



Findings

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35527

260

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Post-Conflict Mozambique's Reconstruction: A Transferable Strategy in Africa

In post-conflict Mozambique, over a period of roughly twelve years, we have witnessed an amazing economic turnaround. There has been a reversal from a GDP growth of minus 8 percent to one of plus 8.2 percent. This was due mainly to a successful capacity development program that relied on the participation of all sectors—government, private sector, civil society, and international donors.

When we prepared the first reconstruction program after the war, in 1993, we had about 4,000 projects, which had been agreed upon with the wide participation of all the stakeholders. For the first time, groups such as NGOs, economic associations, and local communities had the opportunity to make their voices heard. Faced with the challenge to prioritize this large amount of projects, the government focused on rebuilding the health and education infrastructure, and achieved its goals in three to four years.

The development agenda

An important element that contributed to our success was a strategy based on a specific agenda. This development agenda was built on consensus through a mecha-

nism of discussion with civil society, so that every bill approved in the parliament had already been vetted by the society at large. There were two key factors that sustained the implementation of the agenda: a leadership with clear, long-term vision and international donors willing to accommodate that vision.

Former President Chissano's vision was to create an environment of peace and stability, which would facilitate economic growth. He succeeded in doing so. President Guebuza's vision is currently to reduce poverty, which is the matrix for a healthy and prosperous country. When we first tackled this task, we were in the dark. We lacked indicators, figures, and causes. Therefore, we had to start by doing research. The results from a household survey, in 1997, indicated that we had 70 percent absolute poverty in Mozambique. We analyzed the causes, and subsequently decided on how best to allocate our scarce resources in order to alleviate symptoms and also get to the roots of the problem. We ended up allocating 65 to 70 percent of the budget to education, health, agriculture and rural development, infrastructures, governance, including judiciary and de-

centralization processes, and macroeconomic stability.

It is important to point out that today, although we may not have consensus on every specific issue, we do have consensus on the essence and general direction the government has imparted to the country—on allocation of resources, on state control of resources, and on the way we receive aid.

Measures of success

In order to be able to sustain the level of capacity development experienced in our country in the last decade, we have to be aware of the areas in which we achieved our major successes. In the area of poverty reduction, indicators show that the living standards have improved thanks to economic growth. This is our first measure of success.

The second measure of success is the issue of institutional capacity. Our institutions are now able to make policies, create programs, and control projects. They are also handling gender issues at all levels. These are major improvements that strengthen institutional capacity. The third measure of success is the growth of the private sector, with a total investment, both internal and foreign, of US\$7 billion since 1997. Only three countries in Africa have such a level of investment: Sudan, where there is oil; Angola, where there are oil and diamonds; and Mozambique, where there are neither oil nor diamonds.

Still another measure of success is the involvement of civil society. Our civil society is actively engaged in discussions of policy mak-

ing with the government. These discussions are often time consuming, but they produce better policies based on consensus and, therefore, make implementation easier.

Finally, a key measure of success is community development. We are devoting more and more efforts to community development because this would be the basis for the country's capacity development. When our communities are prepared to face the challenges of natural disasters and diseases such as malaria, tuberculosis, and HIV/AIDS, Mozambique will have achieved true capacity development.

Transferring the achievements

In view of the success Mozambique had in implementing its development agenda, we are often asked whether our country could be a model to be replicated in other post-conflict countries. My answer to this question is that Mozambique's post-conflict experience may be useful to other countries, keeping in mind a few essential points.

Firstly, the given country should stabilize its post-conflict environment by keeping peace and security, consolidating democratic institutions, and encouraging broad participation in the development process. The latter is especially crucial, because one of the causes of conflict in Africa is poverty and the sense of exclusion. Equally important is to strengthen democratic institutions. Mozambique's spending for the parliament went up from US\$200,000 to US\$3 million per year in the post-conflict period, which is indicative of the

country's commitment to democracy.

Secondly, macroeconomic stability must be pursued in order to control inflation. Price fluctuation due to inflation creates problems for the consumers and leads to strikes and mass protests. Conversely, in a situation of macroeconomic stability it is easier for the government to implement policies that benefit society—agricultural policy, resettlement policy, demining policy, HIV/AIDS fighting policy, and so on. Macroeconomic stability should not be postponed as a policy.

Finally, much depends on leadership. Leadership at all levels must be guided by clear and far-reaching vision, which extends to the future of the country. It should set directions that put the country on a steady course, but should not force policies on the people without consensus. It should open up the development process to a great variety of voices from all the stakeholders.

Stakeholders such as NGOs and foundations, on their part, should live up to their responsibilities and make a valid contribution to capacity development. And, last but not least, the government should protect the freedom of the press, which is one of the foundations of a democratic society.

Donors' cooperation

International donors are important partners in our development agenda. We need to keep them involved in the process. But we also have to take ownership of our programs. After all, ownership is a key measure of capacity development in the country. We are mak-

ing progress in this direction.

In 1996, we started implementing the Sector Wide Approach (SWAp), which allows the government, once a program has been approved in consultation with the donors, to take ownership and implement it, without discussing disbursement of every single dollar. It practically amounts to budget support. During the implementation the government reports on indicators of process. Only at the end of the program, would the government account for output and costs. Under SWAp, the donors could present their projects, but they must fit in the government's strategy, and should be approved only after discussion and agreement.

There are at present 17 donors that participate in the SWAp approach, and they include the World Bank and the European Union. The great advantages of this arrangement are ownership, predictability, long-term commitment, and additionality of resources to the

budget. While we had a very positive response to this approach from the donors that are currently working with us, other potential donors are still reluctant to join because of negative experiences they had in other countries.

I think that oftentimes this is due to the fact that some leaders are too timid to discuss their country's needs with donors such as the World Bank and the IMF. Rather, they would passively accept the donors' proposed projects without claiming ownership, and as a consequence implementation may not have a positive outcome. What the donors should do, in my opinion, is to challenge those leaders, to stimulate them, to encourage them to take initiatives, to provide examples of programs that worked in other countries in similar situations, and to create a space for ownership. The donor's representatives may raise questions such as: "How do you want to approach gender issues?" Or: "What do you want to do to improve girls' education?," and the like. The essential factor in dealing with the donors

is dialogue. Initiative may start from one side or the other, but the issues should be discussed in a clear and transparent manner, and agreement should be reached, which assuages the donors' concerns and guarantees ownership to the receiving country.

I am convinced that the leaders' response would be enthusiastic, because if a government has been democratically elected by the will of the people, it is implicit that its role is to do the people's work and fulfill the mandate for a better future. And a better future is achievable mainly through capacity development.

This article was written by Her Excellency, the Prime Minister of Mozambique, Ms. Luisa Diogo, and is reproduced from the World Bank Institute's Development Outreach September 2005 issue. It is based on her presentation at the "Capacity Matters : Operational Implications" conference in Washington DC, on June 8, 2005.