

**➔ MOZAMBIQUE:  
EFFECTIVE BUDGET SUPPORT FOR POST-FLOOD RECONSTRUCTION**

**In a Nutshell**

Following the floods and cyclones of 2000 and 2001 in Mozambique, the government set in motion a post-flood reconstruction programme, quickly revealing its leadership as well as its ability to rally the international community and perform a number of functions efficiently and transparently. Strong government commitment to programme goals provided the incentive for donors to pledge significant resources and agree to work largely through the national system, including the government's budget. In turn, this helped strengthen accountability and transparency, while avoiding complex and multiple funding arrangements. Establishment of a parliamentary task force to oversee the programme further ensured that the government was not only held to account by its external partners but also by the country's legislators.

**The Story**

In 2000, media around the world reported on the massive devastation of floods and cyclones in Mozambique, mainly in the southern part of the country. Over a quarter of the population was affected in some way, while more than 700 people died. Many important connecting roads, bridges, power lines, schools, health centres, businesses and homes were completely destroyed. The next year, severe floods struck again, this time across more than double the area of the previous year. For a country classified as one of the poorest in the world, there was an urgent need to act quickly. To make an appeal for support, the government of Mozambique co-hosted a donors' conference with UNDP and the government of Italy in Rome. The conference document was wholly produced by Mozambique, and presented a clear and well-thought-out plan of action. Financial pledges of over \$453 million soon came forth, 25 per cent more than the estimated cost of the proposal.

Upon returning from Rome, government officials signed new agreements with all donors that had pledged resources. This approach was innovative because pledges in international conferences and round tables have often been considered only somewhat binding. In this case, a legally binding contract was in place with a well-defined schedule of financial disbursements, matched by corresponding reconstruction activities and reporting procedures. Donors were encouraged to channel funds through the government budget and not through the establishment of a specific trust fund. While some wanted closer control over their contributions, funding through the treasury would give the government full responsibility for using the funds as well as for ensuring strict accountability and supervision. It also meant that the reconstruction programme would be fully integrated into the overall public sector financial management system. Fund

management was consequently handled through existing administrative arrangements, with little additional capacity required. Assistance was disbursed rapidly, totalling over 90 per cent in late 2002. There have been remarkably few of the usual complaints about delays, unaccounted funds and opaque procedures.

As part of the efforts to ensure the programme's efficiency and adequate coverage, Mozambique's Parliament set up a task force to monitor the reconstruction activities. It had earlier created a committee to monitor the floods, and now called upon the Ministry of Finance and Planning to submit quarterly progress reports. The first of these appeared six months after the Rome conference and was widely circulated among donors. This kind of record of events as they unfolded may have played an important role in motivating quick dispersal of funds. UNDP continued to support the monitoring, keeping donors up to date with data provided by both the donors and the government.

The speed and magnitude of the international response to Mozambique's reconstruction needs marked donors' strong endorsement of the government's post-flood reconstruction programme. Many were bold enough to go well beyond a normal response, and commit themselves to something much bigger and more ambitious than would normally have been the case. During the Rome conference, a number noted that the scope of their assistance reflected their recognition of the prudent macroeconomic policies that Mozambique has pursued since 1995. As a result of these experiences, the government is now encouraging donors to consider new forms of support that harmonize their procedures around government systems and again channel funds through its budget.

## **Results and Critical Factors**

The Mozambican experience with recovering from the floods brings out several practical lessons in capacity development, with the success of the reconstruction programme attributed to a handful of factors:

- Strong government ownership and commitment to the goals of the programme provided the incentive for donors to pledge significant resources and agree to work largely through the national system.
- Working through the budget was crucial in strengthening national accountability and transparency, while also avoiding complex and multiple funding arrangements.
- The binding commitments of donors to rapid disbursements ensured a reliable and consistent flow of resources, and locked donors and the government into a clearly spelled-out contractual relationship.
- Accountability to Parliament meant that the government was held to account for the use of public funds not only by its external partners, but also by the country's legislators.

- There was a willingness among donors to trust national systems, in terms of contributing funds through the national budget, simplifying and harmonizing reporting requirements, and relying upon UNDP as an intermediary.

**Further information**

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