

*(f) Conclusions*

In general, the government has succeeded in allocating resources increasingly on the basis of PARPA objectives and poverty reduction targets. Nonetheless, the scarcity of resources, both financial and human (qualified technical personnel in all regions of the country), has made it more difficult to achieve those objectives.

The analysis of the data shows quite low levels of budgetary execution, mainly at the provincial level. This highlights the need for government to press ahead with efforts to decentralize competencies and finance, to ensure actions aimed at national development are reflected at provincial and local level alike; and, more specifically, to reduce regional imbalances.

In the case of the municipios, the government must clearly continue channeling resources into the education and health sectors. New infrastructure projects are also needed, especially with a view to improving basic sanitation conditions, potable water supply, environmental conservation and road maintenance.

The ongoing need for central government to co-finance municipal budgets stems from the fact that expectations promoted when the municipios were created, that they would gain increasing budgetary autonomy through internally generated revenues, have not been fulfilled. As a result of their inability to generate sufficient resources locally to finance the necessary activities, social installations and basic infrastructures steadily deteriorate, seriously undermining the activities and living standards of municipal inhabitants.

Alongside continuing co-participation, studies need to be conducted with a view to raising the fiscal capacity of the municipios by making revenue collection and resource management more efficient, so as to reduce their dependence on the General State Budget.

In 2003, the government is planning to implement measures to strengthen administrative-financial capacity at the local level, and the 2003 State Budget increases the proportion of funds channeled to the provinces. In the investment category particularly there is increased provincial funding, especially for Sofala, Tete, Niassa, Nampula and Zambézia, in order to finance infrastructure development programs of various kinds.

## **GENERAL CONCLUSIONS AND RECOMMENDATIONS**

The monitoring and evaluation of PARPA execution during 2001 and the first semester of 2002 provides a measurement of the effort made by the government, through the different sectors, to achieve the objectives set out in the fundamental action areas. By analyzing data and information provided by participants, it is also possible to identify progress and pinpoint the weaknesses that hinder full achievement of the goals and objectives defined for 2001–2005. This chapter intends to structure the main conclusions and put forward general recommendations for consideration in work between the MPF and the different sectors. These would aim to make PARPA execution more efficient, by applying the monitoring and evaluation strategy more effectively, and seeking to improve it, and by introducing timely corrective measures to render the objectives set out in government strategies more realistic and achievable.

## **1. Improvement of the budget and planning system**

Analysis of PARPA compliance levels in the periods studied highlights the need for a major effort in the areas indicated below:

We reiterate the critical function of annual planning specifically through the ESP and SB, which should integrate the targets and actions associated with the objectives, programs and strategies selected in medium-term planning instruments—particularly PARPA, as an integral part of the government's program. Thus, the ESP and SB become tools for conducting a permanent (annual) review of action proposals and resource allocation in PARPA and its operational matrix, and obviously of the other medium-term planning instruments also.

Changes in planning should be aimed at improving the choice of activities by prioritizing and forging closer linkage between actions and their expected results. It is therefore essential to improve planning instruments by using indicators that seek to reflect sectoral performance in a more concrete fashion, along with others that make it possible to relate sectoral efforts to changes in welfare levels among the population.

Sectoral planning should help clarify programs and projects, consistently with global objectives and targets. In general, a clear and strict (provincial) regionalization of programs and projects is required, along with the corresponding resource allocation. An effort also needs to be made to calculate detailed cost estimates in project and program budgeting. This will encourage a deepening and improvement of the overall planning of instruments such as PARPA, and the process of preparing the Medium-Term Fiscal Scenario. This, in turn, will facilitate decision-making processes for adjustment or expansion (advancement or postponement of programs/projects), in the light of the behavior of resource constraints, and facilitate more rational and efficient use of resources.

Deconcentration and decentralization of State actions, particularly in the public planning system, is another vital element. A process is ongoing to strengthen and expand local participatory planning, in the framework of the State administrative and financial decentralization process (see section III.1 (e)).

The effort to improve the planning and budgetary system, mentioned in the three previous paragraphs, should be approached in a systematic and responsible manner, paying special attention to the necessary human capacity.

## **2. Monitoring and evaluation procedures.**

The government is aware of the need to involve all its partners in the PARPA monitoring process. In that context, during the fourth quarter of 2002, the six monthly consolidated PARPA monitoring and evaluation report and other short-term instruments, namely the ESP and SB, together with other relevant documents from partners, will be analyzed by the *Poverty Observatory* (OP). This forum brings together government bodies; civil society organizations, including representatives from religious faiths; business leaders, labor unions and non-governmental organizations, among others; along with international cooperation partners.

There are also weaknesses to be overcome in monitoring, since the information made available by the sectors on the degree of fulfillment of targets and activities in PARPA fundamental areas do not always reflect the real situation on the ground.

This recommendation also applies to cases where sectors objectively inform about the degree of execution of actions and targets, but omit to mention the factors that are decisive for fulfillment or otherwise. Reports often lack a qualitative assessment of the results and effects generated by the actions undertaken—for example in the case of courses and other training programs, where the number of trainees is reported without presenting data to evaluate the actions implemented.

To strengthen implementation of the PARPA monitoring process, the sectors involved need to gain more effective ownership of the process. A start can be made on this by evaluating performance at the intra-sectoral level, since it is essential for data to be collected, processed and analyzed within the sector itself before being submitted to the MPF. This is most important when the formal channels for transmitting data and information from sectors and other agents do not achieve satisfactory results, and it becomes necessary to complement the information received with sectoral visits and other forms of interactive work.

In addition, the present monitoring system covers too many activities and has failed to provide a detailed analysis of the efficiency and efficacy of sectoral performance. Experience suggests that monitoring a small number of concrete quantitative indicators, representative of performance in each area, tends to be more flexible and productive. This is an aspect to take into consideration in future planning cycles.

The process of monitoring PARPA implementation, during 2001 and the first half of 2002, also kindled an internal debate in several sectors concerning the extent to which activities matched the established objectives, and on the information capacity of the chosen indicators. Such debates should certainly lead to improvements in the planning process.

The final conclusion is that a future review of PARPA should draw on the main lessons learned from experience of its implementation and monitoring thus far, especially at the sectoral level.

### **3. Achievement of physical and financial targets and other programmed actions**

As regards integration of PARPA into normal sectoral operations, there seems to be relatively limited knowledge of the Plan among technical and even senior staff with responsibilities for implementing policies. Sectoral ownership of PARPA therefore needs to be strengthened at all levels: planning, implementation and monitoring.

Generally speaking, physical and financial indicators are moving in the right direction. Social indicators are replicating their previous trend, although coverage is not sufficient to encompass all population segments and regions of the country. Specifically, the education, health, good governance, legality and justice sectors are all performing well. In terms of implementation, sectors are currently prioritizing access to public services, to the detriment of quality; it is therefore essential to strengthen the efficiency and efficacy of public-service provision.

As regards financial indicators, expenditure in priority sectors as a percentage of total expenditure excluding debt interest, has been rising in line with PARPA indicators. The revised State Budget for 2002 anticipates that this ratio will surpass the 66.1% PARPA target. Given prevailing revenue constraints, channeling additional resources into the priority sectors would undermine performance in other sectors, which despite not being priorities are nonetheless important for the country's development. In this context, increasing efficiency becomes a maximum priority in public expenditure management.

The need remains also to redouble efforts to improve the geographic distribution of expenditure, since provincial participation remains limited in the light of the government's intention to move faster in the administrative decentralization and deconcentration process. This is particularly germane to overcoming the major imbalances in poverty indices across provinces and regions.

In view of the extent of the HIV/AIDS pandemic in Mozambique, consideration needs to be given to the study entitled *HIV/SIDA, Capital Humano e Perspectiva de Crescimento Económico de Moçambique*, which is currently being finalized in the framework of MPF/IFPRI cooperation. Some

of the results of this study will be of major sectoral and macroeconomic interest when calculating estimates of economic growth and public resources and expenditure in PARPA framework.