new PPDF Programme.
- Follow-up of the works supervision by the communities
- Assessment of the way how the community participants in the planning process express satisfaction for the responsibility and accountability of the district rulers: the project has a survey to the community in testing phase which shall produce its result at the end of 2006 and may evolve to the institutionalization of the district scorecards.

### 5.3.2 Challenges

- The consolidation of the monitoring and follow-up model, expanding the existing national system and incorporating the community side. The monitoring system should:
  - Support the current systems in use for distributing the resources among districts
  - Take into consideration the internal and external audit established by the Finance General Inspection and Administrative Tribunal and SISTAFE, ensuring thus the governmental endogenous and ownership (of different institutions) necessary to ensure the political willingness necessary for a performance assessment.
  - Enable that the district bodies perform their responsibility in the accountability to the community and the instruments for its accomplishment as well as for the partners with whom the partnership relationship was established.
  - Feed the national system with indicators for the joint assessment with the donors
  - Perform the follow-up of the indicators for assessing the evolution of the district economic and social situation.
  - Develop a methodology for monitoring the PESOD and PEDD performance and impact

## 5.4 Area D: Knowledge Management

### 5.4.1 Good Practices

- Endogenous training model fitted institutionally in the Provincial Bureaus and ETAFs and based on the district requirements expressed in training territorial plans;
- Model articulated with the state inspection and supervision system and inserted in the SIFAP, and assuming the need for strengthening the state training operators – IFAPAs, although leaving space for other training providers.
- “learning by doing”.
- Technical assistance for the district planning process in terms of methodological participatory approach (constitution of IPCCs, ownership by the district, integration of cross-matters such as HIV/AIDS, GRC, document quality), capacity building of the several actors, detailed didactic matter and edited informative matter.

- Decentralised planning and finance handbooks addressing and guiding solutions for issues of technical and operational nature.

#### 5.4.2 Challenges

- Training and capacity building: Establishment of a training system that takes into consideration the:
  - Specificity of the participatory process and a model which enables to learn by doing approach
  - Insertion into the public training system (SIFAP)
  - Concept of an endogenous model of training based on the requirements of the districts
  - Existence of technical handbooks and documents for support the operation and training
  - Analysis and review of the existent spread methodological documents and computer support, developed by the projects.
- Public institutions
  - Creation of the community participatory bodies, valuing the local organisation and the population traditional habits.
  - Strengthening of the ETDs and EPAPs, namely with their institutionalisation, technical empowerment and definition of terms of reference for their members.
  - Establishing teamwork methods; to value the functioning of the EPAPs and ETDs as a coordination body between the sectoral and territorial planning dimension.
  - The institutional framework of the local governance and alterations in the organ structure of the provincial and district governments: Clarifying the organic insertion at the provincial and district level of the decentralised planning and finance process, including the creation of a district autonomous unit of planning and / or finance.
  - To give priority to the recruitment of technicians for the districts in order to develop the critical mass at this level, and to accelerate the mechanisms for hiring and integration as civil servants.
  - Creation of a technical career of participatory planning and insertion of the technicians, safeguarding the due accreditation of the training.
  - Operating costs of the functioning of IPCC's should be gradually bore by the districts themselves, according to the effort for increasing the revenue
  - The systematic transfers of the ETD's members to other positions, and their replacement by non-trained elements constitutes a serious constraint to the process.
- Partnerships
  - To strengthen the internal coordination of stakeholders, establishing Partnership Networks functioning regularly, at the provincial and district level,
  - To establish the interaction and synergies between the Government and Civil Society institutions which can ensure a more integrated and sustainable process.

### Political and Strategic Level

- Political commitment with the decentralised planning and finance and the local economic and social governance
- The search of balance in the establishment of regulations and guidance in the strategic aspects
- Commitment to a Construction Agenda based on Local Material with support to the central level in order to stimulate the support to the construction development process at local level (before the Ministry of Public Works and Housing, MOPH)<sup>2</sup>
- Establishment of a gender strategy which inserts itself and influences the decentralised planning and finance and community participation
- Establishment of a local economic development strategy, and respective concrete guidance which enable the implementation of the local micro projects.
- Commitment to the establishment of the local agenda for the development of the communities based on their own resources and capacities
- Official recognition of the Decentralisation Policy and Strategy, currently in draft, as a global framework for a process of governmental leadership and ownership

### Legal

- Set the contents and obligatory of some guidance and practices, such as the elaboration of the PEDD, the articulation of the territorial and public investment planning<sup>3</sup>.
- The legal framework of the community participation in the public works, setting the requirement and criteria for building permits, work limits, modalities of public works contracts. and instituting the legal concept of community property
- District level autonomy to identify other external sources of finance and carrying out the correspondent negotiations.
- The legal mechanisms and instruments which consolidate the community participatory practices should be consolidated

### Technical Inputs – District Profiles

Given the usefulness for the phase of the PEDDs Diagnoses of technical inputs, it matters, in coordination with the Ministry of State Administration (MAE) to:

- Update the profiles and build a database which ensures their updating, usefulness for monitoring the PEDDs and for the PARPA indicators; and
- Integration in the context of Provincial Profiles which are able to support and monitor Provincial Strategic Plans and identify the regional and sectoral synergy zones among the several districts of each province.

---

<sup>2</sup> Constitution of a national committee in the Ministry of Public Works and Housing (MOPH)

<sup>3</sup> There has been a polemics on the need for a specific legislation of planning, land use and physical planning.

## 6 The Single National PPFD Programme Architecture Proposal

### 6.1 Summary and Structure

This proposal has as background the chapters 1 and 4 conclusions, where the process of building a National PPFD is inserted in an historical perspective and the new institutional context created in its consequence is extensively described.

We argue there that the methodologies promoted by the institutions and projects only gain substance in their relationship with the processes where they intervene, and when they intervene it is with individuals and ideas and resources, which are specific in time and space.

The background of the underlying reasoning are the political and administrative developments, to which the methodological changes overlap which, consequently, are influenced by the interaction with the projects and technical assistance. These three layers are dynamic in time and rhythm.



We emphasise that the successes achieved in the three PPFD projects are associated to the degrees of synergy in different moments and places, among the several actors (Government, Projects, Communities and Civil Society, Private Sector and NGOs) which:

- sustained the progresses obtained at the level of the legal and institutional framework of policies and new district competences; and
- are materialised in the progresses at the level of the district institutional capacity, in the institutionalisation of an integrated set of participating methodologies of district planning and finance tested and shared in a wide practice of community participation.

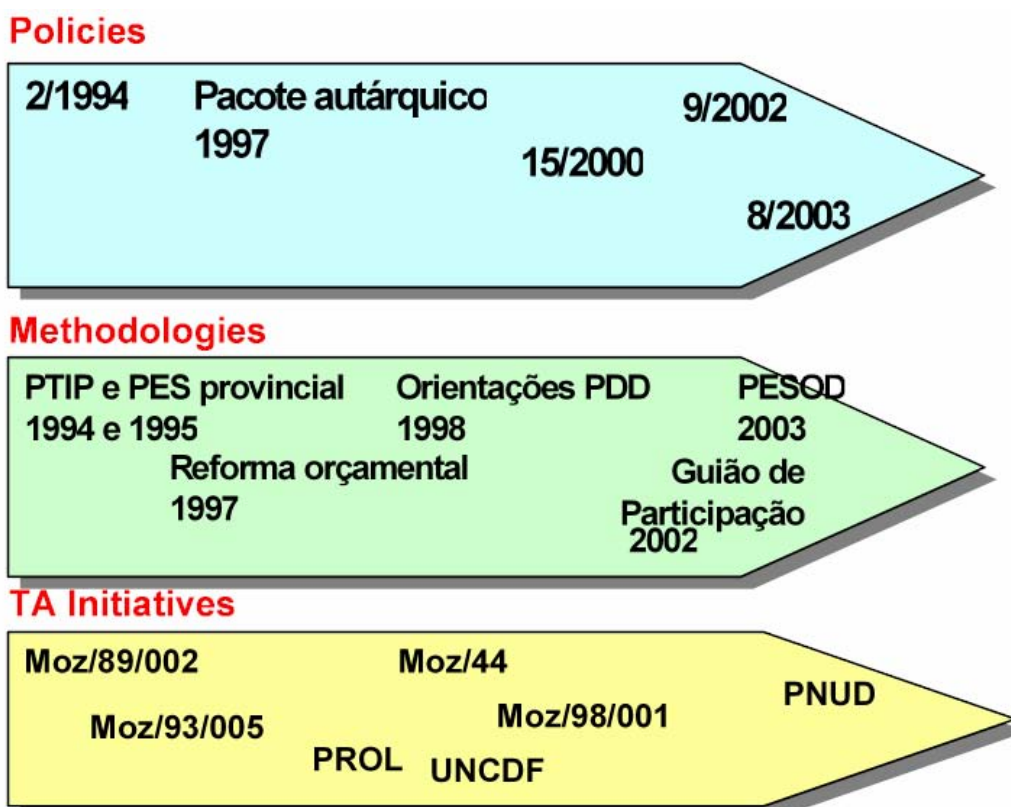
Chapter 4 described the content and value added of the new legislative framework, of methodological policies and instruments which constitutes the starting point and the stimulating elements of the new PPFD Programme, as well the main challenges existing in this domain. That description covers the following issues:

- Decentralisation Policy
- Law of State Local Bodies
- Deconcentration of Competences and District Governance Model
- Institutionalised Methodologies
  - Involvement of the community and civil society
  - Strategic Planning: PEDDs



- Operationalisation: Annual planning and budget - PESODs
- Execution
- Control and inspection
- National and sectoral insertion
- Technical handbooks
- District Profiles.

The slide below returns to the above mentioned three plans, highlighting important milestones associated with each plan.



## AGP 1992

This report is a first draft of the combined phase II and III reports of the PPFD / PRODER Joint Review, the objective of which is to propose a fusion of the three current Decentralised Planning and Financing projects with other existing donor and government initiatives to form a National Programme for Decentralised Planning and Financing, hereafter referred to as the National PPFD.

The report emerges from a consultative process designed to develop a consensus on the principles and architecture of the National PPFD. This was a process consultancy in which the structure of the National PPFD outlined here was developed through a series of meetings and discussions with stakeholders.

The phase I report, which evaluates the existing PPDF projects was an important input into this process and deliver the adequate rationale to reflect upon the joint practice of government structures and the various partners and projects involved, as well as analyses the starting point for the new program.

The defining moment in the design of the National PPDF was the second joint review workshop (held in Maputo in July 2006) at which more than 100 participants from government, multilateral agencies and bilateral donors discussed, amended and approved the outline of a national programme, using as raw material the proposals that had been developed in the preceding discussions. This report faithfully records the consensus reached at this workshop and its structure follows the sequence of the workshop agenda.

Policy makers, including the Minister of Planning and Development, stressed that the workshop should perform the role of a “Coordinator Council” for a National PPDF and should produce concrete proposals for the principles, architecture, management and financing of the programme, including the respective roles of government and partners. These proposals will then be amended and approved in the process leading to the conclusion of a Memorandum of Understanding between government and its partners for the implementation of the National PPDF.

***However it is important to stress that the National PPDF is not being designed from scratch.*** Rather it builds on a set of policies, methodologies and practice that have developed since the Peace Agreements in 1992. These principles were agreed at the 2001 ‘strategic retreat’ in Xai Xai that initiated the current phase of the PPDF (composed of the PPDF North and PPDF Centre and supported by PRODER). The phase 1 report has shown that these three projects effectively applied these principles in their different ways.

The national programme therefore should base itself around a systematisation of these principles rather than a collection of ‘best practices’ employed by the projects concerned. Best practices are abstract and footloose concepts that lack substantive meaning unless they are located within a trajectory of policy and administrative development.

Based on this background – **section 6.2** will outline the seven principles on which the National PPDF will be based, building on the policies and experiences that have driven district planning and financing since 1992:

- The district is the base for planning and development;
- Compliance with the legal and methodological official framework;
- Government leadership;
- Increasingly integration within the national financing mechanisms;
- Knowledge management;
- A dynamic and easy environment;
- Good governance and transparency in public service delivery.

**Section 6.3** moves from looking at the principles of the National PPDF to exploring the foundations for the programme. Four ‘pillars’ are proposed which relate to the areas of activity of the PPDF. These pillars are based on themes and not institutions, therefore allowing for collaboration between government departments and others in the execution of activities for each pillar.

The *first* pillar is ***Participative Strategic and Operational Planning***, which is the core of the programme and relates to the planning and financing of district governance and district development.

The *second* pillar is ***Plan Execution*** and covers the implementation of the local development strategies through direct procurement by the district government and through indirect lobbying and coordination of the actors of other agents.

The *third* pillar is ***Monitoring and Control*** and involves the legal framework of supervision and control of district governments by the state, including internal and external audits. This is a relatively new area of activity for the PPDF, but one that will assume greater importance as the National PPDF takes shape and as District Planning and Financing moves from a set of Project based activities to a truly national programme.

The *fourth* pillar Institutional ***Capacity Building and Knowledge Management*** is slightly more esoteric in nature, though no less practical in application. The pillar concerns itself with the development and dissemination of the ‘Spirit’ of the National PPDF through incorporating the philosophy and practice of decentralised planning and financing into the public service bureaucracies at all levels and into the wider population as a whole. Decentralised planning and financing is not just a more efficient way of delivering public service. It is also part of a different approach to local governance.

Maintaining the ‘Spirit’ of the PPDF means ensuring that this approach and its associated methodologies become part and parcel of the way Mozambique is governed and become common knowledge amongst the public as a whole.

Section 6.3 outlines the objectives for each pillar, in addition to providing comments on its methodological and institutional substance. The Logical Framework Matrix method is applied to each pillar in order for this substance to be systematically represented. Experience shows that the Logical Framework method can become a straightjacket that limits the effectiveness and flexibility of projects, particularly when they involve institutional reforms rather than physical constructions; this may be the case and we do not propose that the final National PPDF becomes a prisoner of its log-frame. Nevertheless, at this stage in the design process we argue that the log-frame method allows us to identify and separate the key components that will be necessary for the construction of the National PPDF.

**Section 6.4** outlines the proposals for the management and financing of the national programme. Government policy maintains that direct budget support is the preferred method of incorporating external finance. The government decision to begin district investment allocations in the state budget greatly facilitates this mainstreaming of financial support to the programme and also potentially renders superfluous external financing of local level investments with parallel reporting and management procedures.

Nevertheless there are two factors that mitigate against an immediate application of this policy for the National PPDF. *Firstly* the specific nature of the National PPDF support activities and the importance of its integration and coordination across government departments means that a common fund may be the most appropriate method of financing for the first phase of the national programme. *Secondly*, some agencies may find it difficult to sign up to either direct budget support or contribute to the common fund in terms of resources. The chapter proposes ways in which the National PPDF can incorporate a variety of funding mechanisms and allow participation by all interested partners.








**Section 6.5** will analyse some of the risks and the contextual issues that surround the National PPDF. These include fiduciary risks and wider political risks surrounding the National PPDF and its seven principles. The Chapter will also look at wider questions such as the links between the National PPDF and other complementary programmes such as the proposed ADB / UNDP Civil Society strengthening initiative.

Finally **Chapter 7** will include some recommendations for government and partners about the next steps to be taken in the design and operation of a National PPDF.

A separated document includes slides adapted from those discussed at the JR workshop, that should be treated as raw material for the Supervision Committee and its working commissions to discuss and amend during the design of the National PPDF. Specifically related with the log frame development, each pillar was developed with indication of its immediate objectives, expected results, activities, institutions responsible, risk assessment and mitigation measures.

## 6.2 National PPDF Principles

The following principles will underpin the National PPDF and be represented in each pillar.

-  The district is the base for planning and development;
-  Compliance with the legal and methodological official framework;
-  Government leadership;
-  Increasingly integration within the national financing mechanisms;
-  Knowledge management;
-  A dynamic and easy environment;
-  Good governance and transparency in public service delivery.

The principles guarantee that the National PPDF remains true to the process from which it has sprung and they provide a basis for establishing objectives, indicators and activities. They were discussed, amended and approved during the Joint Review workshop and they will be incorporated into the Memorandum of Understanding to be agreed between the

Working commissions have been established for each pillar to develop the thematic areas of each pillar into concrete objectives, outputs and indicators. The principles will provide a frame of reference for the commissions. The substantive content of the National PPDF will be measured against these principles and all actors have the responsibility to ensure that they are respected.

### 6.2.1 The district is the base for planning and development

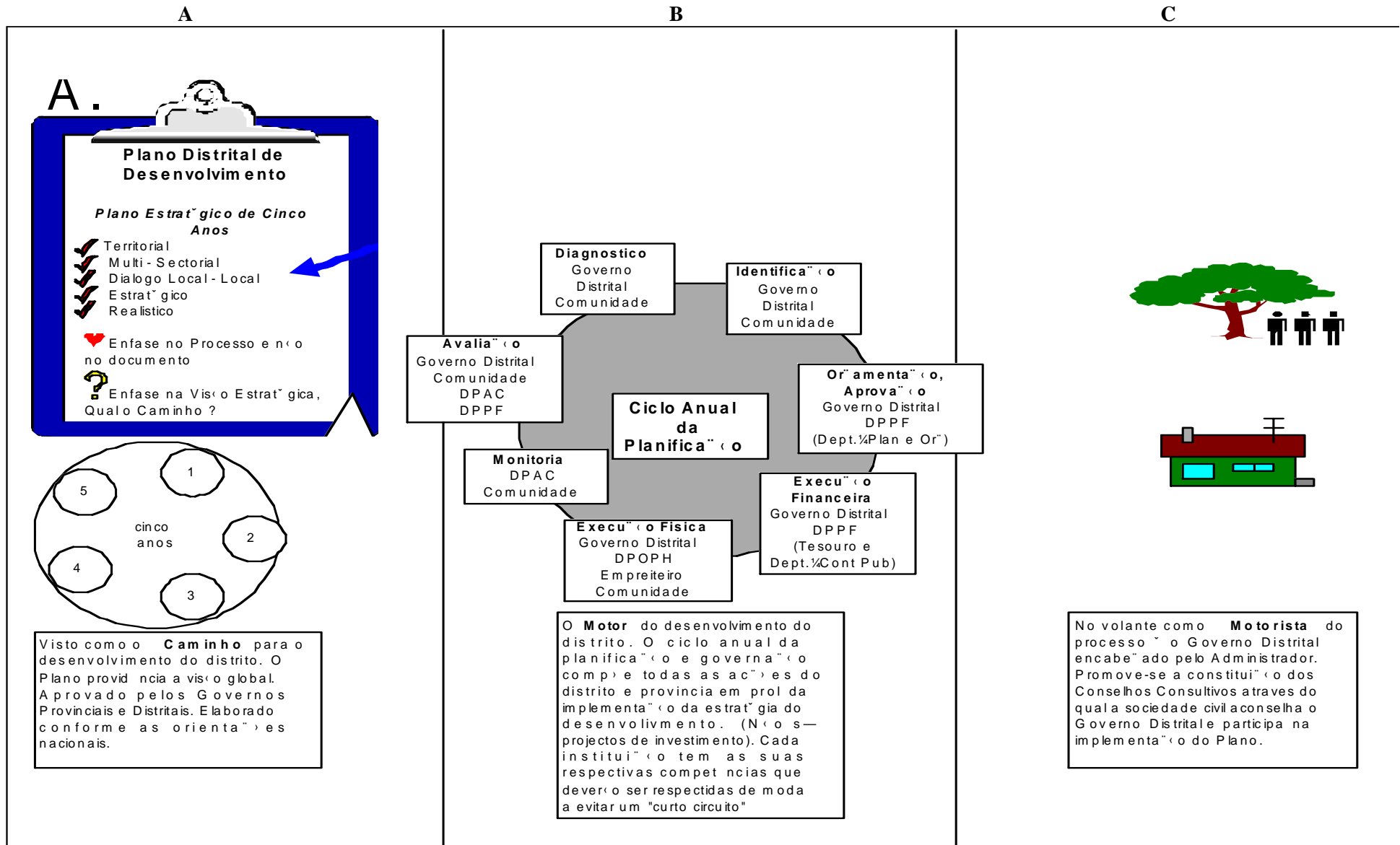
This overriding principle bases itself on the three components of district planning presented at the strategic retreat in 2001 and represented in the slide below. The principle results from an attempt to provide methodological substance to the district planning and financing policies that have been developed and are encapsulated in the legislation. The statement that the district is the base for planning and development can be traced as a constant since independence in 1974. It is based on the fact that the district is the basic territorial – administrative cell of Mozambique and is the key functional level for the exercise of local political power and the delivery of local services. However until the district planning experiences referred to in the previous chapter, there was no way to provide substance to this principle.

Next slide divides district governance into three components. The area labelled (A) on the right hand side of slide indicates the strategic and territorial vision for district development and its development and manifestation through district strategic plans and, more importantly, through the development of district level policies around these strategies.

The area labelled (B) represents the execution of district policies and strategies through lobbying, influence the actions of others as well as district procurement and direct execution.

The left hand side of slide (C) refers to the relationship between the citizen and the state at district level. This includes the political – administrative relationship that involves citizens influencing decisions and policies. It also includes a fiscal relationship that involves the paying of taxes and the identification of the return on those taxes. Finally it includes an economic relationship in which the district government facilitates the economic development.

In conclusion, this principle provides the *raison d'être* of the PPDF and is the basis for the other principles and for the four pillars of action. Each of the areas labelled in the slide is the subject of a draft manual produced in 2002 by MPF and MAE together with further methodological material developed since (for example on the PESOD published by the DPPF in Nampula, and the “Participation Guide” published by MAE/MPF). This body of practice and methodology will form the basis for this principle.



### 6.2.2 Compliance with the legal and methodological official framework

This principle is based on the premise that the national programme will be an integrated effort to establish a framework for decentralised planning and financing as part of wider governance reforms. This means that national legislation and norms will be applied. There will be room for experimentation and piloting of innovative approaches, for example in Natural Resource Management and in incorporation of HIV AIDS into district development strategies as well as in the promotion of economic activity by district governments. However all pilot experiments must all confine themselves to working within the established legislative and methodological framework. These are detailed in many existing documents, some of which are highlighted below.

**Legislation** The main legislative underpinning of the programme is derived from the Constitution, which declares the district to be the main administrative cell of territorial governance in Mozambique. The Law of the State Local Bodies (8/2003) further refines the role of the district to:

“...the principal territorial unit of the local administration organizational structure and the basis for the planning of the socioeconomic and cultural development of the Republic of Mozambique” (Article 10)

Law 8/2003 and its respective regulations (11/2005) also sets out in detail the responsibilities (competencies) attributed to the district governments and the planning instruments at their disposal in order to execute these responsibilities. These are described in the table in the opening chapter of this document.

Whilst the above legislation defines the role of the district, it is left to two other crucial laws to detail how the district performs this role. The SISTAFE legislation (Law 9/2002 e Decree 23/2004) outlines how state bodies carry out budgeting, execution, accounting, control and registry of public funds. The SISTAFE reforms also envisage that these actions will eventually be carried on in real time online transactions. A key challenge of the National PPDF will be to explore how SISTAFE can be implemented at district level and to arrive at the most suitable configuration of the district government structure to achieve this, within the broad framework of the existing legislation.

A second and similar challenge relates to the issue of procurement and contract management at local levels. Law 54/05 outlines the procedures for state procurement and includes several innovative features. The preceding principal establishes that the district must perform the role of ‘owner of the works’, yet the capacity and procedures for this on a national scale are not yet present, nor is the role of the Provincial Directorate of Public Works and Housing fully clarified.



**Methodologies:** In addition to these legislative bases, the programme will also follow the established methodologies in district planning and financing. These include the guide on participation issued in 2003 and the draft set of three manuals issued in 2001 together with the 1998 guidelines on District Development Plans.

Finally, it is important to mention that some methodologies are more entrenched than others. For example the district development plan has a long history whilst the attempts to link the Socioeconomic Plan with the State Budget are new. The PESOD has the objective of producing a unified income and expenditure budget estimate with its respective operational plan. This methodology is still being developed in Nampula province and will be gradually disseminated nationally through the programme.

One important role of this principle will be to ensure that the programme is not diverted away from its objectives by political interference (from external or internal actors). Government is committed to financing investment allocations to districts in the state budget. This principle will ensure that these resources are programmed and disbursed according to the participatory district planning methodology and the norms of public financial budgeting and management, and that they are properly audited by the respective internal and external institutions of control (Finance General Inspection “Inspecção Geral das Finanças”, Administrative Inspection “Inspecção Administrativa” and the Administrative Judicial Court “Tribunal Administrativo”).

**Linking Lei 8/2003 and Lei 9/2002:** A programme for decentralised planning and financing will clearly need to link the legislation regarding the governance of local state bodies (8/2003) with the legislation regarding the financing of all state bodies (9/2002). This challenge was identified as the main issue for the draft strategy for decentralised planning and financing published by MPD in 2005.

### 6.2.3 Government leadership

This principle is based on the axiom that any truly national programme must be government led. There are various different aspects of leadership to be considered. On the one hand government leadership means that the direction, pace, content and coordination of the programme is in the hands of the government. On the other hand it means that the programme must be, as far as possible, financially, politically and methodologically sustainable and should limit elements that may compromise this sustainability. However government leadership also involves risks. We can identify the following three issues:

Government leadership may lead to inertia or paralysis in the management of the programme due to either differences within government or changes of personnel. For example whilst the national PPDF is based on a premise of territorial planning and resource allocation, there are other

policies and programmes based on sector institutions. In of itself this is not a problem but it may become one if disagreements within government over the merits of both approaches hold up implementation of the programme. This principle establishes that this risk is assumed as inherently implicit in the National PPDF. Bilateral and multilateral donor agencies will be well aware of the bureaucratic and policy debates within their own institutions, which often slow decision-making. The government of Mozambique is no exception, and whilst technical assistance will smooth the path of the design and implementation of the PPDF, this should not be used to undermine or bypass the principle of government leadership of the programme.

Another risk is that government leadership may lead to the programme becoming an instrument for the extension of patronage and control by the party in power, rather than as an instrument for stimulating greater citizen involvement and local autonomy in decision-making and therefore government leadership will crowd out the role foreseen for civil society. These latter risks can be mitigated by a strict adherence to the preceding principle of applying the methodologies and legislation already established. A later section of this report will look at some of these risks in more detail.

By implication, government leadership means that those in government who support the objectives of the PPDF will be in the driving seat and the programme will be an instrument with which they can expand the divulgation of the methodologies already established. To date these are not fully understood or appreciated across government and central and local levels. Strong government leadership in this area (by those in government who support the National PPDF) will help to mitigate these risks. On the other hand, this principle understands that attempts to rush government or bypass its leadership will ultimately de-legitimise the National PPDF as a government programme and will therefore be counterproductive in the long run.

#### **6.2.4 Increasingly integration within the national financing mechanisms**

A national programme must be financed through national financing channels and systems. This principle gains further importance in the light of the Paris Declaration regarding the integration and coordination of donor funds with government systems. The National PPDF proposed here will as far as possible be financed through national systems using established procedures, according to the principles above. Chiefly this will be achieved by the financing of district investment budgets through the state budget and the phasing out of donor parallel mechanisms for local investment expenditure, such as the SILs currently used in the PPDF Centro.

Fungibility of direct budget support means that it would be difficult at this stage to finance the technical assistance and additional operational costs of the PPDF through the state budget, particularly when the objectives and methodologies of the PPDF have yet to achieve full acceptance within the government system. A degree of advocacy at national level is still required

which demands a discrete set of programme activities and a separate PPFDD work plan. These activities can be financed through a common fund, under government management, that applies the government financial management procedures but is off budget (in terms of the general treasury account).

A further integration of donor financing will be through the common fund for technical assistance and operational support to the PPFDD. However this general principle is constrained by two factors. Firstly, some PPFDD partners are subject to rules that preclude them from financing a common fund, although they may be able to offer support 'in kind' (for example through Technical Assistance). Secondly, this principle does not rule out the continued support and financing at local level by local actors (for example individual civil society organisations working at district level). This issue is dealt with later in this report under a section on financing.

#### **6.2.5 Knowledge management**

This principle focuses on the need to ensure that the 'spirit' of local institutional autonomy and citizen involvement is maintained and developed within the PPFDD. The PPFDD developed from a series of pilot initiatives that were motivated by more than simply an attempt to provide local level infrastructure and service delivery. They were driven by an attempt to re-establish government legitimacy and a meaningful contact between the government and the rural population following the Peace Agreements. The transformation of this experience into a national programme will require mainstreaming of its activities and close attention will be necessary to ensure that the central ideas that motivated the programme are not lost.

Additionally, the national programme will require a major effort to divulge its methodologies at all levels and to monitor activities and events in order to provide feedback into the programme itself. This includes formal education and training that will introduce the PPFDD methodologies into the standard curricula for the public sector, working with institutions such as the SIFAP programme with the objective of ensuring that all public servants at central and local levels fully understand the PPFDD programme and its relevance to, and connection with, other government programmes and policies.

The effort also includes more informal information management and dissemination. For example working to ensure that social communication methods such as radio and newspapers are involved in the programme. All districts and administrative posts should fully publicise programme activities such as the dates of consultative council meetings and the investment budget allocations for the district.

Finally the principle implies a functional and integrated monitoring system that picks up problems and successes and ensures that they are dealt with by the programme management.

In conclusion, this principle will ensure that the mainstreaming of the National PPDF does not result in a programme that exists on paper but lacks substantive content.

#### **6.2.6 A dynamic and easy environment**

This principle is concerned with the type of environment that the programme hopes to create in the districts. The PPDF is not about district governments building infrastructure or about producing plans for others to implement but it is about creating an dynamic, creative and facilitating atmosphere in the districts that promotes local economic development, local community development and synergies between state and non state actors.

This principle is also concerned with local fiscal and non-fiscal receipts and the development of a tax base at the local level. An enabling environment is one that creates the conditions for local development and the atmosphere in which local actors positively contribute to this development through their local taxes. Such an atmosphere requires transparency in the register and reporting of local income and expenditure along the lines of the PESOD methodology currently being developed.

Only a National PPDF that is energetic, inclusive and innovative can achieve this. It will require leadership from government; district and administrative post staff should be appointed according to their ability to promote this principle. Likewise partners will need to demonstrate flexibility at local level in order for this principle to be applied.

#### **6.2.7 Good governance and transparency in public service delivery**

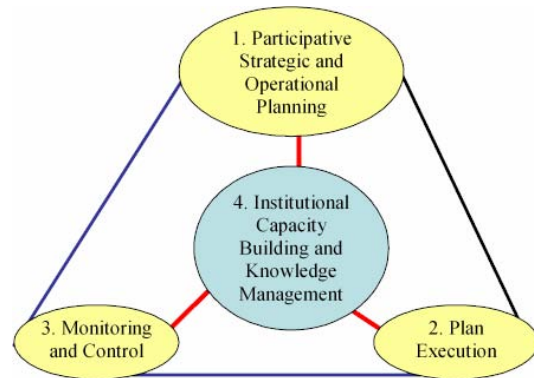
This principle is based on the outcome desired through the implementation of the National PPDF. Good governance can be defined as “transparency, accountability and clarity in the decision making process. This is a principle which should inform the not only the operation of the PPDF but also the services and facilities that result from its activities. The PPDF itself will not deliver medical or educational services, nor will it maintain strategic roads or develop new commercial activities. The provision of these services will be facilitated indirectly by the PPDF. Nevertheless the approach of the PPDF will be to maximise transparency, accountability and clarity with regard to their planning, their implementation and the monitoring of their activities.

Such a good governance framework will require functioning consultative councils and the enabling environment of dialogue and partnership that is incorporated in the previous principle.

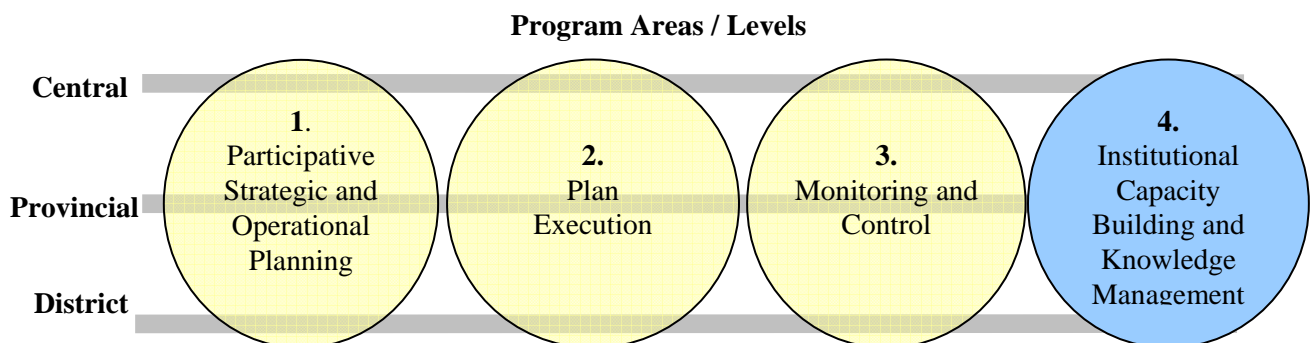
### **6.3 National Program Architecture**

The previous chapter focussed on the principles that will underpin the National PPDF. These principles will be applied through the four pillars of operation of the programme. Each pillar represents a discrete thematic area of activity, which is not confined to individual state bodies or

to specific levels of territorial administration but represents a group of interrelated processes that involve all levels of administration and a variety of institutions. For example, whilst the third pillar chiefly covers the Finance General Inspection “Inspeção Geral das Finanças”, Administrative Inspection “Inspeção Administrativa” and the Administrative Judicial Court “Tribunal Administrativo” it also involves other actors at central, provincial and district level.



The slide introduces the four pillars through the prism of the planning and management cycle. Yet they should not be viewed as being strictly sequential rather they are simultaneous and complementary, each making demands on the others and each receiving inputs from the others. Another way to visualise the pillars is in terms of their interrelationship with the territorial levels of government.



The slide illustrates that each pillar operates at each level of territorial administration. Therefore whilst some national state bodies will be principally concerned with a particular pillar, the district governments will be responsible for developing their work in all of the areas of activity. The pillars were presented and refined at the Joint Review workshop. In this introduction to the chapter we shall address the rationale for the pillars and look at the inter linkages between them. The remainder of the chapter will outline the log frames for each of the pillars that were approved at the Joint Review workshop.

**6.3.1 The rationale of the four pillars**

The opening section refers to the ‘Xai Xai meeting during 2001 at which the current phase of the PPFD was launched. The coordination of the PPFD was through a Supervision Committee “Comité de Supervisão” that was charged with linking together the various institutions involved in PPFD activities. In fact, as the Phase 1 evaluation report shows, the PPFD launched in 2001 did not manage to establish itself as a true national programme and instead reduced itself to a

series of interrelated projects. The areas of activity covered by the four pillars were carried out under the umbrella of the various component projects of the PPDF. For example, each project carried out planning and financing functions, execution functions, audit functions and information management (including M&E). Many of these activities were not adequately linked to the appropriate state bodies and were carried out by the projects themselves. One effect of this was to load each project with responsibilities and tasks in addition to its core business of decentralised and participatory planning and financing.

### *The first pillar*

This area of activity was conceived to incorporate those activities and bodies that belong to this 'core business' of the PPDF. Logically this pillar falls under the leadership of the Ministry of Planning and Development and involves close collaboration with the Ministry of State Administration, in particular the National Directorate of Local Administration. This pillar is the 'heart' of the PPDF and the focal point to which the other pillars relate. Whilst it includes many aspects of local governance, the PPDF is still a programme in decentralised planning and financing and as such is a part of the wider public sector reform process, though it does not constitute all of that process.

Therefore separating these activities into a discrete pillar serves the objective of allowing the relevant individuals and institutions to focus on the main purpose of the PPDF and developing job in hand

The rationale for this pillar, and indeed for the National PPDF as a whole, is strengthened by the government decision to allocate an investment budgets to the 128 districts. This allocation can be viewed as an attempt to add substance to the 8/2003 legislation by providing districts with the resources necessary to implement their new development responsibilities. An overall objective of the National PPDF will be to provide the support and capacity building necessary for the full implementation of this legislation.

### *The second pillar*

Whilst the first pillar relates to decentralised participatory planning and financing the second pillar is about the objects of those plans and those resources. Policies, plans and budgets in themselves do not produce anything. The implementation of the district development policies will include financial management, procurement, and most importantly proactive lobbying and the development of partnerships with other bodies, including other state actors, civil society organisation and the private sector.

The second pillar is based on these activities. The provision of government investment funds to the districts makes it unnecessary for the new National PPDF to engage directly in procurement,

and these activities will be phased out. Instead this pillar will focus upon procurement, financial management and the active engagement of the district in the promotion of local economic and social development.

### *The third pillar*

The rationale for the third pillar is related implementation of law 8/2003. If districts are to develop the new responsibilities attributed to them, they will process a greater proportion of public expenditure and will need to be incorporated into the government mechanisms of internal and external control. As with the second pillar, this activity was largely carried out internally by the respective PPDF projects. The challenge now for the national PPDF is to mainstream the function of internal and external control.

### *The fourth pillar*

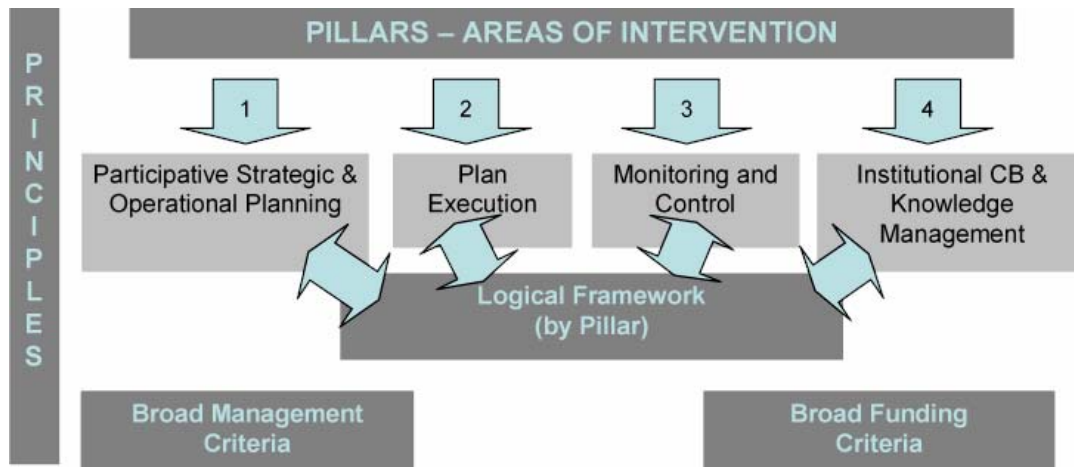
The fourth pillar is about maintaining and reproducing the principles and practice of the PPDF. Since 2001 the component projects of the PPDF often found themselves devoting considerable resources to monitoring and developing best practices at the expense of the main PPDF activities themselves. The fourth pillar resolves this problem by developing an institutionalised area of activities that will deal with this issue.

In summary therefore, the rationale of the pillars is to separate out the core business of the PPDF as one principle area of activity, the first pillar, and to create three other complementary areas of activity. Each complementary area support the principle area of activity but involves different institutions and discrete technical areas. Some institutions are involved in more than one pillar whilst others are only involved in one.

The management structure of the National PPDF will reflect this division. Each pillar will have a lead institution that will coordinate the other state bodies within the pillar. National directors from lead institutions and others will sit on the Supervision Committee and will report to the Minister of Planning and Development. The following chapter of the report looks at management issues in more detail.

As indicated in the slide below, each pillar will develop its own logical framework matrix, which will be combined into a global matrix and which will guide the implementation of the National PPDF.





These log frames were developed at the joint review and will be worked up into concrete plans and budgets by ‘commissions’ that will report to the Supervision Committee. This procedure, and the management of the National PPDF is dealt with in greater detail in section 6.4. The remainder of this chapter will look in detail at the logical framework matrix proposed for each pillar. The following slide shows the overall objectives for each pillar and a selection of global objectives for the programme as a whole. The global “official” objective for the final National PPDF programme will be chosen from this list:

- To improve Local Government institutional capacity for planning and management, in a participatory/transparent way, the socioeconomic development and poverty reduction efforts;
- To promote a sustainable local development and good governance, through participatory planning mechanisms and a decentralized and transparent management of public resources;
- To establish an integrated and decentralized planning and financial management national system, with participatory and transparency promotion mechanisms, that enable a sustainable socioeconomic local development.

Whilst it may be seen as unsatisfactory to proceed with three alternative development objectives it is also understandable. As stated above, the National PPDF is best perceived as the continuation of a complex, decade long set of interrelated reforms rather than the resolution of a specific development problem. Establishing a clear objective will be important for the programme formulation.

The following table provide the global objectives and main results areas for each pillar.

Pillar 1 Strategic, participative & operational planning	Pillar 2 Plan Execution	Pillar 3 Monitoring and Control	Pillar 4 Institutional CB and Knowledge Management
1. To establish a national integrated and harmonized participatory system for strategic and operational planning & budgeting.	2. To ensure a better decentralized planning execution.	3. To ensure the efficient, accountable and transparent use of the public resources.	4. Local institutions cable of promoting and managing development in a sustainable way.
1.1 To ensure the active involvement of the communities in local development 1.2 To introduce and consolidate the integrated District Strategic Planning process 1.3 To integrate and harmonize the operational planning at district level 1.4 To facilitate and stimulate the communities' self-organization process in a viable and functional way.	2.1 To improve the capacity to implement and manage infrastructures 2.2 To facilitate the implementation of local development activities integrated in the PEDDs 2.3 To improve the financial and budgeting management 2.4 To improve and strengthen the coordination mechanisms at all levels	3.1 To ensure the compliance with rules and laws 3.2 To contribute for the improvement of local management 3.3 To make the public managers accountable 3.4 Identify organizational and competency gaps, to be developed through institutional capacity building 3.5 Broad dissemination of the external audit results, in an understandable/simple manner 3.6 To contribute for a deeper citizen participation in the public management 3.7 To promote coordination of TA, IGF, UFSA and IGAE.	4.1 To develop human resources capacity at local level 4.2 To develop mechanisms for collection, production , register and dissemination of knowledge and information 4.3 To develop and implement an M&E System.

In the separated document specifically related with the log frame development each pillar is developed with indication of its immediate objectives, expected results, activities, institutions responsible, risk assessment and mitigation measures.

### 6.3.2 1st Pillar - Strategic, participative & operational planning

This pillar is the core of the programme and relates to the planning and financing of district governance and district development. The log frame for this pillar is divided into three main areas as shown in the slide below. Essentially these areas are linked to the components of district planning and financing:

- To ensure the active involvement of the communities in local development
- To introduce and consolidate the integrated District Strategic Planning process
- To integrate and harmonize the operational planning at district level
- To facilitate and stimulate the communities' self-organization process in a viable and functional way.

These are the results of the Joint Review workshop. To that extent they should be seen as a “work in progress”. The working commissions for each pillar will develop the logical framework matrix, adding more detail and negotiating with the respective institutions about the respective outputs, indicators and risks.

### 6.3.3 2nd Pillar - Plan Execution

The second pillar concerns itself with the execution of plans. During the Joint Review workshop there was considerable debate surrounding the content of this pillar. In the plenary this was summarised into the four areas indicated in the figure above. Four points can be made about this pillar:

*Firstly*, it would be wrong to assume that execution or implementation of the plans produced under the first pillar can be reduced to local procurement alone. There has been a trend in decentralised planning and financing that equates procurement by the district with empowerment of the district. This trend is logical and is derived from the empowerment of the district as the “*dono de obra – works owner*” in the early phase of the PPFDF described in the opening chapter. Nevertheless, the trend has been enhanced by externally financed investment funds, such as the SIL funds of the PPFDF Centro, which require support in the area of procurement. District level procurement is a key part of the PPFDF and will be supported through the objectives, but it is not the only aspect of plan execution.

*Secondly*, another important part of plan execution relates to local economic development and the use of local investment funds to stimulate the local economy. The second pillar in the slide reflects this set of objectives. The local economy can be stimulated by investments such as roads that open up areas for agricultural activity and by local companies that take advantage of the procurement possibilities opened up by district tendering. This set of objectives also includes some areas that are tangentially related to the National PPFDF and will not be covered directly by PPFDF activities. For example the PPFDF itself is unlikely to engage in the establishment of Micro Credit institutions. The working commissions that have been established for each pillar will need to analyse carefully what activities and indicators are appropriate for the National PPFDF and which activities are related to it but not directly executed by the National PPFDF.

*Thirdly*, public financial management at local level is a part of the execution of plans. Apart from the budgeting subsystem, the subsystems of the SISTAFE model relate to budget execution rather than budget preparation, these will have to be introduced at district level and the third column in the slide relates to this area of activity.

*Finally*, plan execution involves action of other actors in addition to the district government. Plan execution is as much about lobbying, coordination and influencing the actions of others as it

is about carrying out activities through direct procurement. This is recognised in the final column of the slide. We can conceive of this coordination in two ways. On the one hand there is the coordination of the non-state actors such as NGOs, CSOs and the private sector. On the other hand there is the coordination with other state bodies, in particular with the sector bodies. This second type is crucial if the objectives of the National PPDF are to be established. The PESOD methodology currently being developed in Nampula links planned income and expenditure within the territory of a district. The PESOD is compiled prior to the approval of the state budget each year. Once the budget is approved and becomes active it is important that the district is able to monitor and influence the sector activities in accordance with the plan / budget produced in the previous year. This set of objectives gains greater importance when one considers that the National PPDF is a programme that runs alongside other policies and programmes that are based on the sectoral allocation of resources, indeed the PARPA itself is largely sector based. Therefore an important element of the National PPDF will be finding ways to integrate sector activities into the execution of the district plans.

#### **6.3.4 3rd Pillar – Monitoring and Control**

This pillar is based on ensuring that the resources allocated through the PPDF are correctly applied. It includes the functions of internal audit and external audit. The former (carried out by the Finance General Inspection “Inspecção Geral das Finanças” and Administrative Inspection “Inspecção Administrativa” is a mechanism for learning and defining corrective measures regarding financial and administrative processes and the latter (carried out by the Administrative Judicial Court “Tribunal Administrativo”) is a mechanism for (public) certification that correct procedures were followed. The application of external funds for investment in the PPDF projects meant that until now private sector companies reporting to the projects themselves have largely carried out these functions. This will need to change in the National PPDF.

The pillar combines these control functions. There are several issues that need to be addressed in designing this area of activity. One important issue is the distinction between the roles of internal and external audit. External audit is a public activity that is carried out by the Administrative Judicial Court “Tribunal Administrativo”, part of the Judiciary. Internal audit on the other hand is a corrective and largely private activity. The involvement of a section of the judiciary in the National PPDF will require care and attention in the structuring of the management arrangements to ensure the independence of the judiciary.

The pillar will also require significant levels of capacity building and training. The institutions involved have only recently begun to analyse the implications of National PPDF and the implementation of the Law 8/2003 and Law 9/2002. Currently there is insufficient capacity to

fully monitor the increased public expenditure at district level. In the short to medium term these capacity constraints may be filled by the use of the private sector.

This pillar contains important innovations. The control functions will be mainstreamed at local level and will be linked to the consultative council process and the engagement with between the district government and civil society in developing a district strategy. This will require widespread education about the role of audit and the differences between internal and external audit. In the case of the former the target group will be the district governments, many of whom have yet to appreciate that an internal audit is a positive learning process and not a police investigation. With regard to external audit, this is a public process, yet a culture of publicising the results has yet to be incorporated into the public sector. The National PPDF will focus its attention on making public the results of external audits and feeding them into the district planning process and the consultative councils.

#### **6.3.5 4th Pillar - Institutional CB and Knowledge Management**

The final area of activity of the National PPDF has the responsibility to ensure that the spirit of the PPDF and the policies outlined in the opening section are maintained. This combines monitoring the implementation of the other three pillars with underpinning the capacity building process necessary to implement them. This work has three aspects to it.

Firstly, on a formal level the SIFAP process will be expanded and developed to ensure that the district planning and financing methodologies are incorporated into the curricula for professional training in the public sector. However the pillar will involve more than this. An imaginative and extensive programme will introduce the district-planning framework into the higher education system, into the national school curriculum and into the social communication media. This involves moving towards a situation in which the role of the consultative council and the district development plan become common knowledge; part and parcel of the public discourse.

Secondly, the pillar will work to institutionalise the best practices and the methodologies that emerge from the implementation of the National PPDF. This includes the proposal for a Centre of Excellence in Nampula province, which could be incorporated into the SIFAP system. It also includes an effort to document and register the district planning process - ensuring a sustainable institutional memory that extends beyond the individuals involved.

Thirdly, it will perform an internal monitoring function, checking the performance of the other pillars against their indicators and reporting to the PPDF management on this performance. This function will be crucial in developing a truly national nature to the PPDF and in bringing all provinces on board. This is important because each province will enter the programme from a different starting point and from a different set of experiences, capacity and awareness of what

the PPDF is about. In addition each province is likely to have a different institutional arrangement. As the following chapter will indicate, the National PPDF will incorporate differing configurations of external support in different provinces, at least in the early stages.

## **6.4 National PPDF Management and Operation**

This section will examine the management arrangements for the National PPDF. These were sketched out during the workshop and will be developed in the Aide Memoire to be signed by government and partners. Many of these issues are still being discussed and the role of this report is to map out the basic structure of the National PPDF and to reflect the discussions that took place during the Joint Review period.

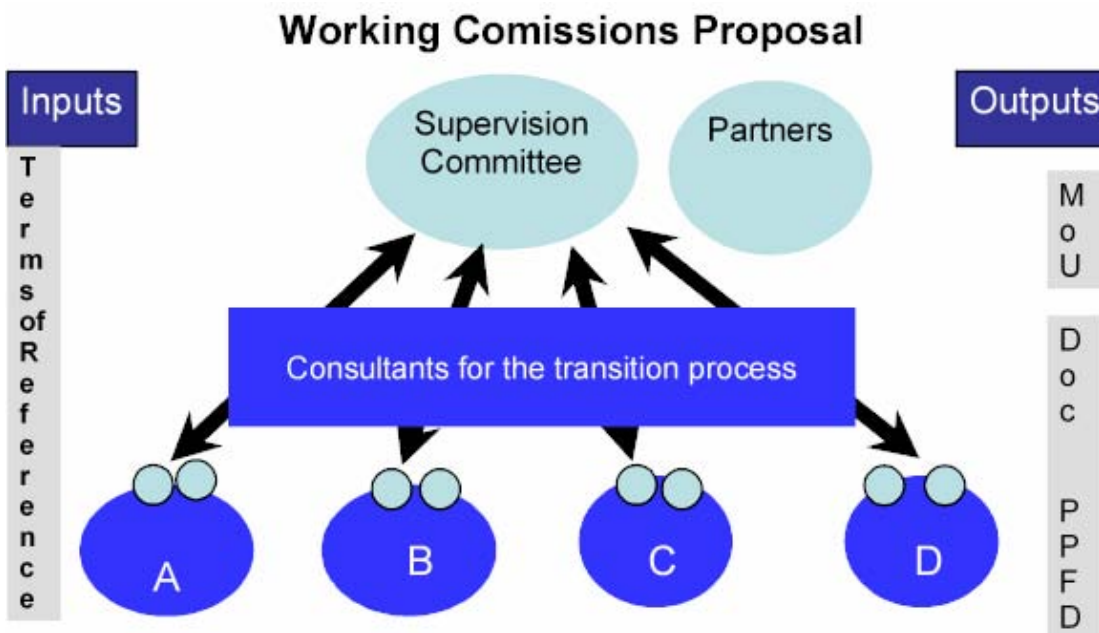
### **6.4.1 Management**

The PPDF will operate under the leadership of the Minister for Planning and Development. The Minister has expressed his willingness to assume this role. A management unit will work within the National Directorate of Planning, reporting to the Minister through the National Director and Deputy Director. This management unit will simultaneously be responsible for the operation of the first pillar of the National PPDF.

There will be three other sub management units, one for each of the other three pillars. Pillar 2 will be based in the National Directorate of Edifications within the Ministry of Public Works and Housing, Pillar 3 will be split between the Finance General Inspection “Inspecção Geral das Finanças” and the Administrative Judicial Court “Tribunal Administrativo” (the exact nature of this division is currently being worked out). Pillar 4 will be based in the National Directorate of Local Administration within the Ministry of State Administration.

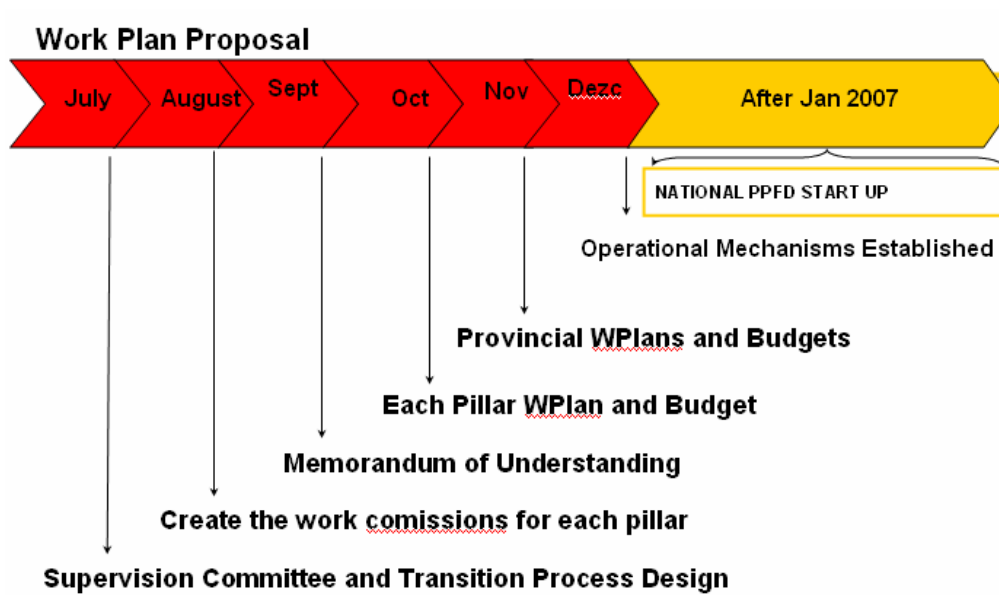
These management units will report to their respective national directors, and through the directors to the central management unit. It is important to stress that each pillar will include a variety of institutions and individuals. The role of the management unit is to coordinate the activities of the pillar and not to execute all activities.

Commissions have been established to develop the work of each pillar and tightly define the objectives, actors and indicators for each pillar. The Joint Review workshop and its product as outlined in this report provides the starting point for this. Once approved, the indicators and objectives will form part of the Aide Memoire to be agreed between government and partners.



Likewise these commissions will define the exact nature of the management units and the degree of technical assistance required for their establishment. The principle is clear however that the units will incorporate themselves within the line management of their respective institutions and within the management structure of the PPDF as outlined above.

The Supervision Committee, composed of the national directors of the central level institutions involved in the PPDF will continue to meet on a regular basis, convened by the National Directorate of Planning. The membership of the CdS is open to all the directorates and other institutions covered by the PPDF.





#### 6.4.2 PPFD at the provinces

At the provincial level the PPFD will be organised on the principle of continuity. Each province will establish a work plan and programme to meet to indicators and targets set by each of the pillars. The exact configuration of how this will be done will vary from province to province. In provinces with existing PPFD activities, these will be reconfigured to fit into the National PPFD structure. This arrangement results in three different scenarios.

Nampula, Cabo Delgado and Inhambane provinces are covered by existing projects that fulfil a change management function. These projects will be incorporated into the National PPFD on a phased basis. The initial phase will involve financing through the common fund (see below) for operational activities whilst technical assistance personnel continue to be financed through the contributing partners (as payment in kind to the common fund).

Tete and Zambezia are covered by the existing PPFD Centro project, and it will be possible to reconfigure this support in the context of the National PPFD incorporating all staff into the common fund arrangement.

In Manica and Sofala the PPFD Centro staff and the existing PRODER staff will merge their activities in support of the National PPFD. It is proposed that the existing PRODER technical assistance is continued (along the lines of the Nampula, Cabo Delgado and Inhambane model above) whilst the operational costs and the PPFD Centro personnel are financed through the PPFD common fund.

In Niassa and Maputo there is currently no PPFD project, although Niassa is covered by a provincial support initiative financed by Sweden and Ireland. For these provinces negotiations between the PPFD management, the respective partners, and the provincial government will result in structures through which the provinces can meet the National PPFD targets.

Whilst the above structure may seem heterogeneous it has an important rationale. The National PPFD is a programme in support of established legislation, the provinces and districts have an obligation to implement this legislation. The focus of the programme is on capacitating the district to implement the PPFD methodologies, to develop those methodologies further and disseminate best practice amongst the participating provinces. This can only be carried out with success by a programme that acknowledges work already carried out and that recognises the divergent nature of the PPFD on the ground. For example it would not make sense to break up the PPFD team in Nampula (the heart of the programme) and spread them around the other provinces. On the other hand allowing Nampula to continue to develop at its own pace and organising the dissemination of its innovations (such as the PESOD) allows Nampula to contribute to the National PPFD in a meaningful way. Likewise, Niassa, although not officially

one of the current PPFDD provinces has made progress in district planning and financing, through the budget support that is provided to the provincial government.

The fourth pillar will have the key responsibility of ensuring that the lessons learnt from each of the provinces are disseminated in other provinces. It is proposed that an annual or bi-annual “congress” of PPFDD takes place, and that this forum becomes a key mechanism for discussing progress against PPFDD indicators and for developing PPFDD methodologies. The proposed Centre of Excellence in Nampula should also have a role, under the fourth pillar, in documenting the experience in the different provinces.

### **6.4.3 Flow of funds**

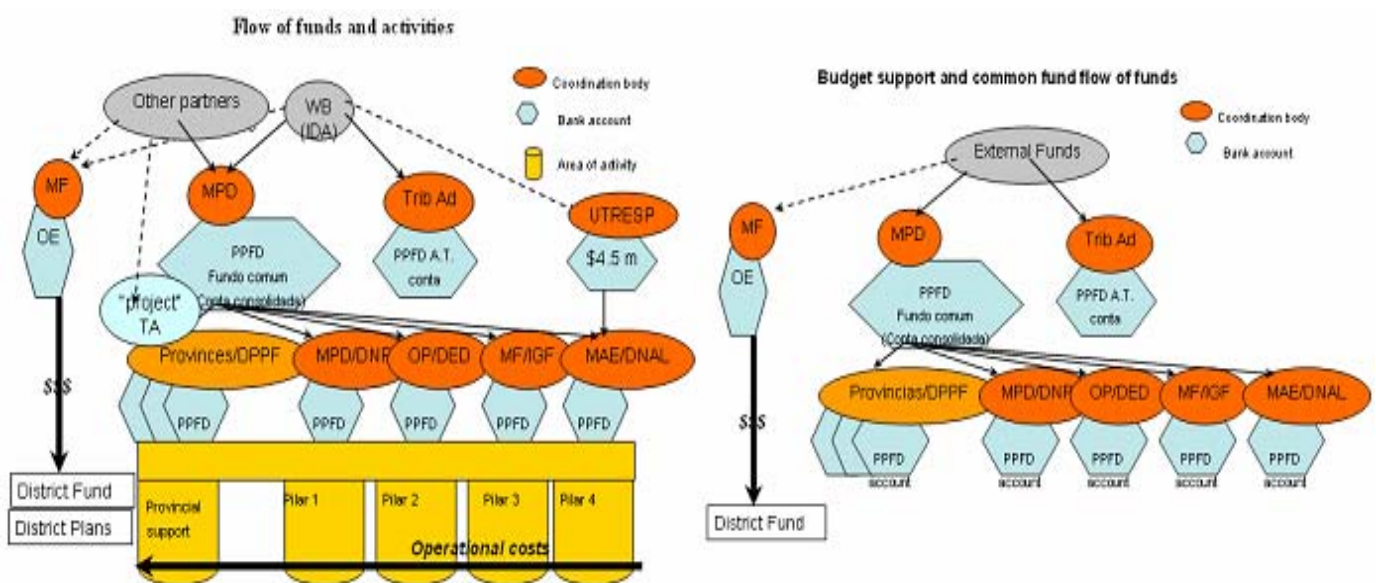
The National PPFDD will be financed through three different financing modalities. The government decision to provide investment budget allocations for the districts contributes to the rationale of the PPFDD. These resources are allocated through the State Budget and are not directly linked to the financing of the National PPFDD. Rather they are indirectly linked and the existence of the PPFDD is based on the premise that such allocations will continue and that they will be available for district development in accordance with the methodologies developed and referred to in the opening chapters of this report.

The second financing modality will be the joint donor contributions to a common fund for the PPFDD to be managed by the management unit in the Ministry of Planning and Development. This common fund will finance the operational costs of the PPFDD and a large part of the technical assistance costs. Each pillar and each province will draw from this fund according to annual work plans and budgets previously agreed. The common fund will apply the OE methodology of budget classifications and will be registered in the OE as an external fund (“off budget” but “on cut”). The disbursements will follow an imprested account system in which initial disbursements are made and then replenished. Performance on indicators and activities in the agreed work plans will be necessary for replenishment and pillar 4 will work with the management unit to develop transparent mechanism for this.

The third modality concerns project support. This will continue on two levels. In order to ensure continuity and guarantee that activities are not needlessly interrupted UNDP and GTZ will continue to finance technical assistance as they are currently doing. As far as possible these agencies will attempt to finance operational costs through the common fund and also lock in their directly financed technical assistance into the management structure of the National PPFDD. It is essential that this varied form of financing does not result in procedural shortcuts in which individual partners bypass the National PPFDD management structure.

The second level of project support will be at the level of the district. In individual districts there will be NGOs and CSOs that interact with PPDF activities and with the implementation of district plans. As far as possible these institutions should be brought into the National PPDF framework, indeed part of the PPDF methodology is to involve local actors in these an objective of pillar 2 is to involve all local actors in the district planning process.

The slide below illustrate the relationships between the financial flows and the management structure of the National PPDF. They are followed by four slides that highlight the main points of the intervention of the Budget National Director at the Joint Review. This intervention clearly outlines the government position on the financing of the PPDF.



## 6.4.4 Risks

This section will deal with some of the risks associated with the PPDF and will propose ways of mitigating these risks.

### 6.4.4.1 Political

Perhaps the biggest risk facing the National PPDF is that the premises on which it is built no longer hold. As the opening chapter illustrates, the National PPDF has emerged from a process of policy development and methodological development, to which projects have contributed. The opening address to the Joint Review seminar observed that prior to the enactment of Lei 8/2003 there had been a process of advocacy during which the PPDF projects sought to influence policy. Law 8/2003 and the decision to allocate district investment funds within the state budget signal a change. The current policy on decentralised planning and financing had advanced and currently there is not the capacity to implement this policy. Indeed of the key objectives of the PPDF is to capacitate district and provincial institutions to implement the policies on decentralised planning and financing.

A risk therefore, is that the policy will change, leaving the PPDF to develop methodologies that no longer have political or legislative support. This is a real risk. There are two factors that currently threaten the PPDF policy environment.

Firstly, as indicated in the opening chapter, the policies behind the PPDF are not uncontested. There are alternative methods of resource allocation and the PARPA itself is based on a sectoral division of resources. In all countries there is a tension between sector based resource allocation and territorial resource allocation, both are necessary and the important question is arriving at the balance between the two. A risk therefore is that the policies favouring a sector approach to resource allocation will prevail and that the PPDF methodologies will be left stranded, like a beached whale without any water to swim in.

Secondly, and linked to this first risk, is the risk that the PPDF will be misinterpreted and the district capital investment funds will be misapplied. The confusion surrounding the application of the district budget allocations in the first half of 2006 highlights this risk. The norms of public expenditure, of public procurement, and the processes of participatory district planning should be applied to the use of the district investment funds. Any dilution of these norms or methodologies puts the National PPDF at risk because it removes the rationale for a programme to capacitate districts and bring them into the planning and budgeting system.

These two factors are real and present. The working commissions for each pillar will need to consider them carefully in the preparation of the work plans and indicators. They should also be discussed openly at meetings between the partners and the Supervision Committee.

#### **6.4.4.2 Process**

In addition to the risks to the policy environment, there are also risks that the National PPDF will be implemented in such a way that undermines its own objectives and rationale. If the National PPDF is implemented in a top down manner or as a mechanical or routine process then the districts may perceive the process as an onerous obligation rather than as a tool for greater autonomy and efficacy in district governance. Likewise if the IPCC process is developed in a top down environment then the desired citizen engagement with planning and expenditure decisions will not be achieved.

These risks can be mitigated by the PPDF in two ways. On the one hand the National PPDF, through its management unit and through pillar 4, will need to pay continued attention to the way in which the programme is implemented at local level. Detailed work will be necessary with district administrators. It is recommended that the National PPDF seeks to intervene in the national meetings of district administrators and other such events. A national programme for local level planning and financing is something of a paradox, and the National PPDF will need to be acutely aware of this issue and explore mechanisms to allow the districts to take control of the

programme and to be its driving force. This will require an understanding that the district governments are the clients of the PPF and are the layer of government that will benefit from its implementation. One way to ensure this will be to incorporate district representatives on the management structures of the PPF.

On the other hand the PPF will need to establish clear links with other programmes that work at the level of civil society. If the IPCCs are to become genuine foci of decisions, they will need to be seen by civil society and the citizen as useful forums for influencing policy and expenditure. Civil society will have to learn to mobilise itself to use the opening provided by the IPCCs to challenge and actively contest policy and expenditure decisions. This will begin a process in which the IPCCs will mature and develop to become a truly local focus for governance. It cannot be the job of the PPF to organise amongst civil society but it is the job of the PPF to place information and procedures at the disposal of civil society, such as publicising dates of IPCC meetings and the districts budgets and plans.

There are civil society programmes at district level, including a proposed UNDP civil society programme to be financed by the African Development Bank. It is strongly recommended that the National PPF establish working relationships with these programmes and shape their development so that they complement and strengthen the work of the PPF. This is not an optional extra, instead it will provide the fundamental counterweight to the National PPF and will help to ensure that all of the risks mentioned in this section are reduced.

#### **6.4.4.3 *Fiduciary***

The investment funds in the districts will be financed through the state budget, as referred to in the policy risk above, the existence of these funds is a premise upon which the National PPF is based. The financing partners involved in the PPF are also providing direct budget support to the government. Whilst the amount of direct budget support is not directly linked to the PPF, the National PPF and its indicators will be included in the monitoring framework for this budget support – including the PAF. For the financing partners there are the usual fiduciary risks that accompany direct budget support. Secondly, there is a more specific funds will be misapplied at district level. This risk will be mitigated by pillar 3 but will not be alleviated completely by it. Government and partners share this risk and the National PPF assumes this risk as part of its operating rationale.

The second type of fiduciary risk is that associated with the operation of the common fund. Here the Supervision Committee will need to ensure an audit schedule that meets the requirements of all partners. Whilst government executed under the Ministry of Planning and Development, the National PPF will be implemented by various agencies at central and provincial level. Management structures will be tested if audit uncovers problems with the application of the

common fund in one area, whilst in other areas results are satisfactory. A risk is that one or two problems could paralyse the programme. Government and partners will need to establish a common framework for audits and for handling any problems that may arise.

#### 6.4.4.4 Capacity

Another area of risk is that of insufficient capacity to manage and implement the programme. This is a risk for both partners and government. On the partner side, Norway, the Netherlands, Switzerland and Ireland have agreed to pool resources in the common fund, together with the World Bank. Experience of other common funds indicates that this process can have high transaction costs and involves a series of transitory accounts prior to the transfer to the common fund account. This will require an investment in capacity from the partners.

In terms of management of the programme, the Supervision Committee and its meetings with partners also requires a level of capacity and commitment from both government and partners. And clearly the pillars themselves, the provinces and the districts will all have capacity constraints that limit their ability to implement the programme. It will be important to ensure that the management of the National PPDF does not become so onerous that it diverts limited capacity away from meeting the PPDF objectives themselves. Indicators and targets should be established that reflect these capacity constraints.

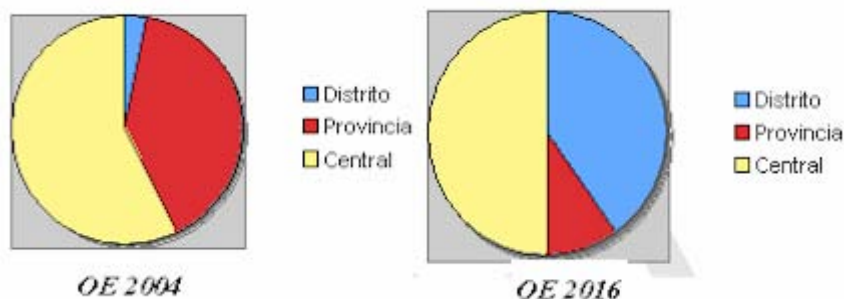
#### 6.4.5 Global indicators

Each ministry represented in the CdS will prepare specific indicators for each pillar and sub-components, to be approved by the CdS. Apart from these there will exist also other indicators related with individual projects (ex. UNCDF) and broader agreements like PARPA and PAF. However, three global areas of indicators should be adopted.

**Indicator 1:** *Percentage of the total OE spent through the District budget public expenditures*

*Baseline:* 1% of OE expenditure attributed to the district, distributed through a formula based on population and poverty indicators.

PROPOSED EVOLUTION OF BUDGET PROPORTIONS 2004 - 2016



**Indicator 2:** *Number of districts implementing completely the decentralized planning and finance strategy and methodologies.*



*Baseline* – Around 10 districts (mostly in Nampula) have ETDs properly working, CCDs sustainable, PEEDs approved and in line with annual PESODs proposals. Maybe other 20-30 districts are near to this status. Work commissions should validate this data.

*Indicator 3: District fiscal and non fiscal revenue as a percentage of the total district expenditure.*

*Baseline* – A district finance survey will be necessary.

#### **6.4.6 National PPFD Work Plan**

A task of the Supervision Committee in the coming period will be to receive the draft activities for each pillar and merge them into an integrated programme. The table below is an example of this, taken from the PPFD draft strategy approved in 2005. The working commissions for each pillar should use this to develop their respective programmes.

In drawing up the activities it will be important to include factor exogenous to the PPFD, but which impact on its operation. As a national programme, and not a project, the National PPFD will have less operational flexibility at certain moments, for example during election campaigns and during other key events in the government calendar. As far as possible activities should be programmed to avoid conflicting with such events.

Additionally, the work plan for each pillar and each province should include reference to pre-requisites that will effect the work. For example it may be that activities cannot begin in some districts until key staff have been recruited or appointed by the provincial government.



## 7 Recommendations

This report has the objective of providing a practical tool for the development of the National PPDF. The report summarises the discussions and decisions of an intense period of activity, culminating in the Joint Review workshop. This is a work in progress and at the time of writing government and partners are beginning the discussions around a Memorandum of Understanding that will formalise the responsibilities of each actor with respect to the National PPDF and that will effectively bring the national programme into life. At the same time working commissions for each pillar are meeting to flesh out the details of the log frames that were discussed in the Joint Review workshop

The main recommendation is that all actors respect the integrity of the process in which they are involved. The National PPDF will only function if it has strong institutions, strong principles and established methodologies. This report sets out the basis for these.

The following immediate steps are recommended:

### *Working commissions*

The working groups for each pillar take the work of the Joint Review workshop as their starting point and use it to develop more complete log frames that will orientate their contribution to the programme.

Provincial and district representatives should be incorporated onto the working commissions to ensure consistency of their work with the situation on the ground.

The working commissions should report to the Supervision Committee with complete log frames including the operational and accountability modalities for each pillar (ie, who is responsible for ensuring the work gets done and how do they ensure it).

### *Supervision Committee*

The Supervision Committee will need to consolidate the work plans of each pillar into a global plan. Additionally they will need to choose a small number of global indicators (based on the examples proposed here) for inclusion in the PAF monitoring matrix. It will be important that the committee consults the political leadership of the respective ministries regarding these headline indicators and their targets because these will be the indicators upon which the programme will be judged.

The Supervision Committee should also urgently begin to consider, together with the respective partners, exactly how the programme will be rolled out in the provinces. It is important that the CdS is actively engaged in this process and that the partners facilitate the CdS engagement.

Participating provinces need to feel that they can consult the CdS during any negotiations they may have with partners at provincial level. A timetable and budget should be established for visits to each province and the establishment of provincial commissions to produce proposals for the operation of the PPDF in each province.

### ***Partners***

The partners to government for the National PPDF should continue to support the work of the Supervision Committee. It may be useful to establish a budget for this work and to engage consultants to facilitate the work of the CdS.

Additionally partners will need to quickly establish their own mechanisms and requirements for the common fund and for the Memorandum of Understanding. It will be useful if regular meetings are held between the Supervision Committee and the partners. However it is equally important that all parties simplify their channels of communication and as far as possible agree to common positions prior to entering into contact with the CdS. The design and operation of the National PPDF will require clear communication protocols. Decisions taken following mutual discussion should be respected by all concerned.



Published by

*MÉTIER*, Consultoria e Desenvolvimento, Lda

Postal Box 2188, Maputo – Moçambique

E-mail: [metier@tvcabo.co.mz](mailto:metier@tvcabo.co.mz)

Fax: +258 21498364

Phone: +258 21493506

<http://www.metier.co.mz>

Copyright © Ministry of Planning and Development - Mozambique

