The world faces old and new security challenges that are more complex than our multilateral and national institutions are currently capable of managing. International cooperation is ever more necessary in meeting these challenges. The NYU Center on International Cooperation (CIC) works to enhance international responses to conflict, insecurity, and scarcity through applied research and direct engagement with multilateral institutions and the wider policy community.

CIC’s programs and research activities span the spectrum of conflict, insecurity, and scarcity issues. This allows us to see critical inter-connections and highlight the coherence often necessary for effective response. We have a particular concentration on the UN and multilateral responses to conflict.
Summary

Since the 1992 peace accords that ended the civil war, Mozambique has achieved remarkable progress. It has successfully transitioned from war to the end of violence and sustained political stability; transformed its political and economic system from one-party state to a constitutional democracy; and moved from a socialist centrally-planned economy to a market-based system. Although Mozambique still faces considerable economic and human development challenges it is now both stable and growing. As a consequence of growth and natural resource finds, it is once again faces transition – but this time, a transition of opportunity, not of the threat of violence.

Today Mozambique is amongst the top 10 fastest growing economies in the world. Aggregate economic growth has resulted in large part from political stability, structural reforms along with responsible macroeconomic policies, and the support of the international donor community. Still, Mozambique remains one of the poorest countries in the world. More than half of its population lives below the poverty line and its Human Development Index is ranked in the bottom five globally. It remains heavily dependent on aid – which currently accounts for fully 40% of fiscal revenue.

Recently, new revenues have come from Mozambique’s efforts to broaden its fiscal base through tax reform and from growth in the mineral extraction sector. At the same time, aid flows are stagnating, probably as a consequence of the economic slowdown in donor economies. Forecasts predict that revenues from the extractives sector will become substantially larger than donor support over the coming years. On the one hand these new revenues from Mozambique’s resource boom could allow the country to become less dependent on foreign aid and define its development agenda with more independence. On the other, it raises a number of challenges such as how to effectively employ these revenues in the country’s long-term interest, including through improving resource and finance governance and accountability. It is also an open question whether, with increasing natural resource rents, whether Mozambique will confront rising inequality or develop pathways to pro-poor and inclusive growth. Moreover, it remains to be seen whether Mozambique will be able to avoid the common ‘resource curse’ pattern – high growth in the early years of discovery of natural resources followed by a long-term drag on national income.

The United Nations (UN) has had a long role in helping Mozambique navigate its multiple transitions. Although it had a marginal role in securing the peace deal that was the basis for Mozambique’s end of war, it played a central role in implementation of that deal. The UN alongside international NGOs and western donors helped to meet a wide range of crisis-driven needs after the civil war, from providing specialized development support and services designed to help deliver long-term development, poverty reduction and increased public sector capacity. Now, as the Mozambican economy evolves, it’s an open question as to whether the UN is still relevant to helping Mozambique make the next transition. Given the simultaneous decrease in aid resources, can the UN provide value added support to Mozambique beyond Official Development Assistance (ODA)? What are the implications for the UN’s activities in Mozambique?

The first part of this paper will discuss economic and social trends in Mozambique. The second part will focus on the role and performance of the UN in country. It will argue that evolving changes in the relative government revenues (donors, Foreign Direct Investment, UN) highlight a need for the UN system to re-evaluate its strategies and priorities in Mozambique if it is to add value to Mozambique’s next transition. Furthermore, it argues that if the UN would like to regain the visible and strategic role it held in the aftermath of the civil war, a clearer strategic position and more coherent programming is necessary for it to contribute with major impact to Mozambique’s development.

1. Methodology: This paper was produced through a combination of literature review and interviews were conducted over a period of 2.5 months in Maputo with representatives from the Government of Mozambique, civil society, UN staff, G-19 donors, non-OECD donors and private sector representatives. A draft version of the findings was shared with UN staff and others in July 2012, and the revised version reflects comments received.

2. Ernst & Young’s 2012 Africa Attractiveness Survey Building Bridges. [online], pg. 22, [online], Available at: http://emergingmarkets.ey.com/wp-content/uploads/downloads/2012/05/attractiveness_2012_africa_v16.pdf

3. Data provided by: Government of Mozambique, Ministry of Planning and Development

4. For a discussion of the current state of knowledge on ‘resources curse’ dynamics, see in particular Paul Collier The Plundered Planet.
From conflict zone to economic growth

Following independence from Portugal in June 1975, Mozambique underwent a 16-year armed conflict that ended in 1992. A successful transition to peace, political stability and democracy ensued. The UN was by Mozambique’s side throughout, supporting this transition.

Alongside western donor governments, the UN was crucial in overseeing the end of hostilities, the demobilization and reintegration of combatants, reforming the national army and police, resettling refugees and internally displaced people and in contributing to the repair of the war torn country. The UN provided catalytic support to create and strengthen key government institutions in justice reform, demining, disaster preparedness and in the campaign against HIV/AIDS. It supported the building of institutional capacities in government, and on a more limited scale, within civil society organizations. It helped create a fund to transform rebel groups into legitimate political parties as well as organizing the first democratic elections in 1994 and promoting local governance and decentralization through its support to the electoral process and other decentralisation programs. This helped build the confidence of donors in the government’s capacity to deliver and in its commitment to development. The UN along with INGOS also provided direct service delivery in the development of agriculture, health care, water supply, education and road rehabilitation.

Mozambique’s “success” is thus, in some part, a testimony to the successful strategy the international community deployed to support Mozambique’s post-conflict reconstruction and peace building. To the civilian population, the progress of the UN Mission in Mozambique (ONUMOZ) and international NGOs in delivering basic services to affected areas under an impartial and neutral banner was a visible sign of the peace process. These activities were important in cementing the UN’s credibility in Mozambique, both among Mozambican government and society.

Thanks in part to the UN’s post-conflict/peace building efforts described above, throughout the 1990s, aid flowed steadily into the country, contributing to fiscal stability which, in turn, supported Mozambique’s overall

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6. UNDP
7. Barnes, Sam. Humanitarian Aid Coordination during War and Peace in Mozambique: 1985-1995, pg. 12 [online], Available at: nai.diva-portal.org

Figure 1: UN Development Spending as % of Total ODA

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Source: DAC 2 a ODA Disbursements OECD- DAC. * 2001 spike refers to inflow of humanitarian aid due to floods.
political stability in a virtuous circle (Fig. 1). Numerous donor agencies and other development actors set up offices and programs to support Mozambique’s long-term development. The UN presence also grew: from around 10 agencies with large program funds in the aftermath of the war to 19 (resident and non-resident) in 2007 and 24 today. Nineteen donor agencies currently have partnership agreements with the Mozambican government (known locally as the G19) and provide general and sector budget support to the country. In addition, the US government and UN became associate members of this group in 2010 in order to ensure further alignment with government systems.

Economically, Mozambique has emerged as one of Africa’s best-performing economies in terms of aggregate economic growth. Considered as a model by the Bretton Woods institutions, it has consistently met most donor demands, while at the same time growing at an official average rate of about eight percent per year since 1997 (Fig. 2). Much of this has been due to the expanding allure of Mozambique to multinational companies and state sponsored investors, especially from the emerging donors who have significantly increased their footprint in the country and are proactively seeking business opportunities for their national companies.

Among the emerging donors, the influence of the emerging powers cannot be ignored or minimized. Brazil, owing in part to its shared language, has been the largest foreign direct investor in Mozambique for the past three years (Fig. 3). South Africa, given its proximity and historical ties to Mozambique, is one of Mozambique’s top trading partners. Chinese credit has financed many major infrastructure projects including the renovation of the international airport in Maputo, a new football stadium and a new presidential residence (Fig. 4).

Continued investment from China, Brazil, India and Australia, particularly in railways and mining, has strengthened ties with those countries, while recent gains

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Figure 2: World’s ten fastest-growing economies.
finds in Mozambique’s waters are attracting major foreign investors. Prospects of foreign investment in Mozambique during the 10 years from 2010-2020 are valued at close to US$90bn.\textsuperscript{11} This amount of investment is enormous for Mozambique—equivalent to seven times the country’s current total GDP of US$12.4bn.\textsuperscript{12} Although this presents a boom in foreign investment, the vast majority is earmarked for gas, mining and infrastructure projects (Fig. 5).

However, this impressive growth trajectory has not resulted in the anticipated rapid poverty reduction and job creation.\textsuperscript{13} While the poverty headcount dropped rapidly during the early years of macro-economic reforms, falling from 69 percent in 1996 and then to 54 percent in 2002, it has stagnated since (it is worth noting that deprivation based poverty has been reduced).\textsuperscript{14} The World Bank estimates that the poverty ratio in Mozambique is currently 55.2 percent.\textsuperscript{15} Mozambique’s Human Development Index (HDI) value for 2011 is 0.322—in the low human development category—positioning the country at 184 out of 187 countries and territories, far below the world average (Fig. 6).\textsuperscript{16} The government asserts that a crucial constraint for poverty reduction in Mozambique has been the very low to zero growth rates in agricultural productivity (over 80 percent of the Mozambican workforce is employed in the agricultural sector), especially with respect to food crops.\textsuperscript{17}

In some social sectors, despite the volume of aid that has been spent in Mozambique by the international community, including the UN, results have been mixed. Although there have been significant improvements (especially given that at the end of the civil war

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Top_FDI_Investors_Mozambique_2011.png}
\caption{Top Foreign Direct Investment (FDI) investors in Mozambique, 2011}
\end{figure}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|}
\hline
Country & FDI in USD Millions \\
\hline
Brazil & 1000 \\
Mauritius & 800 \\
Ireland & 600 \\
Switzerland & 400 \\
South Africa & 300 \\
Portugal & 200 \\
UAE & 100 \\
UK & 50 \\
USA & 40 \\
Vietnam & 30 \\
Others & 20 \\
\hline
\end{tabular}
\caption{Top FDI investors in Mozambique, 2011}
\end{table}

Figure 4: Top foreign lenders to Mozambique, 2011.


Figure 5: FDI in Mozambique by sector, 2011.


Mozambique in Transition and the Future Role of the UN
Mozambique, was considered the poorest country in the world), critical challenges remain. A positive example has been primary school attendance rates that have increased from 60 percent in 2003 to 81 percent in 2008. However, in health for example, Mozambique continues to register one of the highest chronic under-nutrition rates in the world at 44 percent in 2008.

Paradoxically, given the human development challenges Mozambique is facing, aid flows from traditional donors have leveled off and begun to fall. This may partly be as a consequence of the economic slowdown in donor economies and partly due to Mozambique’s perceived “success”. This trend is expected to continue with aid flows decreasing continually from 56 percent of the country’s budget in 2008 to 44 percent in 2010 to 39.6 percent in 2012 (Fig. 7). The majority of ODA received by Mozambique is either delivered through project or direct budgetary support—either general or sectoral, a trend amongst donors which has steadily increased, beginning in the early 2000s (Figs. 9a & 9b). The UN’s share of total ODA makes up only a small fraction of this (Figs. 8a & 8b).

Alongside these changes, Mozambique is making efforts to broaden its fiscal base through tax reforms and better tax collection. Domestic state resources (tax revenues and domestic credit) currently outstrip foreign state resources (ODA and concessional loans) and are expected to continue to grow (Fig. 7).

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21. Data provided by: Ministry of Planning and Development

continued from page 5

Source: UNDP

continued on page 11
Figure 7: Total Mozambique State Resources

![Mozambique State Resources](image)

Source: UNICEF Budget Brief. Domestic Resources: Tax revenues and Domestic Credit (Treasury Bonds); Foreign Resources: ODA and Concessional Loans. Current exchange rate approximately 1USD= 27 meticais.

Figure 8a: Total ODA flows to Mozambique: Bilateral, multilateral and UN agencies 2005-2010

![Total ODA Flows to Mozambique](image)


Mozambique in Transition and the Future Role of the UN
Figure 8b: Total ODA and UN ODA 2005-2010


Figure 9a: ODA to Government of Mozambique from PAPs, disaggregated by modality from 2005-2011

Figure 9b: UN ODA composition by modality

[Bar chart showing UN ODA composition by modality for years 2007 to 2011]

Source: ODAMoz www.odamoz.org.mz UN agencies all aggregated report

Figure 10: Trends in ODA and FDI in Mozambique

[Trend graph showing ODA and FDI in Mozambique from 2002 to 2011]

Source: http://www.aidflows.org/; PAPs 2011 evaluation; and Bank of Mozambique Balance of Payment 2011 report http://www.bancomoc.mz/Files/DEE/Boletim%20Anual%20BOP_2011.pdf Total FDI: includes what is known as “mega projects” which are the big infrastructure projects financed by the multinationals and state sponsored investors to facilitate extractive industry development.

Mozambique in Transition and the Future Role of the UN
Mozambique in Transition and the Future Role of the UN

New challenges

Mozambique is therefore facing a new period of transition. It is still heavily dependent on aid (about 40% of its fiscal revenue) and, while there has been rapid growth and substantial FDI inflows, ODA is in decline (Fig. 10) and progress on human development has stagnated.

According to the World Bank, the deceleration of poverty reduction in the face of robust economic growth is a crucial development challenge in today’s Mozambique, prompting questions about the current development model. The challenge as stated by the World Bank is: “to diversify the sources for economic growth; integrate capital-intensive mega-projects with the government’s poverty reduction strategy; and develop the agriculture sector which remains largely unproductive, subsistence-based, and where there is a growing feminization of poverty.”

Mozambique’s natural resource boom provides a major opportunity for additional revenues that could support such an agenda and reduce the government’s dependency on aid from traditional donors, helping the Government of Mozambique to take more control of its policy process (Fig.11). However, a potential energy boom presents a number of challenges. How can the Government of Mozambique best manage these new revenues to promote inclusive pro-poor growth? Will the sudden availability of new revenues deflect the government’s firm commitment to poverty reduction?

There is a risk that these extractives investments (given the nature of an industry which is capital intensive but not necessarily labor intensive) will not significantly increase employment nor improve human development indicators unless the government actively pursues a policy of economic diversification by re-investing the revenues.
outside the sector and in Mozambique’s human capital. The government will need to continue to foster labor intensive growth in sectors such as: agriculture, fishing, tourism and transport to mitigate the already growing disparities. There is also a risk that the Mozambican currency (the Metical) will continue to strengthen as a result of rapid investment flows, leading to further overvaluation, decreasing the competitiveness of Mozambican exports and impacting on people’s livelihoods. Other questions regarding the future development of the extractives sector in Mozambique include: the rising cost of living as more expats arrive to work on mega-projects, causing inflation and contributing to increased household vulnerabilities; and social harms like increased prostitution in mining towns and environmental damage, which may negatively impact on tourism.

On governance, there are concerns that Mozambique may fall prey to declining standards of probity and increasing corruption as experienced in other natural resource rich economies. Mozambique scored poorly on governance effectiveness, corruption and rule of law against the World Bank’s Governance Indicators 1996-2010. Given these weaknesses, there is a risk of policy mismanagement, which could in turn undermine growth. So far, the Mozambican government has been extremely protective of the publication of its negotiated contracts (few in the government have had access to them) which has led to calls from civil society, media and donors, including the UN, for greater transparency and accountability. Mozambique has applied to adhere to the Extractive Industry Transparency Initiative (EITI) which is a positive step to promote industry transparency.

What does this mean for the UN?

During Mozambique’s post-civil war reconstruction and development, the UN’s successful work helped to pave the way for the economic growth and substantial FDI inflows described above. From the early 2000s on, the UN lost some of its influence and effectiveness as the donors channeled more of their ODA through direct government budget support rather than through the UN system. Increasingly sidelined, there was a recognition at country level that the UN’s humanitarian and development interventions faced core problems such as: outdated business practices, operational ineffectiveness across the system, lack of coherence, fragmentation, duplication and competition between agencies for the diminishing funding available.

The diminishing resources at the disposal of the UN were spread thinly around a number of competing agencies leading to perceptions that the UN lacked a clear strategic position and a coherent programmatic approach focused on results. The GoM increasingly became conscious of the fragmentation and non-strategic elements of the UN’s operations in Mozambique. In response to this, in 2007 the GoM volunteered Mozambique to be a pilot country for the UN’s Delivering as One (DaO) initiative. DaO has sought to harmonize UN efforts in programmatic areas as well as produce operational gains. It has been an important first step to bringing more coherence to the work of the UN at country-level. During the early years of the DaO, the UN’s inward orientation could be interpreted as an investment by the organization to develop the necessary tools (e.g. joint budget and funding instruments, joint planning and assessment methods) to allow the UN to focus on its future strategic positioning and policy coherence. As a result of the creation of these internal constructs there have been positive changes. On the operational side, there is clear evidence of improvements in efficiency and economic gains. Additionally, findings in the DaO country-led evaluation of 2010 assert that there are improvements in development and humanitarian operations as well as Gender, HIV and AIDS and Human Rights initiatives.


27. Mozambique, Delivering as One Country Led Evaluation, 2010, pg. 76, [online], Available at:
The UN in Mozambique recently approved its first plan United Nations Development Assistance (UNDAF) under the Delivering as One pilot. The UNDAF 2012-2015 outlines the UN’s work streams and how it intends to support the Government of Mozambique to further its national priorities. The goal of the new UNDAF is to “Reduced poverty and disparities to improve the lives of the most vulnerable people in Mozambique by 2015” it aims to achieve this by organizing its interventions in three focus areas:

- **The Economic area aims at tackling the economic disparities through a concentration on the rural poor, especially women and youth, improving their productive capacities, income and livelihoods, and reducing vulnerability to natural disasters.**

- **The Social area aims at reducing inequality of access to services for vulnerable groups, especially women and children. Adopting the human rights based approach, the UN's activities focus on improving the capacity of duty bearers to provide services, and on empowering rights holders, especially vulnerable people, to access and use social services for improved health, education, water and sanitation and social protection.**

- **Within the Governance area, the UN will concentrate, first, on deepening democracy and increasing public accountability through both strengthening the democratic and justice institutions of government and strengthening the capacity of vulnerable populations through civil society organizations and the private sector to participate effectively in policy formulation and protect their rights. Second, the UN will focus on improving governance at the local level, both strengthening government local institutions and ensuring better engagement and participation by local populations in their own development.”**

Despite significant progress since DaO implementation, new initiatives to promote synergy and continued positive efforts to forge joint inter-agency programs (12 joint programs were developed in the period from 2007-2011 with varying degrees of success), “fragmentation and duplication” remain a significant challenge. Notwithstanding the progress that DaO has made in joint programming and horizontal coordination, the perception of a few stakeholders interviewed in Maputo is that the UN has spent too much time focusing inwards, rather than looking outwards; that projects and programs are not sufficiently cross-linked to explicitly draw upon each other and add value; that programs continue to be too disparate, lacking strategic focus; that, with the exception of some UN agencies that have a clear and visible mandate, nobody really knows what the UN is doing where; and together these factors hamper the ability of the UN to provide leadership and substantive policy input in Mozambique. The DaO evaluation sums these sentiments by stating that the restraining forces that limit DaO’s effectiveness and increase its challenges are: “fragmentation, duplication, lack of focus, competition between the agencies for funding, inefficiency, inadequate coherence, inefficient operation. As currently configured, DaO is an insufficient solution.”

Additionally, these sentiments were reinforced by the Mozambican input to the Fifth High-Level Intergovernmental Conference on DaO (held in Tirana, Albania from 27-29 June 2012). The recommendations from the Maputo consultations included the following:

- **Prioritization of One Plans, based on analysis of real comparative advantage of the UN and of on the ground agency capacities.**

- **This may mean that some agencies do not continue in work that may have been ‘traditional’ for them, or do not expand operations in a country context solely in hope of garnering more funding, if they are not the best placed within the UN system – and in the development context overall – to achieve these results.”**

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• **Genuine and effective evaluation systems should be put in place to assess UN results and performance.**

• **Stop inward focus on processes, and on agencies jockeying for position in the internal DaO debate**

Significant progress to realize DaO’s full potential has been in part hindered due to operational constraints that UN agencies face from headquarters and from donors which affect its coherence and strategy. Structural constraints include: vertical and horizontal accountability, the financial allocation model and structural separation at country level. Reporting on a vertical axis, maintaining separate systems, assets, staffing, infrastructure and business processes all contribute to duplicate functions. Horizontal accountability (although extremely necessary) adds to the burden instead of harmonizing approaches because it does not eliminate vertical controls. On the program side, the UN’s small projects with annual budgets of less than USD 1 - 2 million is excessive; the disproportionate number of projects operating at an implementation level, rather than at a policy, strategic or coordination level increases the workload significantly. However, according to the DaO evaluation small projects “contribute to revenues and payment of overheads, and to this extent these projects are short- and medium-term economic solutions for the UN.” In the long run, the UN’s coherence and strategy would benefit if the GoM and donors were to define its priorities and precise expectations of the UN.

In addition, the UN in Mozambique has been criticized for its inability to act as a convener within the development community, facilitator between the government, civil society and private sector, and advocate for better governance. Some stakeholders feel it has been unable to proactively engage with non-traditional partners. NGOs, who receive only four percent of its programmatic funds (the bulk goes to the government), still do not feel they receive sufficient help in holding the government to account. Some non-OECD donors feel they are not sufficiently consulted despite a UN and World Bank co-chaired Development Partners Group (DPG) set up specifically to provide an inclusive forum for development discussion. And the UN has failed to adequately engage the private sector e.g. according to responses from stakeholders in Maputo the UN has not participated in discussions with the multinationals on extractive industry development.

Despite receiving the lion’s share of UN funds, even the Government of Mozambique has at times been critical of the UN as a partner. According to the DaO evaluation, the government feels that “the UN’s project spread—especially its involvement in small-scale project implementation—is a distraction that takes it away from focusing on large-scale project management and strategic support at a higher policy and coordination level.”

Regardless, of whether or not the UN has achieved development results with its interventions, some government technical officials believe that the UN should be better aligned with national systems and is failing to adequately promote national capacity building. In addition, according to stakeholders interviewed the government has been disappointed that the UN has not taken a more pro-active role in donor coordination on the ground especially with regards to the implementation of the Busan Action Agenda. Although the Mozambican Ministry of Planning has discussed this idea in writing with the UN if it would like the UN to take on a coordination role to implement the Busan Action Agenda it will need to further discuss it with donors.

These sentiments raise questions about how the UN can ensure added value and improve on its recent performance. How can the UN system re-prioritize its activities in Mozambique? If the UN would like to regain the visible and strategic role it held in the aftermath of the Civil War; what strategic changes are necessary for it to once again contribute with larger effect to Mozambique’s development?

What is clear is that changes are necessary to allow the UN to regain its previous impactful role. The UN needs to re-appraise its inward focus and look to what it wants to achieve in Mozambique over the long term.

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35. There are efforts from UN agencies to become better aligned with national systems. Notably, UNICEF and UNFPA have pioneered investments in sector budget support.
Aggregate revenues coming from the UN compared to individual G19 donors are considered by the GoM’s Ministry of Planning as large. However, when spread between 24 agencies working in a fragmented way they are comparatively small and largely project oriented. The UN in 2011 provided US$127m in official development assistance to Mozambique. This value, although significant, represents seven percent of the total ODA received by Mozambique from the G19 and its associated members (this does not include resources from non-OECD donors, which if included, would make this percentage even smaller).

If the UN is to make a difference it must serve as a catalyst, helping to foster innovation to improve Mozambican service delivery and public policy. The Delivering as One evaluations states that there is a case for the “UN to selectively engage in projects that are experimental and innovative and have a significant potential for scaling up.” There is a need for concrete “practical” programs tailored to the local context that empower, educate and utilize local services.

This is not to assert that there are no recent examples of UN interventions in Mozambique that have successfully established innovative partnerships and adopted new ways of delivering results. For example, in service delivery, UNICEF’s collaboration with the National Health Institute and the Clinton Health Access Initiative (CHAI) to support the Mozambican Ministry of Health has helped to reduce mother to child HIV transmission. The initiative introduced short message service (SMS) printer systems for rapid delivery of test results and point-of-care testing improving access to rapid diagnostic tools in rural areas. This initiative has produced impressive results. Where the rapid diagnostic tool has been tested; women have been found eligible for antiretroviral treatment initiation as rapidly as within two weeks of testing, compared to the Mozambican national average of three to five months.

Additionally, a notable example of positive joint UN policy program, with country-wide effect, is the Social Protection Floor initiative developed jointly by WFP, ILO, UNICEF, UNDP in partnership with the IMF, World Bank and other UN agencies. The coordinated UN policy, strategy and interventions successfully supported the Ministry of Women and Social Action (MMAS) in the development of a social protection policy framework. It also supported the elaboration of strategy documents, including cost scenarios, analysis of policy options and fiscal space and advocacy at the national level to help inform policymakers. It is widely recognized that UN support helped raise the issue of Social Protection up the Mozambican political agenda resulting in a 40 percent increase in Government of Mozambique budget allocation to social protection.

The initiatives mentioned above are commendable examples in Mozambique of the UN’s potential ability to foster innovation and to impact policy. As Mozambique continues developing economically and as its institutions mature, the Mozambican government, private sector and donors will need the UN to gradually move away from downstream direct service delivery programs. The UN will need to increase its capabilities to serve as a catalyst and in an advisory capacity, to provide technical input and upstream advice to develop policy / development frameworks. As suggested by the Maputo Consultations, this will require an honest analysis of real comparative advantage, a fair appraisal of the on-the-ground capabilities of the UN’s agencies and strategic changes.

There are encouraging signs that the UN is reviewing its policy engagement. For example, a potentially innovative UN policy and capacity development facility is under development. The new facility hopes to serve the capacity and policy needs of the Government of Mozambique. It strives to foster discussions and generate research and analysis on policy alternatives for stakeholders in light of the rapid changes in Mozambique. It aims to serve as a “one stop shop” for capacity development and “think tank” drawing on the expertise of specialists from the various UN agencies.

While most stakeholders agree that the UN’s value added comes from its experience, impartiality and ability to see the big picture, some stakeholders interviewed and DaO evaluation highlight that the UN’s value added is its normative agenda. Mozambique’s current challenges provide an opportunity for the UN to use it.

Policy Recommendation for the UN in Mozambique:

With rapid growth and substantial FDI inflows failing to lead to progress on human development and poverty reduction, the UN has an opportunity to use its normative agenda (e.g. protection of universal human rights, millennium development goals) to serve the whole of the Mozambican State (government, civil society, private sector, media) in areas where the interests of the State clash with the interests of the Government. One example is the current debate about how Mozambique can best manage its new extractives revenues. The UN could have a facilitative and mediation role, focusing on its objective to promote human development as well as further knowledge sharing and innovative approaches from other country experiences. However, if the UN would like to engage on this agenda it will require a fair appraisal of on-the-ground technical expertise and capabilities of the UN’s agencies and consider strategic changes.

Stakeholders interviewed from both civil society and small private sector companies, recognizing the UN’s neutrality and impartiality, are keen for the UN to intervene, either directly or by empowering Civil Society Organizations and Private Sector to participate in such discussions, in order to exert influence on the government and the multinationals to promote good governance, transparency and accountability. The executive director of the Center for Public Integrity (CIP), an anti-corruption NGO, was quoted in a recent Financial Times article saying that civil society and the media in Mozambique are acting as an opposition force trying to promote greater contract transparency and prevent corruption. However, he emphasized that this opposition force is “not strong enough.”

Conclusions

The UN’s post-Civil War engagement in Mozambique has taken several distinct phases. First, from 1993 to 1997 it provided a visible sign of the peace process and a commitment to provide the basic necessities with humanity, impartiality and neutrality, bringing peace and political stability. In the second phase, from 1998 to 2001 it supported the creation of new institutions, built capacity within the public sector and helped pave the way for the economic growth and substantial FDI inflows we see today. From the early 2000s onwards, due in part to the changing pattern in development cooperation in Mozambique, it lost political space and influence as it considered its future strategic positioning and policy coherence. At each stage, the UN has adapted to Mozambique’s needs and the external development environment in order to maintain its visible and strategic contribution to the country’s development.

This paper has shown that the evolving changes in relative government revenues (donors, FDI, UN), once again underline the need for the UN system to re-evaluate its strategies and priorities. Furthermore, it has shown that with a clearer strategic position and more coherent programming, the UN can regain its former leadership role. By better aligning its activities with national processes, promoting national capacity building, fostering innovation and leveraging its normative agenda on behalf of the whole Mozambican State, it can harness Mozambique’s impressive recent growth in the country’s long-term interest, improving governance and accountability and promoting pro-poor inclusive growth.

Ultimately, the UN needs to balance its relationship with the Government of Mozambique (the UN is in Mozambique at the invitation of the Government) while not shying...
away from taking a leadership role. There are encouraging signs that the UN is reviewing its policy engagement and that there are strategic changes. However, that for some stakeholders the UN has become a partner of last resort clearly indicates that if the UN would like to remain relevant in this changing context it cannot afford to be risk averse. It must be bold and innovative in its action and create space for its participation. It is not sufficient for the UN to continuously claim that it is an “innovator at the cutting edge of global thinking”; it must genuinely prove to be so.

The UN has achieved a great deal in Mozambique. It has the capacity, professionalism and impact to achieve even more. But to do so it will need to face up to these challenges and demonstrate that it can adapt to the new development environment.
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