



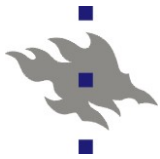
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IN SEARCH FOR 'GOOD GOVERNANCE'; THE CASE OF MOZAMBIQUE

Mozambique – Over 15 Years of Peace

Valtiotieteellinen tiedekunta



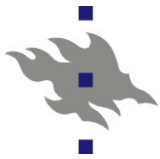


Starting point for debate

- '...Mozambique is very close to becoming a criminalised state...' (Gastrow P. and Mosse M. (2002), *Mozambique: threats posed by the penetration of criminal networks*. Paper at the ISS Seminar, 2002. Quote in *Third World Quarterly*, 25 (4))

- '... donors are rewarding what they see as 'good performance' by allowing, and thus effectively encouraging, corruption and state capture... (Hanlon J. (2004), *Do donors promote corruption: the case of Mozambique*, *Third World Quarterly*, 25 (4))

- Two questions:
 - what can be said about the quality of governance in Mozambique?
 - what can be said about the role of donors in the search for good governance in Mozambique?



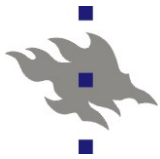
Governance as the "new paradigm" in development policy

- Governance defined as one of the key determinants of aid effectiveness and development outcomes at country level ("*aid is effective in countries with good policy environment*", Burnside & Dollar, 1998/2000)
 - Increasing use of governance assessments to guide country-specific aid allocations by donors
 - Yet, no universally accepted theoretical or methodological approach to governance and assessment of "good governance" in specific country settings
 - Need for a critical approach to governance assessments
- Policy relevance of the 'good governance' debate



MOZAMBIQUE: 'Country Profile' from Donor perspective

- Successful post-conflict country – 'over 15 years of peace'
- High economic growth and stable political situation
- Quality of governance: governance rankings above the average (WB, EU)
- Governance reforms by the GoM: strong commitment - mixed evidence



Donors in search for 'good governance'

Mozambique subjected to parallel governance assessments, examples:

- USAID's Corruption Assessment Report
- DFID's Strategic Conflict Assessment and Country Governance Analysis
- European Commission's Governance Profile
- Joint Review of the Direct Budget Support Performance Assessment Framework
- World Bank's Country Policy and Institutional Assessment (CPIA)
- Public Expenditure and Financial Accountability
- Millennium Challenge Corporation



Quality of governance in Mozambique

- WB Country Policy and Institutional Assessment (CPIA)
 - 2006/2007 CPIA: 10 % decrease in IDA allocation due to low governance rating
 - 2007/2008 CPIA: ranking improved, due to progress made in governance
 - Mozambique's WB IDA allocation to Mozambique increasing for year 2009

- EC Governance Profile
 - 25 % incentive tranche to reward Mozambique for its commitment to governance reforms



WB/EC Governance: Same Objective –Different Approach

WB Approach

16 criteria grouped in four clusters:

- A. Economic Management
- B. Structural Policies
- C. Policies for Social Inclusion
- D. Public Sector Management and Institutions

Governance Indicators (cluster D)

- 12. Property Rights and Rule-based Governance
- 13. Quality of Budgetary and Financial Management
- 14. Efficiency of Revenue Mobilization
- 15. Quality of Public Administration
- 16. Transparency, Accountability, and Corruption in the Public Sector

EC Governance Approach

1. Governance Profile based on:

- A. Political governance
- B. The rule of law
- C. Control of corruption
- D. Government effectiveness
- E. Economic governance
- F. Internal/external security
- G. Social governance
- H. International/regional context
- I. Quality of partnership

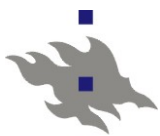
2. Dialogue with the partner country

3. Governance Action Plan

**2007 IDA Resource Allocation Index (IRAI)
MOZAMBIQUE**

	MOZAMBIQUE	Average IDA Borrowers
Cluster A: Economic Management		
1. Macroeconomic Management	4.0	3.7
2. Fiscal Policy	4.0	3.4
3. Debt Policy	4.5	3.5
Average a/	4.2	3.6
Cluster B: Structural Policies		
4. Trade	4.5	3.8
5. Financial Sector	3.5	3.2
6. Business Regulatory Environment	3.0	3.3
Average a/	3.7	3.4
Cluster C: Policies for Social Inclusion/Equity		
7. Gender Equality	3.5	3.4
8. Equity of Public Resource Use	3.5	3.4
9. Building Human Resources	3.5	3.4
10. Social Protection and Labor	3.0	3.1
11. Policies and Institutions for Environmental Sustainability	3.0	3.1
Average a/	3.3	3.3
Cluster D: Public Sector Management and Institutions		
12. Property Rights and Rule-based Governance	3.0	2.9
13. Quality of Budgetary and Financial Management	3.5	3.2
14. Efficiency of Revenue Mobilization	4.0	3.4
15. Quality of Public Administration	3.0	3.0
16. Transparency, Accountability and Corruption in the Public Sector	3.0	2.9
Average a/	3.3	3.1
Overall IRAI b/	3.6	3.3
Average (Clusters A, B, C)	3.7	3.4
Average Cluster D	3.3	3.1
Portfolio Rating c/	3.0	3.4
IDA Country Performance Rating c/ d/	3.4	3.2

Source: www.worldbank.org



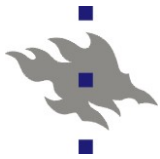
World Governance Indicators 2007

Dimensions of governance:

1. Voice and accountability
2. Political stability
3. Government effectiveness
4. Regulatory quality
5. Rule of law
6. Control of corruption

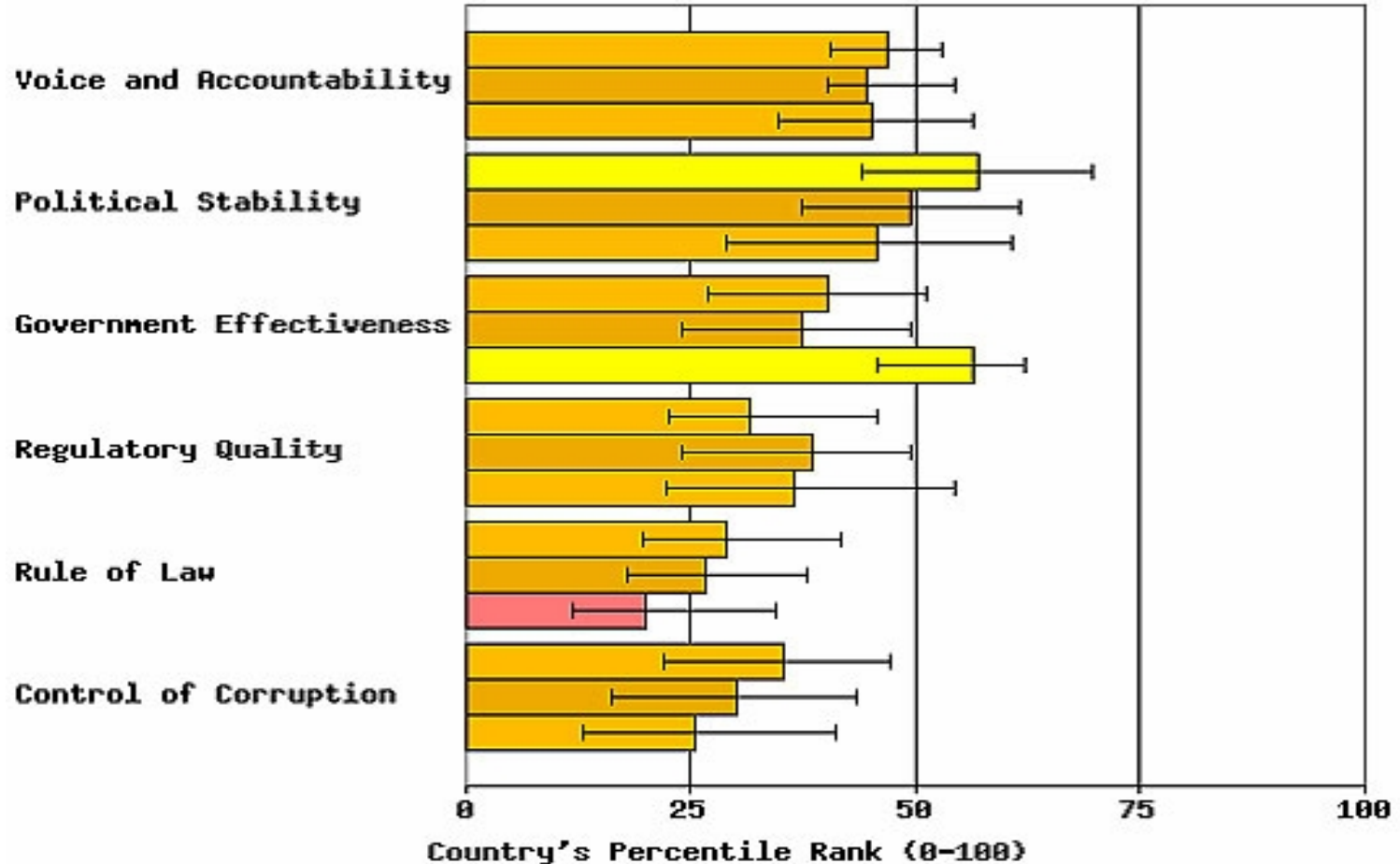
Michael Baxter (WB Country Director):

“In terms of ranking, Mozambique did well compared to the rest of the fourteen Southern African Development Community countries (SADC) for political stability, scoring fourth highest, behind Botswana, Mauritius, and Namibia. On the other hand, the country scored relatively lower (nine out of fourteen) for rule of law and control of corruption. This shows that there are remaining challenges for Mozambique in these critical areas.” (Press Release June 24, 2008, downloaded from WB site)



MOZAMBIQUE

Comparison between 2007, 2003, 1998 (top-bottom order)



Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2008: Governance Matters VII: Governance Indicators for 1996-2007

Source: www.worldbank.org/wbi