

<b>1. Project Data:</b>		<b>Date Posted :</b> 06/21/2013	
<b>Country:</b>	Mozambique		
<b>Project ID:</b>	P096332	<b>Appraisal</b>	<b>Actual</b>
<b>Project Name :</b>	Promaputo, Maputo Municipal Development Program	<b>Project Costs (US\$M):</b>	43.0
<b>L/C Number:</b>	C4257	<b>Loan/Credit (US\$M):</b>	30.0
<b>Sector Board :</b>	Urban Development	<b>Cofinancing (US\$M):</b>	0
<b>Cofinanciers :</b>	<b>Board Approval Date :</b>		01/25/2007
	<b>Closing Date :</b>	08/31/2010	08/31/2011
<b>Sector(s):</b>	Sub-national government administration (60%); Roads and highways (20%); Solid waste management (12%); Other social services (4%); General industry and trade sector (4%)		
<b>Theme(s):</b>	Municipal governance and institution building (23% - P); Other urban development (22% - P); Municipal finance (22% - P); Urban services and housing for the poor (22% - P); Participation and civic engagement (11% - S)		
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>ICR Review Coordinator :</b>	<b>Group:</b>
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## 2. Project Objectives and Components:

### a. Objectives:

The statement of objectives in the Credit Agreement and the Project Appraisal Document is identical : "to strengthen the Maputo City Council's institutional and financial capacity to support achievement of long term service delivery goals, and to implement selected priority investments".

The project's outcome targets were:

- (1) 120% nominal increase in own-source revenues;
- (2) Increase the amount of solid waste deposited in the waste dump from 253 to 600 ton/day;
- (3) An Integrated Financial Management System in use and fully functional as designed .

This was phase 1 of an eight-year APL program, which was intended to create the foundation for large -scale investments in infrastructure and services to be financed under phase 2, already approved.

The long term objectives of the program are to strengthen the capacity of the City Council (CMM) to develop, manage and maintain quality service delivery to its citizens .

### b. Were the project objectives/key associated outcome targets revised during implementation?

No

### c. Components:

**Component 1: Institutional reform and municipal governance** (appraisal cost US\$8million; actual cost US\$10.8million). This component comprised two sub-components: (i) institutional reform and strengthening, and (ii)

Improved municipal governance. The first sub-component was to finance (a) preparation and implementation of a restructuring plan for the City Council of Maputo, (b) strengthening of human resources management, (c) simplification of administrative procedures, (d) creation of capacity of district-level authorities to plan and manage small-scale infrastructure and urban services, and (e) basic operating costs for the CCM. The second sub-component was to support (a) citizen awareness campaigns, (b) training of municipal assembly members on their roles and responsibilities, (c) workshops and other activities to facilitate communication among government agencies involved in delivering services in Maputo, and (d) development of public private partnerships.

**Component 2: Municipal finance** (appraisal cost US\$4.7 million; actual cost US\$5.3million). This component comprised two sub-components: (i) improved revenue collection, and (ii) improved expenditure management. The first sub-component financed (a) a contract with a private firm to distribute bills for property taxes and measures to involve district administrations in revenue collection, (b) design and implementation of a single consolidated database and new systems for generating and distributing bills and for collecting taxes and fees, (c) improvements in the capacity of municipal service providers to collect fees, and (d) reform of tax legislation, and (e) training and capacity building to enhance the municipal revenue system. The second sub-component financed training and capacity building in (a) budget preparation, (b) procurement and asset management, and (c) budget execution and control, including audits.

**Component 3: Planning and service delivery improvements** (appraisal cost US\$26.3 million; actual cost US\$25million). This component comprised three sub-components: (i) planning and management of urban space, (ii) infrastructure and service delivery improvements, and (iii) solid waste management services. The first sub-component supported (a) preparation of spatial and sector plans and implementation of a municipal information management system, (b) creation of capacity in the CCM for strategic, spatial, and sector planning, and (c) improvements in the systems for land management. The second sub-component financed (a) rehabilitation of existing roads and drainage, (b) construction of a new cemetery, (c) installation of street lights and traffic lights, and (d) construction of markets. The third sub-component supported improvements in solid waste management.

#### **d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:**

**Project Cost:** Project appraisal cost was US\$43.0 million, of which US\$41.1 million were disbursed at closure.

**Financing:** The Bank financing consisted of a credit in the amount of US\$ 30.0 million. At closure, the amount was disbursed at US\$29.4 million. Public-Private Infrastructure Advisory Facility (PPIAF) grant contributed US\$0.08 million against estimated US\$0.29 million.

**Borrower contribution:** The Borrower contributed US\$13.0 million, of which US\$11.7 million were disbursed.

**Dates:** The project closing date was extended for one year from August 31, 2010 to August 31, 2011. The extension was granted to complete the on-going activities, including the development and implementation of the integrated financial management information system and financing of contracts for solid waste management services until the contract end dates. The project was conceived as the first phase of an eight - year program. While the closing date for phase 1 was extended by one year, phase 2 was approved on September 30, 2010 and became effective on January 21, 2011, less than six months later than originally planned.

### **3. Relevance of Objectives & Design:**

#### **a. Relevance of Objectives:**

**High.**

The project development objective was highly relevant to the Bank's FY08-11 Country Partnership Strategy for Mozambique (current at project closure), which was based on the three pillars: (a) accountability and public voice, (b) equitable access to key services, and (c) broad-based economic growth. These pillars were aligned with the three pillars of the government's second poverty reduction strategy, *Programa da Acção da Redução da Pobreza Absoluta //*. The Maputo Municipal Development Program phase 1 (MMDP I) contributed to each of these pillars. The PDO was also in line with the main priorities of the FY04-07 Country Assistance Strategy for Mozambique at appraisal, which aimed at improving the investment climate, expanding service delivery, and building public sector capacity and accountability. The project objective was consistent with a 10-year municipal development program of the City Council of Maputo (CCM) called ProMaputo; its goal was to raise the quality of life of municipal residents and create an environment conducive for investment and job creation.

#### **b. Relevance of Design:**

**Substantial.**

The statement of development objectives was clear. The project results framework provided a logical link between

the activities financed by the project and the outputs and outcomes related to the attainment of the development objectives.

Increasing the *institutional* capacity of the Maputo City Council was supported by Component 1 and 3, which included measures for restructuring, human resources management, simplification of administrative procedures, planning and management of urban space, strengthening of district authorities, and various initiatives to increase citizen participation, increase inter-agency coordination and develop public-private partnerships. This aspect of the results chain was predicated on the active involvement of City and Municipal Associations in the drafting of laws and regulations bearing on municipal autonomy, and giving civil society the means to assess and to contest the plans developed (e.g., through Citizens' Report Cards). It also assumed that the Municipal Assembly would swiftly approve the Restructuring Plan, without which the other parts of the program could not be delivered (PAD, p.19). Increasing the *financial* capacity of the City Council of Maputo was supported by Component 2, which included design and implementation of a single consolidated database and new systems for generating and distributing bills and for collecting taxes and fees, reform of tax legislation, and measures to involve district administrations in revenue collection.

The project was envisaged to be implemented within the structure of the municipality itself and not in a project unit, since this limits internalization of reforms by the whole municipality and undermines ownership and sustainability (PAD, page 14).

#### **4. Achievement of Objectives (Efficacy):**

##### **A. Strengthened institutional capacity . Substantial .**

###### Outputs

- A restructuring plan for all organizational units was defined and implemented (modeling processes, job description manual, staff table, competencies profile assessment, and redeployment plan ). All 29 organizational units of the City Council of Maputo were restructured, including the departments of finance, human resources management, and procurement.
- A strategic and operational planning methodology was defined and implemented .
- A human resources management plan (recruitment of new qualified technicians and integrated in organizational units) was developed and implementation started .
- An integrated human resources management system was defined (strategy, global, and specific policies were defined and a manual of procedures was prepared ).
- A study on simplification of processes was completed, and implementation of its recommendations commenced.
- Annual training courses were offered in leadership, project management, and various other areas of municipal relevance.
- A strategic plan for information systems was defined and implementation started .
- District-level authorities received capacity building support to plan and manage small -scale infrastructure and urban services.
- An anti-corruption strategy was prepared and many of its recommendations implemented .
- A de-concentration plan for municipal districts was defined and implemented .
- Three citizen report card surveys were undertaken to solicit feedback from the public on the quality of services and their results were widely disseminated through newspapers, television, radio, public forums, the internet, and other media.
- A public private partnership strategy was prepared . Its recommendations provided for the installation for the first time of a public private partnership unit in the municipality, and for the legal framework and model for public private partnership that has already produced 25 such partnerships.
- Urbanization plans for Zimpeto, Magoanine (A, B, and C), Lualane, Ferroviário, 3 de Fevereiro, Mahotas, Costa do Sol, and Albazine were completed . Implementation commenced, and will continue under MMDP II . The urbanization plans will form the basis for the issuing of land use rights to users .
- The rehabilitation and extension of Avenues Sebastião Marcos Mabote (5.6 kilometers) and Nelson Mandela (5.4 kilometers) were completed. These connected the central business district of Maputo to expansion areas on the outskirts of the city, which are home to poor people resettled from the urban core and to new migrants .
- Roads rehabilitated under the project, non-rural, reached 85 kilometers by end 2009, significantly exceeding the original target of 20 kilometers. The target was surpassed because people living in the periphery of Maputo identified improved access roads as a priority for them . The City Council of Maputo responded by focusing attention on improving access roads in the later years of the project .
- Studies were completed to improve the organizational set-up and financial sustainability of future solid waste services.
- Primary waste collection was initiated in 25 suburban neighborhoods, using micro-enterprises to provide collection services. This was the first regular municipal service provided in these settlements . At least 590 jobs

have been created for local residents .

#### Outcomes

- Average time to process a new request for a construction license reduced from 8 months to 28 days exceeding the target of 3 months.
- As planned, decentralization of agreed functions occurred in 7 districts.
- Solid waste services in the central city and the suburbs improved visibly . The quantity of urban solid waste collected and deposited in the dump rose from 253 tons per day in 2006 to 650 tons per day by August 2011 exceeding the target value of 600. For the first time services were provided outside the city core where about 90 percent of residents live and are poor . The number of people served with regular solid waste collection services rose from about 100,000 in 2006 to 1 million in 2011.
- Collection of the waste fee rose from US\$900,000 in 2006 to US\$3.3 million in 2011. The service was fully covered through the waste fee, collected through the electricity billing system .

The project supported significant reorganization in the way solid waste services are delivered . It encouraged the City Council of Maputo to focus on the core functions of policy development and planning of solid waste services, while contracting out to private firms and micro-enterprises the job of collecting and disposing of garbage . The firms and micro-enterprises were paid on the basis of performance to have a strong incentive to deliver the services . Residents have noticed that services have improved and are now paying increasing amounts to sustain them . The project facilitated the creation of some 25 public private partnerships. Private enterprises are now managing and maintaining municipal parks and gardens, parking lots, and public sanitary facilities under public -private partnership arrangements. The creation of the solid waste micro-enterprises has also generated 590 jobs for local residents, many of whom are women.

The project included a number of innovative approaches to strengthen the CCM's institutional capacity : (i) introduction of annual citizen report cards to solicit feedback from the public on the quality of services, organizing public forums at the neighborhood and district levels, and public awareness campaigns, thus enhancing accountability; (ii) recruiting recent university graduates under Bank -finance to work at the City Council of Maputo for a trial period, with successful candidates made permanent staff of the council; and (iii) offering bonuses to high-performing staff. The majority of staff trained and mentored under the project in financial management, procurement, contract management, urban and strategic planning, human resources management, communications, and information management remain in the City Council of Maputo, including the young university graduates . The policy of rewarding high performing staff with bonuses that can effectively double their salaries has proven to be a strong incentive for the best qualified staff to remain in the CCM .

#### ***B. Strengthened financial capacity . Substantial .***

#### Outputs

- A property tax regulation (decree 61/2010) was approved by the Council of Ministers to allow for the reassessment of properties, with reference to market values . This regulation is of national scope bringing benefits to all the 43 municipalities in the country .
- Number of additional taxpayers registered as property tax payers increased from 13,000 to 28,000 increasing the target of 18,000.
- Design of an integrated financial management system (IFMIS) and implementation of some modules commenced. However, the integrated financial management system was not implemented as planned . Implementing the IFMIS proved more difficult than expected due to a very comprehensive public financial management law in Mozambique that requires government entities to adhere to standards set by the Ministry of Finance before they can introduce the IFMIS . The Bank approved phase 2 of the program under which the work on the IFMIS will continue. The Ministry of Finance is taking the lead in design and implementing the system for the City Council of Maputo with Bank assistance .
- Regulations for fees on economic activity were prepared and approved by the Municipal Assembly, allowing for more efficient fee calculation and collection .
- Measures to increase revenues from markets—including launching of a market vendor cadastre and approval of new regulations by the municipal assembly—were put into place .
- Extensive training for managers and technicians in municipal revenue management took place . The training included lectures on national legislation, as well as practical classes in which the revenue department team elaborated and discussed proposals of regulations for municipal taxes and fees .
- A planning and budgeting methodology was revised and approved by the CCM .
- A study proposing approaches to revaluing properties in Maputo was completed .
- An evaluation of municipal assets was conducted .
- A medium-term expenditure framework was developed, which is regularly updated to reflect the fiscal position of the municipality .

## Outcomes

- Maputo City Council's own revenue rose from US\$3.5 million in 2006 to US\$9.8 million (annualized) by March 2010. This was a gain of 180 percent over baseline, exceeding the original target value of 120 percent over baseline. Revenues rose due primarily to increases in solid waste fees and improved collection of property and vehicle taxes.
- The own revenues/ current expenditures ratio reached 1.13 from 0.8 exceeding the target of at least 1.
- The proportion of the City Council of Maputo's capital budget spent (including ProMaputo) rose from 60 percent in 2006 to 90 percent in 2010. Excluding ProMaputo, 95 percent of the CCM's capital budget was spent in 2010.
- At closure, the City Council of Maputo had in place a complete database of employees, providers, assets, and payroll functionality. The Bank approved phase 2 of the program on September 30, 2012, under which the work on the IFMIS will continue. The City Council of Maputo is preparing a paper laying out the alternatives to the integrated financial management system for its financial management. In consultation with the Bank team and with support of the project, it will design and implement the most appropriate system for its needs and capacity. Specifically, the City Council of Maputo has asked the Ministry of Finance to lead the design work to ensure that the system conforms to the national standards. An institute under the auspices of the Ministry of Finance, the Center for Development of Public Finance Information Systems (*Centro de Desenvolvimento de Sistemas de Informação de Finanças*), is overseeing the design and implementation of the the integrated financial management system at the City Council of Maputo.

Overall the project is likely to contribute to the program goal.

## 5. Efficiency:

The ERR is available for the road in Maputo: Avenida Sebastião Marcos Mabote. The economic rate of return (ERR) for the road section is estimated to be 103% as compared with 100% at appraisal due to a larger than estimated traffic volume resulting in higher savings in vehicle operating costs. The main benefits of the road rehabilitation and associated drainage were due to reductions in vehicle operating costs as a result of the improvements in the quality of the road. The original economic analysis also referred to a number of other economic benefits, such as savings in travel time, increases in values of properties that became more accessible, and reduced costs of repairing roads, structures, and property arising from improved drainage.

The project also supported three roads projects in addition to the rehabilitation of Avenida Sebastião Marcos Mabote. The unit costs of rehabilitating and re-graveling roads were well below the average for the African countries, according to a background paper prepared for the World Bank's 2008 Africa Infrastructure Country Diagnostic.

The internal rate of return for the investments in solid waste management was estimated to be 20% at appraisal. Data are not available to permit an update of the estimates from the original economic analysis. As stated by the ICR, a comparison of the costs of delivering solid waste services in Maputo with those in other medium-size cities in developing indicates that costs in Maputo are well within the norms.

The project experienced a delay of one year. There were no cost overruns.

Efficiency is assessed as **substantial**.

### a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :

	Rate Available?	Point Value	Coverage/Scope*
Appraisal	Yes	100%	11%
ICR estimate	Yes	103%	12%

\* Refers to percent of total project cost for which ERR/FRR was calculated.

## 6. Outcome:

The project's development objective was highly relevant to the challenges faced by the City Council of Maputo in delivering the basic infrastructure services to the city residents. The project significantly strengthened the institutional and financial capacity of the City Council to support achievement of long-term service delivery goals. As a result of improved solid waste management, the number of people served with regular solid waste collection services rose from about 100,000 in 2006 to 1 million in 2011. The Maputo City Council's own revenue rose from US\$3.5 million in 2006 to US\$9.8 million by 2010 due to increased solid waste fees and improved collection of property and vehicle

taxes . Efficiency and relevance of design are rated substantial . Outcome is assessed as satisfactory .

**a. Outcome Rating :** Satisfactory

### **7. Rationale for Risk to Development Outcome Rating:**

The benefits of the capacity building support of the project are likely to be sustained . The City Council of Maputo has demonstrated its commitment to improve its functioning since it developed the ProMaputo Program . The majority of staff trained and mentored under the project in financial management, procurement, contract management, urban and strategic planning, human resources management, communications, and information management remain in the city council. Many of the young university graduates recruited to enhance staff capacity also remain in place . The City Council of Maputo has instituted a policy of rewarding high performing staff with bonuses that can effectively double their salaries. This has proven to be a strong incentive for the best qualified staff to remain at the city council .

Sustainability of the infrastructure and services financed under the project is likely . The City Council of Maputo has already developed a plan to increase fees for solid waste services to full cost recovery levels by 2017, assuming it is operating a new landfill by then . Maintenance of roads is likely due to the city council 's current practice of establishing annual budgets and work plans for maintenance of roads, started under the project . In addition, the City Council of Maputo has strengthened its capacity for managing routine maintenance contracts . District administrations have also been trained to undertake spot repairs to unpaved roads after each rainy season . Support to further improve operations and maintenance is being continued under the MMDP II .

The Bank's continuing engagement with the City Council of Maputo under phase 2 of the program will help ensure that the CCM continues to strengthen its capacity to effectively deliver on its mandates .

**a. Risk to Development Outcome Rating :** Negligible to Low

### **8. Assessment of Bank Performance:**

#### **a. Quality at entry:**

The project appropriately targeted and prioritized the institutional reform and capacity building measures for the City Council of Maputo. Little investment had been made in the city 's infrastructure since independence, due in part to Mozambique's long civil war which ended in 1992. As a result, most residents lacked access to basic infrastructure services, including water and sanitation services, serviced and affordable land, roads, drainage, and electricity. A lack of human and financial capacity limited the ability of the City Council of Maputo to deliver the services for which it was responsible. In 2005 the total budget of the CCM amounted to US\$6 per capita. The city council faced substantial constraints in both own -source revenue generation and in budget planning and control. Only 5 percent of total properties in the city paid taxes each year .

The ProMaputo Program of the Maputo City Council served as the basis for the Bank -financed project. It was based on the extensive consultations with stakeholders to develop the vision, mission, and development program for Maputo. It also benefited from regular and open dialogue between the Bank 's task team and key staff of the city council. The design of ProMaputo was also informed by the findings of municipal citizen report cards . Prior to preparing the project, the Bank had supported studies on all areas of the functioning of the City Council of Maputo. These included studies on functions and human resources, revenues and revenue potential, public private partnerships, information and communications technology, and anti -corruption measures, and others. The findings and recommendations of the studies provided a strong evidence base to guide the project design and recommended measures for strengthening its operations and ability to deliver urban services . A comprehensive understanding of the situation of the City Council of Maputo was achieved at the time of project preparation .

The project appraisal document noted alternative approaches, the trade -offs between them, and the rationale for the final decisions. A thorough appraisal of procurement and financial management arrangements helped to ensure that resources were used as intended . The project appraisal document also specified a large number of effectiveness conditions, which were important in ensuring that the City Council of Maputo had required management capacity prior to the start of implementation . The city council quickly met the conditions, and the project became effective about two months after the Board date, as planned . In addition to the standard financial covenants, the Financing Agreement included covenants intended to ensure that the project met its objectives . These included covenants requiring preparation and submission to IDA a strategy to retain qualified and trained staff, entry into an agreement with the Electricity Company of Mozambique to allow the city council to collect solid waste management fees, and agreement with IDA on bidding documents for the selection and employment of contractors to implement urban infrastructure and services .

The project appraisal document generally foresaw the risks the project would face and identified adequate mitigation measures, although it underestimated the risk regarding a lack of qualified staff in the procurement department of the City Council of Maputo, which it regarded as moderate . It accurately noted the risk as substantial that the IFMIS would not be put into place by the time of project closing .

**Quality-at-Entry Rating :** Satisfactory

**b. Quality of supervision:**

Supervision was carried out frequently; the Bank fielded 11 implementation missions during the project's four and a half years of implementation . Missions typically comprised ten or more members, including foreign and local consultants with expertise in urban development, local government administration, environmental and social safeguards, monitoring and evaluation, procurement, and financial management . To ensure regular contact with the project implementers, the Bank team held video and audio conferences with the City Council of Maputo between missions on key issues arising during implementation . Although the project has had two task team leaders—one from identification until mid-2008, and the other from mid-2008 until the project closed—the transition was seamless, because the second team leader had served as a team member from the beginning moving subsequently to Maputo to provide daily support to the City Council of Maputo . The Bank's management team was actively overseeing project implementation to help ensure that the project remained on track to meet its objectives.

The Aide Memoires provided thorough analyses of the key issues along with practical recommendations of how to address obstacles. Implementation support routinely reported on progress with activities under each component, performance of the City Council of Maputo and its individual departments in implementing the project progress towards the PDO outcome targets, financial management, procurement, and compliance with safeguards and with legal covenants .

The team responded proactively to challenges as soon as they arose and tried to find effective solutions to them . For example, when issues arose in designing the integrated financial management system (IFMIS), the task team brought a Bank IFMIS specialist to Maputo to assess the situation and advise the City Council of Maputo on options. It also advised the government to recruit an IFMIS under project finance to oversee the work at the city council. In addition, the task team also sought guidance from Bank management, procurement, financial management, and legal departments.

The Mid-term Review (April 2009) provided a comprehensive assessment of progress towards development objectives and implementation performance . It confirmed the overall relevance of the project, its objectives and key performance indicators, design, and implementation arrangements . It also identified implementation challenges and recommended extending the project's closing date by one year to allow sufficient time to complete key activities and achieve its objectives .

**Quality of Supervision Rating :** Highly Satisfactory

**Overall Bank Performance Rating :** Satisfactory

**9. Assessment of Borrower Performance:**

**a. Government Performance:**

The central government, particularly the Ministry of Finance, the Ministry of Planning and Development, the Ministry of State Administration, and the Ministry of Environmental Coordination played important roles in helping to create the capacity of the City Council of Maputo for municipal service delivery . For example, the Ministry of Finance consistently provided its counterpart funds for the project on time, facilitating smooth implementation . The Ministry of Environmental Coordination quickly responded on requests to review potential environmental impacts of infrastructure sub-projects. And the Council of Ministers on December 27, 2010 approved a decree allowing re-evaluation of urban properties, which substantially increases the revenue potential for the City Council of Maputo.

**Government Performance Rating** Satisfactory

#### **b. Implementing Agency Performance:**

The City Council of Maputo was the implementing agency. It established a strong team in its Office of Strategic and Institutional Development to coordinate overall project implementation, and appointed as its head a highly-qualified person with experience in managing diverse teams. It also established a procurement department staffed with qualified specialists and a financial management system capable of producing satisfactory financial monitoring reports. It ensured that the project complied fully with environmental and social safeguards. It consistently provided in counterpart funds on time and in the agreed amounts. And it complied with all the legal covenants, although with some delays in the early years. Finally, it adopted a scheme to pay bonuses to high-performing staff, thereby overcoming a key factor discouraging people from working for government institutions, low salaries. However, the City Council of Maputo did not manage to retain qualified procurement staff, leading to delays at various times during implementation. Financial management remained a weakness throughout, in part because of the inability of the city council to advance with implementation of the integrated financial management system. Financial management was rated moderately satisfactory during most of the project implementation period, including at closing.

The Office of Strategic and Institutional Development, which led project implementation, performed capably throughout implementation. It responded to weaknesses in staff capacity at the City Council of Maputo by recruiting advisors with expertise in a large range of areas. The Office of Strategic and Institutional Development prepared quarterly project progress reports on time, which consistently reported on progress in implementation of activities. It used them effectively to motivate staff and to focus attention of policy makers on key issues.

The project supported PPPs. Under the project, a PPP department was established in the municipal directorate of economic activities and staffed with university graduates in key specializations of law, economics and engineering. With the assistance of the Public Private Infrastructure Advisory Facility (PPIAF), the municipality developed a portfolio of over 25 PPPs. To address operational capacity constraints, CCM contracted an assessment of the PPP program to assist in the further development of both its internal capacities to formulate and manage PPPs and to assist the municipality in refining its strategies and criteria for the identification of suitable potential PPPs, to be supported under phase 2 program.

**Implementing Agency Performance Rating :** Satisfactory

**Overall Borrower Performance Rating :** Satisfactory

#### **10. M&E Design, Implementation, & Utilization:**

##### **a. M&E Design:**

The project's indicators were appropriately linked with the intermediate objectives. The key indicators included baseline data and measurable targets set at appraisal (PAD Annex 1; Section F of the Datasheet and ICR-Annex 2). The key performance indicators for the project development objective included: (i) increases in the Maputo City Council's own-source revenues; (ii) increases in tons of solid waste collected and deposited in a dump-site, which was an indication of the City Council's ability to implement priority investments; and (iii) implementation of the integrated financial management system.

The PDO-related outcome indicators served as triggers for phase 2 of the Loan, in addition to two of the four intermediate outcome indicators. Due to their efficacy, many of the indicators have been retained to monitor progress under phase 2 of the program.

##### **b. M&E Implementation:**

The monitoring and evaluation (M&E) system was integrated with other systems of administration, with line managers of each directorate assigned responsibility for collecting data in their areas of preview and providing them to the Maputo City Council's Office of Strategic and Institutional Development.

The CCM's Office of Strategic and Institutional Development, which was responsible for the overall program coordination and monitoring. The implementation of the M&E system took longer than expected due to the CCM's lack of experience with M&E. To address this weakness, the head of the Office of Strategic and Institutional Development prepared monitoring reports using the traffic light approach that makes clear who is complying with his or her responsibility to provide data and who is not. The reports formed the basis for weekly staff discussions on implementation progress and for periodic presentations to the mayor, the municipality's consultative council, the municipal assembly, and other stakeholders. Using such graphic reports proved effective in focusing attention on the



Issues. Data collection and reporting improved markedly once in place . The Bank team reported on the functioning of the project's M&E system in each aide memoire, noting steady progress in implementation during the project 's life. The project also financed three municipal citizen report cards to measure trends in citizens ' views of the quality of services being delivered by the City Council of Maputo .

### **c. M&E Utilization:**

The City Council of Maputo and Bank teams used the monitoring information as the basis of their discussions during each implementation support mission . Specifically, they used the information to identify areas of particular challenge and to identify measures to address them . For example, the teams observed slow procurement of several major contracts (human resources management, IFMIS, CCM restructuring ) and agreed on actions (such as hiring more procurement officers under Bank-finance) to speed up the process . The City Council of Maputo used the monitoring reports to report on implementation progress to the mayor, the municipality 's consultative council, the municipal assembly, and other stakeholders . This helped to motivate CCM staff to contribute to the project . It also helped further the dialogue with national authorities on issues such as the need to mobilize own -source revenues to effectively deliver urban services and infrastructure . The findings of the annual citizen report cards were widely disseminated and played an important role in focusing the attention of the CCM staff on their responsibilities to deliver services to residents . Public forums led by the president and the councilors to discuss the findings with city officials proved instrumental in strengthening accountability of the City Council of Maputo to citizens .

**M&E Quality Rating :** High

## **11. Other Issues**

### **a. Safeguards:**

The project was classified as environmental assessment category B (partial assessment), because the planned urban infrastructure and services were not expected to result in environmental damage or significant resettlement .

All infrastructure investments for which sites would be identified during implementation were subject to review under the project's environmental and social management framework (ESMF) and resettlement policy framework (RPF), which specified in detail procedures to be followed during the planning, design, construction, and operation phases of subprojects to identify and to mitigate potential adverse impacts . The ESMF and RPF report prepared for the project was publicly disclosed on October 21, 2006 in-country and on October 24, 2006 through the Bank's InfoShop.

"The project complied fully with the Bank's Environmental and Social Safeguard Policies" (ICR, page 10). Several missions included Bank safeguard specialists, who visited project sites, interviewed project affected people, and held discussions with district and municipal staff and with officials from the Ministry of Environmental Coordination . They found that resettlement associated with road upgrading was carried in full compliance with the project 's RPF, prior to the commencement of the works . They also noted that the solid waste firms and microenterprises were generally providing workers with protective clothing and with training aimed at encouraging its use . Several activities with potential environmental and social impacts that were initially programmed for phase 1 were shifted to phase 2. These included closure of a waste dump .

### **b. Fiduciary Compliance:**

*Procurement:* The City Council of Maputo had difficulty complying with the Bank 's procurement procedures, particularly in the early years of implementation, which led to delays in project execution . The challenges were due in part to the decision to use the city council's structures to implement the project, rather than a specialized project implementation unit. In accordance with Bank advice, the City Council of Maputo sent four staff for training on the Bank's procurement procedures . It also contracted advisors to bolster capacity of the municipal procurement department. However, turnover of procurement staff was very high, necessitating continuous recruitment and training of new procurement specialists . Some weaknesses remained at project closing in the procurement filing system and in contract management. No misprocurement was reported.

*Financial Management:* The City Council of Maputo struggled to comply with the Bank 's fiduciary policies in the early years of implementation. Quarterly financial monitoring reports were often late, and many contained errors . Several annual audit reports were not submitted on time . Early audit reports revealed accountability issues at the city council . Financial management was rated moderately satisfactory during most of the project implementation period, including at closing. It was rated moderately unsatisfactory in two Implementation Status Reports (November 24, 2009 and February 11, 2010). This rating arose from late submission of the 2008 audit report (which was due in February 2009,

but was received only in November 2009), and to its qualified opinion on the City Council of Maputo's financial statements, for reasons including the inability of the auditors to verify assets, and some issues related to the project's system of internal controls and accountability. As subsequently was clarified by the project team, the qualifications had been addressed by the time the 2009 audit was conducted.

**c. Unintended Impacts (positive or negative):**

**d. Other:**

<b>12. Ratings:</b>	<b>ICR</b>	<b>IEG Review</b>	<b>Reason for Disagreement / Comments</b>
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Risk to Development Outcome:</b>	Negligible to Low	Negligible to Low	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Performance :</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Satisfactory	

**NOTES:**

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

**13. Lessons:**

The ICR has identified a number of lessons and the most important ones are listed below :

- **Mainstreaming project management helps to build and sustain capacity of government entities** . Although relying on a weak government entity with no previous experience in executing a Bank - financed project can be risky, it also powerfully assists in building sustainable capacity of the entity through learning by doing .
- **Building effective institutions requires a long -term commitment** . Organizational change is a slow and difficult process that often stalls due to resistance of those who fear they may be made worse off due to the changes or due simply to inertia. Convincing people that change is in their interests requires solid analysis, considerable consultation and willingness to address concerns, investments to upgrade skills of existing staff to give them a place in the new organization, and determined leadership .
- **Combining institutional strengthening with improved delivery of services** . Combining institutional reforms with service delivery helps in building the capacity of the implementing agency to carry out its mandate through learning by doing. It also helps to facilitate engagement with the citizens who are benefiting from the improved services.
- **Design of financial management information systems must be appropriate for the institutional context to succeed** . Both governments and external advisors often propose the most modern system for managing financial and other information. However, such systems often do not function where organizational, technical, and human capacity is weak.

**14. Assessment Recommended?**     Yes    No

**Why?**    To verify the ratings and document lessons for other developing countries, e .g., related to PPPs, mainstreaming of project management into government entity, and other innovations supported by the project .

**15. Comments on Quality of ICR:**

The ICR is concise and outcome-oriented. The quality of evidence is adequate . The lessons are evidence-based. The ICR offers a good discussion in the sections on Supervision and M&E . The achievement of project development objectives could have been better covered with regard to the project - delivered outputs in the main text of the ICR .

**a.Quality of ICR Rating :** Satisfactory