

**External Evaluation of MOZ 37
Institutional Support Program
[Water sector]**

Final Report

Matthias Finger, Ph.D. (team leader)
José Manuel Elija Guambe, economist
Carlos Quadros, Ph.D.¹

Geneva, March 25th 2001

¹ Jaime Matsinhe, civil engineer, has served as a resource person

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Executive summary

Moz 37 is an institutional support program for the Mozambican water sector. More precisely, it has supported between 1998 and 2000 (3 years) capacity building and institutional development of Mozambique's National Water Directorate (DNA), of four provincial directorates (DPOPH), of the HR Directorate of the Ministry, and of the unit which implements the World Bank's projects (PNDA). This evaluation seeks to assess (1) whether Moz 37 has done things right and (2) whether it has done the right things. It is the result of a joint effort of a Mozambican-Swiss team and is grounded in 38 interviews with the relevant actors of the Mozambican water sector, substantial document analysis, and two field visits.

Moz 37 has in fact supported a series of activities in partnership with DNA, the DPOPHs, the HR directorate in the Ministry, and within PANDA. The main such activities are individual training, stipends, collective training, bridging government salaries, and institutional support (renting, rehabilitation, furniture, computers, etc.). In addition, Moz 37 staff (2 persons) exert a coaching function, in particular in the areas of financial management, planning, and human resources development. Moz 37's support and approach is generally well received, as it is considered to be one of the most flexible institutional support programs. Because of its process-oriented nature, results are difficult to measure. In terms of "results", one can mention, for example, DNA's focus on financial management and human resources, DASU's (urban water department within DNA) development, the fact that sanitation, rural water supply, and human resources have been put on the World Bank's agenda, the participative planning process, and many others more. Approximately 50%-65% of the program's planned activities are said to have been achieved. Questions arise as to the program's intrusive nature, conceptual weaknesses, and ultimately its effectiveness.

Moz 37 was certainly doing the right things at the time it was conceived, namely strengthening Mozambique's National Water Directorate, supporting the decentralization process, and helping the World Bank's project get underway. However, since, the so triggered transformations have developed significant dynamics, which means that Moz 37 needs to take stock and refocus. Two questions need to be asked in this respect, namely (1) should Moz 37 in the future focus on activities, processes, organizations, or institutions, and (2) which activities, processes, organizations, or institutions should it support?

Our evaluation leads to six recommendations, three of which are addressed to Moz 37 and three others to SDC:

- Moz 37 should focus on organizational development and change and seek professional advice in conceptual matters;
- in fostering organizational development, Moz 37 should push its process approach to its logical end, by becoming less intrusive, more incentive based, and by focusing more explicitly on process objectives;
- given SDC's historical strength in rural water, and building on its past, we suggest that Moz 37 focus primarily on the organizational development and transformation of DNA and its decentralization (provinces), as well as on the development of the regulator;
- SDC should examine its water sector policy, and decide more explicitly where it wants to be active in the water sector in the future;
- SDC should establish a modern program controlling system, which will allow it to monitor its objectives; and
- SDC should develop an evaluation culture and corresponding rules and norms.

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Moz 37 is a capacity building and institutional development program, targeted at the Mozambican water sector. More precisely, it seeks to build capacity in selected water institutions at various levels, which the program considers to be key when it comes to strengthening the public institutions of the water sector. The main areas of this support were defined as human resources development (HRD), decentralization, financial planning, professional management, conceptual input, networking, gender balanced development, and operations and maintenance (O&M). These activities included the development of a provincial pilot plan, drawing up and putting into effect HRD strategies, implementing short term training plans, and furthering co-operation with key partners. In 1997, a pilot program of delegating the budget and planning processes was initiated as part of the contribution to building up national water directorate's (DNA's) and selected provinces' accounting, planning and budgeting capacity. This evaluation covers phase No.5 of Moz 37, namely the time-period between January 1998 and December 2000.

Introduction: placing Moz 37 evaluation in context

To recall, *Mozambique* became independent only in 1975 and went through a war, which lasted until 1992. The country held its first elections in 1994, and is now engaged in an accelerated process of development, which is still mainly government driven. The private sector, though increasingly important, is still in its infancy, and is not yet much valued by the donors. Water, in Mozambique, is of particular importance, given the fact that this is a very water rich country with an economic potential for irrigation and export of electricity from dams, but also with all kind of problems that can result from water (e.g., floods). The water sector in general, and DNA in particular, experience serious shortages of qualified staff in the areas of management, planning, technical skills, administration, but also finance and auditing. DNA has critical capacity constraints, at the same time as it redefines its role, introduces substantial changes, and manages numerous projects. This situation is further exacerbated by many consultant missions, key staff leaving, and meager government salaries.

Moz 37 is an integral part of a sustained and much larger effort of the *Swiss Development Cooperation (SDC)* in the water and other sectors in Mozambique. Indeed, the Swiss have been engaged in Mozambique since 1978, and have been working in its water sector since 1980. As such, Moz 37 is entirely part of this long-term commitment of SDC to build the Mozambican nation. More recently, SDC efforts have moreover been complemented by other Swiss efforts (e.g., SECO), which, together, make Mozambique one of the countries to whom Switzerland is particularly committed. Indeed, the Swiss spend over 30 Mio. CHF in Mozambique per year, placing it among the 6-7 most important donors. Besides water and sanitation, the Swiss' efforts also focus on governance, health, civil society and rural development, humanitarian aid, and de-mining.

But the Swiss are by far not the only *donors* in Mozambique. One must mention - since the elections in 1994 - the United States (USAID), the Nordic Countries, Holland, Italy, Japan, Canada, Germany, among others, but also international organizations such as in particular UN specialized agencies (UNICEF, UNDP, WFP). This is not to mention the numerous NGOs active especially in Mozambique's rural areas. Aid by Northern country has increased by about 50% in the year 2000 as a result of heavy floods, which have inundated parts of the country, mainly in the Southern and central provinces. These floods have been a major setback at various levels of society, including when it comes to institution building and development. It

appears that today the country is heavily dependent on aid, making up for approximately 70% of its national budget.

Like in many other developing countries, the *World Bank*, has become, since 1987, an important, if not the key player in Mozambique. Structural adjustment programs have indeed started in 1987, and have increasingly covered all sectors to include the health, education, infrastructure and since 1997 also the water sector. In the infrastructure sectors, the World Bank has started to become active since 1989 with the Program of Urban Rehabilitation (PRU) and 1990 with road construction. By the end of the year 2000, Mozambique has thus contracted about 2,000 Mio US\$ in World Bank loans, making it one of the worlds most indebted nations. Today, the World Bank appears to be the biggest development actor, and most donors today seem to define their actives in relationship to the Bank's activities. The water sector constitutes one of the World Bank's key areas and goes basically back to 1995, when the government adopted a national water policy. Ever since, the World Bank has been substantially involved in various aspects of water resources management, and has in particular signed, in 1997, a 5 year credit agreement for a first national water development program of the amount of 65 Mio. US\$, including the contribution of various donors. The Swiss are no exception here and have already pledged to support the implementation of this water development program by the amount of 3,3 US\$, especially in the areas of human resources and institutional development.

This is a quite particular *evaluation*, given the quite particular nature of Moz 37. Indeed, Moz 37 is not just a simple capacity building and institutional development program, targeted at a particular institution or even organization. Rather, Moz 37 pervades a big portion of Mozambique's water institutions, and, because of its historical antecedents in the Swiss development cooperation's long-term engagement in the Mozambican water sector, is as much a contribution of the transformation, as it is a reflection of it. The evaluation of Moz 37 is therefore a particularly complicated task, as Moz 37 automatically leads one to evaluating the overall transformation of the Mozambican water sector since the mid 1990s. And, as it appears, this transformation has been profound over the past 5 years, and is probably just at its beginning. Because of its symbiotic nature with the Mozambican institutionalized water sector, Moz 37 is particularly affected by this transformation it has, in part, contributed to triggering.

We have therefore decided to *structure* this evaluation as a double-layered process, comprising a macro and a micro level: a first (macro) layer consists of a description and subsequent analysis of the current transformation of Mozambique's water sector institutions (section 1). This will be a historical account and description of the way the water sector and the corresponding - still mainly public institutions and organizations - have evolved since the adoption of the country's national water policy in 1995. 1995, indeed, seems to be the threshold date in Mozambique's institutional water history. This presentation will lead to the identification of the main challenges before Mozambique's water organizations and institutions, and show how these challenges are currently being tackled especially by the World Bank, donors, and Mozambique's own actors. We will come back to this big picture in section 4, where we will outline the future challenges for a donor - e.g., SDC - who would want to further accompany and support this process of institutional transformation and modernization of the Mozambican water sector. Section 2 and 3 constitute the second (micro) layer of this evaluation: in section 2 we will locate Moz 37 within the overall Swiss commitment to the Mozambican water sector. We will show how Moz 37 has been affected by the transformation of this sector and has in turn affected it. Section 3 will then constitute the

evaluation of Moz 37 as a program: indeed, having located Moz 37 within a larger transformation process, we can then critically analyze its main activities, as well as, to the extent possible, its results and achievements. At this stage, it must be clearly stated that Moz 37 is before all a contribution to an organizational development process, before it is a program with a clear beginning and a clear end. Evaluating such a process is by its very nature a difficult task, not the mention the fact that the effects of such a process are not only difficult to measure, but moreover difficult to attribute to a single cause. In section 5 we will therefore make recommendations pertaining both to Moz 37 as a program and to SDC's commitment to the Mozambican water sector. All along, this evaluation is being guided by two core questions, namely (1) "has Moz 37 has done things right?" (question answered in section 3) and "has Moz 37 done the right things?" (question answered in section 4).

Methodologically, this is a mainly qualitative evaluation, based as it is on document analysis and face-to-face interviews. Theoretically, we mainly refer to organizational sociology and behavior where we seeking to understand the different actors' behaviors and actions, but also to project management. Our evaluative judgments are grounded in considerations of logical sequence and coherence, such as coherence between objectives declared and results achieved, coherence across actions and time, as well as coherence between the program and the country's needs.

This evaluation is the result of a team effort, where four very different persons with different backgrounds, i.e., -- academics and practitioners, a non-Mozambican and three Mozambicans, public and private sector representatives, engineers and social scientists -- have tried to come up, in a very short time, with an original and hopefully useful analysis leading to recommendations for future support of the Mozambican institutional water sector. For us as an evaluation team, this evaluation has been a very interesting learning experience, for which we are grateful.

1. Background and history of the institutional development in the Mozambican water sector

The purpose of this first section is to highlight the dynamics of Mozambique's water institutions and organizations. This dynamics has basically three aspects, namely (1) the history of the transformation of the water sector, the (2) the pressures for public sector reform, of which water is just an element, and (3) the transformations triggered by the World Bank's privatization endeavors.

1.1. National Water Policy

The legal and policy bases for water resources management in Mozambique is constituted by the 1991 water law and the 1995 National Water Policy. The water law emphasizes decentralized delivery of services and offers opportunities to transfer existing government managed systems to private firms, financially autonomous utilities, or water user associations (Doc.15: 2). To recall, the National Water Policy was approved in 1995 by the Council of Ministers (Doc.6), and has, since, become the guiding document for all endeavors and most actors involved in the transformation of the Mozambican water sector. Quite logically, it is also the foundational document for SDC and Moz 37, and as such is worth to be analyzed briefly.

The document strikes one as being a standard World Bank document. In its generality, it is easily applicable to at least another 100 developing countries. The text is thus less useful in terms of analysis of the Mozambican water sector, than it is for its programmatic orientation. Besides some general declarations pertaining to coverage, the economic value of water, participation, and others more, three particular programmatic elements pertaining to institutional development and design must be highlighted, namely decentralization, regulation, and capacity building, two of which Moz 37 has later embraced.

- There is a strong focus, in this document, on *decentralization*: it is clearly stated that “*water resources management will be decentralized to autonomous catchment authorities*” (Administração Regional de Aguas or ARAs, p.2), and that the provision of water will be “*decentralized to autonomous local agencies*”, which furthermore should be financially self-sufficient (p.2), as well as to the private sector (p.4). Local service providers will be established (p.5) when it comes to urban water supply. The role of the provinces is however not clearly articulated, nor is there a mention of the future role or transformation of DNA.
- The role of “*government*” – a confusing term the World Bank uses to mean both politics and central administration – will be to define “*simple guidelines*”, “*setting priorities, direction, definition of minimum levels of service, the collection and provision of information and both stimulation and regulation of the activities of the service providers*” (p.2). In the short term, the State (different from “*government*”?) will still play a role when it comes to investments, but will gradually withdraw from operations. In short, one can understand that the central administration, as a result of this decentralization process, will only “*retain its planning, regulatory, and monitoring functions*” (p.9).
- *Capacity building* is given a central role in Mozambique’s National Water Strategy. Such capacity building is explicitly mentioned when it comes to decentralization (e.g., local managers, p.3). However, capacity building at the central level, for example when it comes to transforming DNA into an organization of planning, regulation and monitoring, is not explicitly mentioned in this National Water Policy.

1.2. Public sector transformation in Mozambique

But reform in Mozambique’s water sector is not only related to the National Water Policy. It must be seen within the larger context of decentralization and public sector reform. Both are somewhat linked, even though decentralization appears to be more advanced.

Decentralization goes back to the approval, in May 1992, by the Government of Mozambique, of a set of proposals, which constituted the core of the Program for Reform of Local Government with the objective of giving local government administrative autonomy in order to take decisions on matters within their jurisdiction without participation by central or provincial governments, financial autonomy that includes control over their own budgets, autonomous revenue generation, and property ownership. However, the Government of Mozambique has adopted a “gradualist” approach to decentralization, considering the country’s capacity constraints, and in the belief that such a fundamental reform will require time and flexibility. In 1997 the National Assembly approved the package of municipal Laws. Subsequently, elections for 33 municipal bodies took place in July 1998. Water supply and drainage are defined by Law 11/97 (article 25) as a responsibility of the newly created municipalities. This means that, once decentralization is completed, DNA will basically only be in charge of the rural water supply and sanitation. But, even in this area, the activities of DNA

will eventually fall under the logic of decentralization. Concretely, this means that DNA has to decentralize some of its activities in rural water supply to the ten provinces, where corresponding water departments are currently being built up. However, one has to keep in mind that, simultaneously, and as a result of the implementation of the national water policy, water resources management is being delegated to five so-called ARAs, which are also in the process of being established.

In short, decentralization and the national water policy combined lead to (1) municipal responsibilities in water supply and sewerage, (2) the creation of five water resources management authorities, (3) the focus of DNA on planning, monitoring and regulatory functions, as well as on its responsibility for providing rural water supply and sanitation, and (4) the delegation of some of DNA's responsibilities in rural water supply and sanitation to the ten provinces. All in all, this is a coherent approach, which is however slightly complicated by the World Bank's privatization endeavors (see 1.3.).

But let us still mention before *public sector reform*, which is another big, yet more recent endeavor in Mozambique. However, unlike decentralization, it is much less advanced. A feasibility study with corresponding financing is only now being launched. This means that all capacity building and institutional development in Mozambique's public administration in general and in the water sector in particular have been operated, so far, without explicit reference to public sector reform. And this despite the fact that most of these capacity building and institutional development efforts clearly contain elements of public sector reform. Moz 37 appears to be particularly affected by this lack of coordination, whereby it seeks to contribute to the larger transformation of the institutional water sector without public sector reform and transformation having been defined. In particular, this means that there does not currently exist, in Mozambique, a coherent and conceptually sound approach to public sector transformation, and its corresponding institutional and organizational changes.

1.3. World Bank: from National Water Policy to National Water Development

The engagement of the World Bank in the Mozambican water sector comes on top of the above two transformations, i.e., the national water policy and decentralization. The precursor to the World Bank's two projects – National Water Development I (NWD-1) and National Water Development II (NWD-2) – is a study commissioned in 1992 by ten donors, including the World Bank and SDC, to examine the possibility “to develop the 12 water companies into efficient commercial entities, that strive for managerial, financial and operational excellence” (Doc.18: 4). On the basis of this study, the World Bank apparently recommended the privatization of the 12 cities' water companies, however, later, concluded that only five cities would be of commercial interest to private operators (Interview No.16). Moreover, we have learned during our interviews that the private operator (SAUR) was in fact only interested in the city of Maputo, but under government pressure had to accept to take on also the other four cities, though only under management contracts.

Consequently, the World Bank approved, in 1997, two substantial loans for two separate projects, i.e., NDW-1 and NWD-2. NDW-2 is in fact the core project with a loan of US\$ 117 Mio, which seeks “to improve the quality, reliability and sustainability of water services for the cities of Maputo, Beira, Quelimane, Nampula, and Pemba through promoting greater private sector participation” (Doc. 17: 2). The bulk of this money will be used for the rehabilitation of the networks of these five cities. After a bidding process with two competing offers, the

contract has since been awarded to a Consortium led by SAUR INTERNATIONAL with a lease contract for the City of Maputo (15 years) and management contracts for the other four cities (4 years). After having been awarded the contract, we have learned, SAUR seems to want to renegotiate the terms of reference, which is not unusual behavior among French water companies. Ownership of the infrastructure has been transferred from DNA to FIPAG (Fundo de Investimento e Patrimônio do Abastecimento de Água), and it is planned to evolve FIPAG into municipal based water companies with decentralized ownership. NWD-2 also foresaw the creation of an Independent Sectoral Regulator (e.g., Conselho de Regulação do Abastecimento de Água, called CRA), which has since been set up.

NWD-1, in turn, pertains to the institutional and organizational development of the Mozambican water sector. It will *“reorient the institutions of the sector in line with the strategic vision set out in the national water policy, increase their capacities, prepare for the private sector management of the urban water supply systems ... (the five cities), and reorient and reform the management and implementation of rural water supply and sanitation ...”* (Doc.16: 1). The project is composed of five components, namely (1) institution building and policy development (6.2 Mio. US\$), (2) preparation for private sector management of urban water supply (8.5 Mio. US\$), (3) rural water supply and sanitation (18.2 Mio. US\$), (4) water resources management (14.6 Mio. US\$), and (5) human resources development (5.2 Mio. US\$). SDC will support component No. 5 (HRD) and has pledged 3.3 Mio. US\$, which is contingent upon successful completion of a human resources strategy (see below). Many Swiss interviewees claim that SDC in general and Moz 37 (phase No.4) in particular have had a significant impact upon NDW-1, re-orienting the World Bank's initial project towards rural water supply and sanitation and complementing it with a substantial human resources development component (interviews Nos. 6, 9, 11, 12, 13, 17, 18). This, they say, must be considered as an impact of Moz 37, even though this impact must be attributed to phase No.4, rather than to the phase we are evaluating here.

NWD-1 was signed between the Government of Mozambique and the International Development Agency (IDA) on 18 February 1998 and is scheduled to be completed by 30 April 2003. The project is being implemented by a special unit attached to DNA – so-called PNDA – composed of about 10 persons and operating with a budget of US\$ 400'000.-/year. It is not exactly clear when or if this unit will either be dismantled or integrated into DNA, as the status of PNDA within DNA is not defined. Also, one must mention here that the creation of such an implementation unit with an unclear status substantially complicates both DNA's daily work and its capacity building and institutional development process. While from a World Bank perspective aiming at successful implementation of a program the creation of PNDA is understandable, this unit, however, makes no sense when considered from a larger perspective, and actually contributes to hindering DNA's institutional development. All donors active in supporting DNA, including SDC and Moz 37, are significantly affected by this ambiguity (see section 3), even though some of them – among which SDC – also support PNDA.

2. From SDC's involvement in the Mozambican water sector to Moz 37

In this section we will present and analyze the process leading up to Moz 37. Indeed, Moz 37 which we are evaluating here, is just one phase of a long-term engagement, which had started in 1989. This engagement has been preceded in 1979 by Moz 2 and in 1986 by Moz 16. We will first briefly present SDC's engagement in the Mozambican water sector, then

present phases 1 to 4 of Moz 37, subsequently present the concept underlying phase 5 of Moz 37, and finally make a first intermediary assessment of the project document.

2.1. The Swiss' engagement in Mozambique's institutional water sector

Switzerland appears to be one of the first donors to have been engaged in the Mozambican water sector. Indeed, SDC's engagement stems back to 1979, when it started to work in the province of Cabo Delgado through Helvetas. The program had a technical orientation focusing on the provision of rural and peri-urban water supply and used a supply-oriented approach. By the mid-eighties the program began to address sustainability issues, allowing for a greater involvement of the water users. In 1995, the decision was taken to change the orientation of the program from a supply to a demand based approach (Doc.22: 1). After 1996, this program – called Moz 2 – has been put into the service of implementing the national water policy, and its objectives now concentrate on implementing the demand principle and supporting institutional development, just as Moz 37 (Doc. 22: 12). Moz 2 is now in its 10th phase and has dispersed, so far, well over 30 Mio. CHF.

In 1986 SDC launched another capacity building and institutional development program, as it started to support the Vocational Training Center for Water and Sanitation (CFPAS) and the Hydraulic Courses of the Industrial Institute of Maputo through what is called Moz 16. Both institutions do training courses for basic and mid-level water technicians (Doc.21: 1), and Moz 16's goal is to support the *"improvement of the qualifications of the people working in the Mozambican water sector"* (Doc. 21: 1), through strengthening CFPAS mainly. Moz 16 is today in its 7th phase and has dispersed so far 14 Mio. CHF. There is a very slight potential of overlap between Moz 16 and Moz 37 insofar as Moz 16 also supports some training activities within the Department for Rural Water Supply (DAR) of DNA.

2.2. Moz 37 phases 1 to 4

Moz 37 is the latest of SDC's water programs in Mozambique, starting with its first phase of support in 1989. Historically, Moz 37 has mainly focused on DNA, and it is therefore important to recall the history of DNA. Indeed, 2 years after independence, DNA was formed within the Ministry of Public Works and Housing (MOPH). In 1978 it launched a rural water program, but stopped all its activities two years later. In 1982 water supply and sanitation was integrated into an autonomous national sub-directorate (UDAAS), which depended on DNA/MOPH for guidance and plans. Between 1983 and 1987 UDAAS launched the PRONAR (Rural Water Department) and created the provincial workshops (EPARS). In 1987 the institutional set up was again revised with the aim of giving more importance to national policy development, and the implementation of rural water supply and sanitation was transferred to the DPOPH's (Provincial Administrations). Simultaneously a new department was formed in DNA with its main focus on urban water (DAS, later called DASU). At this stage most of the urban and rural systems for water and sanitation were in a very run down state. Major investment was now needed to restore and expand water and sanitation. Numerous institutional and political ups and downs affected the functioning of DNA.

It at this time that Moz 37 started with a first phase (7/1989 - 6/1991, CHF 970'000.-) and as a main objective the institutional development of the recently created DAS. In practice this was mainly engineering technical assistance in project design and management. Guidance and

co-ordination of the sector was also a focus. Scholarships were started in this phase as well. This first phase was extended for another two years (5/1990 - 4/1992) with additional funding of CHF 150'000.-. As a matter of fact, DNA could not fund office space and equipment, which had to be purchased by the project. Phase 2 (5/1992 - 8/1994, CHF 800'000.-) then put its main emphasis on DASU (urban water) and some on PRONAR (rural water). Support was also extended to the office of the National Director. Phase 3 (9/1994 - 8/1996, CHF 1'300'000.-) continued the two previous phases with new emphasis on decentralization, the extension of institutional support to 4 Provinces and improved donor co-ordination. Support was started within the Directorate for Human Resources within the Ministry. Phase 4 (9/1996 - 12/1997, CHF 1'800'000.-) was again an intermediate phase, i.e., basically the continuation of phase three with the starting of new assistance in the areas of administration and seminar support. To recall, in 1990 DAS of DNA had 2 trained technicians and this increased to 33 in 1995/6 with SDC funding assistance. These technicians enabled DNA (with a SDC-financed expatriate engineer), to design and supervise numerous countrywide rural and urban projects. Later, DNA and DPOPH chose and posted 13 medium level technicians to the provinces of Nampula, Niassa, Zambezia and Maputo, who are, at present, the backbone of the government's decentralization efforts.

In 1996/7, when Moz 37 was being conceptualized, one would therefore have mainly one important actor in the Mozambican water sector, i.e., DNA. However, it was already foreseeable that, both as a result of decentralization and of World Bank led water sector reform (see previous section), one would end up in the beginning of the 21st century, with several new organizations and a much more complex institutional structure. Among these one should mention the owner of the privatized infrastructures (FIPAG), the sectoral regulator (CRA), the five autonomous water agencies (ARAs), but also more than twenty municipal water companies. In addition to that, DNA had embarked since 1994 on a decentralization exercise, based on the existing Departamentos de Águas e Saneamento (DAS) in the DPOPH's at provincial level. Quite logically, these DAS' are basically concerned with the implementation of rural water supply. As of phase 3 Moz 37 started supporting the DAS' and, having recognized their operational weaknesses also extended the support to DPOPHs during phase 5, in 4 Provinces (Maputo, Zambézia, Nampula and Niassa). It appears clearly that throughout phases 1 to 4 Moz 37 had sought to be present among all relevant actors of the Mozambican water sector, supporting their capacity, as well as their institutional development.

Moz 37 had recognized early on that there was a lack of qualified staff in DNA (especially when it comes to basic management skills, such as finances, administration, planning, etc.), that DNA had weak leadership, strong hierarchies, and was operating under permanent crisis management. Moz 37 was thus somewhat "drawn into" DNA's organizational problems, to which it responded in a flexible, yet piecemeal approach. What we criticize here is not Moz 37's commitment to DNA, but its lack of a critical distance and strategic approach. Not astonishingly, then, no systematic assessment was conducted before engaging in phase No.5.

2.3. Moz 37 phase 5: the underlying concepts

Phase No.5 is thus basically the continuation and extension of the previous phases. It was proposed with an overall budget of 4,9 Mio. CHF for the period of 1/1998 - 12/2000. This phase was later extended for another year with an additional 1,6 Mio. CHF. The reason for this extension are the 2000 floods which had significantly delayed the implementation of phase 5. The overall goal of phase No.5 *"is to contribute, through institution building, to the development*

of more appropriate and stronger institutions and thus to the improved capacity of the water and sanitation sector based on actual sector requirements. This within the framework of a) a national water policy, b) the ongoing efforts to define a new partition of roles and duties between the state, civil society and the private sector, c) continuing efforts to human resource development, and d) decentralisation." (Doc.5: 3). While this phase is clearly and in our view rightly positioned within the overall framework of Mozambique's transforming water sector (e.g., national water policy, decentralization), it also stresses in particular the fact that Moz 37 will "contribute to the development of more appropriate and stronger institutions". At the time Moz 37 was conceptualized, these are therefore mainly DNA and the provincial MPOPH, of which Moz 37 is going to support 4. From this quote, as well as from the overall credit proposal, one can see that the analysis which had preceded phase No.5 is, in our judgment, basically correct: there is both a need for institution building and a "serious shortage of qualified staff in management, planning, technical, social, administrative, financial, and auditing areas" (Doc.5: 1).

Implicitly, it is said that the improvement of human capacity will contribute to institution building. Institution building is thus the ultimate goal, and capacity is a means to that goal. This is by the way the reason why Moz 37 is called an "institutional development program" targeted primarily at DNA and not a simple capacity building program for the sector such as Moz 16. There is, therefore, a substantial difference between capacity building on the one hand and institution building (or institutional development) on the other, the first one being a contribution to the later. We insist on this point because of the conceptual weaknesses of Moz 37, and the importance this distinction has on the judgment of the evaluators.

In February 1997 - i.e., at the time when phase No.5 of Moz 37 was being conceptualized - a substantial report, authored by Stephen Hugman and written for both DNA and the World Bank, was released which assessed the training and capacity development needs for the water sector in Mozambique (Doc.14). Significantly, this report has been financed by SDC. This very thorough and detailed document analyses the current human capacities in DNA, the DPOPHs, the water companies, the ARAs, and others more. It identifies the corresponding training and education opportunities, assesses the needs for future capacity in the sector, and makes recommendations for HRD management capacity in DNA. This document and the corresponding recommendations are explicitly referred to in the credit proposal of Moz 37's fifth phase, and we must conclude that this document has played a significant role when it comes to shaping Moz 37's underlying conceptual approach.

Let us first briefly summarize and analyze the three core ideas of this report, namely its idea of what "capacity" is, of how such capacity can be built, and how it must be managed:

- For the author of this report, *capacity* is basically defined in terms of qualifications or credentials and technical skills. Capacity is moreover defined as an individual attribute that one can acquire through being taught. Finally, capacity as an individual attribute, does not appear to be related to institutional or organizational capacity. This view of capacity seems to have influenced not only Moz 37, but many other donors active in the Mozambican water sector. It is moreover a conception, which is probably more broadly present in World Bank and UN thinking.
- From this definition of capacity follows the idea of how to "develop" or "build" such capacity: indeed, and quite logically, capacity development is basically seen as an administrative endeavor by which individuals are sent to training courses, given credentials, classified differently, and given corresponding salaries. In short, capacity

building becomes a matter of administrating the individuals' acquisition of skills, participation in workshops, etc. Again, we can find this implicit conception of what capacity building is in Moz 37, whereby Moz 37 staff administers training sequences, salary components, etc.

- Finally, yet again very logically, the report concludes that such administration should ideally be internalized, namely by setting up a human resources "management" (or rather "administration") *function* within DNA. In other words, the institutional dimension of capacity building is not the organization (i.e., DNA) as a whole, but a specialized unit within DNA, in charge of administering the above capacity building efforts. Again, this conception seems to have influenced Moz 37, as one of its four partial action's goal is to form a human resources unit within DNA (Doc.5: 8). In short, forming a human resources administrative unit within DNA is considered to be the equivalent of institutional development, where in essence it is the setting up of an additional organizational unit.

Since this report seems to have substantially influenced Moz 37, and since this view on capacity and capacity building is more widely shared in international development circles, we would like to analyze and criticize its underlying assumptions. We formulate four critiques, grounded mainly in pedagogical and organizational considerations, and we will come back to them in the recommendations (section 5):²

- Capacity is seen as an attribute of an *individual*: this is an individualistic view of capacity building and as such must be opposed to capacity as a collective attribute, such as for example the capacity of a team, an organizational unit, or an entire organization. The modern alternative term here is "organizational learning".
- Capacity is seen as something *cognitive*: it is something individuals acquire by means of being taught particular knowledge or skills. As such, this view must be opposed to a pragmatic approach, whereby individuals (or teams for that matter) learn by solving concrete problems. The alternative term here is "learning by doing" or "learning by problem-solving".
- Capacity is seen as *context-free*: this critique derives from the previous one, and says that capacity is said to be valid no matter the context in which applied. This view must be opposed to the idea that learning takes place "on-the-spot" and "on-the-job".
- Capacity building is seen as being identical to *basic education*: this view considers that individuals have low or little capacity and must be trained in order to fit into slots or demands of the organization. To this, one must oppose a more organizational view, which says that individuals, especially professionals, already do have certain skills, on which they then build by means of continuing professional education.

This critique of the underlying pedagogical approach to capacity building, as identified in the Hugian report, leads us to two critical considerations on Moz 37's concepts, both of which will be taken up again in the recommendations (section 5), pertaining to pedagogy on the one-hand and institutional development on the other:

- This view on capacity and capacity building – individualistic, cognitive, context-free, and basic, as it is – has, over the past years, become heavily criticized in the North: it is criticized by practitioners who see learning as a means for organizational development

² See for details: Finger, M. & J. Asún (2001). *Adult education at a crossroads: learning our way out*. London: Zed Books.

and change (e.g., organizational learning facilitated by "learning enablers"), rather than as a means of building individuals. They consider this view to be outdated inasmuch as it refers still to an old-fashioned approach to teaching and schooling, promoted and controlled by "education administrators". This view is often also criticized as being paternalistic, and, if exported to developing countries, there is a certain danger of it becoming paternalistic and ethnocentric. In short, and along with many specialists in this field, we do not think that this pedagogical approach to capacity building is any longer in line with a modern view of organizational development and change. It basically reflects a view whereby the individual is portrayed as an "empty bottle", waiting to be filled with skills and competencies. This view may be adapted to children, but is certainly not appropriate for professionals and adults. It may also be suited to a sector-wide approach which considers that skills have to be built from scratch, but it is not suited to an organization (DNA), which has been in existence and functioning since many years.

- Indeed, on an organizational and institutional level, this view does not lead to organizational learning, but rather to capacity building becoming an administrative operation of sending peoples to courses, seminars, and others more, while institutional development becomes a matter of setting up an organizational unit for administering such "capacity building". Quite logically, for example, Moz 37, along with the Hugman report, recommends the development of human resources administrative units within these institutions. In other words, institutional development is confused with the development of human resources administrative units. We do of course not question the fact that an organization like DNA needs a specialized unit to manage its human resources. This has become standard practice in every organization of a certain size, even though often such units are "administering" humans within the organization, rather than developing the organization. What we are questioning here is the fact that the setting up of an HR unit is equated with the institutional development of the entire organization, where in fact it is just another element of any organization's natural evolution.

2.4. Moz 37 phase 5: the credit proposal

Conceptually, Moz 37 builds on the above criticized approach to capacity building and its confusion with overall institutional development, by defining a set of institutional support processes, called "activities". Indeed, all previously started activities can be considered as being as many contributions to capacity building (e.g., workshops, seminars, scholarships) and institutional development (e.g., support to HRD units, RAFs, etc.) as defined above. Quite logically, all these activities can continue more or less without interruption into phase No.5, as illustrated by a Moz 37 graphics, which is annexed to the credit proposal and furthermore serves as a justification for it (Doc.15; see Annex No.4).

A previous diagnosis in order to define a self-contained three year program was therefore not in order. Rather, we were told, one must consider phases 1 to 4 of Moz 37 as a "phasing in process" leading to phase No.5, which can be considered to be the first real phase of Moz 37. The credit proposal is written accordingly: indeed, it is basically a document, which bundles the various *activities* started in the earlier four phases of Moz 37 together. These activities are structured into four categories, called partial actions, corresponding to four rubriques of funding. Let us briefly present each of these four partial actions with the corresponding planned activities (Doc.5: 7-8):

- *DNA general (partial action 1; 2,153 Mio. CHF):* (1) continue to provide an expatriate line function accountant, (2) provide support to the new planning and finance department, (3) strengthen DNA's accounting and administration, (4) evaluate the pilot management agreement, (5) assist DAS with technical as well as administrative support, (5) draw up conceptual guidelines for institution-building, (6) support the implementation of a management information system, (7) assist DNA in giving priority to gender and O&M issues, and (8) assist PRONAR for example in establishing a rural database, promoting the national water policy to all provinces, and assisting in the change process that PRONAR will undertake.
- *Decentralization (partial action 2; 1,207 Mio. CHF):* (1) strengthen and facilitate decentralization, (2) assist DNA in a joint pilot planning exercise in Nampula, (3) support provincial water departments and companies
- *Human Resources Development (partial action 3; 0,64 Mio CHF):* (1) help DNA to form a human resources unit, (2) assist DNA in identifying training institutions, (3) assist DNA in developing an HRD plan, (4) various other assistance to DNA in the area of HR
- *Collaboration with World Bank/DNA program (partial action 4; 0,9 Mio. CHF):* not specified in the proposal.

The list of these planned activities and expected results leads us to make three observations:

- First of all, this list of "partial actions" is basically a list of *institutional process support activities*. Some of these process support activities are very concrete (e.g., "implementation of a management information system", "forming an institution building working group", etc.), while others are highly abstract (e.g., "continue to assist in giving priority to gender"). Even though the overall heading of this section reads "expected results and activities", few of these results will actually be measurable when they happen. If they are measurable, the relationship between activities and results are not clear: often, the same activity can contribute to several results, as can several activities contribute to the same result, but most often activities and results are confused.
- This confusion between activities and results is moreover *impossible to monitor*, let alone to know what has ultimately been achieved. This must furthermore be seen in the context of multiple donors active within the same institutions and within a larger attribution problem: if any achievements can be measured – considering the way the activities and results are defined –, it will be impossible to attribute them to specific activities.
- Finally, the combined list of institutional support processes is either *not very ambitious or too ambitious*. Indeed, when the process support activities are concrete, they are not ambitious, and when they are not concrete, they are over-ambitious and therefore unachievable.

In short, Moz 37 is before all constituted by a *set of institutional process support activities*. Concrete objectives and goals are difficult to find, as they are either too abstract or too concrete. If one looks at the section entitled "goal and objectives" (Doc.5: 3), one finds more or less the same institutional support processes, such as assisting DNA in clarifying its role and redefining its structures, contribute to the institutional function at central and provincial levels, etc. The reader is referred here to Annex No.4 of the credit proposal entitled "progress indicators", where one finds again more of the same. In practice, we were explained, the

“objectives and activities were used as a monitoring tool”.³ In other words, the progress indicators, just as the objectives, are unusable for monitoring purposes. And as a matter of fact, neither of these indicators, nor the objectives are actually being monitored. In each annual program for Mozambique one can find a so-called project portfolio in which “results achieved” are vaguely listed by partial actions, but this resembles more a description of selected activities, rather than a systematic controlling of objectives. In other words, it is difficult to find a coherent logic between “results and activities” (Moz 37), “goals and objectives” (Moz 37), “progress indicators” (Moz 37), and “results achieved” (country program). Generally, one finds in all four rubriques elements of institutional support processes, which however do not match among themselves. Annexe No.3 summarizes this confusion within the Moz 37 credit proposal.

In short, our criticism here is that activities and objectives are not clearly distinguished. Also, the reader searches in vain for *concrete objectives* in terms of human (e.g., measurable skills or qualifications) or organizational capacity (e.g., problems solved by DNA for example). At best, one finds measures and activities in support of such capacity building. We are actually astonished that such a project proposal is being accepted by SDC, given the fact that it is practically impossible to monitor its planned activities and even less so its results.

3. Moz 37 process support activities: are we doing things right?

Having presented so far Moz 37's conceptual foundations, as well as the program itself, we now turn to its assessment. This assessment is structured into four parts, namely (1) perception by the persons interviewed, (2) assessment of Moz 37 management, (3) assessment of the program's (institutional process support) activities, and (4) finally assessment of its overall impact. In contradistinction to section 4, this section seeks to answer the question whether Moz 37 has done the things it had announced in its program right.

3.1. Perception

To begin with, let us state that the perception of Moz 37 both by the beneficiaries and by the other donors is very positive. *“Reputation is excellent”*, say for example one interviewee (No.9), and in general one hears that the Moz 37 team in particular and SDC in general *are liked*. Several things are particularly appreciated, depending on whom one talks to:

- The beneficiaries of Moz 37 in DNA and in the provinces appreciate in particular its *flexibility and responsiveness*. They say that Moz 37 is by far the most flexible of programs in the Mozambican water institutions. Says one interviewee: *“The Swiss are very flexible; they can have quick response and are much faster than others”* (No.29). They also appreciate the fact that Moz 37 is close to the organizational reality, when saying for example: *“the Swiss understand DNA”* (No.1); *“they are in the organization and understand what they are paying for”* (No.5). Furthermore, the Moz 37 approach is considered to be *original and innovative*: *“the Swiss look at the human as the key to success”* (No.33); *“they have the only program that places technicians, bridges salaries, gets them a house”* (No.34).

³ Written feed-back to first draft report.

- But Moz 37 is also liked by the donor community. Donors appreciate in particular the Swiss' approach to team-work, for example when chairing the Human Resources Working Group: *"the Swiss are good team players"* (No.30); *"they are very open and cooperative"* (No.23). Also, the fact that Moz 37 has an office within DNA is considered to be very positive by the donors: *"the fact that they are located in DNA is very good for us donors"* (No.28). Overall, donors think that *"a lot has happened in HR thanks to the Swiss"* (No.30).

While we are not able to verify these statements, we do think that this positive appreciation reflects the reality. This also means that some of our criticism formulated in section 2 are not shared or at least not perceived by both the beneficiaries and the donors. Nevertheless, occasionally, one hears also some critical remarks. These critical remarks must by far not be given the same weight as the above positive remarks. Nevertheless, they are not totally isolated remarks, as we list here only the ones which have been articulated by more than one person. It is therefore useful to take them seriously. These critical remarks fall into three categories, namely management, approach, and competence. We will take them up later on in our own words:

- Indeed, by far the most often articulated critical remark pertains to management, more precisely to *micro-management*: Moz 37 is said to micro-manage, especially in financial matters: *"sometimes the Swiss get too involved"* (No.4); *"they are control freaks"* (No.20) *"muito rigidos"* (No.34). And the so-called "delegated budget", says one, does not deserve its name: *"the delegated budget does not lead to delegated management, rather it leads to more control"* (No.20). But it is also said that *"DNA asks for micro-management"* (No.2). Indeed, we share this view and observe here a kind of a vicious circle, whereby the beneficiaries like to be micro-managed on the one hand because it limits their responsibilities, while Moz 37 likes to micro-manage because it increases their power. We will come back to this we think profoundly *unhealthy relationship* later, which leads to the fact that ultimately neither DNA nor Moz 37 are taking responsibility for the program and its activities. This, in turn, is not unrelated to the facts that (1) Moz is very close to the organization, (2) it operates with a process-oriented approach, and (3) refers to a too simplistic view of capacity building.
- The second critical remark pertains precisely to this process-oriented approach. Says one interviewee: *"the Swiss are process animals"* (No.32), which is not, in itself, a bad thing. However, continues the same person: *"the Swiss do not know what they want and mistake means for ends"* (No.32). And, another to add: *"when you are too flexible, you do not know where to go; Moz 37 is not strategic enough"* (No.16). Another interviewee talks about the *"placebo effect"* (No.2), when saying that *"setting up an HR department is taken for HR development"* (No.2). Says another person: *"the Swiss build up a department, but no human resources"* (No.32). We do think that this is a serious critique, yet we also think that this process-oriented approach is one of Moz 37's originalities and should not be abandoned. Rather, it should be pushed to its logical end, as we will argue in the recommendations (section 5).
- The third type of remarks, however, is particularly critical, as both statements stem from very important persons in the Mozambican water sector. Says one *"the Swiss touch on too many things"* (No.5), and another to add: *"the Swiss have taken on a subject – human resources – which they do not master"* (No.34). This remark has, in our view, to be taken seriously, and must be put into relationship with the conceptual flaws mentioned in section 2. We will again come back to this in our recommendations.

In short, while overall perception is positive, there also exist some quite critical opinions. This difference in perception can, in our view, be explained by three different reasons. We have already noted in section 2 that there exists a substantial confusion between activities and objectives: the ones who are critical do distinguish between both, while the others don't. We must furthermore note a confusion between individual capacity building on the one hand and institutional development on the other. Neither the program nor most interviewees seem to distinguish between both, while the ones who are more critical appear to have a more clear understanding of the distinction between the two. The third reason for this difference in perception is, in our opinion, due to a difference in ambition: the interviewees who are more positive are also less ambitious when it comes to their expectations as to DNA's evolution, while the ones who are more critical reflect against the background of very substantial changes which they think are needed if DNA is to remain relevant in the future.

3.2. Moz 37 management

Let us state to begin with: we think that Moz 37, as a program, is very well managed. Though we have not performed an in-depth audit on the program, we are convinced, from what we have seen, that the finances are well managed. "Irregularities", such as systematic over-budgeting, must be attributed to the administrative logic dictated by SDC headquarters in Berne, rather than to Moz 37. Also, internal activity monitoring is very thorough and detailed and beyond reproach. Finally, protocols that document the various activities and inputs made by Moz 37 to the various beneficiaries abound, and are generally of high professional quality.

However, we have three critical observations to make, when it comes to Moz 37 management, pertaining in particular to the lacking link between activity monitoring and SDC controlling, the lack of using finances as a management tool, and the lack of capability and desire to steer the results and activities:

- Indeed, one is struck by the fact that SDC *controlling* is not professional: while there is a thorough bi-annual monitoring document produced by Moz 37 which describes the various activities performed, the targets which were originally set, and which explains why some targets are not reached, this monitoring instrument is neither connected to the goals and objectives, nor to the target indicators, nor to the activities and results as outlined in the credit proposal (Doc.12). Even less so is this activity monitoring connected to SDC's country reporting (called project portfolio). In other words, and even though this is not a risk in the case of Moz 37, there is a very high risk for SDC to lose control over its various programs once the credit proposal has been approved. This criticism is *not* targeted at Moz 37, but at SDC's monitoring and controlling approach, especially at the level of the Buco, which we consider insufficient. We will come back to this point in one of our recommendations.
- Secondly, it appears that the finances are not considered by Moz 37 as a management tool, and this despite the fact that this is precisely what is being taught to the beneficiaries through the so-called "delegated management approach". Basically, they are considered, in good bureaucratic tradition, as a control instrument. Indeed, Moz 37 does not use financial indicators to determine whether objectives are reached. The budget and result categories used for monitoring are the ones of the credit proposal, i.e., of administrative nature (see annex No.8). The partial action breakdown is also

readily available, but is not considered by Moz 37 useful for project management (see annex No.8). We are also concerned that, more than one year after program completion, we have neither program final report, nor a final financial report. Our critique here is not so much directed at Moz 37 than it is at the persons responsible for monitoring Moz 37.

- Annexe No. 5 lists the types of activities and objectives we as evaluators would have expected to be monitored, given Moz 37's overall activities and objectives. These are both financial and performance indicators linked with the Moz 37 goals, objectives, expected results, activities, and target indicators as listed in annex No.3. Our concern here are not so much the figures than rather the fact that Moz 37 does not seem to be interested in steering its program according to such – or any other for that matter – indicators. Nevertheless, annex No.8, which was compiled by Moz 37, offers a partial answer to our questions, and shows, for example that 37,5% of the money was spent on individual training, 21% on salaries (including salaries of Moz staff), and 15% on equipment. This distribution seems to be reasonable to us.

3.3. Assessment of Moz 37 (institutional process support) activities

As said above, it is difficult to obtain a comprehensive and structured overview of all the different things that Moz 37 has done in the years between 1998 and 2000. To recall, Moz 37 uses bi- or tri-annual activity monitoring sheets and SDC program portfolio summaries. These are very detailed and present, in essence, a list of activities mixed together with results. There is no systematic synthesis of these activities or results, as we have suggested in annex No.5. Such reporting, appears to us as being in essence a bureaucratic exercise. However, upon request, Moz 37 was able to report along the suggested structure.

Activities and results are thus monitored either in a too detailed (activity monitoring sheets), or in a too abstract way. In both cases, activities are mixed together with results. On the abstract level, this is how Moz 37 sees its results:

- *Assisted DNA to clarify its role and redefine some of its structures, i.e., accompanying the process as DNA redefined its structure and organisation.*
- *Provided conceptual input to DNA and other donor/NGO programmes that resulted in HRD and sanitation being included in most programmes and future plans (including PNDA, the DNA/WB programme)*
- *Core institutional development, i.e., Senior and junior management training, planning, accounting, and budgeting.*
- *Networking on regional, national and provincial levels. This facilitated donor co-ordination (limited) as well as slightly improved communications.*
- *Senior staff coaching and focus on sustainability*
- *Delegated budgets based mainly on the government system*
- *The forming of the section for HRD within DNA*

Most of these results can already be found in the accounts of the Bilene workshop, which constitutes Moz 37's internal evaluation. The positive achievements mentioned are again basically of process nature, i.e., "*support to institutional capacity building, support to human resources development, support to decentralization, financial support, extensive experience, mutual trust, and flexibility*" (Doc.13). These results of Moz 37 are vague, and in any case

underscore our previously made remark of a serious lack of monitoring and controlling of activities and results. Also, once again, we must question the usefulness of a SWOT analysis for assessing programs.⁴ Not astonishingly, many of the strong points (e.g., flexibility, decentralization, etc.) appear also as weaknesses, which make this exercise more or less useless for the external evaluators, but one may even question its use for internal monitoring purposes.

In order to assess Moz 37's institutional process support activities and results, we have therefore decided to come back to the structure proposed in the initial credit proposal, i.e., the four partial actions, as well as to annex No.3, which we now compare to the activities and results as we have identified them. Annex No. 6 summarizes this comparison, which triggers, for us, the following remarks:

- One observes numerous small *activities*, many of which informal (though at times documented), which are all said to have contributed in their own way to capacity building and institutional development (see below 3.4.). At this point, however, we can only record these activities – such as workshops, people sent to training sessions, scholarships, financial support, etc. – without being able to judge their impact. One cannot say either that these activities are “results”, even though Moz 37 generally confuses both.
- There are also numerous things we could qualify as *actions*, i.e., things that Moz 37 has done: let us mention here the placement of 14 technicians in the provinces, the placement of an accountant to support the four provinces, salary bridging support, as well as all the other hardware support (see above).
- There are however a series of tangible *results* one can look at. These generally take the form of documents, i.e., plans, budgets, strategic papers, etc. Again, these are numerous, but often we have an attribution problem in the sense that any given document can generally not be attributed to a single Moz activity, nor to Moz in general. Examples here are the provincial plan in the province of Nampula, provincial budgets, the regulamento interno, and others more. We cannot, in the short time allotted, examine the quality of these documents, and also refrain from doing so because of the above mentioned attribution problem.
- However, the by far most expected result of Moz 37 – i.e., the elaboration of a Human Resources Strategy – can, from our point of view, hardly be labeled as a success. Moz 37 considers it “*as a first step towards success*”, and ponders that DNA has made considerable efforts in this matter and does today feel some ownership. To recall, this strategy, if accepted, is important as it triggers a 3,3 Mio US\$ support from SDC for NWP-1. So far, we have seen the 2nd draft (Estratégia de Gestão e Desenvolvimento dos Recursos Humanos do Sector de Águas) (Doc.24). The first section of this strategy deals with permanent strategic objectives and presents a diagnosis of the present situation. The second chapter elaborates on the strategy of management and development of the Human Resources. The third section of document under the title Strategy of Training and Education of Human Resources as well the fourth section Cost Estimates for the Implementation of the Strategy is blank. In general the document is, in our opinion, poor and does not clearly define what are the objectives and what is to be achieved at the end of the strategy implementation (see below “impact” 3.4).
- There are also things that Moz 37 has said it would do but has not done. We think here in particular of Management information systems, of which many of our interviewees

⁴ See our previous evaluations.

would have liked more. Moz 37 says that it *"has had no success to date in convincing DNA to start a MIS"*. We also think of gender concerns, which were announced but not done. Overall, according to Derrick Ikin, 50% to 65% of the institutional process support activities planned are actually done, depending on the area. It was explained to us that this figure – which we have no means to verify, given the fact that the objectives were not precise to begin with – is related to the 2000 floods.

In general, we are struck by an overall lack of responsabilization and accountability, a fact which is quite typical for bureaucratic cultures and behaviors. Indeed, both the project document and the reporting documents seem to be written in a way that nobody can really be held accountable for anything. When Moz 37 staff is questioned why certain promised results are not achieved, this is generally blamed on DNA, local culture, floods, and others more. DNA, in turn, blames Moz 37 for not allowing one to take responsibility. Furthermore, Moz 37 is not really written as a project with a clear beginning and a clear end, let alone with clear objectives against which one could measure results. While we think that this is a problem in the case of Moz 37, we also have the impression that this is a much more general problem in SDC.

3.4. Moz 37 impacts

Not astonishingly then, Moz 37 impacts are difficult to measure, and this for two different reasons: on the one hand Moz 37 objectives and goals are imprecise or absent to begin with, and if existent, formulated in terms of institutional process development support. On the other hand, there is a serious attribution problem, given the fact that Moz 37 does not act systematically, neither in DNA nor elsewhere, and than many other donors and factors also play a role. One can therefore only offer a general judgment supported by quotes from interviewees. Overall, it appears that, *"individuals are learning, but the organization (e.g., DNA) is still not changing"* (no.28). Indeed, everybody seems to acknowledge that Moz 37 has made an impact upon selected individuals within DNA (but more rarely within the DPOPHs), but that this impact does not automatically translate into organizational change. Let us look at each of the four partial actions in little more detail:

- **DNA:** Says one interviewee underscoring the above point: *"I have witnessed a significant change in DNA"* (No.28), and this is a general statement we have heard in our interviews. Indeed, it is also our perception that DNA has substantially evolved over the past years. For example, it has hired new staff, some with special qualifications (law, public relations, etc.), as it has handed over some responsibilities to the private sector and to the regulator. However, it is difficult for us to assess whether this substantial change of DNA is due to internal dynamics, donor support, or environmental pressure, or to a combination of these. Also, if such change is, as we think, in part due to donor support, it is furthermore difficult to assess what role Moz 37 has played in it. However, the evaluators can assess DNA change against the need for such change, considering in particular growing environmental pressure (see section 4). We indeed think, that environmental pressure is mounting fast and that DNA's current rythm of change will not be sufficient in order to face future environmental pressure, as well as competition by other organizations of the Mozambican water sector. It is against such considerations that we think that, despite substantial change, DNA is still not changing fast enough. Indeed, one must admit that *"After 3 years RAF is still not sufficiently organized"* (No.5), that the HR unit is still under-performing to say the best, that DAR

(PRONAR) is still inefficient and has a substantial leadership problem, and that the strategy and planning Unit PFI does not work well. And this despite of more than 10 years of Moz 37 and many other donors' activities within DNA. There are several explanations for this lack of sufficient change. Let us mention the ones we consider most important: (1) to begin with, DNA was set up for an environment that is different from the one it is currently in and will increasingly be in in the future, and much of DNA is still operating from a perspective of organizational development or build-up, and not from a perspective of organizational change. (2) Also, Moz 37 is responding to what DNA wants to be, not what it should be given the new environmental constraints. (3) Furthermore, Moz 37 understands itself as a capacity building program, not as a program which must help DNA to "turn around". In other words, Moz 37 does not see itself as a change agent, but as a "capacity-builder". In any case, a change agent would have to have a much more critical distance from DNA than does Moz 37, whose relationship with DNA is, as argued below, symbiotic. Finally, (4) though we do find that there is an understanding of the need to change at the highest levels of DNA, Moz 37 is not perceived by DNA leadership as an instrument for such change, as DNA leadership does not really feel it has ownership over Moz 37. Rather, Moz 37 is perceived by DNA leadership as a flexible support mechanism for selected operations which are limited in time. In conclusion, one can say that any organization can only change if it wants to. While we detect within DNA a leadership and some young collaborators who are ready for change, much of the middle-management is not, and some of Moz 37's activities are precisely strengthening change averse middle-management (e.g., RAF, DAR, RH), rather than change seeking leadership.

- As for *decentralization*, one can again summarize by saying that "*DAR and DASU have changed their attitudes vis-à-vis decentralization, but not their capacities*" (No.28). The links between the DARs in the provinces and DNA are still not good, there is still substantial resistance from DNA to communicate with the provinces, if not outright opposition. Says one interviewee: "*DNA does not want autonomous water companies*" (No.23). Indeed, DNA resistance to decentralization was a generally heard statement in our interviews. On the other hand, we have visited two provinces and have seen how Moz 37 is supporting their capacity and their institutional development. It is difficult for us to compare their current to their previous state, but interviewees concur that DPOPHs have progressed over the past 4 years and that Moz 37 has contributed to this progress.
- As for *HR*, we have already mentioned the critique formulated by several interviewees, saying that Moz 37 has supported the development of an HR unit within DNA, but has somewhat neglected the development of the human resources. Setting up of a HR unit within DNA can certainly be seen as a significant contribution of Moz 37, even though one must admit that the functioning of this unit is still far from optimal, as one can for example see from the weak Human Resources Strategy.
- Remains the contribution of Moz 37 to PNDA, where many Swiss interviewees pride themselves for having persuaded the World Bank to introduce issues of sanitation and human resources. We have no means to verify whether this is the case or not, even though a few interviewees dispute this. Also, this influence has occurred prior to Moz 37th fifth phase. Besides that, Moz 37's contribution to PNDA appears to be limited to supporting an expert accountant.

3.5. Conclusion

In short, impacts of Moz 37 in terms of institutional development are difficult to identify, first because influence of donor programs mixes with environmental pressure to change, and secondly because of an attribution problem. Thirdly, one must also say that Moz 37 has not been conceptualized so that its impacts are clearly visible and measurable. To recall, Moz 37's main objective is to contribute to capacity building and institutional development by providing institutional process development support. This is the objective we have to keep in mind, when trying to assess, in conclusion, whether Moz 37 has done things right. At this level of observation, let us make the following three remarks pertaining to approach, behavior, and concept.

- Moz 37 has a very process-oriented approach, which at times takes “symbiotic” turns, and ends up in micro-management. This Moz 37 and more generally SDC specific approach can be explained by its implicit reference to participatory action research methodology, which is transferred here from (participatory) rural development to institutional development. We don't think that this participatory action research approach is suited for capacity building, institutional development, and even much less so for organizational change. Rather, we have the impression that it ultimately leads to a quite unhealthy relationship between the beneficiaries and the donors. This might also explain, why, in the end and despite this participatory approach, there is little ownership by DNA of the institutional development process Moz 37 has tried to foster. Organizational literature is quite clear about the fact that any successful facilitator of organizational development or change needs to remain in a dialectical relationship with the organization. In our case, this means that Moz 37 should simultaneously be inside and outside of DNA, i.e., at times with a certain critical distance. The participatory action approach, however, lets Moz 37 believe that it is part of DNA and as such participates so-to-speak from the inside in its development and change. But, in our view, this is not only a wrong role Moz 37 plays, it is moreover ineffective, as Moz 37 loses its function as a change agent.
- Our second remark pertains to what we would like to call “bureaucratic behavior”. By bureaucratic behavior we mean that Moz 37 has very little programmatic identity, neither in time, nor in responsibility. As for time, we had already noted above that Moz 37 phased in without a real beginning, and that there are no real final reports of phase 5 of Moz 37 either. In other words, there is no real beginning and no real end. As for responsibility, we are particularly struck by the fact that Moz 37 tries to avoid programmatic responsibility: responsibilities for decisions are either shifted upwards towards SDC or downwards towards DNA or the DPOPHs. In other words, we have a hard time to identify a concise identity of a program with clear objectives and corresponding results. Everything seems to be in flux and no real responsibilities can be attributed. This, quite typical bureaucratic behavior makes an evaluation of a program particularly difficult. Linking to the previous point, we can also say that it makes Moz 37 ineffective as a change agent.
- Ultimately, therefore, judging the impact of Moz 37 is a matter of concept: if one considers that Moz 37 is a capacity building program – and that capacity is defined in the above mentioned way of individuals skills and qualifications –, then one can conclude that Moz 37 has done things right. However, if one considers that Moz 37 is an institutional development (or even an organizational change) program – as the credit proposal reads –, then we are far from success. The weakness, here, is in essence a conceptual one, as neither institutional development nor the role Moz 37 plays in it are

conceptualized, nor is the link between individual capacity building and organizational development clear.

4. Moz 37: are we doing the right things?

In this section 4 we would now like to turn to the question "*are we doing the right things?*" This question has, in our view, two components, one that pertains to the evolution of the overall Mozambican water sector, and one that pertains to concepts.

4.1. Does Moz 37 work with the right organization(s)

We think that when Moz 37 was conceptualized, i.e., in the years 1996 and 1997, the choices made were the right ones. This pertains particularly to the choice of DNA and DPOPHs. Indeed, though one could already anticipate the evolution of the Mozambican water organizations and institutions – as a matter of fact, everything was already outlined in the National Water Policy –, we think that it was correct to support DNA and to a lesser extent the provinces. The choice of supporting the World Bank NWP-1 project can be justified on the grounds that SDC had, since long, made a particular effort to support human resources development, and thus wanted to get a HR component into NWP-1. However, since then the Mozambican water sector has substantially evolved and Moz 37 has to think which organizations it wants to support in the future.

To recall, both as a result of decentralization and of privatization, the traditional way of managing water, basically through DNA, is no longer possible. Not only does DNA have to decentralize, a process engaged a while ago, but moreover will it increasingly face "competition". Indeed, the water companies will be handed over to the municipalities, which will manage them, while the regulation of the privatized, as well as of the municipalized water companies will be taken on by the regulator. In the near future, the regulator will become the most important and probably also most powerful organization in the Mozambican water sector, at least when it comes to urban water. However, and parallel to rural water increasingly being managed by citizens' groups, NGOs, and other associations, the regulator will gradually also extend its control to rural water and sanitation. In parallel, water resources management will increasingly be handed over to the ARAs, which will become, besides CRA and the big (private and public) water companies, the other important actor of the Mozambican water sector. This evolution is logical and will inevitably take place regardless of resistance by DNA, DPOPHs, or other actors. Annex No. 7 summarizes this evolution, which shows that DNA will have to evolve into a "new DNA". This new DNA will (1) be much smaller, (2) focus in essence on policy and strategic questions, (3) for a certain time still deal with rural water and sanitation, which however is likely to become decentralized. If DNA does not perform, this decentralization will happen faster and policy and strategic questions are likely going to be outsourced.

This standard evolution in any developing country's water sector – and with a certain time-lag also in the industrialized countries – raises two problems for DNA, which directly affect Moz 37. Indeed, capacity building in DNA, as conceptualized so far in Moz 37 and probably more largely in the international donor community, is in our view no longer an option, and this for three main reasons:

- In any case DNA will be much smaller in the years to come. Capacity building of DNA should therefore be redirected to the entire water sector.
- Of course, DNA will need individual capacity in the future, but this will be highly specialized capacity in the areas of policy and strategy, which it currently does not have. This capacity cannot be built through the type of activities currently under way in DNA, nor can it probably be achieved with the peoples in place.
- Finally, what DNA will need foremost is to undergo a process of profound organizational transformation – so-to-speak a process of “turnaround management”, which is neither capacity building nor institutional development --, does it want to survive. Supporting DNA over the past 10 years through Moz 37 may have laid the groundwork for such profound organizational transformation, but it has not begun to trigger this process. Though such a process of turnaround management will require capacity and organizational development, it is nevertheless substantially different: generally, turnaround is difficult to be achieved from within the organization alone, and thus requires outside support. However, this “outside” support is not of the kind Moz 37 is currently providing, which, as seen above, is rather an “inside” contribution to further institutionalization. The outside support required here implies an actor which has a more critical and more distant view of DNA (than the one Moz 37 has), and which can therefore be much tougher on DNA. As we will develop below, this is an actor which will be contracted by DNA for specific (organizational change) results. This is not an expertise Moz 37 currently has.

Considering this more than likely evolution of the Mozambican water sector, Moz 37 will have to think which of the organizations of annex No.7 it wants to support in the future. The following consideration may help Moz 37 take its decision:

- *DNA*: Moz 37 has supported DNA since over 10 years and has become accepted as a partner. Moreover, DNA will need to undergo in the years to come some very substantial changes as outlined above, for which support could be needed. Also, for the time being, rural water supply and sanitation will remain, for the years to come, a key function for DNA, and SDC has traditionally been very active in the rural water sector. There are therefore many very good arguments why Moz 37 should continue to support DNA. If it does, however, it would be logical to support the decentralization process more actively, for example by giving support to all 10 provinces rather than four. Moreover, if Moz 37 decides to support DNA, this has to be done in the perspective of profound organizational transformation as described below (4.2.).
- *CRA*: The regulator will become in the near future the most important actor in the Mozambican water sector, yet, in the beginning, only in urban water and sanitation. It might therefore be very attractive for Moz 37 to support CRA, where, with relatively little support considerable results can be achieved given the high quality of the people working there. Also, CRA will be in need of support, considering is very little financial resources (e.g., 20'000.- US\$/year), which in our view are not sufficient for CRA to do quality work. On the other hand, one must admit that SDC has no experience in regulation, but nor do by the way all other donors.
- *ARAs*: ARAs will become in the near also very important actors. So far, only one ARA (ARA-Sul; Doc. 15) has been set up, and there is certainly a need for substantial support. However, again SDC has no experience in water resources management, and the Dutch would probably be better placed to support the building up of the 4 remaining ARAs.

- *Municipal water companies:* Municipal water companies will become, in the very near future, other important actors of the Mozambican water sector. There are currently 5 privatized water companies being supported by NWD-1 and NWD-2, but all 28 others will be in dire need of support. Moreover, SDC has in fact already some experience in the area (Lichinga, Ilha de Moçambique) on which it could successfully build. In addition, SDC has supported the transformation of other public enterprises in Africa before (Telecoms, Postal services), and could probably leverage some of that expertise. However, we would make such support conditional upon a sound corporate governance structure of these municipal water companies.
- *Municipalities:* Ownership of the municipal water companies will gradually be transferred over (from FIPAG and DNA) to the municipalities. We detect a substantial need to support the municipalities in assuming this ownership, but again would make such support contingent upon a sound a corporate governance structure. Moreover, such support should come from SDC's newly launched decentralization program, rather than from Moz 37.

4.2. Does Moz 37 have the right concepts to work with?

At numerous occasions we and some of our interviewees have highlighted conceptual problems in Moz 37. To recall, we have said in section 2 that the concepts used for capacity building are outdated and in any case too individualistic. If used at all, these concepts should be applied to the water sector and not to any given institution. In this sense, Moz 16 has a much more pertinent approach. We have also highlighted the fact that Moz 37 does not have a clear concept as to how to link individual capacity to organizational development, or as it says "institutional development". As a result of this conceptual weakness, we can detect some impact of Moz 37 on selected individuals, but we cannot, at this point, detect comprehensive and systematic impact at the organizational level. While we can accept that, at the time Moz 37's 5th phase was conceptualized, individualistic capacity building was somewhat justifiable, we do not think -- also in light of the previous point 4.1. -- that the next phase of Moz 37 can continue to operate with these concepts. To recall, Moz 37 is labeled as an institutional development program, and not as a capacity building program. Should SDC want Moz 37 to be a capacity building program, we would recommend supporting the water sector as a whole -- i.e., stop supporting institutions other than training institutions --, and merge Moz 37 with Moz 16.

However, should SDC want Moz 37 to be an institutional development program, some serious thinking is in order before launching phase 6. Let us briefly outline what such thinking would entail:

- One would have to define exactly into which direction Moz 37 wants any given water organization to evolve. This is regardless of the organization selected, since DNA would have to go through substantial transformation anyway and all other organizations are basically in need of being built up. This direction should be defined in terms of the function of the chosen organization in the overall Mozambican water sector and be translated into desirable organizational structure, culture, and work processes.
- This definition should in any case be done by or together with the chosen organization's leadership, so as to ensure optimal ownership. Ultimately, it is the organization, which has to be convinced that it needs to evolve *as an organization*.

- The chosen organization will then contract on its own with outside (organizational change) specialists capable of helping it to evolve into the direction defined. Moz 37, at this point, will lack the professional expertise, but also as said above the necessary critical distance, to facilitate such organizational transformation processes. This way of doing will also enhance ownership by the organization.
- Therefore, the functions of funder and of organizational change agent should be separated. Currently, these functions are identical in Moz 37: indeed, Moz 37 funds so far capacity building and institutional development and simultaneously is active inside the organization as a capacity builder and an institutional developer. It therefore funds, so-to-speak in part its own activities, which explains why it has gradually lost critical distance. In short, Moz 37 should focus on its function as funder (which can include some high level advice to DNA leadership), but let DNA contract on its own for the function of organizational change agent.

4.3. Conclusion

We are aware that these considerations mean a substantial reorientation for Moz 37. However, we think that Moz 37 should take some distance, both when it comes to management and to concepts, as well as create a sharper programmatic identity for itself. It should consider itself as a program, which helps the transformation of selected organizations of the Mozambican water sector (see considerations 4.1.). The transformation process itself should be owned by the chosen organization's leadership and only supported if there is proof of such ownership. Moz 37 should do neither the conceptual work, which should be outsourced, nor the micro-management. It should play a quite distant role of advising (or perhaps even coaching) the leadership when it comes to making the right decisions in terms of organizational transformation. Moz 37 should also be there to financially support such decisions. For this, one full time staff (Derrick Ikin) supported by a high level administrative person should be enough. Manuel Turnhofer, we think, should therefore not be replaced.

5. Recommendations

Grounded in all above considerations - i.e., in particular the absence of clear objectives (section 1), the conceptual problems (section 2), the "symbiotic relationship" with DNA (section 3), and the re-orientation of the Mozambican water sector (section 4) - we suggest six recommendations. Three of these recommendations are intended for Moz 37's improvements in the next phase, while three others are addressed to SDC.

- We suppose that Moz 37 wants to move away from simple capacity building and more explicitly into the area of organizational and institutional development by supporting selected Mozambican water organizations in their substantial organizational change process. When doing so, we recommend that Moz 37 seek professional advice in matters of organizational change and transformation by means of learning, i.e., in the matter of "organizational learning". Depending on which organizations are ultimately going to be selected, we suggest Moz 37 to develop a tailor-made organizational learning concept, which ultimately has to be owned and demanded by the organization in question. Ideally, the selected organization(s) will outsource this professional support function (i.e., supporting substantial organizational change) to a private company, while Moz 37 will provide financial support (see 4.2.). Outsourcing this function of organizational

change will also oblige both the selected organization(s) and Moz 37 to have clearer objectives. Furthermore, the selected organization(s) will be forced to take ownership of the organizational change process they contract for. As AIDS is presently in Africa one of the major threats to any process of institutional development Moz 37 could play an important role disseminating information on the plague, creating awareness and fighting the spreading of the disease.

- Once Moz 37 will have separated the organizational change function from its advising or coaching function, it will be much better positioned to focus on process exclusively. Indeed, Moz 37's and for that matter SDC's hallmark is its focus on process, which however, as we have seen, is often confused with micro-management. We think that if Moz 37 succeeds in handing over ownership of organizational change to the selected organization(s), and the selected organization moreover succeeds in outsourcing it, Moz 37 will be able to focus on accompanying the process without interfering into micro-managerial questions. Derrick Ikin's role will then exclusively be one of program management and process coaching, where he is particularly good at. By "advising and coaching" we mean the function of serving as a personal coach to DNA leadership, advising it in its overall direction, strategic choices, and selection and contractualization of organizational change agents.
- Moz 37 should select the organization(s) it wants to work with in the future. Section 4.1. offers the necessary considerations for this selection. In our view, and given Moz 37 history with DNA, we would suggest that Moz 37 focus on the transformation of DNA, yet also on the support of all 10 provinces. In addition, we think that Moz 37 could also support the regulator, as well as perhaps also selected municipal water companies.
- A similar recommendation must be made for SDC's sectoral water policy: indeed, the water sector worldwide is changing along the lines one can observe in Mozambique. SDC must therefore ask itself where it wants to position itself in the water sector in the future: does it want to focus on rural or on urban water and sanitation. And when it comes to institutional development, does it want to support central water administrations, regulators, regional water resources authorities, municipal companies, or others more. This requires from SDC headquarters some general considerations on its future sectoral water policy.
- We have already highlighted the problems in monitoring and controlling. In part, these problems are due to the fact that Moz 37 does not clearly separate between objectives and results. More largely, however, we see a problem in the fact that SDC does not have a proper program controlling system, neither in its headquarters, nor in the Buco. We therefore strongly recommend to develop an integrated controlling system along new public management principles by which overall SDC objectives are defined in terms of outcomes and program objectives (outputs), both moreover being linked to each other.
- Finally, we are struck by the fact that SDC does not seem to have an evaluation culture. During our work, we came to notice that there is no clear and shared understanding of what an independent and external evaluation is, which is confused with yet another participatory action research cycle. Also, there are no clearly attributed responsibilities when it comes to external evaluation. Often, the evaluation of the program is even confused with the evaluation of the organization (DNA) with which the program works. We recommend to SDC that the status, function, and attributes of an independent and external evaluation be clarified before proceeding with other such evaluations.

Annex No.1: List of interviewed persons

- Mr. Juliao Alferes, Team Leader PNDA (DNA/WB project), Maputo (2.2.2001)
- Mr. Manuel J.C. Alvarinho, Presidente, CRA (Consejo de regulaco do abastecimento de agua, Maputo (2.2.2001)
- Mrs. Ivone Amaral, Head of the Rural Waer Department (DAR), Maputo (2.2.2001)
- Mr. Horacio Amigo, HR Directorate (DRH) – Ministry of Public Works and Housing (8.2.2001)
- Mrs . Sherri Archondo, Financial specialist, The World Bank, Maputo (6.2.2001)
- Mr. Nelson Beete, Deputy National Director, DNA, Maputo (31.12001)
- Mr. Dermot Carty, Programme Officer Water, Sanitation, and Hygiene Promotion, UNICEF, Maputo (8.2.2001)
- Mrs. Claudette, Program Officer, CIDA, Maputo (8.2.2001)
- Mr. Martin Fssler, Programme Officer East and Southern Africa Division, Berne (21.11.2000; 16.1.2001)
- Mr. Carlos Chissano, Provincial Director, MPOPH of Inhambane, Maputo (8.2.2001)
- Mr. Henk Gijsselhart, SAS, Nampula (5.2.2001)
- Dr. Thomas Greminger, Coordinator SDC & Charg d’Affaires, Maputo [30.1.2001)
- Mr. Armon Hartmann, Water sector specialist, SDC, Berne (16.1.2001)
- Mr. Pierre Henry, Project Coordinator, CFPAS, Maputo (12.2.2001)
- Mr. Bernhard Huwiler, Deputy Coordinator, Attach, Maputo (30.1.2001; 13.2.2001)
- Mr. Derrick Ikin, Coordinator, SDC, Maputo (12.11.2000; 2.3.2001; 3.3.2001; 13.2.2001)
- Mrs. Fabiana Issler, Programme Officer, Natural Resources and Environment Management Unit, UNDP, Maputo (8.2.2001)
- Mr. Edmundo, Jossefa, Coordenador do componente de desenvolvimento des recursos humanos, PNDA, Maputo (31.1.2001)
- Mr. Malte Lipcynski, tProgram officer, SDC, Berne (16.1.2001)
- Mr. Alvaro Lopes, Accountant Moz 37, Nampula (5.2.2001)
- Mr. Domingos Macuamule, Provincial Director, DPOPH Maputo and staff (31.1.2001)

Mr. Miguel Magalhães, Head of the Department of Planning and Investment (DPI), Maputo (31.1.2001)

Mrs. Henny Matos, Senior Assistant Resident Representative, UNDP, Maputo (8.2.2001)

Mr. Jaime Matsinhe, Director DASU, DNA, Maputo (6.2.2001)

Dr. Lembrança dos Anjos Mechisso, Head of Section of Human Resources (RRH), Maputo (31.1.2001)

Mr. Américo Muianga, National Director, DNA, Maputo (13.2.2001)

Mr. Elias Anlaue Paulo, Provincial Director, DPOPH - Nampula (5.2.2001)

Mr. Ramos, Head of Department of Water and Sanitation (DAS), Nampula (5.2.2001)

Mr. Mateus Fote Saize, Acting Director, Aguas de Lichinga, Nampula (5.2.2001)

Mr. Carlos Santos, Consulting Accountant, PNDA/DNA, Maputo (2.2.2001)

Sra. Manuela Sumbane, Head of Section of Administration and Finance (RAF) + Patricioo Verdugo, Maputo (31.1.2001)

Mr. Manuel Turnhofer, Senior Technical Assistant, SDC, Maputo (1.2.2001; 6.2.2001)

Mr. Jan van Horn, Programme Officer Water and Sanitation, Dutch Embassy, Maputo (8.2.2001)

Mr. Willem van Gorkum, Programme Coordinator, WRAP (Water Resources Assessment and Planning

g), DNA, Maputo (8.2.2001)

Mr. Bernhard Weimer, Project Coordinator, Unterstützung für Dezentralisierung und Kommunalisierung (15.2.2001)

Junior DNA staff (Mirasse, Chilengue, Nilton, as a group), Maputo (2.2.2001)

Annex No.2: List of documents consulted

- Doc. 1: Annual Programme 2001 for Mozambique, SDC, 2000, 14 pages plus annexes.
- Doc. 2: Lista de bolsiros financiados pelo programa MOZ 37 (1996-2001), no date
- Doc. 3: Termos de referencia. Assistencia e controle financeiro. No date
- Doc. 4: Seminários et outros tipos de formação financiado peol programa Moz 37 (1998). No date.
- Doc. 5: Antrag Nr. 292/97 Institutional development water sector Phase 5 (1/1998-12/2000). Berne, SDC, 1997, 12 pages plus annexes.
- Doc. 6: National water policy. Republic of Mozambique, August 8th 1995, 14 pages.
- Doc. 7: Annual Programme. SDC in Mozambique, 1999, 15 pages plus annexes
- Doc. 8: Moz 37 – DNA/SDC PA2: Decentralization (4 Provinces) Fact sheet, dated 26.7.2000, 2 pages
- Doc. 9: Elementos estrategicos de gestão da DNA, DNA, 2000, 10 pages
- Doc. 10: Regulamento interno, DNA, no date, 15 pages
- Doc. 11: First National Water Development Project Mid Term Evaluation Draft Report, World Bank, 2001, 70 pages (plus Framework for DNA Internal Assessment Preparatory to the Mid Term Evaluation, plus terms of reference, plus comments by SDC)
- Doc. 12: DNA/SDC MOZ 37 2000 Program activity plan monitoring (1999-2000), 2000
- Doc. 13: Internal Evaluation Report on DNA's Institutional Support Programme, 2000
- Doc. 14: Hugman, Stephen, Training and Capacity Development for the water sector. Final report, 1997, 100+ Pages
- Doc. 15: Soussan, John, Quadros, Carlos & Taco Kooistra, Institutional support ARA-Sul, Final report, October 2000, 21 pages plus annexes
- Doc. 16: Project appraisal document on a proposed credit in the amount of SDR 26.2 Mio to the Republic of Mozambique for a national water development 1 project, World Bank, January 20 1998 (Report No. 17274-MOZ)
- Doc. 17: Project appraisal document on a proposed credit in the amount of 55.4 Mio to the Republic of Mozambique for a national water development project II, World Bank, May 12, 1999
- Doc. 18: Provincial towns water sector study. Final Report, Part B, Vol. 1-B, Institutional Aspects, September 1994.

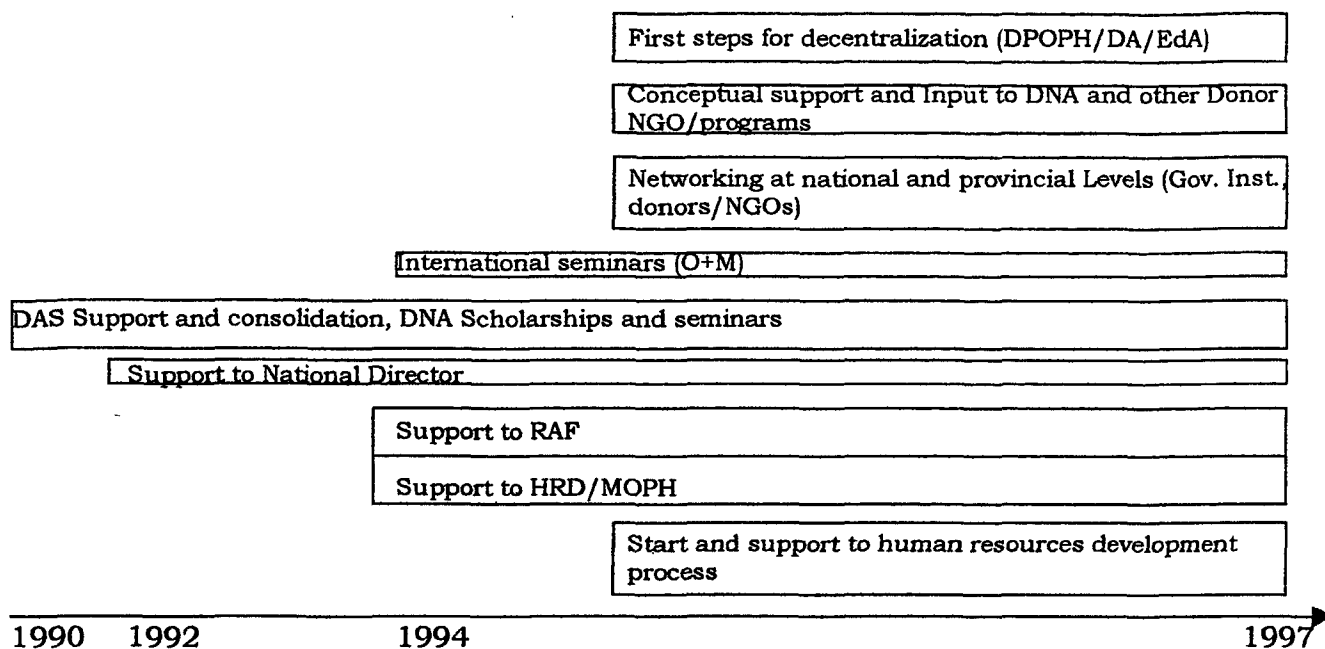
- Doc. 19: Lipczinsky, Malte. End of mission report (Moz 41). SDC, October 1998.
- Doc. 20: Water Sector Strategy Programme Support Document (WATCO-PRO), UNDP, June 1998, 23 pages plus annexes
- Doc. 21: External evaluation of Moz 16 Programme, May 2000, 50 pages
- Doc. 22: An external evaluation of Moz 2, rural water supply in Cabo Delgado, May 1998, 49 pages, plus annexes
- Doc. 23: Diagnóstico institucional à direcção nacional de águas da República de Moçambique, PNUD, Lisboa 1997, 99 pages.
- Doc. 24: Estratégia de gestão e desenvolvimento dos recursos humanos do sector de águas. PNDA, August 2000, 76 pages.
- Numerous internal memos

Annexe No.3: Goals, objectives, progress indicators, expected results and activities

Goals and objectives	Progress indicators	Expected results and activities
<p>Assist DNA in:</p> <ul style="list-style-type: none"> - clarifying its role - redefining its structures - accounts administration - financial planning <p>- management</p> <ul style="list-style-type: none"> - building on experience with decentralisation - developing concepts for institutional support - coordinating with other sector partners - giving priority to gender - giving priority to O&M issues 	<ul style="list-style-type: none"> - clarification of DNA's role - redefinition of structures - improve DNAs financial and administrative capacity (in terms of central budget retrieval) <ul style="list-style-type: none"> - increase delegated budgets 	<p><i>Partial action 1 (DNA)</i></p> <ul style="list-style-type: none"> - provide support to planning and finance department - strengthen DNA's administration and accounting; build management information system - evaluate delegated department budgets - form an institution building working group - working group on gender - working group on O&M - assist DASU with technical and administrative support - assist PRONAR - assist RAF - examine HRD plans, etc.
<p>Contribute to the institutional functioning at (central) and provincial levels ...</p> <ul style="list-style-type: none"> - develop provincial pilot plan 	<ul style="list-style-type: none"> - develop a provincial pilot plan - increase delegated budgets 	<p><i>Partial action 2 (decentralization)</i></p> <ul style="list-style-type: none"> - pilot planning exercise in Nampula - provincial workshops and seminars on national water policy - training and placing mid-level technicians in the provinces - supporting provincial directorates (administration, finance and accounting) - facilitate the efficient function of water companies - minimal office facilities and equipment - inter-provincial visits and regional workshops

<p>Support human resources development in the areas of ..</p> <ul style="list-style-type: none"> - needs analysis - management training programmes - targeted training 	<ul style="list-style-type: none"> - elaboration of a short-term training program and its implementation - elaboration of HR strategies - creation of an HR unit in DNA 	<p><i>Partial action 3 (HRD)</i></p> <ul style="list-style-type: none"> - identify training institutions - provide training (management, O&M, planning, monitoring, budgeting, accounting) - HR development policy/plan - form HR unit within DNA - develop standard selection criteria for scholarships and other training
	<p>Give impetus to the take off of HRD and institutional support within the World Bank/DNA water sector projects</p>	<p><i>Partial action 4 (Collaboration with World Bank/DNA programme)</i></p>

Annex No.4: Phasing into phase No.5 of Moz 37



Annexe No. 5: Reporting data

Type of activity	1998	1999	2000	Total
Infrastructure				
Amount of rent paid per year				
Rehabilitation of buildings (painting, etc.) (amount spent)				
Purchase of mobiliary (tables, chairs, etc.) (amount spent)				
Purchase of fax machines, computers, scanners, photocopiers, etc. (amount spent)				
Total				
Salary support				
Amount of peopleXmonths supported 80%-100%				
Amount of peopleXmonths supported less than 80%				
Total				
Individual training				
Amount of person/days in Mozambique	106	360	175	
Amount of person/days abroad	199	335	????	
Amount of person/days sent to CFPAS				
Amount of person/days for basic courses (english, drivers licence, etc.)				
Collective training				
Amount of workshops, seminars organized by Moz 37				
Amount of workshops				

organized jointly with someone else				
Stipends				
Amount of money spent on stipends every year				
Amount of persons financed any given year	24	8	21	Figures do not match; data are bad
Amount of moneys spent on each of the four partial actions per year				
<ul style="list-style-type: none"> - DNA - Decentralization - HR - WB/PNDA 				
Percentage of overhead as compared to overall spending (salaries of program staff, rent, telephone, etc.)				1,2 of 4,9,Mio., i.e., approx 25%
Reporting documents				
Reporting documents				
<ul style="list-style-type: none"> - BUCO reporting - SDC reporting 	Available Available	Available Available	Available Available	Buco rythm Annually
Annual financial reports	Not available	Not available	Not available	Final financial report not available
Final program report	N/a	N/a	N/a	Not available

Annex No.6: Results as compared to goals, objectives, progress indicators, expected results and activities

Observed Results⁵	Goals and objectives	Progress indicators	Expected results and activities
<ul style="list-style-type: none"> - New internal regulations have been drawn up. - On-the-job training to 2 DNA staff in financial planning. Introduced new financial system. - Coaching with senior staff - DNA 1- and five-year plan were made and DNA monitored its 1-year plan (Increased delegated budgets from 2 in 1998 to 9 in 2000, 6 with formal contracts. (about 60% of the Moz.37 budget) -Funded 3 DNA senior staff retreats - 3 donor meetings organised on gender - All DNA departments now follow GOM procedures for arranging funding through RAF. - DASU (urban water and sanitation) technical assistance developed monitoring and performance indicators for water companies. Draft version awaiting approval. One DNA staff is being trained to monitor and arrange audits for water companies (2 companies audited) - Training provided to DAR (exPRONAR) accountant. Accounts now more transparent & donor friendly. Jointly with DNA & DAR, arranged & funded 3 workshops on demand-based & integrated approach for rural 	<p>Assist DNA in:</p> <ul style="list-style-type: none"> - clarifying its role - redefining its structures - accounts administration - financial planning - management - building on experience with decentralisation - developing concepts for institutional support. - coordinating with other sector partners - giving priority to gender - giving priority to O&M issues 	<ul style="list-style-type: none"> - clarification of DNA's role; redefinition of structures - improve DNAs financial and administrative capacity (in terms of central budget retrieval) - increase delegated budgets 	<p><i>Partial action 1 (DNA)</i></p> <ul style="list-style-type: none"> - provide support to planning and finance department - strengthen DNA's administration and accounting; build management information system - evaluate delegated department budgets - form an institution building working group - working group on gender - working group on O&M - assist DASU with technical and administrative support - assist PRONAR

⁵ Most of these observed results were communicated to the evaluation team by Moz 37; some of them are documented, but generally the evaluation team has no means of verifying these results. Also, many of these observed results are themselves the product of different collaborating actors, Moz 37 just being one of them (e.g., attribution problem).

<p>water. Resulted in a guideline manual for national use.</p> <ul style="list-style-type: none"> - Organised external training for 2 RAF accountants, as well as on the job training. - Trained the GRI (international rivers dept) accountant to manage external funds (DANIDA). - Facilitated donor group discussions resulting in input to the DNA rural water guidelines. The concepts of an integrated approach, (i.e. water-sanitation – and-hygiene are being incorporated into major new rural water programmes (UNICEF, CIDA, DFID and BAD). 8 meetings involving an average of 8 participants for each meeting. - Played a leading role in setting up the 2000 flood emergency commission (co-ordination work, TOR input and funding). Established a financial system to manage foreign funds. Trained 1 accountant in the commission. 			<ul style="list-style-type: none"> - assist RAF - examine HRD plans, etc.
<ul style="list-style-type: none"> - Arranged and funded 2 workshops on national water policy (attended by about 80 participants). - 14 midlevel technicians have been selected by DPOPHs and placed in provinces. - On-the-job training is provided by a fieldbased accountant backed up by a senior consulting accountant. On the job training provided to 4 provinces with a focus on water department and the financial and administrative departments. The DAF (finance department) in 3 provinces now uses the government system and in 2 cases the management of 	<p>Contribute to the institutional functioning at (central) and provincial levels ...</p> <ul style="list-style-type: none"> - develop provincial pilot plan 	<ul style="list-style-type: none"> - develop a provincial pilot plan - increase delegated budgets 	<p><i>Partial action 2 (decentralization)</i></p> <ul style="list-style-type: none"> - pilot planning exercise in Nampula - provincial workshops and seminars on national water policy - training and placing mid-level technicians in the provinces - supporting provincial directorates (administration, finance and accounting) - facilitate the efficient function of water companies - minimal office facilities and equipment - inter-provincial visits and regional workshops

<p>donor funds has improved.</p> <ul style="list-style-type: none"> - 3 water companies have now updated and improved their systems. - 15% percent of the budgets was used to finance the rehabilitation of 3 apartments. Email, internet and fax connections have been financed in 8 provinces. The Lichinga provincial director's office was rehabilitated after it was struck by lightning. - Arranged and funded 4 interprovincial workshops (95 participants) - 3 basic provincial plans have been developed. 			
<ul style="list-style-type: none"> - A DNA HR plan has been drawn up and training items have been implemented - A draft HR strategy was drawn up by DNA - The new HR section has been funded (prefunding staff and renovating office space) - Assisted the HR section in drafting staff performance criteria - Two tailor-made courses were run for all senior staff (25 participants) - Funded and facilitated two visits to the HR departments of the South African water ministry. (6 participants) - DNA formed a scholarship committee and selection guidelines have been drawn up 	<p>Support human resources development in the areas of</p> <ul style="list-style-type: none"> - needs analysis - management training programmes - targeted training 	<ul style="list-style-type: none"> - elaboration of a short-term training program and its implementation - elaboration of HR strategies - creation of an HR unit in DNA 	<p><i>Partial action 3 (HRD)</i></p> <ul style="list-style-type: none"> - identify training institutions - provide training (management, O&M, planning, monitoring, budgeting, accounting) - HR development policy/plan - form HR unit within DNA - develop standard selection criteria for scholarships and other training
		<p>Give impetus to the take off of HRD and institutional support within the World Bank/DNA water sector</p>	<p><i>Partial action 4 (Collaboration with World Bank/DNA programme)</i></p>