

## MOZAMBIQUE CAS COMPLETION REPORT REVIEW

*The OED review of the FY01-03 CAS program and the CAS Completion Report (CCR) finds that there was progress towards attaining the main objectives of the CAS program: increasing economic opportunities, improving governance and empowerment, and improving human capabilities (para. 3). Particularly noteworthy are the reduction in poverty, the high rate of growth, the fall in inflation, the increases in primary school enrollment, and the reduction in infant and maternal mortality (paras. 6 and 10). The Government, which runs moderate macroeconomic policies, has succeeded in achieving the medium-term targets set in its poverty reduction strategy program (PRSP) and advanced towards achieving some of the Millennium Development Goals (MDGs) (paras. 3, 6, 10). However, future gains are not guaranteed. Growing corruption and a weak investment climate could discourage the growth of private businesses, and a weak financial sector and excessive dependence on foreign aid pose risks to macroeconomic stability (paras. 1, 9).*

*The Bank's assistance program helped in the progress observed during the period but fell short of its promises (para. 13). The FY01-03 CAS was relevant but implementation diverged from plan, and the CCR provides inadequate justification for the divergence. Of the nine proposed credits, three were postponed to other CAS periods, but IDA still gave six credits and two grants for \$489.1 million (para. 4). Of the 11 formal ES W reports promised, the Region delivered three plus two unscheduled reports—a CPAR and a CFAA (para. 5). The CCR provides a good survey of achievements and candidly acknowledges shortcomings, but relegates to an appendix a straightforward account of progress towards the CAS objectives. The assessment is balanced and useful, but shifting definitions of pillars, objectives, and sub-objectives reduces transparency and accountability (para. 14).*

*This OED review recommends that IDA (para. 15):*

- *plan a smaller program of loans and AAA than in the FY01-03 CAS;*
- *spend more resources in preparing and supervising projects;*
- *underpin all project and program lending with ESW, with special attention to agriculture, education, health, and infrastructure,-*
- *emphasize development impact rather than resource transfer; and*
- *assess carefully whether external aid to Mozambique is more effective in the form of debt forgiveness than in the form of budget support.*

### Background

1. Following years of internal conflict, the economy of Mozambique was in shambles by the mid-80s when the country, in the midst of civil war, joined the World Bank. The war came to an end in 1992, and the first democratic elections were held in 1994. Subsequently, Mozambique became an example of successful post-conflict reconstruction and development, while moving from a one party state to a multiparty



democracy, and from a socialist, command economy to a market-based one. GDP grew at 6 percent per year in 1990-2000, inflation had fallen to single digits by 2001, and, according to preliminary survey results, the poverty rate dropped from 70 percent in 1997 to 55 percent by 2002. Good economic management helped the country qualify for HIPC debt relief starting in 1999. Nevertheless, in spite of these achievements, Mozambique remains today one of the poorest countries in the world, its per capita gross national income is 45 percent of the sub-Saharan average, and the country ranks 170<sup>th</sup> out of 175 on the 2003 Human Development Index. Mozambique has received large flows of external assistance, including debt relief, but its public external debt, at 75 percent of GDP, still burdens the country and poses a substantial risk for its economic stability.

### **Government Objectives, CAS Objectives, Overview of Implementation**

2 The CCR covers the FY01–03 CAS. In 1999 the Government had prepared an Action Plan for the Reduction of Absolute Poverty (PARPA), which served as the basis for its PRSP, completed in 2001. The PARPA was part of the Government’s five-year program (2000–2004), whose poverty reduction strategy was based on three pillars: (a) Economic development (increasing economic opportunities in the CAS) through maintaining a sound macroeconomic environment, developing the financial sector and strengthening the private sector; (b) Organization of the state (improved governance and empowerment in the CAS) through improvements in public service delivery, law and order, and transparency and accountability; and (c) Social development (improving human capabilities in the CAS) through improvements in health and education.

3. The major objectives of the FY01–03 CAS were aligned with the Government objectives. The three main objectives were broken down into intermediary objectives as follows: (a) The objective of increasing economic opportunities would be pursued through: (i) strengthening the private sector environment and the financial sector, (ii) developing infrastructure, (iii) promoting rural development and agriculture, (iv) ensuring sound environmental management, and (v) promoting innovation, competitiveness and employment; (b) The objective of improving governance and empowerment would be pursued through: (i) reform of the public sector, and (ii) strengthening the rule of law; and (c) The objective of increasing human capabilities was to be achieved through: (i) preventing and reducing the impact of HIV/AIDS, (ii) improving health, and (iii) improving education. Given Mozambique’s development challenges and the broad coverage of the objectives, OED concludes that the objectives were highly relevant.

4. The proposed lending program in support of the objectives is shown in Table 1, with an indication of which project was meant to support which of the three main objectives. The CAS also identified the support expected from ongoing operations. Delays were common, but most of the proposed program was implemented by early FY04. The main exceptions were projects in support of the objective of improving human capabilities: the Skills Development project (tertiary, technical and vocational training) was replaced by a Higher Education project and the Health SWAP was delayed because of slow implementation of the previous health project. Details are provided below.

**Table 1: CAS-Proposed versus Actual Commitments (US\$ million)**

<i>CAS Proposal/New</i>			<i>Actual</i>		<i>Purpose<sup>1</sup></i>		
			<i>\$</i>		<i>\$</i>		
FY01	Roads and Bridges APL	CAS	80.0	delay to FY02	162.0	a/	
	Municipal Development	CAS	30.0	delay to FY02	33.6	a/	b/
	Nat. Resource Manag.	CAS	10.0		18.0	a/	
FY02	Energy Reform	CAS	20.0	delay to FY04		a/	
	Econ. Man./Priv. Sector	CAS	100.0	delay to FY03	120.0	a/	b/
	Rural Action	CAS	40.0	delay to FY04		a/	b/
	Higher Education	new	60.0	replaces Skills Development	60.0		c/
	Communications	new	14.9		14.9	a/	
FY03	Skills Development	CAS	80.0			a/	c/
	Health Swap	CAS	40.0	delayed			c/
	Public Sect./Legal Reform 2/	CAS	54.0		25.6	a/	b/
	HIV/AIDS 2/	new	55.0		55.0		c/
<b>TOTAL</b>			583.9		489.1		

1/ In support of pillar # a/ economic opportunity, b/ governance, or c/ human capabilities.

2/ Grant.

Source: CAS 2001-2003; Controllers Department on Actual Loans (intranet information).

5 The proposed AAA program in support of the objectives was somewhat unclear. The CAS explicitly included six formal pieces of ESW, of which three (a PER, a legal reform, and constraints to private sector) were concluded. Another five pieces of ESW were promised in the text of the CAS, none of which was completed. Four non-programmed core diagnostic activities were added, but significantly less ESW was done than proposed in the CAS. The output of other proposed AAA in the form of “advisory services” is difficult to discern. A QAG program review of AAA concluded that the quality of studies was generally satisfactory, but critical tasks were delayed.<sup>1</sup> Overall, AAA delivered was insufficient to support such an ambitious program.

## CAS Implementation by Objectives

### *Objective I: Increasing Economic Opportunity*

6 *Outcome.* Mozambique continued to record some notable achievements in increasing economic opportunity during the CAS period. Economic growth recovered from severe floods in 2000 to regain the longer-term trend growth of 7-8 percent per annum; inflation and the fiscal deficit were contained (though CAS targets were not achieved); the country reached its HIPC completion point; and, most notably, poverty fell. Overall, the development outcome was satisfactory. Sustainability is less certain, however. Mozambique remains heavily dependent on aid, and growth of non-agricultural output and of exports depended mainly on a few mega-projects which provide little employment; the financial sector continues to pose significant risks to growth, fiscal balance, and macro stability; regulatory impediments to private sector development remain; and rural incomes have grown less rapidly than agricultural output.

<sup>1</sup>The QAG report notes that “... several important pieces of high strategic relevance . . . were postponed or dropped. These decisions, which affected more heavily the sectoral component of the AAA program, probably weakened Bank support to the country and left critical elements of the development strategy unattended”

7 The Bank supported increasing economic opportunity through lending, AAA, and Mozambique's poverty reduction strategy under the PRSP initiative. The bulk of the Bank's activity, especially lending, was directed toward this objective. Seven of nine new loans supported increasing economic opportunity (see Table 1), and fourteen active projects support this objective. At the broadest level, Bank technical assistance and analytical support (especially the CEM) helped improve the focus and results orientation of the country's poverty reduction strategy. The effectiveness of Bank support for intermediary objectives has been mixed.

- *Strengthening the private sector environment and the financial sector.* The Bank helped attract mega-projects to Mozambique through AAA, TA, and lending. The recently closed Pande Gas project, for example, helped prepare the ground for development and marketing of this valuable resource. But the Bank has had less success in persuading the Government to improve the overall investment and regulatory climate, and local manufacturing firms in most labor-intensive products are uncompetitive. In the financial sector, the Bank completed a Financial Sector Capacity Building project in 2001, and conducted an informal confidential banking sector study, a joint Bank-Fund Financial Sector Assessment, and other AAA. Despite these efforts, the banking sector was in crisis during much of the period and the financial system poses a substantial risk to macro stability and impediment to private sector development. The new (FY03) adjustment loan—Economic Management and Private Sector Operation (EMPSO) has a financial sector component, but if this fails to encourage change in the financial sector its development impact will be small.
- *Developing infrastructure.* The Bank has successfully supported concessions in ports and railways and has helped expand supply, reduce costs, and improve the quality of infrastructure. The Bank also took advantage of political change to support an unplanned Communications project which helped reduce costs and promote reform in this sector. Progress on infrastructure development has been variable, however. Rural water supply targets are on track, but Bank-supported urban water, power expansion and reform, and road maintenance are behind schedule.
- *Promoting rural development and agriculture.* The Bank supports this objective through participation in an agricultural SWAP and through various infrastructure loans. In general, rural development has lagged behind expectations, and Bank support has fallen short of CAS objectives. A Roads and Bridges APL project was initiated as planned during the CAS period and the Rural Action project will be delivered under the name of Decentralized Planning and Finance, but the proposed rural development strategy study was delayed.
- *Ensuring sound environmental management.* The Bank supported a Mineral Resource Management project (called Natural Resource Management in the CAS) as planned, but did not deliver a proposed study on environmental pressure points.
- *Promoting innovation, competitiveness, and employment.* As noted above, there has been little improvement in the competitiveness and employment generation of Mozambican industry, and Bank efforts to reduce administrative and regulatory

constraints have been disappointing. The CAS proposed a Skills Development project to help reduce the skill constraint, but the Bank dropped this project and substituted a Higher Education project. The CCR provides inadequate justification for this change in approach.

8 Overall, the Bank has had some success in helping Mozambique increase economic opportunities, but has fallen short of CAS objectives. This shortfall is partly due to the impact of the flood in 2000, and it is to the Bank's credit that it responded quickly and effectively to this shock and helped channel donor and government efforts into reconstruction and development as well as humanitarian relief. But the shortfall also reflects an over-ambitious program in relation to Bank resources and Government capacity and willingness to do things. There have been significant delays in project preparation, effectiveness, and implementation. Disbursements on several infrastructure projects have been slow and closing dates have been extended on several projects. During most of the CAS period, there were three problem projects, though this has been reduced to one now. Finally, while the Bank was able to complete several important core diagnostic studies, several other ESW tasks were dropped, delayed, or diluted into informal advice of uncertain effectiveness and insufficient accountability.

### ***Objective II: Improving Governance and Empowerment***

9 *Outcome.* Mozambique shows uneven progress in improving governance and empowerment for the period 2000-2003. Gains come from notable improvements in political stability and the rule of law, and moderate improvements in voice and accountability. Losses come from lower effectiveness of government, lower regulatory quality and a decline in the control on corruption. WBI indicators of governance for 199 countries rank Mozambique in the top 40 percent for political stability, in the bottom 15 percent for control of corruption, and in the bottom 50 percent for the other four indicators listed above. Compared with other low income countries, however, Mozambique ranks above the average in all indicators, except in control of corruption. Control of corruption is difficult because the large number of regulations encourage corruption. The Bank's report on **Doing Business** finds that among 130 countries Mozambique is one of 10 that regulate the most. The study finds that the regulation of entry alone costs Mozambicans the equivalent of 75 percent of their per capita gross national income (GNI), and that the length of litigation, about 540 days, costs 9 percent of their per capita GNI. IDA credits and ESW have had a modest to negligible impact on each of the intermediary objectives that make up the governance and empowerment objective.

- *Reform of the public sector.* Under the Public Sector Reform credit the central government has drafted a strategy for government reform but it has not started implementing it. The Municipal Development credit finances grants to municipalities that use them to pay for local works. So far, five municipalities have received grants on a pilot basis, of which two have succeeded in making the grants operational, two others have succeeded

partially, and Maputo has failed. The latter project has an unsatisfactory implementation progress, indicating the difficulty of bringing about change at the local level. The Public Sector Study has yet to have an impact; other than some steps towards decentralization, the other changes recommended under the study have yet to be carried out. The Country Procurement Assessment Report has not yet brought sufficient change in the effectiveness of government expenditures.

- *Strengthening the rule of law.* IDA did not deliver the interventions promised for this sub-objective but the Public Expenditure Review has helped to bring some changes in legislation (Public Finance Law), to include some off-budget flows within the budget and donor-funded expenditures in budget reports. More transparency in government accounts should help make expenditures more effective.

### ***Objective III: Improving Human Capabilities***

10. *Outcome.* Over the last three years Mozambique has moved to improve its human capabilities, expanding the coverage of education and enhancing the provision of basic social services. The gross enrolment rate for students at primary levels 1-5 has reached 100 percent, and that for primary levels 6-7 has reached 30 percent. Both rates have almost doubled their levels of 1995. Progress in health is less significant, but the Government has been tackling the problems, and some indicators show improvement. Between 1996/97 and 2002 maternal mortality per 1,000 births fell from about 2 to about 1.6, and infant mortality per 1,000 live births fell from 146 to about 130. Vaccination coverage increased from 55 percent in 1995 to 82 percent in 2001, and antenatal coverage (first visits) increased from 63 percent to 99 percent. The prevalence rate of HIV/AIDS was reassessed and adjusted downward from 17 percent to 15 percent, but the trend remains upward.

11 IDA has supported this objective forcefully, and most of its interventions have produced clear benefits.

*HIV/AIDS.* IDA has taken an active role in combating the HIV/AIDS epidemic, and granted a loan for that purpose, but project implementation has not started yet.

*Improving Health.* IDA supported improvements in the health system with a Health Sector Recovery credit (\$98.7 million); despite delays in implementation the credit has contributed to improve the health outcomes and interventions noted above. IDA also helped to increase access to safe water through the Second National Water Development credit.

*Socialprotection.* IDA helped promptly when two cyclones hit Mozambique in February 2000, stepping in with a successful Flood Emergency Recovery credit for \$30 million. IDA is helping in disaster prevention through the rural water development project, which has a component on water resource

management. Other donors are also helping to strengthen the country's readiness for disaster prevention and mitigation. That assistance may be adequate, but if it is not, IDA may consider future assistance in strengthening the capacity for disaster prevention, forecasting, and preparedness.

- *Education.* Education has received the most assistance from IDA with three credits for \$220 million, but its benefits appear to be less evident. Most of the assistance—about \$150 million—has supported higher education, helping to increase the number of university graduates from 150 in 1994 to about 7,000 in 2000 and the graduation rates in secondary schools from 40 to 55 percent. While the credits for higher education may help to alleviate a felt need in the country, the CCR needs to better articulate the benefits of assistance in this sub-sector as against interventions to eradicate youth illiteracy, now at 40 percent. A credit for an Education Sector Strategic Program, approved in February 1999 and expected to close in June 2004, has had problems disbursing; so far, IDA has disbursed \$16 million of the \$71 million credit. IDA's experience shows that it needs to select its interventions carefully, taking into account their impact and feasibility of implementation.

12 The Region did not deliver the two pieces of ESW promised, but it carried out a Study on HIV/AIDS Impact on Macroeconomic Growth and another on the Cost and Financing of Education. Though not formally completed and disseminated, the HIV/AIDS study raised awareness in the government and the public about the threat posed by the disease, as noted in the CCR. The education study identified cost and efficiency issues in basic education, and its findings helped IDA to discuss policy issues with the Ministry of Education, which formulated an action plan that has yet to be implemented.

### Overall OED Assessment

13. The information in the CCR indicates that Bank assistance supported more effectively the objective of increasing economic opportunity, followed by improving human capabilities and, with less success, by improving governance and empowerment. Bank support for the PRSP and the HIPC helped to strengthen the Government's interest in maintaining macroeconomic stability and, as a result, it helped to *increase economic opportunities*. Mozambique grew rapidly, inflation fell to single digit levels and poverty rates declined. Support for infrastructure and environmental management helped to break bottlenecks in transport and telecommunications and to create conditions to extract mineral resources. IDA's neglect of agriculture and its limited impact on the financial sector reduced its potential impact on improving economic opportunities. IDA advanced in its objective of *improving human capabilities*. IDA interventions helped to improve general health conditions (lower infant and maternal mortality rates and higher vaccination rates) and to recover from the impact of two cyclones, but the potential benefits of its interventions in tertiary education require further elaboration, as noted above. IDA's efforts to improve *governance and empowerment* have achieved little so

far, but success on this front needs patience and persistence. Change is unlikely to come quickly because these IDA activities are new in the country, and the beneficiaries of the present system might try to prevent reforms to it. Overall, Bank assistance helped Mozambique advance towards achieving the MDGs and the objectives of the Government's PRSP, but the assistance could have been more effective if: (a) projects had been prepared better so as to reduce delays in implementation and improve outcomes; (b) more ESW had supported lending and policy advice; (c) IDA had paid more attention to the agricultural sector; and (d) IDA had been more effective in promoting reforms in the financial sector.

### **Assessment of Completion Report**

14 The CCR provides a good survey of achievements and candidly acknowledges shortcomings. The report also provides a straightforward account of progress toward the CAS objectives, but this is relegated to an Appendix. While the CCR is balanced and useful, the main report uses different categories to assess CAS outcomes, which detracts from transparency, learning and accountability. It would have been helpful to have included an explanation of the execution and evolution of the Bank's business plan (the CAS) in the main text to help evaluate the Bank's contribution to CAS objectives. Because of the pilot nature of the CCR and the CAS timeline, it was difficult for the CCR to precede the new CAS in order to draw relevant lessons.

### **Lessons and Recommendations**

15 IDA proposed in the FY01-03 CAS a program of credits and AAA larger than the one IDA and the country could execute effectively. IDA delivered a small proportion of the AAA program and substituted credits not envisioned in the proposed lending program to meet its lending target. The gap between plans and results suggests that IDA:

- Plan a small program of loans and AAA, commensurate with the resources at hand;
- Spend more resources in preparing and supervising projects because most projects have had implementation problems;
- Underpin all project and program lending with ESW. In particular, IDA should do more ESW on agriculture and rural development because most Mozambicans live in rural areas, and on education, health, and infrastructure because the bulk of its lending goes to these sectors;
- Emphasize development impact rather than resource transfer. IDA's need to meet a lending target is less urgent, as ample external assistance is available to Mozambique through the official channels; and
- Given Mozambique's large external debt and delays in implementing projects, assess carefully whether external aid to Mozambique has a larger development impact through debt forgiveness than through direct budget support.



Annex Table I: Mozambique- Economic and Social Indicators, 1991-2002

Series Name													Average 1990-2002					
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Mozambique	Rwanda	Uganda	Cambodia	Bosnia-Herzegovina	Low income countries
GDP growth (annual %)	4.90	-8.10	8.70	7.50	4.30	7.10	11.10	12.60	7.50	1.61	13.80	9.90	6.99	1.69	6.67	5	20.56	..
GNI per capita, Atlas method (Current US\$)	170	140	130	130	140	150	180	200	220	210	210	210	174	174.51	258.33	240.83	1141.43	403.85
GNI per capita, PPP (Current international \$)	600	560	610	650	680	710	770	850	910	940	1050	..	757	771.57	1046.67	1289.17	4132.22	1633.08
Agriculture, value added (% of GDP)	33.72	31.96	29.50	30.21	37.92	37.32	37.16	32.40	30.46	24.40	22.00	23.27	30.86	30.62	43.96	46.56	19.01	27.09
Manufacturing, value added (% of GDP)	9.21	7.64	7.33	7.73	11.19	9.37	10.44	11.99	12.15	12.57	11.54	12.02	10.27	10.35	8.04	5.38	19.31	16.76
Services, etc., value added (% of GDP)	48.64	51.69	49.81	46.98	42.73	45.39	43.89	44.15	45.53	50.48	52.22	45.69	47.27	47.15	39.18	37.91	54.90	42.85
Exports of goods and services (% of GDP)	11.19	13.87	13.24	13.97	15.17	12.17	11.33	10.49	10.12	12.30	21.66	27.31	14.40	14.67	10.49	29.13	24.50	21.07
Imports of goods and services (% of GDP)	38.44	46.68	48.36	47.66	39.91	35.83	30.83	27.90	37.77	40.03	44.03	51.33	40.73	40.92	22.94	38.84	66.36	22.46
Private capital flows, total (% of GDP)	0.92	1.37	1.62	1.61	1.95	2.55	1.90	5.49	9.58	3.65	..	..	3.06	0.18	1.43	..	1.89	..
Current account balance (% of GDP)	-14.07	-19.01	-22.53	-21.45	-19.24	-14.80	-8.70	-11.08	-22.89	-20.02	-44.47	..	-19.84	-20.37	-7.98	-4.99	-19.71	..
Total debt service (% of goods and services)	22.51	22.85	32.91	31.18	34.50	26.04	19.17	17.97	16.41	11.70	3.41	..	21.70	21.62	32.01	2.40	16.43	20.37
Gross international reserves in months of imports	2.38	2.31	1.70	1.49	1.87	3.48	5.46	5.71	4.69	5.07	1.90	1.82	3.16	3.22	4.48	2.72	..	4.65
Gross domestic savings (% of GDP)	-11.21	-17.21	-22.39	-13.88	-1.90	-1.83	1.08	6.81	9.26	11.88	19.22	21.65	0.12	1.07	4.91	6.54	-11.47	20.74
Inflation, consumer prices (annual %)	32.93	45.49	42.20	63.18	54.43	48.49	7.37	1.48	2.86	12.72	9.05	16.78	28.08	27.68	10.83	4.37	..	..
Current revenue, excluding grants (% of GDP)	..	..	..	..	..	..	..	..	..	..	..	..	..	10.73	11.15	..	..	14.93
Expenditure, total (% of GDP)	..	..	..	..	..	..	..	..	..	..	..	..	..	21.43	19.14	..	..	17.71
Overall budget balance, including grants (% of GDP)	..	..	..	..	..	..	..	..	..	..	..	..	..	-5.19	-2.79	..	..	-3.80
Population, total	14.42	14.69	15.01	15.42	15.82	16.23	16.63	16.97	17.30	17.69	18.07	18.44	16.39	8.16	20.13	11.04	4.12	2229.95
Population growth (annual %)	1.86	2.12	2.73	2.56	2.56	2.43	1.99	1.95	2.24	2.13	2.01	1.90	2.3	1.37	3.05	2.64	-0.47	2.01
Urban population (% of total)	22.05	23.03	24.05	25.12	26.24	27.32	28.45	29.62	30.84	32.11	33.20	34.33	28.03	5.84	13.06	15.16	41.79	28.14
Illiteracy rate, adult total (% of people ages 15 and above)	65.53	64.54	63.54	62.54	61.53	60.47	59.37	58.27	57.14	55.98	54.76	53.51	59.77	37.90	36.73	34.32	..	42.08
School enrollment, primary (% gross)	62.27	58.59	57.06	57.71	60.17	61.50	..	79.53	85.38	91.51	..	..	68.19	98.20	95.14	114.31	72.2	85.11
Immunization, DPT (% of children under 12 months)	46.00	50.00	49.00	56.00	57.00	60.00	61.00	61.00	61.00	..	80.00	..	58.10	78.30	55.90	42.71	72.11	91.10
Improved Water Source (% of population with access)	..	..	..	..	..	..	..	..	..	57	..	..	57.00	41.00	52.00	30	..	71.04
Improved Sanitation Facilities (% of population with access)	..	..	..	..	..	..	..	..	..	43.00	..	..	43.00	8.00	79	17	..	36.39
Life expectancy at birth, total (years)	..	43.42	..	..	44.65	..	45.47	..	43.07	42.41	41.74	41.08	43.12	39.01	43.22	53.42	73.12	58.15
Mortality rate, infant (per 1,000 live births)	..	139.00	..	..	133.00	..	130.20	..	..	126.00	125.00	..	130.64	108.84	86.48	90.8	15.76	84.75

Source: World Bank SIMA database as of October 15, 2003

**Annex Table 2: OED Project Ratings, Exit FY 1999-2004**

Region	Total Evaluated (No)	Outcome % Sat (No)	Sustainability % Likely (No)	Inst Dev Impact % Subst (No)	Total Evaluated (\$M)	Outcome % Sat (\$)	Sustainability % Likely (\$)	Inst Dev Impact % Subst (\$)
Mozambique	13	84.6	81.8	53.8	481.3	93.6	93.0	70
AFR	310	62.3	51.2	37.4	10,045.0	66.5	53.5	34
World Bank	1,213	76.0	69.3	47.9	91,778.0	80.7	76.5	53

Notes: Total Evaluated (\$) is Total Net Commitment of evaluated projects which outcome was rated minus total net commitment of evaluated projects which outcome was not rated.  
 Total Evaluated (No) is Total Number of evaluated projects which outcome was rated minus total number of evaluated projects which outcome was not rated.

**Table 2b**

Fiscal year	Proj ID	Total Evaluated (No)	Outcome Satisfactory (Number)	Sustainability Likely (Number)	Inst Dev Impact Substantial (Number)	Total Evaluated (\$ million)	Outcome Satisfactory (\$ million)	Sustainability Likely (\$million)	Inst Dev Impact Substantial (\$ million)
FY99	EDUCATION II	1	1	1	0	54	54	54	0
FY99	LOCAL GOVERNMENT EN	1	0	0	0	14	0	0	0
FY99	FOOD SECURITY	1	1	1	1	4	4	4	4
FY99	MAPUTO CORRIDOR	1	1	1	1	6	6	6	6
FY00	EMRO	1	1	1	1	149	149	149	149
FY00	AGR. SER. REHAB.	1	0	0	0	17	0	0	0
FY00	INDUSTRIAL ENTERPRISE	1	1	1	1	51	51	51	51
FY00	FIRST ROAD & COASTAL SHIPPING	1	1	1	1	74	74	74	74
FY00	LEG & PUB SEC. CAPAC	1	1	non-evaluable	0	12	12	non-evaluable	0
FY01	RURAL REHABILITATION	1	1	1	1	20	20	20	20
FY01	FINANCE SECTOR CAPACITY	1	1	1	1	8	8	8	8
FY02	CAPACITY BUILDING HUMAN DEV. PROJECT	1	1	1	1	44	44	44	44
FY02	Flood Emergency Recovery Project	1	1	non-evaluable	0	29	29	non-evaluable	0
	Total (in value)	13	11	9	7	481	451	410	336
<b>Result</b>		<b>100</b>	<b>84.6</b>	<b>81.8</b>	<b>53.8</b>	<b>100.0</b>	<b>93.6</b>	<b>93.0</b>	<b>70</b>

Source : Business Warehouse data as of October 2, 2003

The number 1 stands for projects with satisfactory outcome (marginal, satisfactory, highly satisfactory), with likely sustainability and substantial institutional development impact  
 The number 0 stands for projects with unsatisfactory outcome (marginal, unsatisfactory, highly unsatisfactory), with unlikely sustainability and modest/negligible institutional development impact

**Annex Table 3: Mozambique: Analytical and Sector Work, 1990-2003**

<b>Report Title</b>	<b>Date</b>	<b>Report #</b>
<b>Economic Reports</b>		
Mozambique - Restoring rural production and trade	5/22/1990	8370
Mozambique - Second public expenditure review	12/31/1992	11524
Mozambique - Restoring rural production and trade, Vol. 2	5/22/1993	8370
Mozambique - Country economic memorandum - growth prospects and reform agenda	2/7/2001	2060 1
Mozambique - Public expenditure management review	12/31/2001	22985
<b>Sector Reports</b>		
Mozambique - Population, health and nutrition sector report	1/9/1990	7422
Mozambique - The development of industrial policy and reform of the business environment	5/22/1990	7795
Mozambique - Telecommunications sector memorandum	7/22/1991	9353
Mozambique - Public sector pay and employment review	12/3/1991	9815
Mozambique - Financial sector study	9/14/1992	10269
Mozambique - Capacity building study	6/30/1993	10001
Mozambique - National Environmental Management Plan	5/31/1994	E116
Mozambique - Impediments to industrial sector recovery	8/22/1995	13752
Mozambique - Agricultural sector memorandum	4/30/1997	16529
Mozambique - Agricultural sector memorandum, Vol. 2	4/30/1997	16529
<b>ESMAP Paper</b>		
Mozambique - Household electricity utilization study	3/31/1990	ESM113
Mozambique - Electricity tariffs study	6/30/1996	ESM181
Mozambique - sample survey of low voltage electricity customers	6/30/1997	ESM195
Best practices for sustainable development of micro hydro power in developing countries	8/31/2000	21640
<b>Country Assistance Strategy Documents</b>		
Mozambique - Country assistance strategy	11/7/1995	15067
Mozambique - Country Assistance Strategy	11/21/1997	17180
Mozambique - Country assistance strategy	5/8/2000	20327
Mozambique - Country Assistance Strategy	6/14/2000	20521
Mozambique - Country assistance strategy public information notice	7/31/2000	PIN34

Source: World Bank Imagebank database.

Annex Table 4: Mozambique: Portfolio Status Indicator by Year, 1999-2003

country	Fiscal Year	1999	2000	2001	2002	2003
<b>Mozambique</b>	<b># Proj</b>	14	15	14	15	16
	<b>Comm Amt</b>	781	768	757	949	931
	<b>Net Comm Amt</b>	766	768	757	944	931
	<b># Proj At Risk</b>	0	0	1	3	2
	<b>% At Risk</b>	0	0	7	20	13
	<b>Comm At Risk</b>	0	0	71	152	81
	<b>% Commit At Risk</b>	0	0	9	16	9
<b>Bosnia-Herzegovina</b>	<b># Proj</b>	18	13	18	19	20
	<b>Comm Amt</b>	322	265	352	364	308
	<b>Net Comm Amt</b>	322	265	352	364	308
	<b># Proj At Risk</b>	2	0	0	0	0
	<b>% At Risk</b>	11	0	0	0	0
	<b>Comm At Risk</b>	25	0	0	0	0
	<b>% Commit At Risk</b>	8	0	0	0	0
<b>Cambodia</b>	<b># Proj</b>	9	11	12	14	16
	<b>Comm Amt</b>	241	222	267	299	337
	<b>Net Comm Amt</b>	241	222	267	299	337
	<b># Proj At Risk</b>	2	2	2	3	4
	<b>% At Risk</b>	22	18	17	21	25
	<b>Comm At Risk</b>	47	52	47	79	80
	<b>% Commit At Risk</b>	20	23	18	26	24
<b>Rwanda</b>	<b># Proj</b>	8	10	10	8	9
	<b>Comm Amt</b>	265	302	299	186	297
	<b>Net Comm Amt</b>	258	295	292	186	297
	<b># Proj At Risk</b>	2	0	0	1	0
	<b>% At Risk</b>	25	0	0	13	0
	<b>Comm At Risk</b>	31	0	0	48	0
	<b>% Commit At Risk</b>	12	0	0	26	0
<b>Uganda</b>	<b># Proj</b>	24	24	24	23	21
	<b>Comm Amt</b>	1,057	1,111	1,212	884	978
	<b>Net Comm Amt</b>	1,031	1,111	1,210	864	961
	<b># Proj At Risk</b>	4	2	1	2	1
	<b>% At Risk</b>	17	8	4	9	5
	<b>Comm At Risk</b>	232	41	158	95	20
	<b>% Commit At Risk</b>	22	4	13	11	2

Source : WB Business Warehouse as of October 1, 2003

Annex Table 5: Mozambique: World Bank Net Disbursements and Charges FY 99-04 (US\$ million)

Fiscal year	Total Disbursement	Repayment Amount	Net Disbursement	Cancelled Amount	Interest and Charges	Fees	Net Transfer
1999	78	4	74	10	9	0	64
2000	77	682	-605	0	8	0	-614
2001	90	4	86	9	5	0	80
2002	69	5	64	12	6	0	59
2003	293	8	285	8	7	0	278
2004	23	0	22	0	1	0	21
<b>Overall Result</b>	<b>629</b>	<b>703</b>	<b>-74</b>	<b>39</b>	<b>37</b>	<b>0</b>	<b>-111</b>

Source : WB Business Warehouse as of October 1, 2003

**Annex Table 6: Mozambique: Millenium Development Goals**

Mozambique Social Indicators and Millenium Development Goals				
Social Indicators	1990	1995	1999	2000
<b>1 Eradicate extreme poverty and hunger: 2015 target = halve 1990 \$1 a day poverty, and malnutrition rates</b>				
Population below \$1 a day (%)	..	37.9 ..	..	..
Poverty gap at \$1 a day (%)	..	12 ..	..	..
Percentage share of income or consumption held by poorest 20%	..	6.5 ..	..	..
Prevalence of child malnutrition (% of children under 5)	..	27 ..	..	..
Population below minimum level of dietary energy consumption (%)	69 ..	..	54 ..	..
<b>2 Achieve universal primary education: 2015 target = net enrollment to 100</b>				
Net primary enrollment ratio (% of relevant age group)	46.8	39.8	50.1 ..	..
Percentage of cohort reaching grade 5 (%)	32.9	46.3	46.2 ..	..
Youth literacy rate (ages 15-24)	48.8	54.7	59.4	60.6
<b>3 Promote gender equality: 2005 target = education ratio to 100</b>				
Ratio of girls to boys in primary and secondary education (%)	73.4	71	72 ..	..
Ratio of young literate females to males (% ages 15-24)	47.8	54.6	60.2	61.5
Share of women employed in the nonagricultural sector (%)	11.3 ..	..	..	..
Proportion of seats held by women in national parliament (%)	..	..	75 ..	..
<b>4 Reduce child mortality: 2015 target = reduce 1990 under 5 mortality by two-thirds</b>				
Under 5 mortality rate (per 1,000)	238	201 ..	..	199.7
Infant mortality rate (per 1,000 live births)	150.4	135 ..	..	129.3
Immunization, measles (% of children under 12 months)	59	61	57 ..	..
<b>5 Improve maternal health: 2015 target = reduce 1990 maternal mortality by three-fourths</b>				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	980 ..	..	..
Births attended by skilled health staff (% of total)	..	44 ..	..	..
<b>6 Combat HIV/AIDS, malaria and other diseases: 2015 target = halt, and begin to reverse, AIDS, etc.</b>				
Prevalence of HIV, female (age 15-24)	..	..	14.7 ..	..
Contraceptive prevalence rate (% of women ages 15-49)	..	5.6 ..	..	..
Number of children orphaned by HIV/AIDS	..	..	310,000 ..	..
Incidence of tuberculosis (per 100,000 people)	..	..	407 ..	..
Tuberculosis cases detected under DOTS (%)	..	..	..	..
<b>7 Ensure environmental sustainability: 2015 target = various (see notes)</b>				
Forest area (% of total land area)	39.8 ..	..	..	39
Nationally protected areas (% of total land area)	..	6.1	6.1 ..	..
GDP per unit of energy use (PPP \$ per kg oil equivalent)	1	1.5	2.1 ..	..
CO2 emissions (metric tons per capita)	0.1	0.1	0.1 ..	..
Access to an improved water source (% of population)	..	..	..	60
Access to improved sanitation (% of population)	..	..	..	43
Access to secure tenure (% of population)	..	..	..	..
<b>8 Develop a Global Partnership for Development: 2015 target = various (see notes)</b>				
Youth unemployment rate (% of total labor force ages 15-24)	..	..	..	..
Fixed line and mobile telephones (per 1,000 people)	3.3	3.4	4.6	6.9
Personal computers (per 1,000 people)	..	0.8	2.6	3
<b>General indicators</b>				
Population	14.2 million	15.8 million	17.3 million	17.7 million
Gross national income (\$)	2.3 billion	2.2 billion	3.8 billion	4.1 billion
GNI per capita (\$)	170	140	220	230
Adult literacy rate (% of people ages 15 and over)	33.5	38.5	42.9	44
Total fertility rate (births per woman)	6.3	5.6 ..	..	5.1
Life expectancy at birth (years)	43.4	44.6	43.1	42.4
Aid (% of GNI)	43.2	49.9	21.3	24.5
External debt (% of GNI)	200.4	349.7	184.9	199.2
Investment (% of GDP)	15.6	22.8	31.9	33.7
Trade (% of GDP)	44.2	55.1	48.2	54.5

Source : World Development Indicators database, April 2002

Note: In some cases the data are for earlier or later years than those stated.

Goal 1 targets: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. Halve, between 1990 and 2015, the

Goal 2 target: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

Goal 3 target: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 20 15.

Goal 4 target: Reduce by two-thirds, between 1990 and 20 15, the under-five mortality rate.

Goal 5 target: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.

Goal 6 targets: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS. Have halted by 2015, and begun to reverse, the incidence of malaria and

Goal 7 targets: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.

Goal 8 targets: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Address the Special Needs of the Least Developed Countries. Address the Special Needs of landlocked countries and small island developing states. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

**Annex Table 7: Mozambique: Economic and Sector Work Delivery**

Name	Delivery Date	Status Report *	Completion Status *	Product Number *
<b>Planned Formal Activities</b>				
PRSP Support - Poverty Monitoring	December 30, 2001	no ACS	Complete	PO40270
PRSP Support - Board	September 25, 2001	no ACS	Complete	PO71415
Enhanced HIPC Completion Point	n.a.	no ACS	Completed	PO56489
Public Expenditure Review Volume 1	October 8, 2002	ACS	Completed	PO72533
Public Expenditure Review Volume 2	September 22, 2003	no ACS	Completed	PO80698
Public Sector Reform Study	June 15, 2000	no ACS	Completed	PO571 19
Environment Critical Pressures <u>1/</u>			Not done	none
Constraints to Private Sector Development - Industrial Performance and Investment Climate 2002	June 9, 2003	no ACS	Completed	PO77907
Legal and Judicial Assessment	June 9, 2003	no ACS	With government	PO77197
HIV/AIDS and Growth Linkages	June 30, 2003	ACS	Completed	PO78165
Country Assistance Strategy	November 4, 2003	no ACS	Completed	PO76323
<b>Planned Informal Activities</b>				
Private Sector Competitiveness <u>2/</u>	June 30, 2004	no ACS	Completed	PO83420
Private Sector Conference TA	<u>3/</u>	no ACS	Completed	n.a.
Financial Sector Advisory - Financial Sector Study	June 25, 2001	no ACS	Completed	PO72876
Financial Sector Advisory - Financial Sector Assessment Program	May 1, 2003	no ACS	Completed	PO83095
Financial Sector Advisory on Compliance with Base1 Principles	October 3 1, 2003	no ACS	Completed	PO8 1740
Regional Energy and Megaprojects Advice <u>4/</u>	n.a.	no ACS	Completed	none
Maputo Corridor	n.a.	no ACS	Completed	none
Regional Trade			Not done	
Environmental Framework Assessment	n.a.	no ACS	Not completed	none
Disaster Mitigation and Management	n.a.	no ACS	Not completed	n.a.
HIV/AIDS	n.a.	no ACS	Completed	none
<b>Unplanned Studies and Advisory Services [Due Dilligence 6/]</b>				
Cost and Financing of Education	May 14, 2002	ACS	Completed	PO77867
CEM	June 30, 2000	no ACS	Completed	PO52035
CPAR	December 1, 2002	no ACS	Completed	PO76449
CFAA	May 24, 2002	ACS	Completed	PO7392 1
CPPR FYO 1, FY03	n.a.	n.a.		none

Source : Mozambique, CAS Completion Report

\* According to Business Warehouse, as of 10/02/03

1/ Technical assistance (TA) provided on disaster management, including through NWDP 1

2/ IFC regulatory issues; MIGA support to Investment Promotion Center (CPI); IFC SME Advisory

3/ IDA/IFC supported annual conferences in 2000, 2001, and 2002

4/ Integrated into Maputo Corridor advisory activities, preparation of Energy Reform and Access project, and supervision of Mineral Resource Management project

5/ Integrated into preparation of HIV/AIDS project

6/ The Bank is required to update the "due diligence ESWs" every five years. The Bank complied with this requirement and resources were diverted from analytical work planned in the social sectors as a result

n.a. = not available

+ expected