



Governance and Democracy: European Community Aid Policy and Practice

Mozambique

Dr Sven Grimm

Commissioned by
One World Action, UK

Bonn, May 2006

The views and opinions expressed in this report do not necessarily reflect those of One World Action.

Abbreviations

ACP	- African, Caribbean, and Pacific Countries (signatories of the Cotonou Agreement)
BTI	- Bertelsmann Transformation Index
CFSP	- Common Foreign and Security Policy
COM	- European Commission
CPA	- Cotonou Partnership Agreement
CSP	- Country Strategy Paper
DELMOZ	- Delegation of the European Commission in Mozambique
DFID	- Department for International Development
EC	- European Community
EDF	- European Development Fund
EIDHR	- European Initiative on Democracy and Human Rights
EU	- European Union
FRELIMO	- Liberation Front of Mozambique, political party
G-18	- Coordination Group of 18 donors on budget support to Mozambique
GAERC	- General Affairs and External Relations Council
GoM	- Government of Mozambique
NAO	- National Authorising Office
NGO	- Non-Governmental Organisation
NIP	- National Indicative Programme
NSA	- Non-State Actors
OWA	- One World Action
PAF	- Performance Assessment Framework
PARPA	- Action Plan for the Reduction of Absolute Poverty
PAP	- Partners Assistance Programme (= G-18)
PRSP	- Poverty Reduction Strategy Paper
RENAMO	- Mozambican National Resistance Movement, political party
SADC	- Southern African Development Community
UNDP	- UN Development Programme

Acknowledgement

This country report was largely made possible by close cooperation and support by the Delegation of the European Commission in Maputo/Mozambique. Interviews in Maputo were undertaken between 16 and 24 February 2006 and would not have been possible without the particular support of Fotini Antonopoulou, governance officer at the Commission's Delegation in Maputo. Staff of the Delegation and all other interview partners were welcoming and undertook much appreciated efforts to accommodate for the research, take time for interviews and to provide the necessary documentation. The author would like to express his gratitude to all interview partners in Mozambique for their time and engagement.

Table of content

EXECUTIVE SUMMARY	4
1. INTRODUCTION.....	9
2. MOZAMBIQUE’S GOVERNANCE RECORD (2000-2006).....	11
3. RATIONALE AND INSTRUMENTS OF EC/EU COOPERATION	13
3.1 THE POLITICAL DIMENSION OF EU EXTERNAL RELATIONS	14
3.2 THE POLICY DIMENSION - DEVELOPMENT ASSISTANCE UNDER COTONOU	15
3.2.1 <i>EDF funding</i>	16
3.2.2 <i>EU budget lines (in cooperation with Mozambique)</i>	17
4. POLITICAL AND SECTOR POLICY DIALOGUE EU-MOZAMBIQUE.....	17
4.1 HIGH-LEVEL POLITICAL DIALOGUE	18
4.1.1 <i>Cotonou Framework political dialogue and elections</i>	18
4.1.2 <i>The European Initiative for Democracy and Human Rights (EIDHR)</i>	21
4.2 POLICY DIALOGUE IN SECTORS.....	25
4.2.1 <i>Decentralisation and rural development</i>	25
4.2.2 <i>Legal sector reform</i>	27
4.2.3 <i>Gender as a cross-cutting issue</i>	28
5. GOVERNANCE SUPPORT THROUGH AID MODALITIES?.....	29
5.1 PRINCIPLES AND PROCEDURES OF EU BUDGET SUPPORT	29
5.2 EU BUDGET SUPPORT IN THE MOZAMBIKAN CONTEXT	30
6. CONCLUSIONS AND RECOMMENDATIONS.....	33
BIBLIOGRAPHY	36
INTERVIEWEES	39
Box 1: EU Election Observer Mission to Mozambique (December 2004)	19
Box 2: Project on Radio Integrated Civic Education (RADICE)	24
Box 3: Non-State Actors in service provisions.....	26

Executive Summary

1. Mozambique is an international “donor darling” and has seen high levels of aid inflows in the last decade. This is partly based on stated political will for change and visible positive changes in key indicators for socio-economic government. Partly, it is also due to more negative developments in other former ‘African show case countries’ (such as Uganda and Ethiopia). Presumably as an additional motivation for a number of donors, Mozambique is situated in a difficult geopolitical setting, with Zimbabwe and Malawi as rather negative examples and more difficult environments in Zambia and Madagascar. Also, the civil war in Mozambique is still fresh in mind.
2. The country has undergone considerably positive change over the last decade: from a country torn by civil war, it has emerged as one of the positive examples for development in Africa. Indicators for economic growth and democratic rule have seen positive change over the last years. Some structural problems, however, prevail and more differentiation is needed on details of governance. While further consolidation can be seen in the area of political stability and the rule of law, the political culture is of concern to outside observers – particularly visibly so in times of election campaigns. State effectiveness and the fight against corruption are other governance issues of importance to the prospects for development in Mozambique.
3. The European Commission operates from the basis of high levels of trust in the developmental orientation of the government of Mozambique. This generally positive perception is shared with other donors in Mozambique, including almost all EU-15 Member States. Furthermore, there seems to be a widespread awareness of the political nature of interactions between the European Commission and the government of Mozambique in general, and the importance of donors’ impact on Mozambican governance in particular. This awareness includes both the rather more “technical” side of specific sectors/projects, and at the high level of “dialogue between partners”. While this might seem self-evident in today’s perspective, it definitely illustrates an evolution from the European Commission’s perception of the late 1980s and was consequently – on the broader picture – much reflected in academic literature in the 1990s (about the “actorness” of the EU in international relations).
4. Overall, the European Commission is one of the biggest donors in aid volume to Mozambique; it thus has a certain weight as an actor in Mozambique. Commission also appears to perceive Mozambique as a very positive case, as the publication of a brochure on EU-Mozambique co-operation¹ illustrates. More substantial an indicator of Mozambique being regarded as a positive partnership is the heavy emphasis in the volume of financial engagement on direct budget support to the country, which accounts for around half of the funds under the 9th EDF. This aid modality is strongly linked to a governance rationale.

¹ European Commission (June 2004): Mozambique – rebuilding an African nation. Twenty years of European Union – Mozambique co-operation. Brussels: DG Development.

5. Despite overall positive development indicators, there are strong deficits in the Mozambican justice sector (including the ministries, the judiciary and the prosecution). Beyond general popular mistrust of the judiciary's reliability at district or provincial level, individual setbacks at the top level (very prominently: obvious slippages in the treatment of the Cardoso murder case) might have negative repercussions on the individual use of certain basic freedoms. The judiciary is regarded as a crucial element in mainstreaming governance in the country. The legal sector seems to be where concerns of democracy, human rights and the rule of law are most obviously pertinent. Donors, including the European Commission work at improving governance in the legal system by further emphasising the issue in the PAF and moving from projects to sector programmes, embracing all stakeholders, i.e. the relevant line ministries, the prosecution and the courts, and additionally including civil society actors.
6. With regard to interventions concerning governance in Mozambique, the Commission's delegation in Maputo has a full range of instruments at hands, ranging from high level engagement with GoM over sector activities on justice to smaller projects with local non-state actors.
7. A key document for cooperation is linked to the tool of budgetary support. The Performance Assessment Framework (PAF), agreed upon between 18 donors – including the European Commission – and Mozambique, focuses on Public Financial Management (PFM), which in itself is a governance issue. However, the PAF also explicitly includes broader governance issues, such as decentralisation, good governance, anti-corruption and aspects of gender equality. The European Commission practice of direct budget support via variable tranches attempts to create more outcome-orientation in development cooperation by linking aid to the performance and the fulfilment of agreed targets related to Mozambican government priorities. The tranches approach is original to the European Commission cooperation and somewhat reacting to the alleged “culture of entitlement” (Santiso) without compromising predictability of aid flows for the partner government.
8. Monitoring and evaluation of public financial management aims at addressing structural shortcomings in governance of partner countries, both in coordination with other donors and aligned to Mozambican government planning. Yet, a number of areas are difficult to assess with quantitative targets, not least so questions of governance. Indicators often are rather at the policy and legislative level (formulation and approval of legislation) rather than on implementation. This seems to be particularly the case in the area of good governance, which is hardly quantifiable.
9. European Commission aid policy and activities by the delegation in Mozambique are apparently also aiming at indirect support for the transparency and accountability of public policy in Mozambique by attempting to foster activities of civil society, the media and – not least – strengthening national parliament, i.e. the rationale is aiming at improving national governance. However, the structural shortcomings are also a constraint for the very interventions that mean to overcome them.

- In the case of Mozambique, CSOs are weak and cannot look not very far back on their traditions. The end of the civil war and democratisation date back only about a decade. Some European Commission activities via the EIDHR are aimed at particularly fostering CSOs' capacities. This is done by relatively small amounts of money, but capacity-building is far from being a question of money only. Too much money too soon could even be counterproductive, as there can be expected to be limits to the capacity of management/scrutiny.
 - The media seem to work relatively independently in Mozambique – with technical and administrative shortcomings to be expected at the Mozambican level of development. EIDHR activities aim at improving national and local capacities of journalists, particularly around the time of elections.
 - Parliament is regarded as politically weak in the Mozambican context. While the majority supports “their” government (i.e. a difficult question of understanding of Parliamentarians' roles), opposition is not well endowed with capacity to challenge government on a high “technical” level of argument. The emphasis on the PAF – which is publicly available – indirectly assists Parliament in its function, as these pieces of information can be used by MPs to challenge government. A number of donors, including the European Commission, consider more engagement with Parliament (capacity-building). This, however, is a difficult endeavour due to questions of legitimacy of national Parliaments. Their legitimacy derives from the role of national representation, which might be regarded as compromised by donor engagement (questions of internal vs. external accountability).
10. Not all assistance in the area of governance necessarily has to be linked to funding. Explicit reference was made to the handbook on gender in development, which was apparently also considered useful by Mozambican interview partners.
11. With regard to European Commission delegation capacity, staff was considerably stocked up in the process of deconcentration; it more than doubled from 22 to 59. These additional staff are mostly in accounting and contracting activities, which, however, already shortens communication chains and facilitates “quick enquiries”. Additionally, project staff was posted in the delegation. With regard to support to governance, new staff at DELMOZ comprises the post of an EIDHR officer, but also a locally contracted expert on governance. Furthermore, DELMOZ also has a seconded staff from a Member State diplomatic service (Portugal) who is responsible for political affairs, press and information. This set-up of drawing back on Member States' staff is laudable and gives a perspective of what could be institutionalised under the EU Constitution. The arrangement, however, also illustrates what is possible even without constitutional change, provided there is a political will at the ‘Brussels’ level.

12. In the recent past, technical problems at Commission level in the context of deconcentration have at times delayed implementation of programmes, resulting in them being too late for the local elections in 2003. These difficulties might be qualified as transition problems, as DELMOZ is currently only managing the second round of Calls for proposals. In the case of the specific project mentioned, DELMOZ staff was regarded as having the best intentions and being helpful through the transition time; best use seems to have been made of the money despite changes in planning. However, the European Commission is still notorious among beneficiaries and other donors in Mozambique as being “heavy on procedures”. Even though this a general statement often based on non-specific observations from the outside, this has been stated throughout the (non-representative) sample of interviewees in a more or less pronounced way. The European Commission in this aspect seems to be closer to a multilateral agency in functioning, as procedures of reporting relates back to much demand for accountability from stakeholders (i.e. the membership) – notwithstanding that the organisation of this reporting is done by the institution itself.
13. This creates problems, not least so a problem in the interactions with stakeholders; it would already be harmful even if the problem only existent at the image level (as it would impact on trust within the EU and consequently on the willingness of Member States to share competencies). There were particular transition problems with deconcentration, when responsibilities between the headquarters and the delegation were not clear or not yet substantiated by trained staff in the delegation. However, some of the problems seem to be rather structural and thus more difficult to overcome.
14. It will be unlikely to find quick-fix solutions to the problem of procedures at the level of DELMOZ for a at least two reasons:
- The headquarters has retained certain responsibilities and thus – like for any other agency – the relationship between DELMOZ and the headquarters must evolve. A lot also depends on individual contacts.
 - Even if procedures are changed for more recent procedures, including a sun-set clause for committed funds under the 9th EDF, “older funds” are still around. Some projects date as far back as the 6th EDF – money that could not be spent partly due to the civil war in Mozambique. Yet, this money did not “go back into the financial pool”, but remained committed to certain sector activities. It is now administered according to the previous rules alongside “new” money.
- Therefore, at least for an intermediary period of time, the processes will be more confusing for the outside observer. This existence of different parallel funding structures also means additional workload for both DELMOZ and the beneficiary.
15. Leading in specific sectors – including governance – requires a clear political vision and good articulation of these, as well as taking on board all relevant actors. With regard to European Commission interaction with Mozambique, the direction of change seems to be right. A number of bigger reform initiatives would impact on delegation performance, but are out of the delegations responsibilities. DELMOZ will have to work around some structural shortcomings and consider them as best they can

in their work at local level. Commitment to working on governance support to Mozambique appears to be given.

16. While this report does not claim to be an in-depth evaluation of European Commission activities in the area of governance, some issues in European Community support to governance in Mozambique could be identified and recommendations on these can be made:

- The work on alignment of activities to priorities of the government of Mozambique should continue (and needs) to build on dialogue. This dialogue will have to continue addressing more than ‘technical issues’ around budgetary management, including values and norms and their application in the Mozambican context. The delegation in Mozambique is not an aid agency office, but rather a political representation with strong donor characteristics.
- Alignment will increasingly have to include non-state actors when they operate as service providers in Mozambique. This is a particular challenge, as a balance has to be struck between governance capacity (political steering, effectiveness of state institutions) and governance quality (democratic norms, support to opposition forces). DELMOZ appears to be aware of this consideration and should continue to build on this strength in Mozambican discussions around best-practice. Cross-country learning is particularly important in cases where the governance record has deteriorated so as to understand the early warning signals. However, staff will need to be given the space for exchange across countries and probably also across sub-regions, so as to prevent an add-on agenda and overstretched expectations.
- Alignment with national planning, however, becomes politically highly sensitive around the key moment in democracies: the organisation of elections. While the Mozambican experiment with budget support for the preparation of elections seems to have been working, the use of this aid modality with a rather long-term vision to quickly fill funding gaps should not become a quick-fix or one-size-fits-all solution for other cases.
- Target indicators on governance in the context of the Mozambican PAF will need to be further developed, so as to include quality issues. A trade-off to be considered is the danger of overburdening Mozambican administration with additional reporting. This issue is not exclusively a matter of DELMOZ or the European Commission’s immediate activities, but rather concerns the G-18. In this context, however, DELMOZ should engage to refine indicators and the assessment of their achievement.

1. Introduction

This report is part of a global study of One World Action on the European Community's policy and practice of support for governance and democracy. It gives an overview of the European Commission's activities in Mozambique since the key reforms of European Commission assistance, thus starting in 2000. Devolution of more decision-making to the European Commission's in-country offices ("deconcentration") was undertaken in the case of Mozambique in 2003. This report, however, is not a fully fledged evaluation of activities in this area or its impact on Mozambique. Neither the time frame of this study nor the very recent experience with deconcentration would permit a methodologically sound evaluation. The study is rather mapping European Commission activities and puts it into the context of the Commission's rationale of interventions with regard to the governance implications and challenges in Mozambique.

European Commission external relations have been reformed since the late 1990s. Particularly the Commission under Romano Prodi since 1999 has speeded up reform and introduced a number of new planning documents in international cooperation, from country strategy papers, policy documents on specific sectors (often in the form of Commission communications, including one on "Governance and Development" of 2003) to an overarching EC development policy statement in November 2000. Also in 2000, the Lomé Convention was replaced by the Cotonou Partnership Agreement, which, after having been ratified in 2003, meant a change in the basic document for cooperation between the EU and ACP countries, including Mozambique.

The relationship between the EU and Mozambique (like all ACP countries) is based on the notion of partnership. Even though the practice of this very "asymmetrical" partnership has been put into question by a number of scholars, this starting point creates certain institutions to accommodate for partner's participation and ownership. Regular joint reviews are part of the Cotonou Agreement – on an annual basis and comprising also one mid-term review of the 9th EDF; they are relevant documents for any assessment of European Commission activities in Mozambique. Most documents on European cooperation consulted for this study are publicly available, not least on the website of the Commission Delegation in Mozambique (<http://www.delmoz.cec.eu.int>).

Furthermore, a number of documents has lately been written for and by both the EC cooperation (i.e. policy conducted under the lead of the European Commission) and for EU development policy, embracing both the Commission's and Member States' policies. Of the latter category, the European Consensus on Development (2005, replacing the EC development policy statement of November 2000) and the EU Africa Strategy (2005) are to be listed as relevant for cooperation with Mozambique.

In addition to these policy documents, the report is based interviews in Maputo 16 to 24 February with staff of the European Commission delegation, civil servants of the Government of Mozambique and members of the donor community in Maputo, including staff of bilateral donors such as DFID or the Dutch cooperation as well as multilateral

agencies (UNDP). A list of interview partners and a bibliography can be found at the end of this report.

Given its tight timeframe, the study is identifying broader lines of arguments and might therefore not always reflect the full diversity of opinions and debates in European Commission policy on governance support to Mozambique. It cannot and does not claim to be a comprehensive evaluation of all European Commission activities one could file under support to governance in this country, i.e. all formal and informal institutions that impact on the functioning of the polity. It is much rather a mapping of the activities which highlights some examples and attempts to draw general conclusions on the rationale of interactions and its appropriateness in the Mozambican context. As the focus of the study is on rationale and planning of the Commission's delegation, the research is based on key documents and interviews with actors in the capital, i.e. at the European Commission planning level.

The report is structured as follows: After this introduction, chapter 2 gives a brief general overview of the Mozambican governance situation and challenges. The chapter aims at providing an overview over the political dynamics in which support for governance in the country takes place. The section will be based on assessments of the country published by the World Bank, the Bertelsmann Transformation Index and other publications.

The European Commission's instruments for interactions in an ACP country like Mozambique are introduced to the reader in chapter 3. The aim of this chapter is rather broad and observations necessarily at the generic level, exploring the general policies at Brussels level and the provisions of the Cotonou Partnership Agreement. However, the specific functioning of the European Commission, limitations of its mandate and the institutional setup of the European Union (including the European Commission and bilateral Member State's policies) have to be understood to make a statement about the European policy on governance and democracy.

Chapter 4 looks at the EC/EU's interactions with Mozambique around the broader understanding of governance. It is structured along the distinction between the political dialogue and dialogue on policy, which was made in chapter 2. In this chapter, the use of the instruments by the Commission and its delegation in Maputo in the Mozambican context is looked at. Chapter 5 explores the specific aid modality of budget support and its practice in Mozambique. Finally, conclusions and recommendations will be found at the end of the report in Chapter 6.

2. Mozambique's governance record (2000-2006)

Mozambique held its first multiparty elections in 1994, after a peace agreement between the government under the ruling party FRELIMO and the then-rebel group RENAMO in which the UN played a determining role. The peace accord leading to these elections had been signed in Rome in 1992. A peaceful country with high rates of economic growth since the mid-1990s and despite a number of natural disasters (not least large flooding in 2002), the country is considered by the international donor community one of the rare success stories on the African continent.

Mozambique can also claim policy success with regard to the decreasing prevalence of poverty in the country. The ratio, however, is still high and Mozambique remains one of the poorest countries and is ranked 157 in human development. BTI states: "Although preliminary results of the 2002-2003 household surveys indicate that the national poverty rate decreased from 69.4% in 1997 to 54.1% in 2002-2003, the regional imbalances are still striking and survey results need to be complemented and substantiated by qualitative studies" (BTI 2006). The national Poverty Reduction Strategy in Mozambique is known under the name PARPA (Plan for the Reduction of Absolute Poverty). Government is regarded genuinely committed to improving the situation in the country. However, BTI criticises: "Expenses in key sectors decreased from 19.1% of total expenses to 18.4% in 2003. For example, spending in the education sector fell from 6.8% in 2001 to 4.8% in 2003."

Freedom House ranked the country as 'partly free' since 1999, with scores on political rights (3 out of 10, 1 being best) and civil liberties (4 out of 10, 1 being best) unchanged between 1999 and 2005. Despite the generally positive development in its relatively short history of independence, and particularly since the late 1990s, Mozambique's political culture is of concern to observers.

World Bank governance indicators since 1996 draw a picture of increasing stability and improvements on the rule of law in the country, starting from a very low level. The most persistent improvement can be observed in the area of rule of law.

Table 1: World Bank Governance Indicators Mozambique

	1996	1998	2000	2002	2004
Voice & Accountability	-0.19	-0.10	-0.28	-0.26	-0.13
Political Stability	-0.22	-0.71	-0.27	0.55	-0.15
Government Effectiveness	-0.60	-0.18	-0.26	-0.41	-0.39
Rule of Law	-1.17	-1.02	-0.73	-0.65	-0.29
Regulatory Quality	-0.91	-0.29	-0.14	-0.64	-0.60
Control of Corruption	-0.48	-0.77	-0.43	-1.01	-0.79

Indicators are measured in units ranging from about -2.5 to 2.5, with higher values corresponding to better governance outcomes.

Source: World Bank, <http://www.worldbank.org/wbi/governance/pubs/govmatters3.html>

Since 2000, a number of indicators have deteriorated again, most prominently so the indicator on control of corruption, government effectiveness as well as voice and accountability. In 2004, all indicators but for political stability have improved again, compared to 2002. Yet, there is still a high level of corruption and concerns about the regulatory quality; consequently, government effectiveness is also relatively low. Disputes around the elections in 2003 and 2004 apparently have a negative effect on the indicator for political stability.

Mozambique is characterised as an electoral democracy with regular, free elections. The country has not yet passed the criterion for a consolidated democracy with a double change in government through elections. In fact, no change in party affiliation of national governments occurred since independence. Yet, the country currently has its third president since independence whose administration came into office in 2004. Not least due to the history of civil war in Mozambique, the political scene is highly polarized between the two parties. FRELIMO is the most functional political organization and dominant political force in the country. BTI notes that “[m]ost public servants in Mozambique are members of the ruling party and benefit from association this in one way or another” (BTI 2006). RENAMO, on the other hand, has had difficulties to transform into a respectful and effective opposition party. Its strongholds are largely identical with regions it controlled at the end of the civil war in 1994. FRELIMO is the dominant party in Mozambique, controlling key decisions and resources, which poses problems to opposition party’s mobilization: “The relative weakness of the opposition is in part structural, as evidenced in the massive advantage of the ruling party that is able to acquire discretionary power over the use of state resources for party political ends and is in a position to attract the support of private businesses that are willing to pay into the party’s treasury” (SwissPeace 2005: 4).

Despite elections being regular and free, their fairness has frequently been questioned. Election results since 1994 have been endorsed by the international community – despite criticism about their preparation and the level of transparency in vote counting – and have ultimately been accepted by the Mozambican opposition after initial challenges. As the BTI country report Mozambique notes, the country is characterized by “neo-patrimonial structures and endemic corruption within the state apparatus. This not only has a negative impact on the sustainable development of Mozambique, which requires stable and accountable political institutions, but it also affects the state–society relationship and leads to an erosion of the state’s legitimacy.” (BTI 2006). This characterization, however, is in no way felt to be unique to Mozambique; it might be true for most Sub-Saharan electoral democracies.

Mozambique has seen a large number of donors active in the support of its development. This exposure to international donor discussions and practices has led to a certain level of ‘craftsmanship’ in the Government of Mozambique in engaging with donors (‘speaking donors’ language’). The cooperation, be it political or on policies, is managed by a small elite in Mozambique, mostly located in central government in Maputo. There is a certain leadership in discussions, responsiveness in the dialogue, and – to some extent – ownership of the programme (i.e. a commitment to development of the country).

However, not surprisingly for a country of Mozambique's level of development, problems of implementation of policies exist. To the knowledge of the author, no donor has pulled out of Mozambique due to political reasons in the last decade. The decision about modalities, intensity and specific areas of engagement of the European Commission – beyond the fundamental decision on whether or not to engage at all – is the subject of this report.

3. Rationale and instruments of EC/EU cooperation

Governance and institutional capacity building is one of the focal sectors of European Commission development cooperation, as outlined in the EC Development Policy Statement of November 2000 (cf. ECDPM/ODI/ICEI 2005). In its communication on Governance and development (2003), the European Commission outlined its understanding of support to governance. The paper stated that focusing on governance means working with governments on capacity building in all policy areas of cooperation, while at the same time encouraging participatory approaches to policies and thus including civil society in European Commission work (including in third countries). In the communication, the Commission emphasises that the impact of EU policies and instruments on poverty reduction, and the promotion of sustainability largely depends on the quality of the policy dialogue and the consistency of EU programmes with partner country's approaches to governance. This rationale has repeatedly been stated by the European Commission and can consequently also be found in the part on European Commission development policy within the European Consensus on Development (i.e. the new development policy since December 2005), where 'governance, democracy, human rights' also feature as one of the key areas in which the European Commission will be active. Democracy, human rights, and the rule of law are explicit core parts of the EU's external activities, covered by the EU and EC treaties as areas of common European activities, both under the Common Foreign and Security Policy (CFSP) and development policy (TEU Art. 11 and TEC Art. 177).

External relations of the European Union embrace the provision of development assistance and 'classical foreign policy'. Beyond these two policy areas of relevance to this report, trade, monetary policy, and enlargement are regarded as part of the RELEX family within the Commission. The European Community has an explicitly political mandate and elements of supranational scrutiny (beyond intergovernmental deliberations), the strength of which is varying across policy areas. It is thus not operating as a multilateral organization. Part of the EU's policy, however, is formulated with only limited involvement of supranational bodies of the Union, not least foreign policy under the Common Foreign and Security Policy. CFSP concerns can have an impact on the EC's policy, for instance when decisions on political sanctions are taken; these actions require coordination across policies.

But even on a less 'dramatic' or drastic level, different policies interact. EU electoral observer missions, for instance, are usually staffed by Member States and funding outside regional partnership agreements. In country representation of the EU is usually provided

by the Member State currently holding the EU Presidency; nevertheless, the EU delegation plays a role in guaranteeing consistency and providing some sort of institutional memory.

In its activities, the Commission at headquarter's level is accountable to both the European Parliament and Member States' representatives in Brussels-based committees ('comitology'). This way of operating is not comparable to national policy-making. In the national setting, foreign affairs is the privileged domain of the executive. The executive in the European context – including in the area of external relations – is not limited to the Commission but involves Member State governments. This operational setup potentially has an impact on the Commission's range of manoeuvre; it is operating on a different basis from national governments. The Commission as a donor faces arguably greater scrutiny by stakeholders than some national governments and, even though not being a multilateral organisation, is therefore operating more like a multilateral donor with regard to its requirements for accountability towards stakeholders. The Commission, contrary to some national governments, for instance, does not have discretionary funds for external activities and will therefore be potentially slower and more cumbersome in its financial interactions with e.g. small civil society organisations when compared to bilateral donors.

3.1 The political dimension of EU external relations

The basic document for EU relations to all ACP states, including Mozambique is the Cotonou Partnership Agreement (CPA). This document outlines the dimensions of EU-ACP relations (political, trade, aid). The Agreement covers some key elements of the partnership which all concluding parties have agreed upon and have to adhere to. Article 9 of the CPA lists the 'essential elements'², which consist in respect for democracy, rule of law, and human rights. Since the revision of the Cotonou Agreement, a clause was also included on the rejection and non-proliferation of 'weapons of mass destruction' (WMD) as an essential element. This clause is to be introduced in all 'mixed agreement' (i.e. development and foreign policy, for which the relationship to the ACP is a good example). These elements constitute the political character of the CPA and provide for an explicit *political* dialogue beyond the *policy* dialogue practiced in development cooperation (discussed below).

As with the essential elements, fundamental elements indicate the core values of the agreement. However, they do not have the same legal force as the essential elements: cooperation cannot automatically be suspended if they are violated. The only fundamental element of the CPA so far is adherence to the principle of 'good governance'. It was initially proposed in the negotiations to the Cotonou Agreement that 'good governance' should be an essential element. This triggered long discussions with ACP partners in order to identify an objective indicator. The ACP feared a 'catch-all' clause

² 'Essential elements' relate to the 1964 Vienna Convention on international treaties. The Convention states that if an essential element is violated by one party, the treaty can no longer be considered as binding on the other partners. As a result, this can mean that a partner can declare an international agreement suspended. For example, granted preferences/aid/assistance can be withheld in a partnership with developing countries.

for the suspension of aid, as governance shortcomings could arguably be regarded as a defining feature of developing countries. The EU ultimately defined good governance as ‘the transparent and accountable management of human, natural, economic and financial resources for the purposes of equitable and sustainable development’ (Article 9 CPA). Governance was thereby defined as the (state) management of resources, rather than as an umbrella concept.³ There is only one indicator for good governance which is the level of corruption: ‘The parties agree that only serious cases of corruption, including acts of bribery [!] leading to such corruption [...] constitute a violation of that element.’ (Article 9, para 3). After the mid-term review of the Cotonou Agreement, a counter-terrorism clause was introduced which has become another ‘fundamental element’ in January 2006.

In the case of violation of essential elements, the cooperation can ultimately be suspended, i.e. aid funds can be frozen and trade preferences suspended. After some disappointing experiences in the 1990s with the suspension of aid, the EU now emphasises in its official statements its use of ‘positive measures’ to enhance the political conditions in partner countries (see above). In theory, topics of common interest (with possibly differing perspectives) should ideally lead to political dialogue on the topic. The political dialogue is thus supposed to provide for a forum *before* the breakdown of discussion. However, a disagreement between parties is the real test of the partnership. It might lead to the exchange of *démarches* or – further down the line – summoning the ambassadors into the Foreign Office, suspending or disrupting diplomatic contact.

The application of economic sanctions (targeted or non-targeted) against states as an instrument of last resort, however, establishes a clear linkage between foreign and development policy and requires coordinated procedures. Trade and/or aid experts will have to consider more than purely functional and sectoral (i.e. technocratic) logics as trade and/or aid sanctions require the incorporation of broader interests into technocratic considerations. In the case of the EU, these different donor government coordination requirements are increased 25-fold. Additionally, the involvement of different government departments at the national level and the blurring of the distinction between internal and external policy fields lead to the need for ‘cross-pillar’ coordination at the European level. The CFSP is not a Community competency which means that the Commission’s involvement is limited in this area, while trade is one of the most communitarised policies within the Community; development policy, on the other hand, is a shared competency between the Community and the Member States. EU internal disagreement – i.e. differences among Member States – seems to have been the largest obstacle to the application of sanctions. The multitude of actors with different agendas and/or interests increases the potential for friction among EU Member states and hence the sending of ‘mixed signals’ to recipient governments. Within this difficult structure, the Commission – and not least the delegations in the countries – have to strike a balance of interests.

3.2 The policy dimension - Development assistance under Cotonou

³ It had previously been considered to include democracy, the rule of law and human rights.

EC development assistance is operating under the general guidelines for promoting democracy, the respect for human rights and the rule of law, as well as good governance, as outlined above. Provided that the essential and fundamental principles are respected, financial cooperation with ACP countries (thus including Mozambique) is usually predominantly funded via the European Development Fund (EDF). Thematic issues, however, can be globally funded via the EU budget (budget lines). Both instruments are presented in this section.

3.2.1 EDF funding

The EDF is not subject to decision-making or scrutiny of supranational bodies of the EU, such as the Parliament or the Court of Justice. It is legally set up as an intergovernmental programme, agreed every five years by EU Member States.

The fund is administered by the European Commission, with scrutiny by Member States via the EDF-Committee in which state representatives are sitting. The indicative programme for assistance under the Cotonou Partnership Agreement is agreed jointly by the European Commission and the partner country. Also foreseen by the CPA is joint monitoring of projects and programmes. ACP states, for their part, are “responsible for

- defining the objectives and priorities on which the indicative programmes are based,
- choosing projects and programmes,
- preparing and presenting the dossiers of projects and programmes,
- preparing, negotiating and concluding contracts,
- implementing and managing projects and programmes;
- and maintaining projects and programmes” (CPA, Art. 57).

This joint approach is aiming at improving – but also limited by – partner country capacities and strengthening national institutions in the cooperation.

With regard to informal institutions of relevance in the area of governance, the joint approach (i.e. the need for government priorities and approval of aid interventions) might mean limitations to the programme in the short-term perspective. The selection of a priority for non-state actors, for instance, would depend on the political will of the partner government. Budget lines of European Commission cooperation beyond this partnership are a conceptual inconsistency in the partnership approach (as they circumvent joint planning). For precisely this reason, however, they might provide a potentially important complementary function in the cooperation (see below).

The outline of the financial programming is laid down in the National Indicative Programme (NIP) and annexed to the Country Strategy Paper (CSP), which is publicly available.⁴ Aid under the EDF is classified into two envelopes, defined in Annex IV, article 3.2 of the CPA. Funds for macroeconomic support, sectoral policies, programmes, and projects are treated in paragraph (a) of the aforementioned article; this category of long-term development assistance is thus labelled “Envelope A”. More detailed

⁴ http://europa.eu.int/comm/development/body/csp_rsp/csp_en.cfm

allocation of the funds under the A Envelope is indicated in the NIP. Paragraph (b) of the article covers allocations foreseen for emergency assistance, contributions to internationally agreed debt relief initiatives and support to address external shocks ('Envelope B').

The EDF is decided upon for a planning period of five years, currently covering the period until 2007 for the 9th EDF. With the Cotonou Agreement, de-committing of unused funds is possible; unused funds from previous EDFs are transferred into the 9th EDF (Annex I of CPA). Nevertheless, some 'old money' is still spent. In the case of Mozambique, for instance, there is (exceptional) funding for telecommunications from the 6th EDF (originally drawn up for the period 1986-1990). These funds can only now be spent, in large parts due to the civil war in Mozambique. Procedures, however, may differ from fund to fund. This financing situation is improving since the reform of external assistance in the late 1990s/early 2000. Yet, the confusing financial arrangements with different procedures for EDFs and monies from the EU budget will continue for some time – even if big reforms in the financing should be decided upon.⁵

3.2.2 EU budget lines (in cooperation with Mozambique)

Parallel to these EDF funds – subject to specific partnership arrangements – certain topics are funded by the EU via thematic budget lines. Budget lines are thematically attributed, i.e. they are not attributed to a regional programme but operate as cross-cutting and can be used globally. Funding via budget lines is no direct grants to government budgets, but operates through local or EU-ACP wide calls for tender.

In 2004, assistance from the EU budget accounted for almost half of the European Commission's committed official development assistance to Mozambique: €21.56m out of €46.96m in total commitments (European Commission 2005). Budget lines of relevance for Mozambique are on food security (NB: also funded as a focal sector under the EDF cooperation with Mozambique) and the European Initiative for Democracy and Human Rights (EIDHR, see below for examples). Assistance to Mozambique via budget lines is also covered by the CSP – to the extent known at the time of writing the CSP. The CSP for Mozambique, for instance notes the country's eligibility for funding from the budget lines for food security and the EIDHR, "Finances from these instrument [sic] will, however, be decided in accordance with the Community's procedures for the budget lines concerned and will depend on availability of funds" (CSP, p. 25).

4. Political and sector policy dialogue EU-Mozambique

⁵ There are currently discussions about assembling the diverse budget lines into six budgetary instruments, including one for the promotion of democracy and human rights (to include the current EIDHR, cf. COM (2006) 23) and one for cooperation with non-state actors (cf. COM (2006) 19). For the thematic papers, see http://www.europa.eu.int/comm/development/body/communications/thematic_programmes.htm. The discussion on including the EDF into the EU budget, on the other hand, seems to have come to a standstill due to lack of political will in some Member State capitals.

The key reference document for the EU's support to Mozambique is the Country Strategy Paper (CSP) for the period 2001 to 2007. As the paper has been written some years ago, certain adjustments in programming were made after the mid-term review and updates on the situation can be found in the joint annual report. Under the 9th EDF (i.e. the planning period of the current CSP) funds for Mozambique are roughly allocated as follows:

Envelope A

- | | |
|---|--------|
| • Macro-economic support (general budget support) | 45-55% |
| • Transport and infrastructure | 25-35% |
| • Food security and agriculture | 0-15% |
| • Other programmes
(health, HIV/AIDS, governance and non-state actors) | 10-15% |

Envelope A initially had a volume of €74m, of which the three focal sectors are planned to account for 85-90% of all funding. Governance is a non-focal sector in the cooperation with Mozambique. Envelope B was foreseen to be provided with €5m for unforeseen emergencies. After the mid-term review, funding was shifted from Envelope B into A (i.e. a large proportion of the contingencies into the overall programme) and considerably stocked up with an additional and very substantial €205m for Mozambique as a good performer.

4.1 High-level political dialogue

Conceptually, political dialogue can go beyond policy dialogue, even though it is often understood to take place particularly around key decisions for development cooperation (e.g. programming and reviewing of assistance). Political dialogue in this section is understood as the continuous high-level policy process, which is not thematically restricted. Nevertheless, key areas for dialogue can be identified beforehand and are found in the essential and fundamental elements of the Cotonou Agreement (see above). The process referred to in this section is thus in the (at times disputed) territory between foreign policy and development cooperation and in the EU context is rather on the side of CFSP than development.

4.1.1 Cotonou Framework political dialogue and elections

Decision of obvious political nature ('high politics'), is much rather taken at the level of the EU Council of ministers (in its GAERC composition) than in the Commission itself (let alone at the delegation). The delegations, however, write quarterly political reports to the Commission's headquarters, of which copies are sent to the office of the CFSP high representative.

While the political climate in Mozambique has tensed up over elections in 2004, the general relationship between the EU and the partner country Mozambique is regarded as 'positive' and 'constructive':

“Throughout the process so far, the European Community and its partner donors have enjoyed a positive relationship with the Government of Mozambique and its administration: the dialogue has been pursued in a constructive atmosphere” (European Commission's brochure, 2004)

A number of authors put this provision for dialogue into critical perspective by pointing out the ‘asymmetric relationship’ between a donor and recipient countries (Grimm 2004, Santiso 2003, Elgström 2000). Apart from these essential and fundamental elements, dialogue is described as one of the key elements of the Cotonou partnership. The relevant article for cooperation and political discussion is meant to be Article 8 (political dialogue), which demands an ‘equitable, and fair dialogue’ between the partners.

The regular dialogue between the EU and the Government of Mozambique under the previous administration of President Chissano was organised as a joint retreat of EU and Mozambican government representatives led by the Foreign Minister twice per year (i.e. once in the period of each EU Presidency). The new Mozambican administration under President Guebuza has maintained that format, after an initial change to a ‘working dinner’ format. The Guebuza administration has changed the discourse to more focus on governance and anti-corruption measures. It remains to be seen, however, if it can deliver on these promises, which partly seem to be drawing lessons from the narrow election victory in the 1999 presidential election of Guebuza’s predecessor Chissano and some small, but symbolic gains of RENAMO in the local elections in 2003.

Partnership does not mean that both parties share the same views on all issues and discussions can be (and need to be) relatively outspoken. However, the asymmetry between the partners and memory of colonial relations requires special attention to the respect of both parties and formal interactions in the political dialogue. The content of political high-level dialogue hardly ever is made public, as public statement on controversial issues would not be in line with diplomatic interactions. Only around high-profile and critical issues do donors usually make public and explicit statements; these statements happen in a politically highly contested climate and their wording has to be carefully chosen.

In the past in Mozambique, the EU had a high profile during the election process in 2004 (see box). In the wake of elections in December 2004, the EU expressed concern about the Mozambican National Elections Commission (CNE). Its mission to Mozambique engaged in hard discussions about EU observations of the elections. However, the head of EU mission, Javier Pomes, publicly stated that there was no question of EU financial sanctions against Mozambique. EU aid to Mozambique (which included financing the greater part of the election budget) had "absolutely nothing" to do with the observer mission, Pomes was quoted by the Mozambique Press Agency in November 2004.

Box 1: EU Election Observer Mission to Mozambique (December 2004)

Press release from the EU External relations website⁶:

“The EU Election Observation Mission to Mozambique will be headed by Mr José Javier Pomés Ruiz, Member of the European Parliament Development Committee. Mr Pomés Ruiz arrived in Mozambique on 13 October. In total, the EU EOM will deploy some 90 observers, including some from Switzerland and Norway. The EU EOM will issue its own press statement with more details shortly.

⁶ http://europa.eu.int/comm/external_relations/human_rights/eu_election_ass_observ/mozambique/2004/index.htm

The EU EOM will cost €2,244,312 and will be funded from the European Commission's European Initiative for Democracy and Human Rights (EIDHR). The EIDHR is also providing €720,000 to support a civic and voter education programme of NGOs for the 2003-2004 election cycle [for details see box 2].

Additionally the European Development Fund has contributed a total of €16.4 million for last years' local elections (€4.6 million) and this year's parliamentary and presidential elections (€12 million)."

From the executive summary of the final report of EU EOM

"- The Presidential and Parliamentary Elections on 1, 2 December 2004 were the third general elections in Mozambique. 20 political parties and coalitions and five presidential candidates ran in these elections.

- The country benefits from a pluralistic political environment and relatively open media. The campaign and voting were orderly, but the election process was marked by serious shortcomings in the election administration, in particular as regards counting and tabulation of votes. The Constitutional Council of Mozambique declared appeals inadmissible but expressed its preoccupation with the shortcomings of the process.

- The overall level of openness and transparency in the organisation and conduct of the electoral process was not adequate.

- Given the clear lead of Frelimo party in the results, the shortcomings were not decisive for the overall outcome of the elections. However, if repeated, they could be destabilizing in any elections with closer results. They should therefore be addressed before the next elections." (EU EOM final report 2004, p. 1)

EU EOM final report on the visibility of the mission:

"Since its arrival in Mozambique the EU EOM was in the spotlight in the local media on a daily basis, due to the lack of agreement, between EU and the CNE [national electoral commission] on a Memorandum of Understanding regarding the terms for observation. In sum, pro government media and the CNE, through its spokesperson used the argument of interference in the sovereignty of the state when the Mission made a request to observe all steps of the process, and accused it of forcing the authorities to break the electoral law. Pro opposition media and some independent journalists defended the right of the EU EOM to have access to tabulation and counting. Despite several defamatory statements about the EU EOM's intentions and constant pressure from the media towards the Mission in order to obtain further information, the mission adopted a low profile and the only public information were the official statements and declarations made by the Chief Observer. International media also followed the situation with interest.

Indeed the EU EOM was one of the main election related issues for the Mozambican media during the whole campaign, polling and post-electoral period. Misinterpretations of the EU EOM position were common served to polarize the political debate, making the EU Mission an issue of the political contest against its will. Within this context, the visibility of the EU EOM was very high, though not for the right reasons."

(EU EOM final report 2004, p. 23)

The CSP also gives an indication of less publicly contested, but likely issues on the agenda for political discussion between the EU and Mozambique:

"The EC's response to the **political dimension** of its co-operation with Mozambique will be fully in line with the position of the Union, taken as a result of discussions in the Africa Working Group, and bearing in mind the Commission's Communication on Conflict Prevention of April 2001. The EC will, therefore, **contribute to the dialogue** with the Government with particular focus on **constitutional matters** (decentralisation and the electoral process), issues relating to the **rule of law** (human rights and legal sector reform), and **conflict prevention**. In order to bolster the process of reforms in these areas, and to enable shifts in Government policy to be **effectively followed up** in financial terms, the EC will again earmark funding for the judiciary sector to co-finance actions agreed with one or more other donors, under their management." (CSP, p. 20)

At the side of DELMOZ, the general increase of staff also includes a political officer who is seconded from a Member State's Foreign Ministry (Portugal) to the Commission. This officer works directly under the Head of Delegation. The position is appropriately linked to public affairs tasks. Having had diplomatic training and thus arguably sharing the 'esprit de corps' of Mozambican counterparts, DELMOZ with this position has gained additional capacity for political analysis and engagement.

4.1.2 The European Initiative for Democracy and Human Rights (EIDHR)

The European Initiative for Democracy and Human Rights (EIDHR) is a budget line in the general EU budget, i.e. its funds are not regionally bound and thus go beyond the Cotonou Partnership framework. They are therefore not subject to joint planning with or previous approval by partner governments. Funding of this budget line is thus particularly appropriate for election observer mission and might be used for engagement with civil society in order to support change in informal institutions with a governance impact.

Mozambique is eligible as a recipient country for EIDHR macro-projects, i.e. projects of up to €1 million per project period for which international NGOs and local partners may apply. Local NGOs can also issue proposals for macro-projects funds, i.e. if successful, obtain grants of between € 150,000 to 1 million. The overall amount received by Mozambique is thus subject to successful proposals following public calls for tender. The overall sum is therefore not predetermined, but depends on the numbers of proposals received and selected by the Headquarters and thus is subject to arbitration between different countries, made at the Brussels level. The total amount of the new projects signed by the end of 2005 was €2.024 millions for three projects with a duration of three years.

This budget line was among the administrative issues transferred to the delegations on the ground. These funds, once tendered and approved by EuropeAid at the Brussels level, are managed by DELMOZ. The Delegation has no formal say on focal issues for the EIDHR at the level of macro-projects. However, it receives drafts of the programme, issues opinions about envisaged key areas and did – for the current period – after critical reaction to suggestions from the headquarters, succeed to have the focal topics altered. Donor engagement was particularly interested in issues on civic education on democracy around elections. This, however, was also stated as a continuous – if lower profile – topic in political dialogue, rather than a priority for EIDHR funding in 2005/06 (with the next elections – at provincial level – upcoming only in 2007).

At the level of micro-projects under this line, DELMOZ is since 2004 is fully responsible for the full project cycle; the position of a coordination person for EIDHR in the delegation in Maputo was created in the process of devolution (“deconcentration”). The first Calls for Proposals for micro-projects at national level were issued in 2004. Micro-projects funding for Mozambique in 2005 was €460.000, which results in about four smaller scale-projects. The third Call for proposals is to be launched in 2006.

Despite deconcentration – and thus beyond influence of DELMOZ – the funding under EIDHR is obtained after relatively heavy administrative procedures; local NGOs complain about burdensome selection processes required for relatively little funding in return when compared to other donors’ activities. Unequal pay between Northern and Mozambican NGOs in the past has been a matter for grievances.⁷ Micro-projects embraced, for instance, the local institute for civic education (FECIV), who obtained the first local call for projects in May 2004 and conducted civic education in schools around the Presidential elections.

Even though EIDHR is outside the Cotonou Framework and therefore not subject to the joint planning with partner governments, the European Commission as a donor acts according to national legislation and thus only operates through legally registered non-state actors. This is understandable from a legal point of view in a government-to-government partnership. It might, however, in the context of a more difficult partnership, potentially offer governments control over the support to non-state actors. Depending on the partner government’s openness, this legalistic procedure may be counterproductive to pro-human rights interventions. DELMOZ feels that “the freedom of association is acknowledged as a reality in Mozambique”. It had not received reports or information about associations that had registration difficulties with political motivations and thus relied on Mozambican government practice. DELMOZ pointed towards the possibility of grass root organisations to benefit from European Commission funding as implementers (or co-implementers, associated partners) or as recipients of funding targeted to civil society capacity building programmes. Furthermore, it stated, the criteria of eligibility could be refined if need be, as has been practised by delegations in other countries.

Other donors in Mozambique, however, seem to differ in analysis and are more flexible, as diplomatic missions do have some sort of “pocket money” to quickly fund either nascent structures (i.e. bodies which are not yet capable of coping with extensive administrative procedures) or even semi-legal structures (i.e. organisations that are not yet registered due to cumbersome procedures and/or resistance in the national administration). In this respect, the European Commission operates rather like a multilateral agency; it has to justify all expenditure to demanding stakeholders (its membership), rather than claiming foreign relations to be the preserve of the executive, as is the case most often with national governments.

Activities on specific issues depend on local NGO interests in certain areas. It has to be recalled that Mozambican pluralistic democracy is relatively young (since 1994) and local NGOs therefore cannot build on long traditions. Often, as an additional difficulty, activists of NGOs are also related to political parties, which is a specifically obvious obstacle – particularly in a polarised two-party system – during the hot phase of electoral campaigns. Topics around which civil society engagement in Mozambique inter alia is formed are

⁷ NB: There is a broader problem for all donors and not specific to DELMOZ activities in Mozambique of unequal resources and accessibility to resources of Northern and Southern NGOs. This practice within the EC has now been changed and macro-projects are open for local NGOs, too (see above).

- civic education to improve the knowledge about the rights and democratic practices within the population, including issues of domestic violence (related to an improvement in the legal situation of women in Mozambican family law, approved in 2005),
- capacity building of the practitioners of the law and of the public order, such as the police forces (e.g. around maltreatment during arrests – human rights issues; including also corruption of the police),
- and strengthening of citizenship and the non-state actors – most prominently so: press freedom.

Around elections (2003/04), macro-projects involved European NGOs at Mozambique level, for instance projects with Mozambican media (Rádio Moçambique), with involvement of the Austrian Institute for North-South Cooperation, and a German GTZ project on civic education. Other funding, e.g. a journalists training by ALISEI, an Italian NGO, had a broader aim but also fed into support to civil society capacity.

From a donor perspective – and thus seen in the regional or even continental comparison – human rights are not the top priority in Mozambique. While clearly not meeting European standards, the Human Rights’ situation is regarded as relatively satisfactory in Mozambique, compared to more difficult cases in the region, for instance Zimbabwe. Yet, support through the EIDHR potentially is – much like Swedish activities in this area claim – “influencing behavioural norms and attitudes in relation to support for democracy and human rights through non-governmental organisations” (Eriksson Skoog 2005: 9).

Mozambique is classified as Partly Free by Freedom House in 2005. Freedom of association and freedom of the press are regarded as fundamentally given in Mozambique. As Freedom House notes in its country report of 2005:

“The 1990 constitution provides for press freedom but restricts this right according to respect for the constitution, human dignity, the imperatives of foreign policy, and national defense. Some journalists have alleged that the Higher Council of Social Communication, an enforcement body for the press law that is dominated by the ruling party, has attempted to promote self-censorship among members of the press. Criminal libel laws are sometimes used to prosecute media outlets for defamation, which serves as another important deterrent to open expression. In November, the parliament approved an amended constitution that guarantees a diversity of views in state-run media.” (<http://www.freedomhouse.org/template.cfm?page=16&year=2005&country=6796>)

This does not exclude serious setbacks like the murder of the high-profile journalist Carlos Cardoso in 2000. It is obvious that public attention in this case, in which the son of then-President Chissano was said to have been involved, is likely to have repercussions on the perception of personal security among investigative journalists. This outstanding incidence is also explicitly mentioned in the EU’s Country Strategy Paper (CSP):

“**Freedom of the press** was granted by the 1990 Constitution. The media is now becoming more open and outspoken than previously, and is helping to create conditions for **a critical debate of society**. One big setback in this context was, however, the November 2000 murder of the famous investigative journalist, Carlos Cardoso.

In the short-term, there is an urgent need for the Government and the opposition to find a **political solution** to the crisis for stability's sake. However, in the medium-term the **political and institutional systems need reform**, in order to bolster good governance and to deepen and strengthen the democratic process." (CSP, p. 9).

Yet, donors apparently feel that in the broader picture, more pressing issues evolve around professionalism of journalists, and access to sources of information (legislation on this is under discussion) as well as the practice/implementation of existing legislation by the legal system. Given its highly symbolic character, DELMOZ reacted also by symbolic actions and sponsored a Journalists' prize since 2002, named *Prémio Jornalístico 'Carlos Cardoso'*. One of the projects under EIDHR also addressed media training, not least around the time of elections in Mozambique (see box). This is targeting rather a democratic political culture of open debate and public discussion about political activities and the performance of formal institutions, including elections.

Box 2: Project on Radio Integrated Civic Education (RADICE)

The RADICE project was funded by EIDHR in Mozambique between December 2003 and February 2006. It was an EIDHR 'macro-project' with an overall volume of about €625,000 (of which about €500,000 was provided by the European Commission), initially intended for 24 months, later prolonged to 26 months. It was conducted by a Northern NGO, the Austrian Institute for North South Cooperation.

The project was intended to provide journalists' training and voter mobilisation around the elections in 2003 (local) and 2004 (presidential). Radio Mozambique is a parastatal company, funded by the Government of Mozambique to 60-70%. It provides the Mozambican population with information in Portuguese, English, and – most importantly – local languages. Print media are relatively limited to Maputo and clearly limited to an elite of the population in a context of high levels of illiteracy and a relatively restricted understanding of Portuguese in the country (estimated to be spoken by only 20% of the population). The provision with independent and professional radio information – including communal radio stations – is thus important for the establishment of a civic and democratic culture. 30 journalists were trained on legal and professional journalists' aspects of the elections (the latter, not least, being training on live emissions). The participants were selected according to their potential and their language abilities (i.e. 19 national languages plus Portuguese and English should have been represented). Some problems occurred in the retention of staff over the programme due to conflicting professional (e.g. standing as candidate for elections of training participants) and personal (e.g. pregnancies) reasons. The rationale of the project, however, is clearly on strengthening institutional capacities in a Mozambican institution which is important for governance (transparency and accountability of public activities), civic culture and democracy.

Project application in 2003 was experienced as a cumbersome process via the EuropeAid headquarters in Brussels. Due to administrative delays, the content of phase two of the project was changed to follow-up on promises made during the 2003 local elections rather than covering the elections themselves. Delays in the tendering process meant that the contract was signed only in December 2003, a month after the local elections. Deconcentration happened during the project time, i.e. the devolution of EIDHR project management to the delegation happened in 2004. This transfer created initial confusion about responsibilities; yet, the engagement of DELMOZ staff was noted as very positive.

With donors' rather systemic perspective, human rights support in Mozambique consequently forms a relatively small envelope within the cooperation programmes. The donor focus is aiming on reform of the justice sector, of which human rights forms a sub-section. In Mozambique, there is a coordination group on the justice sector, but no formalised donor interactions focussing specifically on human rights. The latter was pointed out by DELMOZ staff; apparently, attempts were made to initiate better

coordination of donors at the more targeted level (understood as complementary to the current sector coordination).

4.2 Policy dialogue in sectors

Most of the dialogue between Mozambique and donors, including the European Commission, takes place in the framework of the PAP, i.e. the budget support group of donors. This coordinated approach effectively forms an umbrella for all development targets, assembled in the performance assessment framework (PAF), which, in turn, is supposed to be based on the Mozambican poverty reduction strategy (PARPA). Before turning to the aid modality of budget support in the next chapter, a few sectoral discussions and targets shall be illustrated in this section.

4.2.1 Decentralisation and rural development

Decentralisation in Mozambique is one of the six key components of the broader public sector reform. It is understood predominantly as deconcentration (of ministerial departments) rather than devolution of powers to provinces in the first place. The issue of decentralisation is popular with donor agencies, possibly one of the ‘traditional’ governance areas in the short history of support to institutions. Consequently, all donors in Mozambique (including international NGOs) take an interest in the issue. Issues around capacities in the provinces – and most pertinent – in districts remain on the agenda. The CSP formulates the development in and challenges for decentralisation as follows:

“When looking back over the last 8 years, there is no doubt that Mozambique has come a long way from the **highly centralised political system** and a **devastated economy** it was. However, **serious challenges** still need to be met in terms of **good governance and political stability** to remove institutional obstacles blocking the path of effective development, and thus to increase the impact of development co-operation funds.” (CSP, p. 14)

Decentralisation – or rather: deconcentration in this understanding – is only relatively recently followed up by DELMOZ. The delegation is closely following the agricultural sector (i.e. under the activities concerning food security) and engages the related sectoral programme (ProAgri). ProAgri, in DELMOZ’ understanding, has contributed to an improvement in service deliveries, but should be further linked to the ongoing decentralisation process. These two issues are followed up by the same DELMOZ staff (including in donor rounds).

The overwhelming proportion of European Commission support – given as a multi-annual programme aid and partly from the EU budget – goes to reforms of and capacity building within the agricultural ministry. About €35m per year are provided to the ministry of agriculture under the 9th EDF, of which €25m are spent by decentralised parts of the ministry. The ministry – like other government departments – is in the process of decentralising. It is apparently felt that agriculture and rural development is one of the obvious places to start support for decentralisation; support in this sector has the benefit

of being one of the focal sectors of European Commission cooperation policy (food security).

In the past, European Commission support to rural development “was dispersed in a wide variety of operations throughout the country, with project selection often lacking a strategy, no clear institutional links with the line ministries and including neither poverty impact assessments or gender mainstreaming”, as the CSP sums up the critical self-assessment of aid interventions before 2000. This assessment is also leading towards the rationale of better alignment with a government with limited capacities. Attempts to address the capacity shortcomings are undertaken by increasing the expenditure monitoring capabilities at the provincial and district level. The scale of the problem, however, is vast and many related issues are addressed in the performance assessment framework, such as the introduction of a planning and accounting system, SISTAFE. The implementation side, i.e. government’s capacity for and oversight of local or regional service deliveries also has implications for the engagement of non-state actors (see box 3 below).

Box 3: Non-State Actors in service provisions

As government – at least in the foreseeable future – cannot provide all levels and regions of the country with services, DELMOZ was positive about outsourcing of activities to NGOs under certain conditions. This was practised in four of the eleven provinces.

“The past intervention is tentatively being replaced by a more coherent programme – whose launching has experienced delays due mostly to Commission itself – linking NGO-implemented operations to Government planning and budgeting, thus trying to build the conditions for a more strategic and sustainable support, with NGOs no longer displacing the state from its core functions.” (CSP, p. 17)

DELMOZ is therefore considering the distinction between two roles of non-state actors, in particular international NGOs: They are, on the one hand, advocating specific issues. On the other hand, NGOs operate as service providers, not least in the rural context, in sectors such as health and education. When international NGOs provide services, their role does not differ much from international (state) donors with regard to the Mozambican government national planning and consequently the need of governmental awareness of their activities. Government has a function in standard setting (including guaranteeing the application of these standards) and the duty to provide services to all citizens across the national territory. Staff in DELMOZ has thus been supporting the establishment of a code of conduct for those NGOs active as service providers in the health sector in Mozambique. This, because of the advocating function of NGOs, is likely to become a contested issue.

DELMOZ can potentially provide leadership in this question. The debate with NGOs might become a challenge, and would require particularly thorough political arguments (incl. a thought-through communication strategy). Given the the EU’s reputation of “remoteness from the people”, it risks facing suspicions about its agenda and accusations of state-centeredness. Yet, the rationale is in line with the Paris declaration on alignment with recipient countries’ policies and governance implications for Mozambique are quite obvious.

The DELMOZ representative participates at working group meetings, comprising almost all donors and chaired by UNDP. Within the programme, there are requirements for better processing of data at the decentralised level. Indicators of the PAF are used as baseline for the indicators under the sector programme. Monitoring of activities is mainly done at the central level, i.e. part of the programme setup. Donors travel to provinces on an annual basis, yet do not claim to conduct a proper monitoring and evaluation exercise, as it is not systematically planned – rather some sort of “getting in touch” with the

beneficiaries. Oversight over the process of deconcentration and rural development policies should not be the role of donors, but would need a standardised government system of assessment to improve the governance capabilities of both provinces/districts and the central government.

According to the CSP, Government's strategy are to increase productivity in agriculture through empowering producers, "and to transform public services into facilitators and supporters of the producers, through the provision of essential extension services" (CSP, p. 6). Overall performance of the Mozambican government in the sector was seen as good (relative to the means available), and for this sector after review was increased by 2-3%.

4.2.2 *Legal sector reform*

The programmatic planning under the heading of 'governance' in the Mozambican CSP focuses particularly on reinforcing the judiciary sector.

"Public sector reform – involving the crucial issues of decentralisation, public enterprise sector and public financial management - and **the reform of the judicio-legal system**, are at the top of the list. Such difficult issues can only be addressed against a background of political stability and cohesion, as well as a **national consensus** on priorities and their sequencing." (CSP, pp. 14-15).

This aid is explicitly targeted at sector reform, as the lack of a coherent sector coordination was regarded as one of the main shortcomings of previous aid interventions with regard to their effectiveness. In particular the Danish agency DANIDA has been a key donors in the justice sector. While projects in training of specific agencies might be sensible, systemic issues such as coordination of a broader range of actors in the sector can escape a pure 'project rationale' and thus impact on the sustainability of assistance. The relevant actors involve: government ministries, prosecution, and courts. The sector approach is politically much more sensitive, as it involves interaction with cabinet ministers and the relation of their respective portfolios to each other. This is including the court system, which in the Mozambican context is constitutionally independent. Any call for closer cooperation can thus be understood as a compromise on independence. Yet, the judicial sector (in particular at provincial level) has a problem with legitimacy in the population. Sector coordination shall now be guaranteed by the coordination body, the Coordination Council for Legality and Justice (CCLJ). As interaction touches on political issues of all involved institutions, coordination is delicate.

The CSP states that funding for this sector "will be decided upon in the light of the political dialogue between the Government and the EU and of the Government's progress in the development of a global reform strategy for the judiciary sector, and will take account of other donors' interventions" (CSP, p. 27). The contribution of DELMOZ to the sector in financial terms is at €10m. The delegation is closely coordinating with UNDP in this programme, which potentially adds to the credibility and perception of 'neutrality'. DELMOZ engages with technical and political input, which is perceived as being open for discussion and helpful in reaching a consensus. Movement in the sector, however, appears to be slow, as one would expect in an area where the quest for

consensus is practiced, in a country with donor experience, and in a context that does not favour open confrontation. Yet, consensus is presumably required for sustainable reform.

4.2.3 *Gender as a cross-cutting issue*

Gender issues are a particular governance issue, as they are addressing mostly informal and social institutions, i.e. they require changes in attitudes and behaviour rather than strictly legal changes. Cross-cutting issues and their ‘mainstreaming’ are regarded as difficult by all donors, as there is limited staff available for non-focal issues and ‘mainstreaming’ requires a lot of communication and resources (cf. ECDPM/ODI/ICEI 2005).

Mozambique in this context is a progressive country at the elite level and with regard to legislation since 2005. The ‘progressiveness’ of Mozambique in the African and sub-regional context can be seen at the level of legislation, not least illustrated by the reform of family law in 2005. The legal reform of 2005 was perceived of having improved the legal situations of women (lifting the age of marriage to 18 years for both sexes, and regulating traditional marriages). Other legislation, however, such as the Gender Action Plan, has been under discussion for almost five years without having been formally agreed or implemented. Irrespective of legal improvements mentioned above, issues such as domestic violence, sexual abuse of minors and reproductive/sexual rights of women remain on the agenda in Mozambique (illegal abortions are the third case of maternal mortality in Mozambique). There is a clear gender dimension to the effectiveness and sustainability of policy on issues such as the fight against HIV/Aids.

Government is lead by a female Prime Minister and includes a number of female ministers. Government created a National Council for Advancement of Women, comprising eight ministers, and seven representatives from civil society: three representatives of NGOs on gender issues, two religious representatives, one trade union person and one representative of the private sector. In civil society, Graça Machel, widow of the first President of Mozambique, is an important personality; her foundation is an organisation with certain public leverage. Women’s groups are a particularly active part of Mozambican civil society, with the *Forum Mulher* being outspoken and not ‘limited’ to traditional gender issues (it is, for instance, represented during EPA negotiations). The Forum is an umbrella 69 organisations on, at times, specialised groups such as on women and law or women and land tenure issues. The President of the board of Forum Mulher was providing training of judges on gender issues in the context of the CFJJ which aimed at creating sensitivity for gender issues to judges in Mozambique. Initial funding for the Centre was provided by a number of donor agencies.

At the level of international cooperation, DELMOZ has one member of staff who acts as gender focal point, i.e. participates in and follows-up on gender meetings. Natural counterpart is the *Direcção da Mulher*, located in the Ministry of Women and Coordination of Social Action. This national Directorate aims at mainstreaming gender issues across the different ministries, namely through an institutionalised coordination mechanism (the ‘Grupo Administrativo’). The Gender Coordination Group – of all

gender focal points of GoM departments, civil society, UN agencies, and Embassies in Mozambique – is led by Ireland, with DELMOZ providing the Vice-President. Its cooperation currently has not involved funding, but provided training – a one week training course in August/September 2005 for DELMOZ staff and government was opened to NGO participation. Additionally, the European Commission staff handbook on Gender and Development was passed on and deemed useful for in country training, too.

5. Governance support through aid modalities?

Modalities of aid delivery, such as budget support or programme-based (sector) approaches also fit the rationale of support to governance capacities and the support to formal institutions in Mozambique. The policy dialogue on most of the issues above, for instance, also took place in the context of budget support and the performance assessment framework (PAF).

In the ACP countries, the share of budget support was at one third of European Commission assistance in 2003, according to the Commission’s annual report on external assistance of 2004. In Mozambique, the share of aid provided as budget support is at around 50% of all EDF funding. The aid modalities of direct budget support and sector programme support “both attempt to influence formal rules. Budget support, for instance, aims at promoting systemic change, by linking support to demands on reform processes – reform of entire systems of rules (and organisation) – and by basing follow-up on these reforms” (Eriksson Skoog 2005: 9).

5.1 Principles and procedures of EU budget support⁸

The Cotonou Partnership agreement provides principles for European Commission budget support.⁹ These agreement provisions deal with the eligibility conditions for budget support and cover: sufficient transparency, accountability and effectiveness of public expenditure management as well as procurement institutions, and a sound framework of macroeconomic and sectoral policies. Beyond these provisions on financial management, the Cotonou Agreement also provides for suspension in cases of serious breaches of the essential and fundamental elements of the Agreement (Art. 9).

By the introduction of innovative features, the Commission has attempted to accommodate for a results-oriented approach to performance assessment, while safeguarding a high level of predictability of financial flows. General budget support by the European Commission is given in two tranches, one fixed and one variable. While the fixed tranche is either fully given or withheld, the variable tranche allows for a gradual release of funding, depending on the achievement of targets for specific

⁸ For a recent overview of EU budget support, partly based on Mozambique as a case study, cf. Schmidt 2005. The modality also features in the EU’s annual external assistance report 2005.

⁹ Article 61 ‘nature of financing’, para 2 gives explicit conditions for budgetary assistance. Also of relevance is Article 67 (‘structural adjustment support, para 4).

indicators agreed upon in the Performance Assessment Framework (PAF). For both mechanisms, general conditionalities according to the Cotonou Agreement apply as outlined above. There are no general rules on the proportions of fixed or variable tranches; the allocation of shares is meant to balance the need for incentives on results with the need for macro-support predictability.

The variable tranche consists of two components. One looks at public finance management (and follows efficiency indicators), while the other emphasizes social service delivery (and hence follows outcome indicators). At the time of the preparation of the financing proposal agreement is reached between the European Commission and government on what performance indicators are to be used, and for which disbursement periods. Agreements normally cover three years. Indicators are selected on a case-by-case basis. However, the Commission believes in a focus on outcomes, with the idea that this leaves policy space for the government to define its own policy actions with which to meet the targets. The aim is to use PRSPs (PARPA in the case of Mozambique) and Annual Performance Reviews (conducted jointly in Mozambique) to work towards a single framework of conditions or indicators with other donors providing policy-related budget support. This can lead to tensions between the principles of ownership and external demands. DELMOZ, however, argues that the selection of indicators derive from the Government's own plan and thus would not create tensions. However, it should be borne in mind that the discussions take place in the context of asymmetry between two actors (a donor-recipient relations, after all) and that the selection of some indicators and not others from government's planning might be a distorting factor in the overall planning.

As the Commission acknowledges, additional challenges include how to consider external shocks in the application of the variable tranches and general statistical capacity problems. Donors, including the European Commission, and the partner government still have to decide on the importance of individual targets in the overall balance, i.e. the framework does not (and probably cannot) provide for absolute prioritisation.

5.2 EU budget support in the Mozambican context

The clauses on essential and fundamental elements are picked up in the financing agreements between the European Commission and Mozambique. The annex to the financing agreement between the European Commission and Mozambique reads: "The Commission may suspend the financing agreement if the Beneficiary breaches an obligation relating to respect for human rights, democratic principles and the rule of law and in serious cases of corruption" (Art. 21 of Annex 1).

According to the Memorandum of Understanding between the 18 donors that provide direct budget support to Mozambique and the Government of Mozambique (GoM), the aid modality of budget support aims at increasing the effectiveness of development partnership. In the Memorandum's introductory provisions, direct budget support is furthermore linked to the aim of promoting "peace and deepen democracy" and of "strengthening domestic accountability". The memorandum was signed initially by 9

donors in 2000. The group has now grown to 18 donors, consisting of the European Commission, the World Bank, the African Development Bank, and 15 bilateral donors of different size, including all EU Member States active in Mozambique (Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom).

This donor framework provides for the central policy discussion forum in Mozambique. Jointly agreed targets (which serve as indicators for the performance assessment of the government of Mozambique) are to be found in the performance assessment framework (PAF). While the discussion was initially focussed purely on the public finance management as indicated in the Cotonou Agreement, the debates have gone increasingly into sectors and sector performance. Specialised discussions take place in 23 working groups on specific issues and sectors, lead by different donors. DELMOZ is leading donor coordination in the audit group, justice, agriculture, roads and participates in procurement reform, SISTAFE budget managing system, the budget analysis group and the private sector group.

The PAF and an assessment of the performance against the targets is annexed to twice-annually conducted reviews (April and September), which are joint reviews of all 18 donors and the government of Mozambique; Civil society organisation are also invited to participate in the joint review. Focussing the policy dialogue in this procedure involves a many government services. This joint assessment, however, is creating capacities around assessments which can potentially improve policy monitoring – and consequently hopefully policy implementation of the government of Mozambique.

Joint assessments create a certain degree of transparency which opens up chances for national institutions picking up on issues in public debate and thereby providing national accountability. This rationale tries to go around the general weakness of Parliamentary scrutiny in Sub-Saharan Africa. Parliaments in most Sub-Saharan settings are not provided with well-defined powers to engage with and have a meaningful impact on the budget; ultimately, its engagement is often largely of symbolic value (cf. UNECA 2005). DELMOZ (like other donors) would be prepared to provide technical assistance to the Mozambican Parliament. The latter, however, is a difficult institution for donor engagement in general, as its particular role is in representing the population of Mozambique, which might be regarded as compromised by donor engagement. Even this comprising would be at the level of public perception only, the genuine role of a Parliament would risk to be undermined. In the political context of Mozambique with the dominant-party rule, however, Parliament's role is already limited, as most FRELIMO parliamentarians seen to understand their main function as closing ranks with government rather than providing checks-and-balances. In this context, Parliamentary scrutiny is limited, anyway.

Focussing the procedure in joint assessments also aims at reducing the administrative burden on the government in an environment with this high a number of donors. Government in return has declared June/July as 'quiet periods', in which it prepares its budget and no missions are received in the country. This rationale for improved donor

coordination, however, is currently undermined by US interactions with Mozambique. Through the Millennium Challenge Account (MCA), highly qualified staff – which is limited in numbers – is drawn on to write up the MCA proposal (cf. Lucas 2005).

The assessment framework builds on the Mozambican poverty reduction strategy (PARPA) and identified indicators attached to this strategy; the PAF targets are filed under PARPA strategic objectives.¹⁰ These targets relate directly to political and policy activities and support discussed above. Explicit governance objectives are listed under “creation of a favourable environment for private actor action” (i.e. public sector reform) and “consolidation of peace, national unity, justice and democracy” (i.e. judicial sector reform). Targets include quantified issues, such as the percentage of prisoners awaiting trial, the increase in number of judicial verdicts or the proportion of new appointments in public service that have been made on the basis of transparent public tender.

A number of governance issues, however, is hardly quantifiable. Targets include the agreement on legal reforms by a certain time, such as the reform of the notary code or of the prison legislation. Putting these targets into the context of the PAF can assure that the item will be on the political agenda; this has in the past been achieved in Mozambique and overall performance is regarded as good. However, the agreement on these legal procedures (a) hardly say anything about the content of these reforms – on which policy dialogue will take place and (b) will always require a certain level of scrutiny that cannot be provided by donors for reasons of legitimacy, but also for practical reasons, as donors will not be able to cover the national territory in their observation even if the delicate issue of sovereignty were not given.

Mozambique is an example for a particularly high level of donor coordination. The EU plays a particular role in this: the group of 18 donors embraces all EU member states and the Commission (plus non-EU countries and the World Bank). This has a governance impact and can serve as a positive example for other cases. The coordination – and most importantly: the alignment with stated government priorities – reduces the administrative burden on Mozambique. It should enable government to improve its public financial management, as key information is collected according to one scheme and thus transparency is improved, with potentially positive effects on accountability and overall governance. Additionally, hesitant donors are exposed to peer pressure within the group. However, this rather big group of donors also comes with risks of settling issues at the lowest common denominator (the slowest determines the pace of the group). It is, additionally, not really clear, who is the weakest link in this setup; donors by the “security of a group” (i.e. might be tempted to free-ride with regard to pressure from their home constituencies). Assessing the European Commission’s element in this grouping would require another type of study.

¹⁰ 2005 apparently saw endeavours to increase the coherence between different planning documents, including the PARPA, the economic and social plan of the Mozambican government (PES) and the performance assessment framework (PAF) matrix (cf. Mid Year Review 2005).

6. Conclusions and recommendations

The European Commission has long claimed a partnership relation with all ACP countries and can build on a tradition of favouring alignment to unilateral activities, despite some difficulties in operations due to capacity issues at the side of the government of Mozambique and the asymmetric nature of interactions between the EC and the Southern African country. These experiences fit well into the current international commitments in international development (e.g. the Paris declaration).

The European Commission's support to Mozambique seems to be a cooperation with a less difficult partner in a difficult region. However, Mozambique does have a number of problematic features with regard to its governance which require international awareness. Focusing on the legal sector appears to target a key sector in governance to which, arguably, other pertinent issues in Mozambique are linked, such law enforcement (e.g. corruption) and human rights (e.g. gender training). The avenue for increasing support to governance via the justice sector is therefore the right intervention strategy. The sector is highly sensitive and requires the right mix between incentives and demands, based on values, in the political dialogue.

With regard to the aspect of governance in EU aid to Mozambique (and other ACP states) there are issues around the notion of partnership and its particular interpretation under the Cotonou Agreement (like under the predecessor Lomé). It is not quite clear to what length partnership goes. Despite commonly agreed principles which are formulated as the baseline for all cooperation, their interpretation might differ in particular circumstances which might result in watering down joint statements from the perspective of any one partner. Improvements in the judiciary sector in Mozambique, for instance, have been relatively slow. At times, adherence to partnership principles slows down procedures, as consultation and involvement of a partner with limited capacities in general tends to keep activities below the threshold of the cutting edge in debate or the delivery speed possible elsewhere. Yet, there does not seem to be another sustainable way of engaging with actors in politically contested and hence sensitive sectors. The claim of 'partnership' despite obvious asymmetries guarantees a minimum of (at least formal) respect and some involvement of both sides in any interaction. Reminding government of its own targets – as is done by donors in Mozambique in the context of the PAF – is potentially much more effective than referring to outside pressure. Additionally, it respects a key rationale in governance support, which aims at creating space for national accountability and institutional checks-and-balances.

However, there are political choices to be made, no matter how refined the performance assessment is. The Cardoso case might be an illustration: there are clear words to be found in the CSP and (possibly) during the political dialogue behind closed doors. The publics – or rather: specialist and interest groups – will demand tangible consequences which are not always in the diplomatic or long-term interest of sustaining the relationship with Mozambique. Symbolic actions, such as sanctions, might play towards the public opinion. Nevertheless, they will probably not address root causes of failures, be it a lack of political will (if that is the case) or structural deficits in the justice sector. DELMOZ,

as a symbolic action, has chosen another path and funded a Journalists' prize for the last four years which carries the name of Carlos Cardoso. These reactions ultimately constitute a political and strategic choice of the EU as an actor and can be justified with overall improvements in the rule of law in Mozambique.

DELMOZ, in the past, has been creative when quick (financial) responses to situations in the country were demanded. This was the case, for instance, with the financial support to Mozambique's elections in 2004, for which the government of Mozambique applied relatively late. Rather than going through a lengthy project approval process, the delegation referred to budget support mechanisms to provide funding in time. However, given the highly polarised character of Mozambican politics, it is questionable that providing electoral assistance via budget support is a positive experiment. This was a risk strategy, yet the EU's share in funding the elections was substantial and thus created a certain leverage which was used for a high political profile of the EU (and DELMOZ in particular) in the process.

Dialogue does not necessarily have to focus on state actors. The opening up of the Cotonou Agreement to cooperation with non-state actors seems to have gone some way in Mozambique already. Yet, the involvement of non-state actors is a double-edged sword from a governance perspective. This is to some extent a question of legitimacy. The role of NGOs is two-fold. They play an important role in advocacy but also act as service providers in a number of cases (e.g. in the health sector). The former requires autonomy from the state, but the latter might require coordination – if not alignment – with Mozambican government and needs to accept supervision of government agencies (e.g. on the distribution of drugs according to national legislation).

Recommendations for the Commission's general direction in support to governance in Mozambique are:

- 'Partnership' is a concept that should be further built upon, even though it is a difficult concept in implementation in an asymmetric relationship. This should not be used as a general excuse for slow disbursements. However, public criticism on 'cumbersome procedures' will have to be accepted to some degree by the Commission. It should rather point out that speed and quantity should not be the only defining features of development assistance, which requires a more proactive policy than in the past. Steps in this direction have already been taken since 2004.
- Activities should continue to build on dialogue. The delegation in Mozambique is not an aid agency office, but rather a political representation with strong donor characteristics.
- While the Mozambican experiment with budget support for the preparation of elections seems to have been working, the use of this aid modality with a rather long-term vision to quickly fill funding gaps should not be seen a quick-fix or one-size-fits-all solution for other cases.

- International NGOs should embrace the initiative of finding modalities which address fundamental state functions. This includes situations where alignment is required from NGOs. While the centralisation of power to few actors is perceived as threatening to democracy, the centralisation around few procedures is essential; it becomes a question of political steering, i.e. the capacity of state institutions for wilful actions. This, of course, requires political checks on the government and basic rights and freedoms and must not impede NGOs capacities for advocacy. However, if alignment with national policies is demanded from donors, the same concept should be applied to NGOs once they operate as service providers.
- Cross-country learning might be improved. Even though all countries need tailor-made strategies and interventions, discussions on governance indicators and along the line of a governance matrix which is currently in discussion in the case of Uganda might also be fruitful for Mozambique. Cross-country learning is particularly important in cases where the governance record has deteriorated so as to understand the early warning signals.

Bibliography

- BTI [Bertelsmann Transformation Index] (2006): Country Report Mozambique. <http://www.bertelsmann-transformation-index.de/65.0.html>
- ECDPM/ODI/ICEI (2005): Assessment of the EC Development Policy - DPS Study Report. Brussels/London, February 2005
- EIU [Economist Intelligence Unit] (2005): Mozambique. Country Profile. London.
- Elgström, O. (2000) 'Lomé and Post-Lomé: Asymmetric Negotiations and the Impact of Norms', in: European Foreign Affairs Review 5: 175-195
- Eriksson Skoog, Gun (2005): Sida Support for the Development of Institutions – Formal and Informal Rules. Reports from Kenya, Mozambique, Laos and Vietnam. UTV Working Paper 2005:5, SIDA Department for Evaluation and Internal Audit.
- European Commission (2006): The Thematic Programme "Non-state Actors and Local Authorities in Development", Communication to the Council and the European Parliament, COM (2006) 19 of 25 January 2006.
- European Commission (2006): Thematic Programme for the promotion of democracy and human rights worldwide under the future Financial Perspectives (2007-2013), Communication to the Council and the European Parliament, COM (2006) 23 of 25 January 2006.
- European Commission (2005): Annual Report 2005 on the European Community's development policy and the implementation of external assistance in 2004. Brussels: EuropeAid.
- European Commission (2004): Mozambique – rebuilding an African nation. Twenty years of European Union – Mozambique co-operation. Brussels: DG Development.
- European Commission (2003): Governance and Development, Communication to the Council, the European Parliament and the European Economic and Social Committee. COM (2003) 615 of 20 October 2003.
- Grimm, S. with B. Woll (2004) 'Political Partnership with the South', ODI Briefing Paper, London: Overseas Development Institute.
- Lucas, Sarah (2005): Mozambique: field report. MCA Monitor, Center for Global Development, December 2005. http://www.cgdev.org/section/initiatives/_active/mcamonitor/fieldreports/mozambiquefield
- Santiso, C. (2003) 'Responding to Democratic Decay and Crises of Governance: The European Union and the Convention of Cotonou', In: Democratization 10 (3): 148-172.

Schmidt, Petra (2005): Budgethilfe in der Entwicklungszusammenarbeit der EU. DIE studies, Bonn: German Development Institute (DIE).

SwissPeace (2005): FAST Update Mozambique. Semi-annual Risk Assessment. June to December 2005. www.swisspeace.org/fast

UNECA (2005): Assessing Public Financial Management and Accountability in the Context of Budget Transparency in Africa. Background document for the Ad Hoc Expert Group Meeting in Public Financial Management and Accountability Focusing on Best Practice in the Context of Budget Transparency, Addis Ababa, September 19-20.

Documents provided by DELMOZ

Mozambique – European Community, Country Strategy Paper and National Indicative Programme for the period 2001–2007

Financing Agreement between the European Commission and the Republic of Mozambique. Agreement N°9402/MOZ. Poverty Reduction Budget Support Programme III 2006-2007 (MOZ/002/05), EDF IX.

European Commission, Support Programme to non-State Actors in Mozambique, Financing Proposal, 14 October 2005, Final Proposal

Support to non-State Actors in development, Thematic Programmes in the Context of FP 2007–13, Issues and Options, Reply to HQ – Delegation of the European Commission in Mozambique

National Authorising Office and European Commission Delegation in Mozambique 2003 Joint Annual Report, Joint Annual Report, 2003

Mid Year Review 2005 – Aide-mémoire, Final Version, 29 September 2005

DELMOZ - GoM, 2004 Joint Annual Report

European Commission, Compte-rendu des principales conclusions de la 385e Réunion du Comité F.E.D, 22 September 2004, No. AIDC/35969/04-FR

Reflection of the Mozambican Civil Society on the European Commission Delegation in Mozambique 2005 Joint Annual Report

European Commission, EuropeAid Cooperation office, ACP, Draft Financing proposal 9th EDF, Brussels, December 2003, AIDCO/C/4

EC Delegation in Mozambique Comments on One Word Action Report 'EC Policy and practice on Governance and Democracy – research in Mozambique', April 2005

European Union Election Observation Mission, Republic of Mozambique, Presidential and Parliamentary Elections, 1–2 December 2004, Final Report

Joint Review – 2005, Aide-mémoire, Final Version, 12 May 2005

Government of Mozambique, Decree n°7/2004 of 1st of April on the National Council for Advancement of Women.

Interviewees

Inês Alves Teixeira, Coordination Cooperation, DELMOZ.

Fotini Antonopoulou, Governance Programme Officer, DELMOZ.

Laurence Burckel, Programme Officer for Democracy and Human Rights, DELMOZ.

Francisco Carreras, Counsellor, Head of Operations and acting Head of Delegation, DELMOZ.

Noel Cooke, DELMOZ

Dr Douglas Hamilton, Health and HIV/AIDS Advisor, DELMOZ

Alicia Herbert, Social Development Advisor, DFID/Mozambique.

Christian Kapfensteiner, Programme Advisor, Austrian North-South Institute for Development Cooperation, programme RADICE.

Isac Massamby, Advisor, National Authorising Office (NAO) Mozambique.

Sylvie Millot Wathier, First Secretary, Economic and Governance Sector, DELMOZ.

Gaspar Moniquela, Executive Secretary, Coordinating Council for Legality and Justice (CCFJ) (by e-mail).

Pedro Oliveira, Councillor, Political Affairs, Press & Information, DELMOZ.

Jean Risopoulos, Advisor Mozambican Ministry of Agriculture.

Habiba Rodolfo, Programme Officer, Governance and Environment Unit, UNDP Maputo.

Terezinha da Silva, activist of Forum Mulher and instructor at Centro de Formação Jurídica e Judiciária.

Carsten Sandhop, German Development Bank, KfW, Director Office Maputo.

Tiago de Vallardes Pacheco, DELMOZ.

Maja de Vibe, former Assistant Governance Advisor, DFID/Mozambique.

Daniel Voorhoeve, Political Affairs, Embassy of the Netherlands.