



1. Project Data:		Date Posted : 08/13/2001	
PROJ ID: P001796		Appraisal	Actual
Project Name: Rural Rehabilitation	Project Costs (US\$M)	23.0	21.7
Country: Mozambique	Loan/Credit (US\$M)	20.0	20.0
Sector(s): Board: RDV - Sub-national government administration (34%), Water supply (27%), General agriculture fishing and forestry sector (24%), Central government administration (15%)	Cofinancing (US\$M)	0.0	0.0
L/C Number: C2479			
	Board Approval (FY)		93
Partners involved : None	Closing Date	12/31/1998	12/31/2000
Prepared by :	Reviewed by :	Group Manager :	Group:
Christopher D. Gerrard	Ridley Nelson	Alain A. Barbu	OEDST

2. Project Objectives and Components

a. Objectives
The primary objective was to undertake, on a pilot basis, activities to support decentralized rural economic recovery while creating the institutional capacity and procedures necessary to address the broader post-war rehabilitation needs. Specific objectives correspond to the four components .

b. Components
The initial components were:
(a) **Support for decentralization** : Capacity-building and implementation of community-based micro-projects (schools, health clinics, water supply, roads, etc.) on a pilot basis in two provinces (Sofala and Zambezia).
(b) **Land study and land use mapping** to support the development of land policies that would provide greater tenure security for smallholders.
(c) **Distribution of agricultural packages** to provide seeds and hand tools to smallholders returning to their traditional land after the war.
(d) **Rural water supply** : Rehabilitation and new construction of rural water facilities, strengthening provincial water supply institutions, and strengthening community participation in operation and maintenance .
The project was restructured in mid-1997. Implementation of community-based micro-projects became the core focus of the project. The land study component was transferred to the Agricultural Services Rehabilitation and Development Project. The Agpacks component was cancelled. The decentralization and water components were extended to all 27 districts in the two provinces (compared to 8 districts at appraisal). OED assessments are based on the restructured project.

c. Comments on Project Cost, Financing and Dates
The project was designed as a 3-year pilot with 5 years for disbursement, and ultimately extended to 7 years. Most of the Bank's \$20 million contribution was disbursed after 1996. Total costs remained the same after restructuring and freed resources were re-directed to decentralization (micro-projects) and land use mapping. The decentralization component increased from \$ 7.9 to \$15.9 million, and implementation of micro-projects from \$4.3 to \$10.8 million.

3. Achievement of Relevant Objectives:
A peace accord signed in October 1992 ended more than a decade of conflict that had resulted in massive displacement of rural populations, the destruction of rural infrastructure, the collapse of the economy, and the disappearance of most government services in rural areas . The project was not well designed -- the ICR rates quality at entry as unsatisfactory . The large size of the credit (\$20 million) was inconsistent with the pilot nature of the project and the SAR disbursement schedule (more than 90% during the first three years) proved unrealistic. The components of the project were too broad and complex . The initial weight attached to capacity-building and piloting

procedures also turned out to be premature given the more urgent demands of the post-war situation and the low institutional capacity which existed at all levels of government. However, the Bank was flexible in implementation. The mid-term review and restructuring, and the continuity of TM supervision during the last four years were instrumental in turning around the project. Instead of a 3-year pilot, the project became a 7-year operation that contributed not only to rural rehabilitation but also to rural development. Located in previously RENAMO-held areas of Mozambique, the project both benefited from and contributed to the more rapid than expected improvements in the security situation in these areas. The project supported substantially more investments in social and economic infrastructure in rural areas and over a wider geographic area than anticipated at appraisal. However, OED rates the outcome as moderately satisfactory because the project largely failed to achieve one of its major objectives namely, to institutionalize the procedures and capacity for decentralized, community-driven rural development.

4. Significant Outcomes/Impacts:

- (a) The most significant outcome was micro-investments in social and economic infrastructure in rural areas (schools, health centers, water points, roads, markets, etc.). Notably, 93 new schools were built and 25 schools rehabilitated; 30 new health centers were constructed and 17 hospitals, health posts, or centers rehabilitated.
- (b) The project has fostered major improvements in the system of and capacity for public works construction, contracting, and management, and has had a significant and positive impact on local capacity and skills to develop and maintain rural infrastructure.
- (c) A geographic information system (GIS) has been established in National Directorate for Geography and Cadastre, and two sets of maps have been produced -- a national land use map (1:250,000 scale) and detailed land use maps for the initial 8 priority districts (1:50,000 scale). However, the existence of these maps is not widely known and their use has so far been minimal.
- (d) The project supplied and installed 300 manual AFRIDEV pumps in the two provinces. A Rural Water Supply study in 1997 has led to the adoption of a demand-led water supply policy that has been institutionalized and is being pursued by the IDA-supported National Water Program.

5. Significant Shortcomings (including non-compliance with safeguard policies):

- (a) The project failed to institutionalize and mainstream procedures and capacity to undertake decentralized rural development, involving local governments and local communities.
- (b) There was an almost complete lack of M&E -- a particular weakness given the pilot nature of the project. Upon project completion, there is little information on systems for decentralization and community-driven development, cost-effectiveness, and project impact.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Moderately Satisfactory	The project did not institutionalize procedures and capacity for decentralized, community-driven rural development.
Institutional Dev.:	Modest	Modest	
Sustainability:	Likely	Likely	
Bank Performance:	Satisfactory	Satisfactory	
Borrower Perf.:	Satisfactory	Satisfactory	
Quality of ICR:		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- (a) Managed flexibility is very important in a rapidly changing post-conflict situation, and was the key to the success of this project's implementation, in spite of the inadequate preparation and design.
- (b) Pilot projects should be smaller in size than this one, and accompanied by an effective M&E system in order to learn lessons for future larger scale operations.
- (c) The Bank should help the government in seeking grant co-financing for technical assistance, since the government was not prepared to use IDA funds for technical assistance, although this was included in project design.
- (d) The sustainability of micro-investments in rural areas is more likely when local communities are involved throughout the process from identification and design to completion, operation, and maintenance.

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR was thorough and good practice, but suffered from incomplete M&E data. While the ICR mentions that the project was part of a massive donor effort in support of the government's rehabilitation efforts, it does not mention who were the other donors and what was the Bank's share in this effort. The list of abbreviations and acronyms was incomplete. The date of the mid-term review was not provided.

