

Aid and development: lessons from Mozambique

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Ownership

- Ownership by the recipient country (government or government+CSO) of policy reform package.
- Considered to be the key factor linking flow of resources, aid, with development success.
- Donors' perspective: ownership counts when the government chooses the 'right' set of policies – whatever such set is.
- Government's perspective: ownership is the recipient government adopting and implementing specific policy packages before donors tell the government to do so.
- A social perspective on ownership: it does not make any sense, as concept, unless we can discuss it in the context of power and the struggle by different social groups for the right to exert influence and control over the direction of policy and content of development options. 'National ownership' does not exist, unless a group of interests can impose themselves as the 'national interest', around which options are articulated. In itself, outside of the context of social and political struggle, the quest for 'national ownership' is similar to the quest for perfect markets – is a quest for an illusion.

Effectiveness: processes versus results

- The fashions in methodology of evaluation of aid effectiveness in Mozambique have changed from results to process and are now tending to go back to results again. But:
 - Processes and results are often associated. Ex: strengthening of predictability and multi-year aid agreements; strengthening of national PFM and utilisation of national systems to disburse aid; poverty reduction and labour intensive growth with decent real wages.
 - Often, ‘processes’ and ‘results’ can be confused with one another because they become ‘inputs’ of further processes and results in the policy and evaluation chain. Ex: ‘good PFM’ is the result of a process and part of the process for another result; and so is ‘gender equality in enrolment in education’, in the same way that a machine is the output of production and also a means of production.
 - ‘Results’ are a contested ‘quantity’. Ex: what is the measure of result when we want to evaluate ‘privatisation’ – the formation of a private sector? The development of linkages? Labour market impact? Fiscal linkages? The choice of ‘results’ is a contested ‘science’.

Effectiveness: processes versus results

- In any case, changes in emphasis between one and the other reflect specific dynamics. Ex: introduction of the Paris Declaration shifted the focus of donor performance evaluation to processes defined as aid architecture only, whilst keeping the focus of evaluation of government performance on results defined as liberal style 'good governance' in policy choices and management.
- In the process, and as a result of these shifts in 'methodology' and 'emphasis', we tend to lose focus of the fundamental point: at the end of the day what matters is that a country moves out of aid dependency by producing, appropriating, accumulating and deploying surplus in a diversified and articulated manner, resulting in large scale employment and decent standards of living. This cannot be achieved unless we: (i) move away from a segmented analysis of growth and development in which all possible processes and outputs are identified and measured in isolation from each other; (ii) adopt, instead, a more structuralist macroeconomic framework for analysis and for policy; and (iii) recognize the historical specificity of development dynamics.
- So, the key issue is not how to sustain aid, but how to generate sustainable and broad base development. And again, not only is 'development' both a 'process' and a 'result', but it is a contested 'process' and a contested 'result'. So, we need to spell out what we want to achieve that we call 'sustainable and broad base development'.

Conditionality and room for manoeuvre

- Aid always comes with conditionalities attached. But this does not mean that there is no room for manoeuvre. The room for manoeuvre (or negotiation space) results from a combination of different factors, such as:
 - History of the donor-government relationship
 - Ability to politically articulate interests and interest groups around which policy focus is developed
 - Clarity of government policy framework and ability to manage information in a meaningful way for development policy
 - Sense of opportunity
 - Asymmetric and incomplete information between donors and government
 - Acknowledgement that most 'donors' are not an abstract thing: they are specific institutions, and people in it, with specific histories and questionable competence. As the late President Samora Machel used to say, know your enemy and you will be capable of using your enemy's dynamics i your favour.
 - A systematic approach to learning

Conditionality and room for manoeuvre

- A government that is only concerned with the quantity and time span of aid flows reduces or even eliminates its own room for manoeuvre and the self esteem and confidence that it can develop and utilise room for manoeuvre
- If the focus is the quantity-time dimensions of aid, institutional learning shifts from concrete policy focus to management and manipulation.
 - Management/procurement and regulations make little sense without policy objectives and focus, and shifts focus from development to bureaucratic processes that tend to become the reason of being of policy processes (Q: 'why do we do this?' A: 'Because this is what we do')
 - Manipulation may increase or sustain the quantity-time dimension of aid but exacerbates the loss of focus. Ex, plan for aid, not for development; data for aid, not for policy; capacity to manage aid without policy; or to model and define rather than understand; or to prescribe without information or focus.

Room for manoeuvre

- Five key examples of Mozambique:
 - Sugar versus cashew
 - Negotiation of foreign direct investment
 - The case of PROAGRI (agricultural sector budget support programme)
 - Data: quality and transparency
 - The quality difference between PARP and SDI in economic planning in Mozambique

Capacity building

- Liberal concept that policy is only a technical issue, and that it is at its best possible quality when it is isolated from political processes. Concept that political processes only exist because of the state. Hence, policy is not the result of the dynamics of power struggle in the process of production, accumulation, appropriation and utilization of surplus, but that good policy is only the result of good textbooks. So, history ends at the end of the last and more fashionable textbook.

Capacity building

- So, under this approach, capacity building acquires interesting dynamics, some of which I will mention:
 - Focus on management and procurement, and some other technical abilities, but without a policy perspective. The central bank can model IMF economics, the Ministry of Finance can account for the money, all evaluation reports show that sector ministries have improved significantly with respect to accounting and procurement, but none can produce a decent policy paper or decent data – and understand it – for policy evaluation and development.
 - High productivity in rule and law production, and production and reproduction of studies, as indicators of commitment to a state of law and good governance, transparency and evidence based policy – without mentioning that the studies, themselves, are model based evidence and are barely used and often not even disseminated and discussed. Hence the story by Marc Wuyts about the role of a university graduate in the planning ministry being the recruitment of consultants, such that they can no longer remember what an index is nor think how to use it (the consultant will know, anyway 😊)

Capacity building

- The formation of an indoctrinated and smart class of civil servants (with some individual, courageous, encouraging and inspiring, and brilliant exceptions, to confirm the rule, of course) that
 - See their responsibility as being to isolate policy from politics and politicians. Hence, they are more comfortable with IMF guys than with Mozambican politics, and understand the IMF guys better than their on national language. Discourses became gibberish, the Mozambican people become an obstacle and a surplus nonsense, labour is only a resource and a cost, and the goal of economics is to be competitive and productive because...that is what economics is about.
 - Never new different, don't know that there are alternatives, and don't think that it is worth seeking them. For example, Marc Wuyts' point about growth and poverty; or the issue of negotiating with FDI.
 - Don't need anybody to impose models – IMF and World Bank models, or any other. They are already modelled and are the ones who impose the models on themselves.
 - They are focused mostly in advancing their own careers, and that is synonym with “getting a job in international financial institutions”. So, they are brilliant at econometrics, at gibberish and at modelling; can derive any strong and fundamental conclusions from anywhere in the world about anywhere in world and about anything in the world, as long as they have a computer, access to the internet, a smart phone, a data base and a model – and an audience, of course.