

2009 Annual CPPR Preparation Meetings

July – August 2009

Summary of Meetings

1. HIV/AIDS Response Project (MAP)

- **Status of Project Implementation**

- Project performance is rated marginally unsatisfactory; in problem status since April 2008.
- Project restructuring underway to allow remaining project funds to be fully spent and improve results, and chances of achieving project development objectives; project performance to be upgraded once the restructuring is complete.
- Project closing December 31, 2009; possible project extension as part of project restructuring.

- **Operational Issues**

- Institutional realignment of CNCS for transformation from financing agent to coordinator and leader of the national response to HIV/AIDS.
 - o Realignment to focus on improving and strengthening coordination, strategic planning, monitoring and evaluation, and communication and advocacy for the national HIV/AIDS response.
 - o CNCS is working with provinces on the realignment to ensure their understanding of the new functions and institutional arrangements; provinces need to develop new skills and facilitate the work of all sectors to advance the multi-sectoral response to HIV/AIDS; CNCS stated more time is needed for this task to be properly accomplished.
 - o New model for grant management including the institutional arrangements to be designed but CNCS stated that it is important to evaluate the current CNCS model, as well as the rapid results model before proceeding with a model for the longer-term.
- Financial management (FM)
 - o Audit report identified the need to strengthen the finance unit within CNCS.
- Procurement
 - o CNCS expressed some concerns in relation to the *Tribunal Administrativo* approval process.
 - o Weak capacity in procurement at provincial level including the implementing partners was one of the bottlenecks identified and it was agreed that the MAP project may consider providing some financial support for the training; UFSA will be asked to play important role in the training of national procedures.

- **Follow-up Action**

- Recruitment of M&E specialist.
- Request for training on M&E and procurement.

2. Higher Education

- **Status of Project Implementation**

- Project has two implementing agencies, the Ministry of Education and Culture, and the Ministry of Science and Technology.
- Project performance is rated satisfactory.
- Original credit closed June 30, 2009; additional financing extended until June 30, 2010.

- **Operational Issues**

- Ministry of Education and Culture
 - Main activity delayed is the civil works for the Lichinga Resource Centre; this together with other smaller activities are to be completed by December 2009.
 - Undertaking audit for original credit.
 - Next year the only remaining activity will be the audit for 2009; most project staff to be let go before then.
- Ministry of Science and Technology
 - Main activities are those funded under the National Research Fund and Scholarships Fund.
 - MCT mentioned that delays in activities are due to insufficient human resource capacity that could be minimized by the establishment of project implementation unit (PIU); slow implementation; Ministry staff overwhelmed with other tasks which reduces motivation.
 - Activities delayed due to absence of project implementation unit (PIU); slow implementation; Ministry staff overwhelmed with other tasks which reduces motivation.
 - MCT believes all activities to be complete by June 2010.
 - MCT expressed wish to have a PIU for better implementation of projects by a dedicated unit and stressed the need to find a good model for mainstreaming project within ministries with regards to reporting and compensation.
- Financial management (FM)
 - No issues.
- Procurement
 - Minor issues have been identified and are to be corrected.
 - Bank stressed that national systems can be used for civil works up until certain threshold.
- Counterpart funds
 - Original credit requires counterpart funds; this issue to remain until 2010; Government had made available the required funds.
 - Additional credit does not require counterpart funds.

3. Technical and Vocation Education

- **Status of Project Implementation**

- Project performance is rated marginally satisfactory.
- Project closing October 2011; mid-term review undergone May 2009.

- **Operational Issues**

- Outcome of mid-term review
 - Program quite ambitious with 16 school planned for the pilot project
 - 55% of activities at system level completed; system design complete; main challenge is implementation.
 - School rehabilitation and equipment purchase under-budgeted due to under-estimation of costs and inflation; actual financing gap calculated in \$13 million.
- Curriculum reform
 - Qualification system developed for 17 qualifications based on inputs from the private sector; higher private sector participation still required.
 - Rollout started with some qualifications in selected schools but the challenge is that school functioning needs to change to adapt to the new methods.
- FUNDEC: Progress made in the Skills Development Fund (FUNDEC).
- General issues
 - Important to ensure success of pilot project to enable a follow-on project; schools need to have the proper facilities and conditions; financing gap of \$13 million needs to be addressed by the Government.
 - High operating costs being covered by the project e.g. rental of two PIREP offices, need to be absorbed by the Government.
 - Due to budget deficit only six schools are benefiting at the moment.
 - Challenge in acquiring more funding is that some development partners are not directed towards financing infrastructure.
- Financial management (FM)
 - All reports submitted on time.
 - Internal control an issue; internal auditor being recruited.
- Procurement
 - Two minor issues have been identified.
 - Bank stressed that procurement guidelines need to be followed at all steps especially advertising on required publications.

4. Public Sector Reform Project

- **Status of Project Implementation**

- Project performance is rated marginally unsatisfactory; in problem status since June 2009 (and in previous years).
- Project closing December 31, 2009; UTRESP needs to guarantee successful completion of remaining activities by the closure date.

- **Operational Issues**

- UTRESP staff turnover
 - Some staff members who had left have been rehired.
 - New recruit for monitoring and evaluation.
 - Financial management recruitment to be finalized soon.
- Financial management (FM)
 - 2007 audit was qualified; UTRESP hired consulting firm to analyze the FM structure to prevent issues from occurring in 2008 audit.
 - 2008 audit is late but being finalized for submission to Bank; identified issues with Nampula.
- Procurement
 - Procurement plan has not yet been finalized despite only 5 months left.
 - Bank requested response to letter dated June 17 on the civil works contract for CFJJ; UTRESP committed to submit a response the week of August 3.
 - Outcome of the independent procurement review to be shared with UTRESP after internal clearance.
- UTRESP committed to start work on the Implementation Completion Report (ICR) ahead of project closure.

- **Follow-up Action**

- Submission of audit report for 2008.
- Response to letter dated June 17, 2009.

5. Maputo Municipal Development (ProMaputo)

- **Status of Project Implementation**

- Project performance is rated marginally satisfactory.
- Project closing August 2010.

- **Operational Issues**

- Institutional and financial reform
 - The restructuring plan for the finance and human resource department has been authorized and the implementation is progressing. However, it will be important to increase the pace of staff redeployment.
 - The design and implementation of the integrated financial management system (SIGEF) encountered delays since the beginning of the program, so it is important to accelerate the pace of implementation.
 - Although the revenue target is being achieved, it was set very conservatively, so additional efforts to increase revenues should be made to ensure the sustainability of municipal investments.
- Financial management (FM)
 - 2008 audit is overdue. The work is now being conducted and it is important to have the audit ready by the agreed date (September 30, 2009). This overdue is further delaying the credit extension that was agreed during the mid-term review.
- Procurement
 - Turnover of qualified and trained staff; only one experienced member of the procurement team still remains; slows the pace of implementation.
 - A plan for strengthening the capacity of the procurement department has been designed but not yet implemented.

- **Follow-up Action**

- Submission of audit report for 2008.
- Implementation of capacity building plan for the procurement department.

6. Market-led Smallholder Development

• Status of Project Implementation

- Project performance is rated marginally satisfactory
 - Component 1 – Community Based Organization (CBO) service provider already at work; diagnosis of the status of CBOs to be concluded in mid-August; district staff capacity building sub-program requires clear prioritization of activities.
 - Component 2 – a number of extension – sub-programs are underway; most advanced component in terms of implementation progress.
 - Component 3 – districts and farmers identified and submitted a number of projects; progress needs to be made in screening and processing to allow significant disbursement from the Community Agriculture and Environment Investment Fund (CAEIF) before the mid-term review.
 - Monitoring and evaluation downgraded in last project implementation status report; agreed framework needs to be used but, DNPDR needs to workout a solution for the lack of capacity in this specialized domain.
 - Finance - need for better control of expenses namely with those concerning the use of fuel at district level.

- Project closing March 2013; mid-term review planned for February 2010

• Operational Issues

- Component 1
 - There is no more distinction between Phase 1 and Phase 2 with the districts; the project is now fully working with five districts.
 - CBO service provider already at work; diagnosis of the status of CBOs to be concluded in mid-August.
 - Need to contract a service provider for rural finance services.

- Component 2
 - New field coordinator brought the missing leadership at field level.
 - A number of sub-programs are underway (poultry vaccination, conservation agriculture, improvement of grain storage at farmer level , animal traction, vegetables production).
 - A study tour to neighboring Malawian districts undertaken to identify successful agricultural technologies to be transferred.
 - Partnership agreements with two grain marketing operators to be signed soon.

- Component 3
 - Draft TORs for contracting of NGO being developed.
 - Procurement guidelines need to be developed for community-based projects.
 - Need for environmental and social safeguards was never considered at district level; project is working with MICOA but progress needs to be faster to allow disbursements of funds from CAEIF and address the project's disbursement lag.

- Monitoring and Evaluation (M&E)
 - Implementation capacity for M&E is still missing; it is critical that this be put in place soon; procurement of a service provider underway but requiring speeding-up.
 - Districts need to be capacitated in M&E.

- Financial management (FM)
 - Audit received on time; two issues identified in the 2008 audit report are being addressed.
 - Petrol use for project activities is not being monitored and is probably being used for other activities; need to establish guidelines and parameters for district authorities involvement in project management to avoid disrupting effects due to the shortage of resources at district level.

- Procurement
 - WB procurement system relatively flexible and quick for amounts up to \$50,000, while GOM procurement over \$3,000 needs approval from *Tribunal Administrativo*.
 - National procurement guidelines can be used for NCB with some modification.
 - Districts in need of procurement training and better staffing approach due to high rotation of district staff including the *Tecnico de Obras* who are often responsible for all procurement activities.
 - Community based development component of project requires that procurement guidelines be adapted to suit the local conditions; community-based procurement manual being established.

7. Transfrontier Conservation Areas and Tourism Development (TFCA)

- **Status of Project Implementation**

- Project performance is rated moderately satisfactory.
- Project closing June 30, 2013.
- During September the TFCA team and Bank teams are finalizing the Mid-Term Review (MTR) mission, which started in June and will be completed by end September 2009. Based on the GoM mid-term review report the following changes are anticipated:

Component 1 – Strengthening Policy, Legal and Institutional Framework for TFCAs: The international agreement with Zimbabwe and Zambia for ZIMOZA TFCA will not be pursued since Zimbabwe is not coming to the discussion table.

Component 2 - Integrated District Development Planning: This will be cancelled after the District Plan is produced. Although this is a plan fully owned by the District and its stakeholders, it will not qualify as a fully "integrated" District Development Plan.

Component 3 – Community and Private Sector-Led Conservation and Tourism Development: Infrastructure in the Town of Vilanculos will be cancelled and the budget redistributed to infrastructure in other project sites which have greater impact on the PDO. The Community Enterprise Facility manual will be modified to ease fund access by communities but no change is expected in amount or targeted outcomes.

Component 4 – Biodiversity Conservation and Protected Areas Management: In Chimanimani Reserve, the management team will focus on core area of the reserve instead of the reserve and its buffer area. In Maputo Reserve, Banhine & Zinave National Parks, the project will fund a "sanctuary" so wildlife can be securely reintroduced and a tourism product created. In Zinave National Park, more activities are funded as it turns out that this park is a better tourism asset than appraised. In Maputo Reserve and Banhine National Park, there are communities living in the park. As per the PAD, they were going to be resettled outside but this will no longer be done given the high cost which cannot be financed by the project. Rather, the project will step up its focus on changing park limits and assist communities who live in and around the protected areas organize themselves to benefit from improved park development.

Component 5 – Project Management, Monitoring and Communications: The arrangement for implementation will be streamlined by removing redundancies, office space/location and redistributing some equipment. The goal is to decrease costs and improve delivery.

- **Operational Issues**

- The operational issues are being discussed at MTR and include project management costs and efficiency; adaptation of community equity facility to community realities among others.
- Financial management (FM): the financial monitoring report for the second quarter of the year 2009 has been submitted and reviewed and cleared by the Bank.

- **Follow-up Action**

- A comprehensive action plan will be produced after the completion of the MTR.

8. Water Services and Institutional Support (WASIS)

- **Status of Project Implementation**

- Project performance is rated satisfactory.
- Project closing October 31, 2012.

- **Operational Issues**

- *Administração de Infra-estrutura de Abastecimento de Água e Saneamento (AIAS)* created (in April 2009)
 - The structure, organization and functioning and internal regulation of the AIAS need to be approved.
 - Recruitment of personnel to be undertaken.
- Financial sustainability of FIPAG
 - The Government has agreed to raise the tariff by 20% in February 2010; approval set for November 2009.
 - FIPAG to become financially unsustainable if increase not approved.
- Staff turnover at FIPAG and CRA
 - Staff retention is difficult for specific fields due to compensation packages not based on market demand; possible solution: capacitate staff at project appraisal to avoid hiring consultants and to have proper skills in place by project effectiveness.
- Procurement
 - Some bids received have been lower than initially planned due to the high competition; presents need for reallocation of financing.
 - Increased procurement threshold requested to allow for faster procurement processes.
 - Need for frequent procurement clinics.
- AusAid to undertake a mission in August 2009; possible parallel financing for WASIS.
- **Follow-up Action**
 - Formal approval of FIPAG tariff increase by CRA.

9. Energy Reform and Access (ERAP)

• Status of Project Implementation

- Project performance is rated moderately satisfactory.
- ERAP is co-financed by African Development Bank (AfDB) and Nordic Development Fund.
- Project closing December 31, 2009; project to be extended to allow completion of activities; AfDB has already extended ERAP until December 2010.
- Follow-on project Energy Development and Access (EDAP) under preparation, and scheduled for WB Board approval in November 2009.

• Operational Issues

- The serious delays that were experienced in the implementation of the grid intensification package are being resolved, with the contractor accelerating significantly the rate of installation work. The estimate overall degree of completion is 98% for networks and 61% for customer connections.
- Previous supervision mission by a social specialist identified delays in the application of safeguards policies in grid intensification sites financed by other development partners (e.g., tree-cutting commenced before finalization of the compensation process)
 - o While EDM has noted that the WB safeguards policies can be difficult to apply in the case of urban and peri-urban grid-intensification (for example, because of rapid urbanization and home-building in project areas, final line-routes are only determined mid-way through project implementation), it is emphasized that full application of World Bank guidelines in all ERAP sites is important, including payment of any necessary compensation before household assets are affected.
 - o It has also been noted that compensation process sets a precedent for payment for any kind of work in the communities.
- Financial Management (FM)
 - o 2008 external audit not yet submitted (due June 30, 2009); audit is financed by AfDB and its procurement has been delayed due to some disbursement and procurement issues, which have now been resolved. The final report is due to be submitted by the auditor on October 16, 2009.
 - o Any further delays in the submission of the ERAP audit may affect the negotiation and Board approval of follow-on EDAP project.
 - o Separate EDM audit complete; to be submitted to the Bank following EDM management clearance.
- Procurement
 - o Retroactive no-objection request for EdM's consulting engineer being analyzed by the WB's Regional Procurement Manager
 - o WB team stressed that the Bank will not grant any further retroactive no-objections.
- Documentation for restructuring of the ERAP credit will be submitted once the external audit is received in October. The restructuring will (a) extend the credit closing date to December 2010 to allow completion of activities, and (b) formally drop Component C (private sector distribution concession in N. Inhambane).

• Follow-up Action

Submission of audit report for 2008

10. Beira Rail

- **Status of Project Implementation**

- Project performance is rated satisfactory.
- Project's original date closing of June 30, 2010 has been extended to December 31, 2011 to allow for technical assistance to CFM and supervision of line and works.

- **Operational Issues**

- Deadline of September 30, 2009 for line completion not likely to be met
 - Price increased and lack of funds are a factor.
 - Credit of 43 million Euro from the European Investment Bank (EIB) to meet the financing gap not finalized because conditions need to be met - the legal agreement in place and environmental license or waiver from GoM; needs to be finalized in one month.
 - Beira rail is an on-going line and not a new line; CFM does the environmental assessment.
 - Alternative plan with new agreed dates to be put in place because the deadline for the rail line to reach Moatize will not be met; by the original deadline the rail line will be in Cambulatsisse.
- Safeguards policies
 - CFM is monitoring the compliance of safety measures by CCFB after recent accidents.
 - Inquiry following the June 23 accident being conducted by CFM and CCFB; the Ministry of Transport and Communication can take action after results of inquiry are known.
 - Additional safety operations manual to be put in place.
- Client Connection issue
 - Delays in updating the reallocation of categories in WB systems prevented CCFB from processing invoices in a timely manner (problem subsequently resolved).
- Working conditions
 - Tension in working environment between the Contractor and Independent Engineer and the lack of team building needs to be addressed.
- Financial management (FM) and procurement
 - 2008 audit report submitted (due June 30, 2009).
 - No FM or procurement issues.

- **Follow-up Action**

- Finalize arrangement for the loan from EIB.

11. Roads and Bridges Maintenance and Management II

- **Status of Project Implementation**

- Project performance is rated satisfactory.
- Additional financing of \$30 million has been requested due to rise in costs.
- Project is being restructured due to changes on financing of pooled fund component.
- Project closing June 30, 2011; GoM has requested an extension to June 30, 2012.

- **Operational Issues**

- Project restructuring underway; pooled fund component to be dropped.
 - \$17 million of \$35 million from the pooled fund has been spent.
 - Road Fund believes not all pooled fund expenses may be eligible.
 - A procurement audit on the already spent portion of the pooled fund is required (focus of Sept. 2009 mission).
- Rehabilitation of Jardim – Benfica section of N1.
 - Delays due to procurement review and need to address resettlement need, but no-objection has been given.
 - Housing report still to be concluded.
 - WB safeguards specialist to review.
 - No objection to sign the contract will be issued soon.
- Financial management (FM)
 - 2008 audit has been submitted with delay without the management letter therefore this requirement has not been fulfilled.
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 - Additional finance for the project cannot be negotiated or approved if this is not fulfilled.

- **Follow-up Action**

- Submission of management letter to accompany audit report for 2008.

12. Financial Sector Technical Assistance (FSTAP)

- **Status of Project Implementation**

- Overall project performance is rated satisfactory.
- The financial management of the project is also satisfactory as evidenced by the timely and satisfactory submission of the 2008 Audit Report.
- Project closing June 2011.

- **Operational Issues**

- Due to the financial sector assessment which took place in February 2009, there was no supervision mission that has taken place this year. The next supervision mission is scheduled for December 2009.
- Although all components are being implemented on schedule, there is slight concern that the implementation of the IFRS in the corporate sector may not yet fully up to speed. This will be a key aspect of the next supervision mission.

- **Follow-up Action**

- Confirmation of the next supervision mission.