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The World Bank

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Report No: 56276-MZ

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 13.6 MILLION  
(US\$ 20 MILLION EQUIVALENT)

TO THE

REPUBLIC OF MOZAMBIQUE

FOR A

SPATIAL DEVELOPMENT PLANNING TECHNICAL ASSISTANCE PROJECT

September 7, 2010

Africa Energy Team  
Sustainable Development Department  
Africa Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2010)

Currency Unit	=	New Mozambique Meticaís (MTS)
36.75	=	US \$1
US\$	=	US \$1

## FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
AFCRI	Africa Regional Integration Unit (of WB)
AFD	Agence Française de Développement
AGO's	Anti-Corruption Office
AICD	Africa Infrastructure Country Diagnostic
APL	Adaptable Program Loan
AUSAID	Australian Aid
CMU	Country Management Unit
COCEP	Coordination Commission for Studies and Projects / Comissao de Coordenacao de Estudos e Projectos
CPAR	Country Portfolio Assessment Report
CPIA	Country Portfolio Implementation Assessment
CPS	Country Partnership Strategy
CSO	Civil Society Organization
DBSA	Development Bank of South Africa
DC	Development Corridors
DFID	Department for International Development (UK)
EC	European Commission
EdM	Electricidade de Mocambique
EIB	European Investment Bank
EITI	Extractive Industry Transparency Initiative
ESMF	Environmental and Social Management Framework
ESW	Economic Sector Work
GCCC	Central Office for Combating Corruption
GIS	Geographical Information System
GoM	Government of Mozambique
GTZ	German Technical Cooperation
IBRD	International Bank for Reconstruction and Development
IC	Individual Consultant
ICB	International Competitive Bidding
IDA	International Development Association
IFC	International Finance Corporation
IFR	Interim Financial Report

IMCC	Inter-Ministerial Coordination Committee
IMF	International Monetary Fund
INE	National Statistical Institute (Mozambique)
KPI	Key Performance Indicator
LAC	Latin America and Caribbean Region
LCS	Least Cost Selection
M&E	Monitoring and Evaluation
ME	Ministry of Energy (Mozambique)
MICOA	Ministry of Environment (Mozambique)
MINEC	Ministry of Education and Culture (Mozambique)
MISAU	Ministry of Health (Mozambique)
MoF	Ministry of Finance (Mozambique)
MSME	Micro, Small and Medium Enterprises
MTC	Ministry of Transport & Communication (Mozambique)
MTR	Mid-term Review
MPD	Ministry of Planning and Development
NCB	National Competitive Bidding
NEPAD	New Partnership for Africa's Development
NORAD	Norwegian Cooperation
OAS	Organization of American States
PARPA II	Poverty Reduction Strategy Program II
PDO	Project Development Objective
PEP	Private Enterprise Partnership (IFC)
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIM	Project Implementation Manual
PPCR	Pilot Program for Climate Resilience
PPP	Public-Private Partnership
PRSP	Poverty Reduction Strategy Paper
RTTP	Rural Travel and Transport Program
SADC	Southern African Development Community
SC	Steering Committee
SDI	Spatial Development Initiatives
SDP-TA	Spatial Development Planning - Technical Assistance Project
S-SC	South-South Cooperation
ToR	Terms of Reference
UGEA	Unidade de Gestao de MTC
WBG	World Bank Group

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**MOZAMBIQUE**  
**MZ-Spatial Development Planning Technical Assistance Project**

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MOZAMBIQUE

MZ - SPATIAL DEVELOPMENT PLANNING TECHNICAL ASSISTANCE PROJECT

PROJECT APPRAISAL DOCUMENT

AFRICA

AFTEG

Date: September 7, 2010	Team Leader: Boris Enrique Utria / Cecilia Briceno-Garmendia
Acting Country Director: Olivier P. Godron Sector Director: Jamal Saghir Sector Manager: Subramaniam V. Iyer	Sectors: Public administration-Transportation (30%); Public administration- Agriculture, fishing and forestry (20%); Public administration- Energy and mining (20%); Public administration- Industry and trade (20%); Sub-national government administration (10%)
	Themes: Other economic management (30%); Infrastructure services for private sector development (20%); Regional integration (20%); Trade facilitation and market access (20%); Climate change (10%)
Project ID: P121398 Lending Instrument: TA Credit	Environmental category: C Joint IFC: No Joint Level: Not Applicable

**Project Financing Data**

Loan  Credit  Grant  Guarantee  Other:

For Loans/Credits/Others: 20.00

Total Bank financing (US\$m.): 20.00

Proposed terms: Maturity of 40 years including a grace period of 10 years.

**Financing Plan (US\$m)**

Source	Local	Foreign	Total
BORROWER/RECIPIENT	0.00	0.00	0.00
International Development Association (IDA)	5.00	15.00	20.00
Total:	5.00	15.00	20.00

**Borrower:**

Ministry of Transport and Communications

Av. Martires de Inhaminga 336  
 Caixa Postal 276  
 Mozambique  
 Tel: 258-1-424447 Fax: 258-1-424240

**Responsible Agency:**

Ministry of Planning and Development  
 Ministry of Planning  
 Mozambique  
 Tel: 258 1 498930  
[mpfppfd@teledata.mz](mailto:mpfppfd@teledata.mz)

**Estimated disbursements (Bank FY/US\$m)**

FY	2011	2012	2013	2014	2015				
Annual	3.81	4.76	4.17	3.53	3.71				
Cumulative	3.81	8.57	12.75	16.28	20.00				

Project implementation period: Start October 1, 2010 End: June 30, 2014  
 Expected effectiveness date: December 31, 2010  
 Expected closing date: December 31, 2014

Does the project depart from the CAS in content or other significant respects?  Yes  No  
**Ref. PAD I.C.**

Does the project require any exceptions from Bank policies?  Yes  No  
**Ref. PAD IV.G.**

Have these been approved by Bank management?  Yes  No

Is approval for any policy exception sought from the Board?  Yes  No

Does the project include any critical risks rated “substantial” or “high”?  Yes  No  
**Ref. PAD III.E.h**

Does the project meet the Regional criteria for readiness for implementation?  Yes  No  
**Ref. PAD IV.G.**

Project development objective **Ref. PAD II.C., Technical Annex 3**  
 To improve national social and economic development planning through the introduction, institutionalization and mainstreaming of multi-sectorial spatial development planning methodologies and practices.

Project description [one-sentence summary of each component] **Ref. PAD II.D., Technical Annex 4**

The Institutional Strengthening and Capacity development Component (C-1) entails three sub-components: (i) Strengthening and Capacity development of the Coordination Commission for Studies and Projects (COCEP); (ii) South-South Cooperation Schemes; and, (iii) Cross-cutting Institutional Development Programs.

The Spatial Development Initiative Component (C-2) will entail the preparation of six Spatial Development Initiative “portfolios” (pre-feasibility level), and will serve as the principal practical training and capacity and institutional development activity of the project.

Which safeguard policies are triggered, if any? **Ref. PAD IV.F., Technical Annex 10**  
 None.

Significant, non-standard conditions, **if any**, for: *Ref. PAD III.F.*

**Board presentation:**

None.

**Loan/credit effectiveness:**

- MTC has appointed a Procurement Specialist, and a Financial Management Specialist, all with qualifications, experience and terms of reference satisfactory to IDA;
- MTC has assigned permanent staff to the UGEA, with appropriate job description for each one, and has assigned suitable office space and working conditions;
- MTC has adopted a Project Implementation Manual, including detailed Terms of Reference for the COCEP Unit, an administrative, financial, and accounting procedures manual, procurement manual, and a monitoring and evaluation manual, in form and substance satisfactory to IDA;
- MTC has established the Project **Steering Committee** with mandate, functions, and resources, and in form and substance satisfactory to IDA; and,
- MTC has established the **Inter-Ministerial Coordination Committee** with mandate, functions, and resources, and in form and substance satisfactory to IDA.

**Covenants applicable to project implementation:**

Other Covenants:

- External auditors for the project to be hired within 3 months of effectiveness;
- MTC has appointed an environmental and social specialist no later than June 30, 2011, with qualifications, experience and terms of reference satisfactory to IDA;
- The Recipient shall, by not later than three months after Effective Date, hire the auditors referred to in Section 4.09 (b) of the General Conditions, with qualifications, experience and mandate satisfactory to the Association; and,
- The Recipient shall carry out social and environmental impact analysis for each SDI Package satisfactory to the Association and in accordance with the terms of reference agreed with the Association. Each such analysis shall include an assessment of the potential environmental and social risks and adverse impacts associated with any activities under investment projects identified under this Project, together with recommended measures to prevent, minimize, mitigate or appropriately compensate for any adverse impacts and risks so assessed, and to enhance the positive environmental and social impacts of such activities. The Recipient shall exchange views with the Association on each such assessment and recommended measures.



## I. STRATEGIC CONTEXT AND RATIONALE

### A. Country and sector issues

1. Mozambique has been a strong economic and social performer in Africa. Since the devastating civil war ended in 1992, the country has enjoyed a remarkable recovery, achieving an average annual rate of economic growth of 8 percent between 1996 and 2008. As a result, the poverty headcount index fell by 15 percentage points between 1997 and 2003, bringing almost 3 million people above the poverty line and out of extreme poverty (out of a total population of 20 million). From the human development perspective, this has meant a 35 percent decrease in infant and under-five mortality, and a 65 percent increase in net primary school enrolment. 60 percent of the population is under the age of 25, and thus in addition to addressing current unemployment, generation of large numbers of new employment opportunities for the youth is already emerging as a key development and political stability priority. Inequality remained relatively low by regional standards, and progress has been made toward the key Millennium Development Goals of infant mortality and primary enrolment. Nevertheless, with an annual per capita income of US \$330 in 2007 and 54 percent of the population still below the poverty line, Mozambique remains a poor country with considerable social and economic challenges; infrastructure assets and services (energy, transport, water and sanitation, and telecom) are still inadequate, and there are serious unmet education and health needs.

2. Mozambique's current growth pattern, however, is expected to dwarf moving forward in comparison to the wave of economic activity of between **\$15 to \$30 billion** of potential investment projects that are presently under implementation and/or consideration in the country - - mostly by the private sector, and mostly associated to the exploitation of valuable natural resources. **Annex 1** presents a detailed summary of those main investment projects. Within that context, there is a wide ranging discussion about how to ensure that those projects -- specially the so-called “mega-projects” – are designed and implemented in such a way that they: (i) maximize sustainable economic benefits on a shared growth basis;<sup>1</sup> (ii) enable Mozambique to maximize benefits from the regional integration and from the mobilization of regional geo-economic opportunities (broader cross-border trade, shared infrastructure, rationalization of traffic and cargo loads; improvement of passenger and cargo traffic efficiency and safety, etc.); (iii) maximize positive economic linkages and externalities with other economic sectors at the local, national and regional levels; (iv) maximize the creation of sustainable employment, specially for the country's youth and women; (v) promote economic governance and social equity; (vi) avoid and/or minimize through adequate management social and environmental negative impacts and conflicts; (vii) support the pro-active inclusion of HIV/AIDS prevention and mitigation; and, (viii) incorporate sound Climate Change Adaptation parameters and, to the extent possible, contribute to enhancing the **Climate Change resilience** of the economic activities, sectors, areas and/or assets with which they have critical forward or backward linkages.

3. Mozambique has unique and strategic regional integration and regional economic growth facilitation roles to play. Mozambique has: (i) 2,500 km of coast with five ports, including the

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<sup>1</sup> Reference is made to the World Bank Group Country Partnership Strategy 2008-11, “Promoting Shared Growth through Empowerment of Citizens and Institutions” objectives and strategy.

Nacala Port which is one of the best deep-sea ports in Eastern Africa; (ii) large yet untapped hydropower generation capacity; (iii) yet to be rehabilitated and/or developed major transport corridors with capacity to serve its land-locked neighbors, Malawi, Zambia and Zimbabwe and offering shorter distances to port for exports from northern South Africa, Botswana and Swaziland; (iv) abundant available, idle arable land (14 million hectares<sup>2</sup>); (v) vast, yet largely untapped mineral resources, including coal, gas, heavy mineral sands, ilmenite, rutile, zircon<sup>3</sup>; and, inter alia, (vi) a large, young and comparatively low-cost labor force. **All these factors underscore Mozambique’s considerable development potential, which can be effectively realized through proper planning and management systems being in place so as to identify and undertake the right public and private sector investment programs and projects.** Unfortunately, the opposite is also true. If the development of the large portfolio of investment programs and projects is done in the absence of adequate planning and governance parameters, and in an un-coordinated manner, there will be a very high risk of creating a complex and detrimental situation of negative competition for resources, misuse and/or under-use of limited infrastructure resources and services, loss of cross-sector synergies and cross-border opportunities.

4. The Government of Mozambique has therefore concluded that it is important to improve the scope of its development planning and management processes. It is actively pursuing a series of measures and reforms, such as, improving macroeconomic management, tightening the fiscal regime for large investment projects<sup>4</sup>, introducing the Extractive Industries Transparency Initiative (EITI) in the mining sector, revising the Public-Private Partnership law, and introducing a national budget management system (e-Sistafe). A key recent addition to those efforts is undertaking various complementary studies -- with support from the World Bank and other donors -- on “Growth Poles” and “Development Corridors”. Within that context, the Ministry of Transport and Telecommunications (MTC) has set-up the “**Coordination Commission for Studies and Projects**” (COCEP)<sup>5</sup> to establish a sustainable institutional capacity on **spatial development planning** within government and to elaborate a series of concrete proposals for Spatial Development Initiatives.

5. The specific concept of “Spatial Development Initiatives – SDI” was first developed in South Africa in the 1990’s, as an integrated planning tool aimed at promoting investment in regions of the country that were underdeveloped but had potential for growth. The SDI methodology involves a process in which the public sector develops or facilitates enabling conditions for private sector investment and Public-Private-Community Partnerships. A

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<sup>2</sup> “Zoneamento Agrario A Nivel Nacional: Relatorio do Exercicio de Validacao de Resultados de Terra Disponivel para Grandes Investimentos a Nivel Local”, Ministerio da Agricultura, Republica de Mocambique, Decembro 2008.

<sup>3</sup> In addition to the mineral listed above, Mozambique also has deposits of gold, copper, iron, asbestos, base metals, bentonite, cassiterite, diatomite, feldspar, fluorite, gemstones, gypsum, kaolin, limestone, mica, nepheline syenite, perlite, phosphate rock, rare earth, silica and uranium. See, Lehto, T. & Goncalves, R. 2008. Mineral Resources Potential in Mozambique. Geological Survey of Finland, Special paper 48,307-321, 9 figures.

<sup>4</sup> “Improving the Domestic Impact of Large Investment Projects: Global Experience and Options for Mozambique”, DFID-IMF-Government of Norway-World Bank Options Paper, April 22, 2008.

<sup>5</sup> The Coordination Commission for Studies and Projects” (COCEP) was established at the Ministry of Transport and Telecommunications on March 2010 by Ministerial Resolution under the competencies attributed by Article 1 of the Presidential Decree N 3/97 of November 11, 1997.

summary of the history and concept of Spatial Development Planning in the SADC Region is included in **Annex 4**. Geographically-based multi-sector economic and social development planning is a well established practice and was the basis of much of the “regional development planning” work that was done in Europe, North America and South America since the 1950’s. Of particular interest to Mozambique is the large body of work done by the Department of Sustainable Development of the Organization of American States (OAS) since the early 1970’s in the Latin America and Caribbean Region (LAC).<sup>6</sup> That work is important because it provides a relatively close frame of reference for the challenges that exist in Mozambique. Also, this constitutes a highly relevant source for “South-South Cooperation” support on SDI work for Mozambique.

## **B. Rationale for Bank involvement**

6. The Government of Mozambique (GoM) has affirmed within the Poverty Reduction Strategy Program (PARPA II) the critical role of infrastructure (transport, energy, water, telecom, etc.) in reducing poverty. The importance of the infrastructure sectors is also reflected in the Bank’s 2008-11 Country Partnership Strategy (CPS). Pillar III -- Sustainable and Broad-based Growth -- of the CPS identifies adequate access to infrastructure resources and services as a key driver of growth and poverty alleviation. Pillar II of the CPS -- Equitable Access to Key Services -- identifies further areas of focus for the World Bank’s support such as the provision of infrastructure services to rural schools, administrative posts, and hospitals.

7. The proposed **IDA Spatial Development Planning Technical Assistance Project (SDP-TA)** is fully consistent with the PARPA II, CPS, GoM’s infrastructure strategies, including the “National Transport Sector Development Strategy”.

8. The World Bank Group (WBG) is already assisting GoM in various analytical fronts dealing with spatial economic analysis and planning. The proposed SDP-TA project would constitute a natural next step in assisting GoM in the mainstreaming and institutionalization of those various ongoing efforts. Additionally, the implementation of the proposed SDP-TA project should constitute a key support point and facility for the preparation and implementation of any subsequent investment work resulting from the ongoing World Bank Economic Sector Work (ESW) efforts, including a possible new IDA financed project to support private sector development within the growth poles agenda. Among other efforts, the WBG is currently assisting GoM with three major spatial ESWs:

- (a) *Africa Infrastructure Country Diagnostic (AICD)*<sup>7</sup>: This Africa regional comprehensive study has already undertaken a broad-brush spatial analysis of infrastructure resources and critical gaps in Mozambique, and will further expand and refine that work in 2010;

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<sup>6</sup> For more information on the work of the Department of Sustainable Development of the Organization of American States (DSD/OAS) see: [www.oas.org/dsd](http://www.oas.org/dsd)

<sup>7</sup> For more information on the multi-donor Africa Infrastructure Country Diagnostic see [www.infrastructureafrica.org/aicd](http://www.infrastructureafrica.org/aicd)

- (b) *Supporting the Policy Dialogue on Growth Poles in Mozambique*<sup>8</sup>: The objective of this TA is to assist the GoM in designing growth pole strategies and enabling policies, based on lessons learned from growth poles in other countries, as well as current and proposed interventions. The expected outcome of the TA is a feasibility assessment of adopting a growth poles strategy in a number of potential sub-regions in the country. The assessment will (i) take stock of current and proposed GoM and private sector interventions in these areas; (ii) identify gaps and opportunities for synergies to expand or establish linkages between large foreign investment projects and the local economy in areas such as access to urban infrastructure, skills, Micro Small and Medium Enterprises (MSME) development and social and environmental safeguards management; (iii) outline areas of reform for enhancing the investment climate both nationally and in the sub-regions to support private sector development, especially in areas such as business start-ups, trade facilitation, investment promotion; (iv) identify opportunities for strengthening governance and institutional capacity for planning, coordinating and managing the regional development through a sub-regional integrated planning approach; and, (v) propose areas of possible support by the World Bank and other development partners in the context of supporting the GoM to design and implement a growth poles development strategy.
- (c) *Spatial Analysis of Poverty and Growth*<sup>9</sup>: The Government of Mozambique (GoM) has finalized its Five-Year Plan and is starting to prepare the new 2011-2015 PRSP-3. The Ministry of Planning and Development (MPD), in collaboration with the World Bank and other development partners, is planning to carry out analytical work in a number of areas, which will be a key input into the PRSP-3. The World Bank is already supporting this effort through the spatial analysis of the several relevant datasets. In addition to the production of poverty maps and also maps on other key human development indicators, the Bank is financing an analysis of Mozambique's spatial and demographic layout, and its relation to social and economic indicators (which would complement the “poverty map”). Using spatial information (Geographical Information System – GIS - data on population/urban centers, market centers, schools, clinics, roads, etc) the study will inter alia, analyze changes in incomes and poverty levels, with access to services and infrastructure over the past decade (1997 and 2008).

9. Additionally, the World Bank has a significant global experience supporting Client countries on institutional and capacity development efforts, setting-up natural resource (conservation, eco-tourism, resource extraction) and infrastructure (energy, transports, water, telecom) concessions, promoting Public-Private Partnerships (PPPs) and, more recently supporting Climate Change resilience and adaptation. Particularly relevant to Mozambique and to the activities of the proposed SDP-TA are:

- (a) International Finance Corporation (IFC) through its **Private Enterprise Partnership (PEP) Africa program is implementing the “Mozambique Tourism Anchor**

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<sup>8</sup> The “Supporting the Policy Dialogue on Growth Poles in Mozambique” is a World Bank-funded Economic Sector Work (ESW) technical assistance activity. This work will be completed by May 2010.

<sup>9</sup> Mozambique Poverty and Growth Diagnostics – Technical Assistance Activity, World Bank.

**Investment Program**”, and has established a collaborative effort with the Ministry of Tourism to improve the investment climate specifically in the tourism sector by facilitating anchor investments in selected protected and coastal areas as well as through focused reforms in the regulatory environment. The program supported the country’s first professional investment outreach campaign that promoted the four selected Anchor Investment Sites to over 1200 investors and interested parties and generated 200 leads, over 50 expressions of interest and numerous site visits. The program also facilitated several reforms that now streamline investment in protected areas and coastal resorts. It also supports the ongoing investment procurement process for the Maputo Elephant Reserve, one of the four Anchor Investment Sites. The online Investment Climate Library<sup>10</sup>, an output of the Anchor Program, now also supports investors and others to prepare for investment in the country. The program is coming to an end in June 2010 but a follow-up Program, the Anchor Program II is expected to continue supporting investment in Protected Areas as well as in a new sector, forestry; and,

- (b) The World Bank, African Development Bank and the IFC are in the process of establishing a **Pilot Program for Climate Resilience (PPCR)** in Mozambique. The PPCR will make available resources to be used by the public and private sector institutions on activities of prevention and adaptation of Climate Change impacts. The first phase of the PPCR will concentrate on studies of these specific sectors to understand and identify risks, impacts and consequently the needs in terms of activities to be financed in phase 2 of PPCR. The proposed SDP-TA will be closely coordinated with the PPCR.

### **C. Higher level objectives to which the project contributes**

10. The proposed SDP-TA project will contribute to: (i) improving the quality and depth of economic and social development planning in the country through a better coordination and spatial integration of critical investment program and projects; (ii) promote the mobilization of private sector investment in multiple economic sectors with broad social and economic development impact; (iii) promote the generation of new sustainable employment opportunities across the economy, especially for the youth; (iv) increasing the social and environmental sustainability and the Climate Change resilience of critical multi-sector investments.

## **II. PROJECT DESCRIPTION**

### **A. Lending instrument**

11. The proposed lending instrument is a standard IDA five (5) year Technical Assistance Credit. This project is expected to provide a targeted and time-limited assistance for the setting-up and “incubation” of a spatial development planning and studies capacity for the Government of Mozambique. Such TA is the most appropriate instrument to deliver the intended investment

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<sup>10</sup> [www.tourisminvest.org/Mozambique](http://www.tourisminvest.org/Mozambique)

support program. It is anticipated that MTC will mobilize additional parallel financed, concessional donor support for its spatial development planning program. Any additional donor funding that becomes available for this will be closely coordinated with the proposed project and its work program, and with the World Bank, to ensure its full complementarity.

## **B. Program objective and Phases**

12. Not Applicable.

## **C. Project development objective and key indicators**

13. The overall **Project Development Objective (PDO)** of the proposed SDP-TA project is to improve national social and economic development planning through the introduction, institutionalization and mainstreaming of multi-sector spatial development planning methodologies and practices. Within that overall PDO, the project will support the Borrower to:

- (a) Establish a fully functional “Coordination Commission for Studies and Projects” (COCEP) at the Ministry of Transport and Telecommunications (MTC);
- (b) Develop the methods and human capacity to mainstream spatial development planning as a core function of the MTC, and of the Government as a whole;
- (c) Assemble existing geo-referenced data for Mozambique and develop a standardized and comprehensive set of interactive multi-sector GIS-based SDI planning databases;
- (d) Identify and elaborate, at pre-feasibility stage, economic diversification and densification opportunities, with major private sector participation, to complement two existing national/regional transport corridor initiatives (**Maputo Corridor** and **Beira Corridor**), with a view to maximize their social and economic development impact and increase their social and environmental sustainability and Climate Change resilience;
- (e) Identify and elaborate, at pre-feasibility stage, and promote two new national/regional multi-sector spatial development initiatives (**Nacala SDI** and **Lubombo SDI**), with major private sector participation, and based on socially and environmentally sustainable and Climate Change-resilient investment programs/projects;
- (f) Identify, at advance profile stage, two new secondary national multi-sector spatial development initiatives (**Lichinga SDI** and **Mueda SDI**), with major private sector participation, and based on socially and environmentally sustainable and Climate Change-resilient investment programs/projects; and
- (g) Promote **public-private partnerships (PPPs)** and the leveraging of private sector investments on critical programs and projects of national and regional strategic

Interest, especially for socially and environmentally sustainable investments with high employment generation impacts for the youth and women.

14. The **Key Performance Indicators (KPIs)** that will be used to measure the achievement of the PDO are (see Annex 3 for more details):

### **PDO Indicators**

- # of climate-change resilient<sup>11</sup> spatial development initiatives for transport and trade corridors elaborated at pre-feasibility stage;
- # of spatial development initiatives with high impact on youth employment and women elaborated at pre-feasibility stage; and,
- # of projects under SDIs adopted for feasibility and subsequent investment by government, the private sector and/or PPPs.

### **Component 1: Institutional and Capacity Development Component**

- # interactive multi-sector GIS based SDI planning database modules accessible to key planning stakeholders;
- # of work-days provided through technical exchange visits under the South-South Cooperation (MoU signed)
- # of staff in government agencies trained on key SDI skills;
- Number of Cross-cutting programs operationalized for target SDIs:
  - *HIV/Aids prevention and mitigation*
  - *Number of Traffic Safety and Standard Improvement*
  - *Cargo load management studies conducted per transport & trade corridor*
  - *Rural Mobility Strategies and Pilot Programs per transport & trade corridor*

### **Component 2: Spatial Development Initiative Component**

- # of spatial development initiatives identified and elaborated at pre-feasibility stage;
- # of spatial development initiatives identified and elaborated at profile stage;
- # of projects prepared up to the pre-feasibility for government, the private sector and/or PPPs in the Maputo, Beira, Nacala and Lubombo corridors;
- # of potential projects identified with high employment generation for youth and women per each spatial development initiative; and,
- # of projects adopted for feasibility by government, the private sector and/or PPPs.

## **D. Project components**

15. The proposed SDP-TA project will be divided into two components: (i) Institutional and Capacity development Component; and, (ii) Spatial Development Initiatives Component.

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<sup>11</sup> Climate resilient development incorporates climate variability, risk and longer term change into development decision making processes.

16. **Component 1: Institutional and Capacity Development Component (US \$13.02 million).** This component will be divided into three sub-components: Strengthening and Capacity Development of the Coordination Commission for Studies and Projects (COCEP); (ii) South-South Cooperation Schemes; and (iii) Cross-cutting Institutional Development Programs.

17. **Strengthening and Capacity Development on Spatial Development Planning Sub-component.** This sub-component will support the institutional strengthening and capacity development of the “Coordination Commission for Studies and Projects (COCEP) at the Ministry of Transport and Communications (MTC), for the purpose of establishing a proficient and sustainable capacity on spatial development planning within MTC, and for creating an effective multi-sector and inter-ministerial spatial development planning coordination mechanism. MTC will assign to the SDP-TA a core technical team of five (5) national staff (including a Project Coordinator), two (2) procurement staff, two (2) accounting staff, office space and basic logistic support for the COCEP. This sub-component of the project will finance: (i) **Consultants:** (a) a set of senior national and international experts for a maximum period of five years (initially three years with possibility of extension of key personnel for an additional two years) to bring in the SDI expertise into the Unit and to develop through “on-the-job training” and work program and methods development a full cadre of MTC staff to take over the complete functioning of the Unit; and, (b) a small set of temporary high-level advisors to provide advisory guidance to the Ministry and COCEP on highly specialized areas of expertise such as SDI methodologies, spatial economics and econometrics, financial and transaction advisers, etc.; (ii) **training and capacity development** for staff from COCEP, MTC and other participating Ministries and agencies on SDI and related tools (Geographical information systems, geo-economic analytics, economic modeling, etc.), including participation in short-term local and international courses, seminar, workshops and conferences on SDI issues; (iii) **local and international travel expenses** (tickets and *per diem*) for SDI research and field-work; (iv) **office equipment and supplies**, including hardware and software necessary for all SDI work; (v) **vehicles**, deemed essential to the operation of the COCEP, for field and in-city work; and (vi) **operating costs** for the COCEP, the decentralized MTC offices working on the Cross-cutting Institutional Development sub-component of the project, and for the SDP-TA Steering Committee.

18. **South-South Cooperation Support Sub-component.** This sub-component will finance the mobilization of South-South cooperation for the COCEP and for the development of the SDI. The existence of public, private and academic “centers of excellence” in developing countries, particularly in South America, Asia and other parts of Africa -- particularly South Africa which developed the SDI concept since the early 1990’s -- is an established fact. The mobilization of expertise from those centers of excellence is, however, routinely constrained by the lack of funding to cover the basic costs of the establishment of concrete working arrangements (basic stipend for visiting professionals, travel expenses, exchange technical visits, costs of documentation, etc.). Having to develop a broad SDI work program will require COCEP to have the capacity to access many such centers of excellence in different technical areas, especially those outside of the direct competence of the Ministry of Transport and Communications (agriculture and agro-industry, mining, fisheries, natural resource management, energy, GIS, spatial analysis, spatial economics, etc). In those cases MTC will -- working in close collaboration with the relevant line ministries and national agencies and/or academic centers --



identify sources of expertise in the South-South cooperation (S-SC) domain and will seek their mobilization. To that end, the sub-component will finance travel and *per diem* expenses, and costs of documentation and communication. Special attention will need to be given to the proper identification of S-SC needs and opportunities in order to maximize outcomes and outputs of the limited resource provided for it in the budget. Thereto specialized consultant support should be mobilized, as needed, to help MTC identify and design a high value added S-SC program. Furthermore, possibilities for expanding the use of S-SC mechanisms within the project should be explored during the actual implementation process.

19. **Cross-Cutting Institutional Development Programs Sub-component.** This sub-component will also finance TA, studies, consulting services, information instruments and campaigns, office equipment and field operational equipment (vehicles, communications, GPS field equipment, etc.) for the implementation of specific cross-cutting pro-active institutional development programs which should be integral part of the design and of the subsequent implementation of concrete Spatial Development Initiatives. These programs are:

- (i) HIV/AIDS Prevention and Mitigation Program: The same way that the opening-up or expansion of transport and trade corridors increases access to human development services (health and education) to previously isolated rural populations, it has also shown to be an accelerating factor in the spread of contagious diseases, particularly STDs. Therefore, the SDP-TA project will factor this in the design of SDIs and will seek to operationalize, as an advanced institutional development element, an **HIV/AIDS prevention and mitigation Program**;
- (ii) Traffic Safety Awareness and Enforcement Program: Poor traffic safety is responsible for approximately 5000 accidents and some 2000 deaths per year in Mozambique. In the capital city of Maputo, road traffic accidents accounted for 41% percent of deaths in 1994 increasing to 43.7 percent in 2000. The development of new and/or expansion of existing transport and trade corridors will bring an increased volume of traffic and – in the absence of safety improvements -- a concomitant increase in the level of accidents and fatalities. Because of that, the SDP-TA project will factor in the design of SDIs and will seek to operationalize, as an advanced institutional development element, a **Traffic Safety Standard Improvement Program**;
- (iii) Commercial Cargo Load Management Program: There is currently no public or private cargo loads management system in operation in Mozambique. Because of that, load “back-hauling” planning and practice does not take place leading, *inter alia*, to considerably higher transport costs, longer driving hours for drivers (resulting in higher accidents), sector and system inefficiencies, etc. The rationalization of cargo loads within an SDI is a critical requirement for an efficient operation of the transport and trade functions of that SDI. The proposed project will support cargo load management studies, piloting of cargo load management systems, including the setting-up of public-private partnerships and/or private sector concessions of pilot cargo load management centers to support proposed SDIs; and

- (iv) Rural Mobility Strategy and Pilot Programs: Rural populations have a very limited access to the existing transport corridors (highways, roads and rail) because of lack of sufficient “feeder” rural roads, due to the high vulnerability of unpaved rural roads to weather (i.e., poor maintenance condition means roads are closed for several months during rainy season) and because of high services costs. This limits rural population’s access to markets, productive inputs, and many different economic and human development services. It is estimated that less than 5 percent of the population in the existing transport corridors like Beira and Nacala have access to the road systems. In particular, the implementation of economic diversification and densification activities within SDI will require finding technically and economically viable ways to increase rural mobility and access to the markets. The proposed project will finance the implementation of studies and the development of a rural mobility strategy to increase spatial mobility within the existing infrastructure constraints, and will finance the implementation of small rural mobility pilots through the deployment of low-cost rural transport systems within the SDI areas of the project. This sub-component will, *inter alia*, tap into the wealth of information and experience of the World Bank’s “Rural Travel and Transport Program (RTTP) and of the “Development Market Place Program” and on broader South-South Cooperation opportunities.

20. Subject to availability of budget resources within the project, and based on the approval by the SDP-TA Steering Committee, the project implementation process would have some flexibility to add other possible Cross-cutting Institutional Development Programs that may become relevant and important during the implementation of the project and which may, in particular, increase the social benefits and/or outcomes of the SDP-TA .

21. ***Component 2: Spatial Development Initiative Component (US \$5.98 million)***. This component will have two parallel objectives: (i) to serve as the principal training and capacity, and institutional development activity of the SDP-TA project; and (ii) prepare six actual SDI “packages” for the country, broken-down into three different types of SDIs, as detailed below. **Annex 4** presents a detailed description of this component.

22. The Spatial Development Initiative (SDI) methodology seeks to increase the viability of inherent economic potential through the coordinated and synergic configuration of unrealised economic projects, and identify the infrastructure projects necessary to realise them within a “Development Corridor”. The developmental potential of such large projects is further enhanced through the “deepening” (project linkages) and “densification” (provision of feeder infrastructure) of the SDI. Before an SDI is implemented in a selected area, a thorough and comprehensive concept study has to be undertaken in order to identify and assess at pre-feasibility level the economic potential (usually high-rent resources) and whether they can support (service) the provision of the requisite infrastructure. **Annex 4** presents a more detailed summary of the spatial development Concept and Methodology.

23. Development Corridors (DCs: also referred to as Spatial Development Initiatives) were first implemented in Southern Africa under the South African sponsored SDIs (Spatial Development Initiatives) in 1995, as a means to:

- promote trade and investment-led economic growth;
- optimise the utilisation of infrastructure;
- encourage value-added processing (beneficiation); and
- enhance the competitiveness of African economies.

24. Within the context of the above SDI approach and methodologies, this component will finance the elaboration of three different types of SDI proposals for a selected set of six development areas in the country. While those six areas have already been selected by the Borrower, subject to the approval by the SDP-TA Steering Committee, the project will have implementation flexibility to accommodate possible limited changes in the selection of the Type II and/or Type III SDIs to realign the selection of development areas with unforeseen but legitimate changes in government policy and/or investment programs. The three types of SDI to be developed by the project are:

**Type I:** to identify and elaborate, at pre-feasibility stage, economic diversification and densification opportunities, with major private sector participation, to complement two existing national/regional transport corridors (**Maputo Corridor** and **Beira Corridor**), with a view to maximize their social and economic development impact and increase their social and environmental sustainability and Climate Change resilience. These two specific existing corridors were selected for inclusion in the project by the Borrower because they are the principal transport and trade corridor in the country at present and already have the main infrastructure components in place and “anchor” projects under implementation or in operation.

**Type II:** to identify and elaborate, at pre-feasibility stage, and promote two national/regional multi-sector spatial development initiatives (**Nacala SDI** and **Lubombo SDI**), with major private sector participation, and based on socially and environmentally sustainable and Climate Change-resilient investment programs/projects. These two SDI were selected by the Borrower for inclusion in the project because they represent the second tier of spatial development opportunities in the country. The Nacala corridor already exists, albeit with only one third of paved highway and a railway line in need of significant rehabilitation and expansion. On the other hand, the Nacala port, situated in a completely protected harbor, is the best and safest deep-sea port in East Africa, and will become a major trade gateway for Mozambique and the region (Malawi, Zambia, Zimbabwe, etc.). The Lubombo SDI was selected because it constitutes a priority eco-tourism corridor and a regional integration corridor; and,

**Type III:** to identify, at advance profile stage, two new multi-sector spatial development initiatives (**Lichinga-Mueda SDI** and **North-South Great East African Barrier Reef SDI**), with major private sector participation, and based on socially and environmentally sustainable and Climate Change-resilient investment

programs/projects. The Lichinga-Muenda SDI was selected by the Borrower for inclusion in the project because it constitutes a logical spatial extension from the Beira and Nacala SDIs. Thus their planning – and subsequent implementation – will greatly benefit from the economic dynamic of the other SDIs, facilitating their implementation and allowing for a rapid development. The Great East African Barrier Reef SDI (N-S GEABR) SDI was selected for inclusion in the project because of its significant eco-tourism potential and the Borrower’s interest in studying the economic and social development risks and impacts of potential coastal erosion.

25. **Table 2** presents a summary of the six SDI activities to be developed by the SDP-TA.

**Table 2: SDP-TA Project – Work Program Summary of SDI Portfolio**

SDI TYPES	SDI Name	Year 1	Year 2	Year 3	Year 4	Year 5
SDI Type I	Maputo Corridor	☒☒☒☒	☒☒☒☒	☒☒		
	Beira Corridor	☒☒☒☒	☒☒☒☒	☒☒		
SDI Type II	Nacala SDI		☒☒☒☒	☒☒☒☒	☒☒	
	Lubombo SDI		☒☒☒☒	☒☒☒☒	☒☒	
SDI Type III	Lichinga-Muenda SDI			☒☒☒☒	☒☒☒☒	☒☒
	N-SGEABR SDI			☒☒☒☒	☒☒☒☒	☒☒

☒= Year Quarter

26. This component will finance: **(i) Consultants:** a specialized “Senior SDI Technical Manager” for each SDI portfolio, and additional short- and medium-term local and international consultants; **(ii) travel expenses** (airfare/surface tickets and *per diem*) for local and regional field work; **(iii) production and publication costs** of technical and promotional reports; **(iv) Annual Investor Conference:** organization of an annual Investor Conference to promote the SDI portfolios prepared and/or under preparation by the project; **(v) office equipment and supplies** for the decentralized SDI offices (where applicable); and, **(vi) operating costs** for the functioning of the specific SDI teams, especially for the decentralized SDI offices (where applicable).

### E. Lessons learned and reflected in the project design

27. The proposed project incorporates key lessons on planning methods for economic development and poverty alleviation work and on best practice for the delivery of technical assistance support<sup>12</sup>. In particular this project draws on the recent experience of the highly successful IDA MZ-*Mineral Resources Management Capacity Building Project (P001808)*. The main lessons incorporated include:

- The need to step-up poverty reduction efforts in developing countries requires that the public and private sectors improve the design and coordination of their planning and investment work to maximize the economic and social benefits/outcomes of all investment programs and projects that are undertaken. Such investment programs and

<sup>12</sup> See, C. de Gouvello, “Brazil’s Energy Services Technical Assistance Loan (ESTAL): Lessons Learned – How can we improve the effectiveness of Technical Assistance Loans?”, The World Bank, July 2009.

projects must also minimize any possible social and environmental conflicts and must have a high degree of resilience to possible Climate Change effects (droughts, decreased soil productivity, increased coastal and inland water levels and floods intensity and frequency, changes in temperature, etc).

- The recognition of the above mentioned issues has made a forceful case for improving public and private sector planning methods and to fully incorporate all relevant social and environmental impacts and externalities. While conventional detailed full-feasibility mono-sector and/or individual program/project planning and assessment work are still required -- specially from the narrower private sector point of view – **more comprehensive, multi-sector investment planning methods which are capable of exploring, identifying and effectively mobilizing synergies within and across geographic areas (national and regional), economic sectors, and socio-economic groups have become today essential methods in the poverty reduction “tool box” in developing countries.** While such comprehensive methods – the so called, Spatial Development Planning and Initiatives, Multi-sector Development Corridors, Regional Development Planning, Basin Natural Resource Management and conservation Schemes, etc. -- are more complex and expensive to undertake, they invariably yield much higher and more sustainable benefits to the local, sub-national, national and regional communities.
- The level of absorption and effective internalization of the TA support by national ministries and governmental agencies is directly and largely dependent on the:
  - level of commitment and ownership of the responsibilities/work/task for which TA is mobilized by the concerned institution(s);
  - existence of a clear institutional mandate for which the TA is mobilized;
  - level of presence of a strong and committed leadership in the concerned institution(s);
  - availability of adequate working conditions and resources in the concerned institution(s) to undertake the assigned responsibilities/work/tasks.
- An effective TA mobilization strategy needs to include broader choices for the mobilization of expertise and delivery of knowledge in order to maximize the benefits and minimize costs. Effective means to achieve these are:
  - Structuring TA teams combining international and local experts and assigning responsibilities and length of tasks considering their respective unit costs (focus use of highly qualified/expensive expert for very defined short-term tasks and to transfer know-how);
  - Developing a close partnership with and actively mobilize local and international academic centers and “think tanks” for contributing to: (i) SDI analytical work; and (ii) designing and delivering the SDP-TA training program.
  - Actively explore and mobilize “**South-South Cooperation**” (S-SC) opportunities with recognized “Centers of Excellence” in order to have access to highly qualified experts at considerably lower unit costs (S-SC arrangements costs often include only staff travel and *per diem* as salaries are funded from originating institutions

(Governmental agencies, academic institutions, NGOs, Non-for-Profit foundations, etc.). Specialized consultants can be of great assistance in the proper identification of S-SC needs and opportunities, and can thus help maximize the outcomes and outputs of S-SC programs/efforts.

- Actively seek to identify and mobilize expertise from among the “**National Diaspora**”;
- ToRs for technical assistance providers (consultants, adviser, etc.) need to include specific and monitorable responsibilities for local staff training and knowledge transfer (track record and willingness to transfer knowledge should be included as a contractual selection criteria), ideally including preparation of summary guides on methodologies and best-practices and, when possible, formal arrangements for subsequent long-distance follow-up assistance for pre-determined periods; and
- There is a positive role and value in mobilizing additional WBG expertise for project supervision and capacity building support. Recognizing the limitations of the standard supervision budgets and the desirability of being able to mobilize cross-regional expertise for the project, the supervision project team should explore ways to mobilize internal trust funds and other Bank executed resources to mobilize that expertise as needed.

#### **F. Alternatives considered and reasons for rejection**

28. In 2008 the Country Management Unit (CMU) requested support from the Africa Regional Integration Unit (AFCRI) for the preparation of a regional Adjustable Lending Program (APL), including Malawi, Mozambique and Zambia, for an “*Eastern and Southern Africa Technical Advisory Program*”. That program was intended to provide selected technical assistance to the main infrastructure sectors with a view to supporting, *inter alia*, the development of multi-sector development corridors across the region, with particular emphasis on the **Nacala and Beira transport corridors**. In addition to having a leading railroad and road infrastructure elements, these corridors have complex forward and backward multi-sector economic, social and environmental linkages. The requested program would look at those transport corridors from a more holistic “development corridors” perspective. A series of national workshops were held in the three countries to start the preparation of the program in early 2009. However, due to the existence of important differences among the countries regarding the respective needs and understanding on those development corridors the activity was eventually dropped. In spite of that set-back, and because of its strong interest on **development corridors**, and **growth poles**, Mozambique remained interested in advancing multi-sector spatial development planning, and in particular on the **Nacala and Beira corridors**.

29. Another option that was considered by the World Bank was the preparation of a regional “Nacala Corridor Technical Assistance Project”, including Mozambique and Malawi, but that was more specifically focused on the development of the regulatory framework for the Nacala corridor as opposed to the broader spatial development planning in either country. Recent changes in the shareholding structure of the Nacala Concession prompted the World Bank to revisit the need for its involvement at this stage in the regulatory aspects of the corridor, and rather forcefully brought back the spatial development planning vision for the Corridor.

### III. IMPLEMENTATION

#### A. Partnership arrangements

30. GoM presently receives cooperation in the infrastructure, natural resource management and economic planning sectors from more than 10 multilateral and bilateral donors. Joint GoM-Donor “Sector Working Groups” have been in active operation within the framework of the Paris Declaration since 2007. Due to the multi-sector nature of spatial planning systems, the outcomes and outputs of the proposed project will tend to have an impact on the decision making and budget allocations by other donors in the future. It is important to note that while it is anticipated that the bulk of SDI follow-up investment will be done by the private sector, it is clearly understood that some level of development partner financing will be required to assist in the implementation of the “public goods” elements of any SDI portfolio, particularly to support its economic densification and diversification objectives. Among other donors, the **UK Department for International Development (DFID) and the Development Bank of South Africa (DBSA)** have already agreed to provide funding support to MTC for spatial development planning activities in other corridors in the country. The Agence Française de Développement (AFD) and Norwegian Cooperation have also expressed interest in supporting MTC, in particular for inter-ministerial coordination work. DFID and DBSA are particularly interested in underwriting the down-stream investments phase of MTC’s SDI program.

31. In addition to mobilizing additional donor support for its SDI program of activities, MTC needs to actively involve all relevant (sectorally and geographically) stakeholders, including, public entities, private sector investors, relevant academic groups, Civil Society Organizations (CSO) and civil society at large. The timely involvement of these stakeholders will be essential to increase access to information, facilitate the identification of problems and opportunities (economic, social, environmental, etc.), increase stakeholder ownership of the SDI portfolio preparation and outcomes, and improve investment follow-up.

32. DFID and AFD participated as formal external “Peer Reviewers” in the Project Concept Note Review of the SDP-TA. DFID, DBSA, Norway, and Australian Aid (AusAID) participated in the Appraisal of the proposed project as observers.

#### B. Institutional and implementation arrangements

33. The implementation of the proposed SDP-TA project will be done by the Ministry of Transport and Communication (MTC), through the “Coordination Commission for Studies and Projects (COCEP). COCEP reports directly to the Minister of Transport and Communication, who will be responsibility for overseeing the implementation of the project. The technical and conceptual implementation of the SDP-TA will be guided by an expert’s **Steering Committee (SC)**. The SC will be chaired by the Minister of Transport and Communications, and will be integrated by senior level national and/or international experts on SDI. Outline ToRs for the first year of TA support and for COCEP are available (in Portuguese) and will be elaborated and finalized as a project Effectiveness Condition.

34. The Borrower’s reasons to house the SDP-TA project at the MTC are: (i) MTC is responsible for the two of the key infrastructure sectors required within any spatial development

scheme, transports (including rail, roads, ports and airports) and telecommunications; (ii) MTC is fully committed to develop spatial development planning as a core function of its sectoral mandate, as well as to invest in the establishment of the necessary structure and human resources to make that sustainably; (iii) MTC is already responsible for the identification, planning and promotion of extended geographic “Transport Corridors”; and, (iv) MTC is already responsible for supporting other sectoral ministries (agriculture, mining, industry, fisheries, etc.) to develop investments and new economic opportunities through the provision of transport and spatial mobility information, knowledge and services and of communications services.

35. Additionally, because of the multi-sectoral nature of the work that will be undertaken through the SDP-TA, MTC will set-up a formal **Inter-Ministerial Coordination Committee (IMCC)** for the project with the following ministries and Agencies: Ministry of Development and Planning (MPD); Ministry of Finance (MoF); Ministry of Energy (ME); Ministry of Public Works (MOP); Ministry of Agriculture (MA); Ministry of Mineral Resources (MIREME); Ministry of Environment (MICOA); Ministry of Health (MISAU); National Road Authority (ANE); and *Electricidade de Mocambique* (EdM). MTC will also work in close collaboration with the National Statistical Institute (INE) and other relevant line government agencies and academic institutions, Civil Society Organization (CSOs) and Non-governmental Organizations (NGOs) in issues and areas of the direct competence.

36. The IMCC will be chaired by the Recipient’s Minister of Transport and Communication and will comprise director level representatives of, inter alia, the Ministry of Planning and Development, the Recipient’s ministries responsible for finance, agriculture, mineral resources, energy, health, public service, industry and commerce, public works and environment. The IMCC will meet every calendar quarter or more often if required for the purposes of, inter alia: (a) providing overall strategic and policy direction on all activities supported under the Project; and (b) facilitating the coordination of Project activities among the participating ministries and governmental agencies and the removal of any obstacles to the implementation of the Project; and (c) reviewing the Annual Work Plans for the Project.

### **C. Monitoring and evaluation of outcomes/results**

The monitoring and evaluation (M&E) system set-up for the project will establish:

- (i) database for each component of the project to periodically monitor the evolution of expenditures, implementation, outcomes and results; and,
- (ii) system for regular data gathering and process information required to monitor the main performance indicators and intermediary indicators as defined in **Annex 3** of the Project Appraisal Document.

37. These M&E activities will be undertaken with support from specialized technical assistance within each of the components of the project. The Ministry of Transport and Communications will be responsible for integrating the M&E reports and submitting a consolidated report to the Bank together with the mandatory quarterly progress reports.



38. Beyond direct project M&E, COCEP will closely liaise with the National Statistical Institute (INE) and other data providers as needed to ensure socio-economic data required for spatial development planning becomes available in a timely fashion. COCEP will be responsible for devising an appropriate data acquisition and management plan for the need of accurate planning databases reflecting accurate household data.

#### **D. Sustainability**

39. GoM has shown a strong leadership and commitment in achieving higher levels of economic and social development. This has been evidenced by the strong growth process of the last 10 years, and by the commitment to political and social stability, to improving governance and to democratic institutions and processes. The understanding that the new investment program and projects to be carried out need to respond not only to the immediate and direct interest of the particular investor or sector, but to the broader local and national community, and that they have to do that in a sustainable manner is what led GoM to establish the Coordination Commission for Studies and Projects (COCEP) at MTC, and, thereto, to subsequently mainstream spatial development planning in the country. The adoption of SDI as a strategic development planning tool is fully consistent with the aim of promoting continued economic growth, and, in particular, to do so through socially and environmentally sustainable and climate change-resilient investment programs and projects.

40. The proposed SDP-TA will provide technical assistance support to ensure that a permanent, performing and sustainable national capacity is firmly established at MTC, and that new SDI knowledge and capacity is widely shared across other relevant ministries and government agencies. Special attention was given during the design of the proposed project to ensure that an adequate and sufficient capacity development will be provided to the MTC staff of the COCEP. That capacity development support will include but not be limited to: formal and “on-the-job training”; shadowing/“twinning” assignments of national COCEP staff with the long- and short-term specialized consultant that will be recruited under the project; exchange visits through South-South cooperation arrangements; etc.

41. A key feature of the proposed project is that it was prepared under 3 months of work based on a fairly complete proposal and work program that was elaborated by MTC and had already been submitted to the Council of Ministers for the approval of the creation of the COCEP. Thus, this project is fully aligned with, and is the direct result of a specific request for World Bank assistance from the Borrower. The preparation work of the Bank team was practically limited to the preparation of the Bank documentation and appraisal of the project as proposed by MTC. These features stand to confirm the high level of commitment and ownership of the proposed project by the Borrower.

#### **E. Critical risks**

42. There have been no specific critical risks identified for the proposed SDP-TA project. The application of SDI methodologies for improving development planning systems in the country is not anticipated to generate any particular controversial aspects. Rather, a more comprehensive and spatial approach to planning and policy making is expected to reduce

unforeseen and/or unintended hereto negative impacts of more classical mono-sectoral planning approaches. In particular, it is expected that the mainstreaming of sound spatial planning methodologies and tools will help improve the understanding and acceptance of social and environmental sustainability criteria, enable the incorporation of cross-sectoral and inter-temporal externalities, and support the inclusion of climate change adaptation criteria into the identification and preparation of development programs and projects. **Table 3**, below, presents a summary of the project’s overall risk assessment and **Annex 6** (Implementation Arrangements) includes a description of the institutional set-up.

**Table 3: Summary of Overall Critical risks**

<p><b>Overall Risk</b></p>	<p>The overall and reputational risk of the operation is rated as <b>low</b>. That rating relates to identified <u>overall country risks</u> and to <u>non-fiduciary physical implementation risks</u> at the project level. The project is well aligned with the Government’s priorities in the infrastructure and natural resources and economic planning sector. The overall improvement of the government’s institutional and human capacity to undertake sound and sustainable spatial development planning is at the heart of the PARPA II and CPS. This is particularly so regarding the project’s expected impact in terms of supporting improved attention to social and environmental sustainability, to the generation of new employment opportunities for the youth, and to the identification of higher Climate Change-resilient investment program and projects. The proposed SDP-TA project entails the provision of technical assistance support to the Ministry of Transport and Communication (MTC). The TA will be mobilized through conventional TA means (long- and short-term international and local experts, formal/structured and “on-the-job training”, field visits, etc.) and through innovative and cost-effective “South-South Cooperation Schemes”. To date MTC has developed the experience and capacity to implement the proposed SDP-TA program of activities. MTC is fully committed to the successful execution of the project and has taken all the necessary steps to ensure the achievement of the project’s proposed PDO.</p>	<p><b>Low</b></p>
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**F. Credit conditions and covenants**

**43. Credit effectiveness Conditions:**

- MTC has appointed a Procurement Specialist, and a Financial Management Specialist, all with qualifications, experience and terms of reference satisfactory to IDA;
- MTC has assigned permanent staff to the UGEA, with appropriate job description for each one, and has assigned suitable office space and working conditions;
- MTC has adopted a Project Implementation Manual, including detailed Terms of Reference for the COCEP Unit, an administrative, financial, and accounting procedures manual, procurement manual, and a monitoring and evaluation manual, in form and substance satisfactory to IDA;
- MTC has established the Project **Steering Committee** with mandate, functions, and resources, and in form and substance satisfactory to IDA; and
- MTC has established the **Inter-Ministerial Coordination Committee** with mandate, functions, and resources, and in form and substance satisfactory to IDA.

44. **Other Covenants:**

- External auditors for the project to be hired within 3 months of effectiveness;
- MTC has appointed an environmental and social specialist no later than June 30, 2011, with qualifications, experience and terms of reference satisfactory to IDA;
- The Recipient shall, by not later than three months after Effective Date, hire the auditors referred to in Section 4.09 (b) of the General Conditions, with qualifications, experience and mandate satisfactory to the Association; and,
- The Recipient shall carry out social and environmental impact analysis for each SDI Package satisfactory to the Association and in accordance with the terms of reference agreed with the Association. Each such analysis shall include an assessment of the potential environmental and social risks and adverse impacts associated with any activities under investment projects identified under this Project, together with recommended measures to prevent, minimize, mitigate or appropriately compensate for any adverse impacts and risks so assessed, and to enhance the positive environmental and social impacts of such activities. The Recipient shall exchange views with the Association on each such assessment and recommended measures.

IV. **APPRAISAL SUMMARY**

**A. Economic and financial analyses**

45. As a technical assistance project with no tangible investments activities, neither economic nor financial analyses were undertaken for the project.

**B. Technical**

46. The proposed TA project will finance the establishment of spatial development planning and studies methodologies, systems and tools, including geographical information systems (hardware and software), statistic and econometric modeling software, and standard “office suite” interactive software for multipurpose use. Without specifically pre-determining specific systems or vendors, “best practice” from World Bank and relevant “Centers of Excellence” on geographical information systems will be used to identify the type of GIS system requirements/capabilities to be deployed in the COCEP at MTC. All other equipment to be financed and used within the project is envisaged to correspond to standard office or field work equipment or vehicles to be obtained through World Bank competitive procurement processes.

**C. Fiduciary**

47. A Financial Management (FM) assessment was carried at the Ministry of Transport and Communications in accordance with the Financial Management Manual issued by the Financial Management Sector Board in March 2010. Its objective was to determine whether MTC as the implementing unit has acceptable and adequate financial management arrangements. The

assessment also took into account the most recent report based on Public Expenditure and Financial Accountability (PEFA) methodology. This indicated that the last ten years had been characterized by major improvements in the Mozambican PFM system. In particular, the introduction of the single treasury account (CUT) and the government's IFMIS, e-SISTAFE represented major breakthroughs. All funds for the project will flow through the CUT, and the project will also make use of the government IFMIS for the capturing and summarizing transactions. The assessment was favorably impacted by the fact that MTC has successfully implemented some Bank-financed operations including the closed Communications Sector Reform Project (CRSP), even though under a PIU framework, and is also one of the implementing agencies of the active MEGCIP. The assessment was equally favorably impacted by the fact that the rules, laws and regulations to be adhered to in terms of FM, are the same as those used by the ministry in their day to day work with different procedures for the request of funds from IDA as well as reporting on their uses. The final audit report for the CRSP which closed in June 2009 has been submitted and similar to the last two audits, the auditors expressed an unqualified opinion on the financial statements. Bank financed projected implemented by MTC have no outstanding financial management obligations.

### ***FM Arrangements***

48. The proposed the overall gross FM risk rating of the Project is substantial prior to the adoption of any mitigating measures. Upon implementation of the proposed measures to mitigate the identified risks the residual FM risk rating is Moderate. The proposed measures (see Annex 7) include: (i) the hiring of qualified and experienced FM staff for SDPSU; (ii) elaboration of a FM Procedures Manual; (iii) use of the IFMIS and the government's Single Treasury Account for funds flow; and, (iv) hiring auditors for the project within three months of project effectiveness. The external audit will be the overall responsibility of the *Tribunal Administrativo*, which is the Supreme Audit Institution and responsible for conducting audits of public funds. The *Tribunal Administrativo* may require sub-contracting the audit responsibilities in the initial stages of the project to a private sector audit firm, until such time that they are in a position to cope with the quality and standards required by IDA.

49. The project will make use of the country's FM systems in terms of budgeting, accounting, with support from a consultant, internal controls, funds flow, financial reporting and partial external auditing as noted above. The proposed FM arrangements meet the minimum requirements for financial management under OP/BP 10.02.

### ***Procurement Arrangements***

50. The World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 and revised in October 2006 and May 2010; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 and revised in October 2006 and May 2010, and the provisions stipulated in the Financing Agreement will be applied for all procurement activities under the proposed project. Procurement of Goods under this project would include: Vehicles and associated equipment, spare parts for vehicles, IT equipment, office equipment, office furniture, among others. Procurement of Consultants under this project will include: consultant for the preparation of spatial development planning studies,

environmental and social studies, Identify and elaborate, at profile and pre-feasibility stage, complementary spatial development activities, amongst others. Procurement of Training would include all costs related to the carrying out training and workshops, conferences, i.e. hiring of venues and related expenses, stationery, resource required to deliver the workshops and per diem and travel costs of participants. Operating Costs under the project would consist of office supplies; operation and maintenance costs for vehicles and equipment; travel expenses and subsistence expenditures; remuneration of project staff but excluding Recipient's civil servants, among others. There would be no Works to be procured under the project

51. During project preparation it was established that the Ministry's procurement unit (UGEA) is not physically housed and equipped and no permanent staff is assigned to it. Five (5) staff, including the head of UGEA who is head of Department of development of enterprises, comprises the UGEA and are available on an ad hoc demand basis to carry out the specific UGEA's tasks. The key issues and risks concerning UGEA procurement capacity for implementation of the project were identified as: (i) the need of assigning permanent staff to the UGEA; (ii) identify offices and equip them with basic office equipment and working facilities, and, (iii) hire technical assistance that can provide effective on-the-job training to all UGEA staff. In addition UGEA will undertake its own contract monitoring. Furthermore, to enhance oversight and accountability, only operating costs and activities agreed in the Procurement Plan will constitute eligible expenditure under the Project. Consistent with that, during Appraisal, a **Procurement Management Action Plan to Mitigate Procurement Risk** was prepared and agreed between the borrower and the Association. That plan is included in Annex 8 (para 22). On the basis of implementation of that Action plan the Appraisal process concluded that the Borrower, with adequate supervision, will be able undertake the procurement functions of the proposed project satisfactorily.

#### **D. Social**

52. As a technical assistance project with no material investments the proposed SDP-TA project will have no adverse direct or indirect social impacts, nor will it finance any activities involving land acquisition and involuntary resettlement. Rather, it is expected that the establishment of the proposed spatial development planning and analytical capacity within government will generate important national and sub-national **social benefits** as a result of improved development and investment planning and policy making in the country.

53. Since the project will finance the identification and preparation up to "advance profile stage" of spatial development initiatives (SDI), which includes the identification of potential specific investment projects to be subsequently implemented by government, the private sector, and/or PPPs, the project will finance:

- (a) The recruitment of specialized medium- and long-term TA to assist COCEP to ensure that the social dimensions and issues are fully addressed along the entire SDI preparation process, and not only at the end of the stage of identification and selection of concrete investment projects within each SDI proposals. That is, rather than the social considerations being treated as "tail-end check-lists" or "barriers", they will

become integral elements an early **qualitative and quantitative "filters"** in the SDI preparation process; and,

- (b) The preparation of **strategic environmental and social assessments (SESAs)**<sup>13</sup> for each of the SDI “packages” to be prepared in order to: (i) analyze, at a strategic level, possible environmental and social issues affecting the development of SDIs; and (ii) advise the government on the application of appropriate social protection measures for the development of SDIs, including social assessments. In the event of further IDA involvement in the financing of the implementation of any given SDI, or specific project within a SDI, such projects would be required to comply with IDA’s safeguards policies.

## **E. Environment**

54. As a technical assistance project with no material investments the proposed SDP-TA project will have no adverse direct or indirect environmental impacts. Rather, it is expected that the establishment of the proposed spatial development planning and analytical capacity within government will generate important national and sub-national **environmental benefits** as a result of improved development and investment planning and policy making in the country.

55. Since the project will finance the identification and preparation up to “advance profile stage” of spatial development initiatives (SDI), which includes the identification of potential specific investment projects to be subsequently implemented by government, the private sector, and/or PPPs, the project will finance:

- (a) The recruitment of full-time specialized environmental TA to assist COCEP to ensure that the environmental issues are fully addressed along the entire SDI preparation process, and not only at the end of the stage of identification and selection of concrete investment projects within each SDI proposals. That is, rather than the environmental considerations being treated as "tail-end check-lists" or "barriers", they will become integral elements an early **qualitative and quantitative "filters"** in the SDI preparation process. Additionally, the early identification of **natural hazards and risks** will also be part of the SDI methodology; and,
- (b) As indicated in paragraph 52 (b) above, the preparation of **SESAs** for each of the SDI “packages” could help the government analyze at a strategic level possible environmental and social issues affecting the development of SDIs. They could also provide guidance to the government on the use or application of appropriate environmental measures and instruments, including Environmental and Social Impact assessments, environmental management plans, etc. In the event of further IDA involvement in the financing of the implementation of any given SDI, or specific project within an SDI, such projects would be required to comply with the IDA’s safeguards policies.

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<sup>13</sup> Draft Terms of Reference for the SESAs have been prepared and disclosed.

## F. Safeguard policies

<b>Safeguard Policies Triggered by the Project</b>	Yes	No
<a href="#">Environmental Assessment (OP/BP 4.01)</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Natural Habitats ( <a href="#">OP/BP 4.04</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management ( <a href="#">OP 4.09</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Physical Cultural Resources ( <a href="#">OP/BP 4.11</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement ( <a href="#">OP/BP 4.12</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples ( <a href="#">OP/BP 4.10</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests ( <a href="#">OP/BP 4.36</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams ( <a href="#">OP/BP 4.37</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas ( <a href="#">OP/BP 7.60</a> )*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways ( <a href="#">OP/BP 7.50</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The project is rated as Category C.

## G. Policy Exceptions and Readiness

56. The proposed project requires no policy exceptions and meets IDA standards of readiness for implementation. The status of completion of the Project's effectiveness conditions is as follows:

- MTC has initiated the process for recruiting a Procurement Specialist, and a Financial Management Specialist. These specialists should be in place by early December 2010;
- MTC has already assigned permanent staff to the UGEA, with appropriate job description for each one, and is in the process of assigning suitable office space and working conditions to them;
- MTC is already preparing the required Project Implementation Manual, which should be completed by early December 2010;
- MTC has already initiated the selection of the members of the Project's **Steering Committee**. The SC should be in place by late October 2010; and
- MTC has already initiated the selection of the members of the **Inter-Ministerial Coordination Committee**. The IMCC should be in place by late October 2010.

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\* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

## Annex 1: Country and Sector or Program Background

### MOZAMBIQUE: Spatial Development Planning Technical Assistance Project

1. Mozambique has been a strong economic and social performer in Africa. Since the devastating civil war ended in 1992, the country has enjoyed a remarkable recovery, achieving an average annual rate of economic growth of 8 percent between 1996 and 2008. As a result, the poverty headcount index fell by 15 percentage points between 1997 and 2003, bringing almost 3 million people above the poverty line and out of extreme poverty (out of a total population of 20 million). From the human development perspective, this has meant a 35 percent decrease in infant and under-five mortality, and a 65 percent increase in net primary school enrolment. 60 percent of the population is under the age of 25, and thus in addition to addressing current unemployment, generation of large numbers of new employment opportunities for the youth is already emerging as a key development and political stability priority. Inequality remained relatively low by regional standards, and progress has been made toward the key Millennium Development Goals of infant mortality and primary enrolment. Nevertheless, with an annual per capita income of US \$330 in 2007 and 54 percent of the population still below the poverty line, Mozambique remains a poor country with considerable social and economic challenges; infrastructure assets and services (energy, transport, water and sanitation, and telecom) are still inadequate, and there are serious unmet education and health needs.

2. Mozambique growth process, however, is expected to dwarf moving forward in comparison to the wave of economic activity of between US \$15 to US \$30 billion of potential investment projects that are presently under implementation and/or consideration in the country - - mostly by the private sector, and mostly associated to the exploitation of valuable natural resources. **Table 1.1** presents a summary of those main potential investment projects. Within that context, there is a wide ranging discussion about how to ensure that those projects -- specially the so-called “mega-projects” – are designed and implemented in such a way that they: (i) maximize sustainable economic benefits on a shared growth basis;<sup>14</sup> (ii) enable Mozambique to maximize benefits from the regional integration and from the mobilization of regional geo-economic opportunities (broader cross-border trade, shared infrastructure, rationalization of traffic and cargo loads; improvement of passenger and cargo traffic efficiency and safety, etc.); (iii) maximize positive economic linkages and externalities with other economic sectors at the local, national and regional levels; (iv) maximize the creation of sustainable employment, specially for the country’s youth and women; (v) promote economic governance and social equity; (vi) avoid and/or minimize through adequate management social and environmental negative impacts and conflicts; (vii) support the pro-active inclusion of HIV/AIDS prevention and mitigation; and, (viii) incorporate sound Climate Change Adaptation parameters and, to the extent possible, contribute to enhancing the Climate Change resilience of the economic activities, sectors and/or areas with which they have critical forward or backward linkages.

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<sup>14</sup> Refer to World Bank Country Partnership Strategy 2008-11, “Shared Growth” objective and strategy.



**Table 1: List of Ongoing/new Strategic Investment Projects in Mozambique**

<b>Project</b>	<b>Area of activity</b>	<b>Investment (current US\$)</b>	<b>Operations start-up</b>
Temane Gas (also Pande)	Natural gas (SASOL)	\$750 m	2002
Temane/Pande Gas PhaseII	Natural Gas (SASOL)	N.A.	2009
Moma Heavy Sands	Titanium mining	\$460	2007
ProCana	Sugar cane to ethanol, Massingir	\$500 m	2007
Corridor Sands Project	Titanium mining	N.A.	2009 (On hold)
PETROMOC pipeline	Petroleum product pipeline to S.A.	\$800 m	2011
COFAMOSA biofuels	Sugar cane to ethanol	\$500 m	N.A.
Petrobuzi	Sugar cane to ethanol	\$550 m	N.A.
Rio Lurio	Sugar cane to ethanol, Cabo Delgado	N.A.	N.A.
CVRD/Moatize	Coal mining and export	\$1+ b	2010
CVRD/Moatize power	Coal-fired power plant	\$1.3 b	2013
Riversdale Holdings	Coal mining and coal-fired power plant	\$800	2010 – 2013
Moamba power	Gas-fired electricity power	\$1.3 b	2010-2013
Cahora Bassa North	Hydroelectric power	\$700 m	N.A.
Mphanda Nkuwa	Hydroelectric power	\$1.8 b	2014
CESUL Backbone Transmission	Transmission line to S. Africa	\$2.3 b	2014
MOZAL III	Aluminum smelter	N.A.	Postponed
Portucel	Forestry	\$2+ b	2010
Green Resources	Forestry	\$2 + b	2009
South Energy Mozambique	Solar energy	\$500 m	N.A.
Principal Energy	Sugar cane to ethanol	\$350 m	2009
Constelation Consortium	Maputo Waterfront	\$1.2 b	N.A.
Beira coal terminal	Coal handling facility	\$200 m	2010
Ayr-Petro Nacala	Oil Refinery	\$ 5 b	N.A.

4. Mozambique has unique and strategic regional integration and regional economic growth facilitation roles to play. Mozambique has: (i) 2,500 km of coast with five ports, including the Nacala Port which is one of the best deep-sea ports in Eastern Africa; (ii) large yet untapped hydropower generation capacity; (iii) yet to be rehabilitated and/or developed mayor transport corridors with capacity to serve its land-locked neighbors, Malawi, Zambia and Zimbabwe and offering shorter distances to port for exports from northern South Africa, Botswana and Swaziland; (iv) abundant available, idle arable land (14 million hectares<sup>15</sup>); (v) large yet mostly untapped mineral resources, including coal, gas, heavy mineral sands, ilmenite, rutile, zircon<sup>16</sup>; and, *inter alia*, (vi) a large, young and comparatively low-cost labor force. **All these factors underscore Mozambique’s considerable development potential, if adequate development planning and management systems are in place to help identify and undertake the right public and private sector investment programs and projects.** Unfortunately, the opposite is also true. If the development of the large portfolio of investment programs and projects is done in the absence of adequate planning and governance parameters, and in an un-coordinated manner, there will be a very high risk of creating a complex and detrimental situation of negative competition for resources, misuse and/or under-use of limited infrastructure resources and services, loss of cross-sectoral synergies and cross-border opportunities, and, *inter alia*, inefficient and higher cost investments.

5. From the above set of challenges, the Government of Mozambique has concluded on the need to improve the scope of its development planning and management processes and is actively pursuing a series of measures and reforms, such as, improving and tightening macroeconomic management to improve the fiscal regime of large investment projects, introducing the Extractive Industries Transparency Initiative (EITI) in the mining sector, revising the Public-Private Partnership law, and introduction of a national budget management system (e-Sistafe). A key recent addition to those efforts is undertaking various complementary studies -- with support from the World Bank and other donors -- on “Growth Poles” and “Development Corridors”. Within that context, the Ministry of Transport and Telecommunications (MTC) set up a **“Coordination Commission for Studies and Projects” (COCEP)** to establish a sustainable national institutional capacity on spatial development planning within the government and to elaborate a series of concrete proposals for Spatial Development Initiatives.

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<sup>15</sup> “Zoneamento Agrario A Nivel Nacional: Relatorio do Exercicio de Validacao de Resultados de Terra Disponivel para Grandes Investimentos a Nivel Local”, Ministerio da Agricultura, Republica de Mocambique, Decembro 2008.

<sup>16</sup> In addition to the mineral listed above, Mozambique also has deposits of gold, copper, iron, asbestos, base metals, bentonite, cassiterite, diatomite, feldspar, fluorite, gemstones, gypsum, kaolin, limestone, mica, nepheline syenite, perlite, phosphate rock, rare earth, silica and uranium. See, Lehto, T. & Goncalves, R. 2008. Mineral Resources Potential in Mozambique. Geological Survey of Finland, Special paper 48,307-321, 9 figures.

**Annex 2: Major Related Projects Financed by the Bank and/or other Agencies  
MOZAMBIQUE: Spatial Development Planning Technical Assistance Project**

Summary of recent projects <sup>17</sup>	Sector issues discussed in Section A addressed? How?	For WB projects: OED or IP and DO ratings <sup>18</sup>
Roads and Bridges Project	Supports activities for Rehabilitation and maintenance of road network; improve road safety; improve connectivity and road transitability; increase road access to rural population and strengthening the institutional capacity of National Road Administration and Road Fund thereby addressing critical sector issues related to connectivity, regional integration and the development corridors.	S.
Sena Railway Project	Rehabilitation of Sena Line to Moatize coal mine area, and Machipanda Line to Zimbabwe, both connected to Beira Port will make cost effective and efficient transport available for the freight and passenger traffic in the Zambezi valley and along Beira corridor to accelerate economic growth and reduce poverty in the sub-region; will increase international traffic through the Beira Railway System; and ensure the operational, managerial and financial sustainability of the Beira Railway System thereby addressing critical sector issues related to connectivity, regional integration and the development corridors.	M.S
Small Holder Commercial Farmers Project	Supports incomes of smallholder farmers in selected districts of the Zambezi Valley region of central Mozambique through Community Group Organization and Local Institutional Strengthening; Agricultural Production and Marketing; Community Agricultural and Environmental Investment Fund. Addresses poverty and shared growth issues and is an investment in agriculture in one of the key development corridors of Mozambique that would benefit from increased integrated spatial development.	M.S
Trans-frontier Conservation Area and Tourism Development Project	Supports legal designation of TFCAs Integrated District Development Plans to provide an environmentally sustainable framework for land use planning, natural resource management, and	S

<sup>17</sup> WB and other international agencies

<sup>18</sup> For completed WB projects: OED's rating, for ongoing WB projects: IP and DO ratings

	development investment within the TFCA and the development of environmentally sound, and socially inclusive nature tourism, and, directly related economic activities, in areas with high tourism potential. Piloted Integrated Spatial Planning in the district of Praia, Cabo Delgado. Addresses issues of management of natural resources and regional integration.	
Financial Sector Technical Assistance Project	Provides technical assistance to improve the soundness of the Mozambican Banking Sector public debt management by strengthening of the banking sector, including improving the institutional capacity of the Bank of Mozambique; improving of the financial accountability and transparency; strengthening of public debt management and improving money and government bond market efficiency and depth. This support not only aims to improve the soundness and stability of the system, but also to create an enabling environment under which this sector can foment development through private sector development. Supports an enabling financial sector environment for investments.	S
Competitiveness and Private Sector Development	Supports improving the business environment and enhance enterprise competitiveness in Mozambique by reducing the cost of doing business in the country; building technical capacity at public sector agencies; strengthening the ability of local intermediaries to enable them to deliver business services to SMEs; and developing region specific interventions in the tourism and horticulture sectors. Supports an enabling environment for private sector development.	S
EDAP (APL-2): Increase access to electricity and modern energy services in peri-urban and rural areas, and institutional development and capacity building in key sector institutions	Supports activities to increase access to electricity and modern energy services in peri-urban and rural areas in a sustainable and affordable manner. Addresses increased quality and coverage of electricity, which is identified as a key constraint for economic growth.	N.A (operation not effective yet)
ERAP (ADB, NDF, WB): energy sector reform facilitating private sector involvement, grid based peri-urban electrification, independent grid electrification (to be dropped), off grid renewable	Supports activities to accelerate the use of electricity for economic growth, and social services, thus, improve the quality of life in un-served, and under-served areas (peri-urban and rural); and, strengthen the country's capacity to increase access to modern energy. Addresses increased quality and coverage of electricity, which is identified as a key constraint for economic growth and investments.	DO: S IP: MS

energy, institutional development and capacity building		
<b>Project Pipeline</b>		
Mozambique Regional Transmission Project (WB (lead), Norway): support to the GoM to facilitate a transmission back bone for Mozambique with private sector participation.	Least cost power production and transmission.. The back bone will help to facilitate electrification of the country and support regional integration and regional economic growth.	N.A.
Growth Poles Technical Assistance Project	The policy advice provided as Technical Assistance (TA) would complement existing and planned Bank initiatives and also serve to synthesize overall policy advice with regards to broadening the domestic impact of anchor investments in the country. The TA would draw on and build on the work that is being carried out under the recently approved private sector development project, especially in the areas of trade simplification and support to SMEs.	N.A.

### Annex 3: Results Framework and Monitoring

#### MOZAMBIQUE: Spatial Development Planning Technical Assistance Project

##### Results Framework<sup>19</sup>

PDO	Project Outcome Indicators <sup>20</sup>	Use of Project Outcome Information
To improve national social and economic development planning through the introduction, institutionalization and mainstreaming of multi-sectoral spatial development planning methodologies and practices.	<ul style="list-style-type: none"> <li>• # of climate-change resilient<sup>21</sup> spatial development initiatives for transport and trade corridors elaborated at pre-feasibility stage.</li> <li>• # of spatial development initiatives with high impact on youth employment and women elaborated at pre-feasibility stage.</li> <li>• # of projects under SDIs adopted for feasibility and subsequent investment.<sup>22</sup></li> </ul>	<p>Information on capacity to plan complex, economically viable spatial development initiatives for transport and trade with a view to climate-change resilience.</p> <p>Information on capacity to plan complex, economically viable spatial development initiatives with a view to social development.</p>
Intermediate Outcomes per component	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
Component 1: Institutional and Capacity development Component		
Coordination Commission for Studies and Projects (COCEP) at the Ministry of Transport & Telecomm. (MTC) functional.	<ul style="list-style-type: none"> <li>• # of SDP Inter-ministerial committee meetings per year (MCT, Key ministries)</li> <li>• # interactive multi-sector GIS based SDI planning database modules accessible to key planning stakeholders</li> </ul>	The COCEP is the key unit for implementation of the TA. Indicator will monitor the performance of the unit and ensure that it is adequately staffed during the implementation of the project.
Capacity to mainstream spatial development planning strengthened.	<ul style="list-style-type: none"> <li>• # of work-days provided through technical exchange visits under a formalized South-South Cooperation (MoU signed)</li> <li>• # of staff in government agencies trained on <ul style="list-style-type: none"> <li>- <i>spatial development planning</i></li> <li>- <i>social and environmental safeguards</i></li> <li>- <i>social and environmental impact analysis</i></li> <li>- <i>climate change resilience</i></li> <li>- (<i>specify the number of training days provided by national universities.</i>)</li> </ul> </li> </ul>	<p>Indicators will provide information on use of South-South Cooperation</p> <p>Indicators will provide information on concrete target areas of training for high-quality spatial development planning capacity and cooperation</p>

<sup>19</sup> National social and economic development planning will be impacted by this technical assistance project in selected areas of the transport and trade initiatives, as measured by the PDO indicators.

<sup>20</sup> The mandatory core indicator on project beneficiaries did not seem meaningful for this TA project

<sup>21</sup> Climate resilient development incorporates climate variability, risk and longer term change into development decision making processes.

<sup>22</sup> Monitoring will pay specific attention to the following break-down categories: *projects with high impact on (a) youth employment and women; (b) poorest communities; and, (c) climate-change resilience.*

Capacity to address cross-cutting issues in spatial development planning strengthened.	<ul style="list-style-type: none"> <li>• Number of Cross-cutting programs operationalized for target SDIs: <ul style="list-style-type: none"> <li>- <i>HIV/Aids prevention and mitigation</i></li> <li>- <i>Number of Traffic Safety and Standard Improvement</i></li> <li>- <i>Cargo load management studies conducted per transport &amp; trade corridor</i></li> <li>- <i>Rural Mobility Strategies and Pilot Programs per transport &amp; trade corridor</i></li> </ul> </li> </ul>	with national research institutions. Indicators will provide information on capacity to devise operational plans to mainstream cross-cutting issues into development planning.
<b>Component 2: Spatial Development Initiative Component</b>		
Improved spatial planning for transport and trade corridors <sup>23</sup> .	<ul style="list-style-type: none"> <li>• # of spatial development initiatives identified and elaborated at pre-feasibility stage.</li> <li>• # of spatial development initiatives identified and elaborated at profile stage.</li> </ul>	This indicator will be used to assess the economic viability of spatial development planning initiatives with a specific socio-economic and environmental perspective.
Capacity strengthened to promote new spatial development initiatives with major private sector participation	<ul style="list-style-type: none"> <li>• # of projects prepared up to pre-feasibility in the Maputo, Beira, Nacala and Lubombo SDIs for investment by government, the private sector and/or PPPs.<sup>24</sup></li> </ul>	This indicator will monitor the appropriateness of the methodology and guidelines at the pre-feasibility stage. It will help assess how to tailor the TA in the most appropriate manner.
Increased public-private partnerships for socially and environmentally sustainable investments with high employment generation impacts for the youth and women.	<ul style="list-style-type: none"> <li>• # of potential projects identified with high employment generation for youth and women per each spatial development initiative</li> <li>• # of projects adopted for feasibility work by government, the private sector and/or PPPs.</li> </ul>	This indicator will be used to monitor the appropriateness of the new methodology in terms of promoting the materialization of new investments by government, the private sector and/or PPPs.

<sup>23</sup> Spatial development activities for selected transport corridors will be developed with a view to maximize their social and economic development impact and increase the social and environmental sustainability and Climate Change resilience.

<sup>24</sup> Monitoring will pay specific attention to the following brake-down categories: *projects with high impact on (a) youth employment and women; (b) poorest communities; and, (c) climate-change resilience.*

### Arrangements for results monitoring

Project Outcome Indicators	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
# of climate-change resilient <sup>25</sup> spatial development initiatives for transport and trade corridors elaborated at pre-feasibility stage.	None.	0 0/4	1 ¼	1 2/4	1 3/4	1 4/4	Quarterly	SDP-TA Progress Reports; WB Procurement Systems.	MTC
# of spatial development initiatives with high impact on youth employment and women elaborated at pre-feasibility stage.	None.	0 0/4	1 ¼	1 2/4	1 3/4	1 4/4	Quarterly	SDP-TA Progress Reports	MTC
# of projects under SDIs adopted for feasibility and subsequent investment by government, the private sector and/or PPPs.	None.	0 0/20	5 5/20	5 10/20	5 15/20	5 20/20	Quarterly	SDP-TA Progress Reports.	MTC; MPD
<b>Intermediate Outcome Indicators</b>									
<b>Component 1: Institutional and Capacity Development Component</b>									
# of SDP Inter-ministerial committee meetings per year (MCT, Key ministries)	None.	10 10/50	10 20/50	10 30/50	10 40/50	10 50/50	Quarterly	SDP-TA Progress Reports.	MTC
# interactive multi-sector GIS based SDI planning database modules accessible to key planning stakeholders.	None.	1 1/6	1 2/6	2 4/6	2 6/6	0 6/6	Quarterly	SDP-TA Progress Reports.	MTC
# of work-days provided through technical exchange visits under a formalized South-South Cooperation (MoU signed).	None.	30 30/330	60 90/660	75 165/330	90 255/330	75 330/330	Quarterly	SDP-TA Progress Reports.	MTC; MPD
# of staff in government agencies trained on: - <i>spatial development planning</i> :	None.	5 5/45	10 15/45	10 25/45	10 35/45	10 45/45	Quarterly	SDP-TA Progress Reports.	MTC; MPD

<sup>25</sup> Climate resilient development incorporates climate variability, risk and longer term change into development decision making processes.



- <i>social and environmental safeguards:</i>	None.	2 2/22	5 7/22	5 12/22	5 17/22	5 22/22			
- <i>social and environmental impact analysis:</i>	None.	2 2/22	5 7/22	5 12/22	5 17/22	5 22/22			
- <i>climate change resilience:</i>	None.	2 2/22	5 7/22	5 12/22	5 17/22	5 22/22			
- <i>specify the number of training days provided by national universities.</i>		24 24/200	44 68/200	44 112/200	44 156/200	44 200/200			
Number of programs operationalized for target SDIs:							Quarterly	SDP-TA Progress Reports.	MTC; Other relevant ministries.
- <i>HIV/Aids prevention and mitigation</i>	None.	1 1/6	1 2/6	1 3/6	2 5/6	1 6/6			
- <i>Number of Traffic Safety and Standard Improvement</i>	None.	1 1/6	1 2/6	1 3/6	2 5/6	1 6/6			
- <i>Cargo load management studies conducted per transport &amp; trade corridor</i>	None.	1 1/6	1 2/6	1 3/6	2 5/6	1 6/6			
- <i>Rural Mobility Strategies and Pilot Programs per transport &amp; trade corridor</i>	None.	2 2/10	2 4/10	2 6/10	2 8/10	2 10/10			

<b>Component 2: Spatial Development Initiative Component</b>									
	<b>Baseline</b>	<b>YR1</b>	<b>YR2</b>	<b>YR3</b>	<b>YR4</b>	<b>YR5</b>	<b>Frequency and Reports</b>	<b>Data Collection Instruments</b>	<b>Responsibility for Data Collection</b>
# of spatial development initiatives elaborated at pre-feasibility stage.	None.	<b>0</b> <b>0/4</b>	<b>1</b> <b>1/4</b>	<b>2</b> <b>3/4</b>	<b>1</b> <b>4/4</b>	<b>0</b> <b>4/4</b>	Quarterly	SDP-TA Progress Reports.	MTC; MPD
# of spatial development initiatives elaborated at profile stage.	None.	<b>0</b> <b>0/2</b>	<b>0</b> <b>0/2</b>	<b>0</b> <b>0/2</b>	<b>1</b> <b>1/2</b>	<b>1</b> <b>2/2</b>	Quarterly	SDP-TA Progress Reports.	MTC; MPD
# of projects prepared up to pre-feasibility in the Maputo, Beira, Nacala and Lubombo corridors. SDIs for government, the private sector and/or PPPs.	None.	<b>0</b> <b>0/20</b>	<b>5</b> <b>5/20</b>	<b>5</b> <b>10/20</b>	<b>5</b> <b>15/20</b>	<b>5</b> <b>20/20</b>	Quarterly	SDP-TA Progress Reports.	MTC; MPD
# of projects identified with high employment generation for youth and women per each spatial. development initiative	None.	<b>0</b> <b>0/20</b>	<b>5</b> <b>5/20</b>	<b>5</b> <b>10/20</b>	<b>5</b> <b>15/20</b>	<b>5</b> <b>20/20</b>	Quarterly	SDP-TA Progress Reports.	MTC; MPD
# of projects adopted for feasibility by government, the private sector and/or PPPs.	None.	<b>0</b> <b>0/20</b>	<b>5</b> <b>5/20</b>	<b>5</b> <b>10/20</b>	<b>5</b> <b>15/20</b>	<b>5</b> <b>20/20</b>	Quarterly	SDP-TA Progress Reports.	MTC; MPD

## Annex 4: Detailed Project Description

### MOZAMBIQUE: Spatial Development Planning Technical Assistance Project

1. The proposed SDP-TA project will be divided into two components: **(i) Institutional strengthening and Capacity development Component**; and, **(ii) Spatial Development Initiatives Component**.

2. **Component 1: Institutional Strengthening and Capacity development Component (US \$13.02 million)**. This component will be divided into three sub-components: (i) Strengthening and Capacity development of the Coordination Commission for Studies and Projects (COCEP); (ii) South-South Cooperation Schemes; and, (iii) Cross-cutting Institutional Development Programs.

3. **Strengthening and Capacity Development on Spatial Development Planning Sub-component**. This sub-component will support the institutional strengthening and capacity development of the “Coordination Commission for Studies and Projects (COCEP) at the Ministry of Transport and Communications (MTC), for the purpose of establishing a proficient and sustainable capacity on spatial development planning within MTC and for creating an effective multi-sector and inter-ministerial spatial development planning coordination mechanism. MTC will assign to the SDP-TA a core technical team of five (5) national staff (including a Project Coordinator), two (2) procurement staff, two (2) accounting staff, office space and basic logistic support for the COCEP. This sub-component of the project will finance: **(i) Consultants**: (a) a set of senior national and international experts for a maximum period of five years (initially three years with possibility of extension of key personnel for an additional two years) to bring in the SDI expertise into the Unit and to develop through “on-the-job training” and work program and methods development a full cadre of MTC staff to take over the full functioning of the Unit; and, (b) a small set of temporary high-level advisors to provide advisory guidance to the Ministry and COCEP on highly specialized areas of expertise such as SDI methodologies, spatial economics and econometrics, financial and transaction advisers, etc.; **(ii) training and capacity development** for staff from COCEP, MTC and other participating Ministries and agencies on SDI and related tools (Geographical information systems, geo-economic analytics, economic modeling, etc.), including participation in short-term local and international courses, seminar, workshops and conferences on SDI issues; **(iii) local and international travel expenses** (tickets and *perdiem*) for SDI research and field-work; **(iv) office equipment and supplies**, including hardware and software necessary for all SDI work; **(v) vehicles**, deemed essential to the operation of the COCEP, for field and in-city work; and **(vi) operating costs** for the COCEP, the decentralized MTC offices working on the Cross-cutting Institutional Development sub-component of the project, and for the SDP-TA Steering Committee.

4. The proposed SDP-TA will require significant short-, medium- and long-term TA support from senior international and national consultants (including both individual and firms), senior international experts mobilized through the proposed South-South cooperation schemes included in the project, and mid-range local consultants with specific sectoral knowledge and skills. The

main areas of professional expertise that will be required for the successful implementation of the proposed SDP-TA project are:

- Regional/rural development planning and policy making;
- Spatial economics and geography;
- Spatial analytical tools (GIS, Statistics, econometric modeling, etc.);
- Multi-sector infrastructure planning;
- Multi-modal transport sector planning;
- Natural resources sustainable development planning;
- Water resource development and management;
- Agriculture and agro-industrial planning;
- Social development and safeguards planning;
- Environmental management and safeguards planning;
- Natural hazards identification and mitigation planning;
- Private-Public Partnership (PPP) advisory services;
- Legal and regulatory advisory services;
- Project formulation and quantitative evaluation methods;
- Financial and transaction advisory services;
- Communication and public relations advisory services;

5. **South-South Cooperation Support Sub-component.** This sub-component will finance the mobilization of South-South cooperation for the COCEP and for the development of the SDI. The existence of public, private and academic “centers of excellence” in developing countries, particularly in South America, Asia and other parts of Africa -- particularly South Africa which developed the SDI concept since the early 1990’s -- is an established fact. The mobilization of expertise from those centers of excellence is, however, routinely constrained by the lack of funding to cover the basic costs of the establishment of concrete working arrangements (basic stipend for visiting professionals, travel expenses, exchange technical visits, costs of documentation, etc.). Having to develop a broad SDI work program will require COCEP to have the capacity to access many such center of excellence in different technical areas, specially is those outside of the direct competence of the Ministry of Transport and Communications (agriculture and agro-industry, mining, fisheries, natural resource management, energy, GIS, spatial analysis, spatial economics, etc). In those cases MTC will -- working in close collaboration with the relevant line ministries and national agencies and/or academic centers -- will identify sources of expertise in the South-South cooperation (S-SC) domain and will seek their mobilization. To that end, the sub-component will finance travel and *per diem* expenses, costs of documentation and communication. Special attention will need to be given to the proper identification of S-SC needs and opportunities in order to maximize outcomes and outputs of the limited resource provided for it in the budget. Thereto specialized consultant support should be mobilized, as needed, to help MTC/SDP-TA identify and design a high value added S-SC program. Furthermore, possibilities for expanding the use of S-SC mechanisms within the project should be explored during the actual implementation process.

6. **Cross-Cutting Institutional Development Programs Sub-component.** This sub-component will also finance TA, studies, consulting services, information instruments and

campaigns, office equipment and field operational equipment (vehicles, communications, etc.) for the implementation of specific cross-cutting pro-active institutional development programs which should be integral part of the design and of the subsequent implementation of concrete Spatial Development Initiatives. These program are:

- (i) HIV/AIDS Prevention and Mitigation Program: The same way that the opening-up or expansion of transport and trade corridors increases access to human development services (health and education) to previously isolated rural populations, it has also shown to be an accelerating factor in the spread of contagious diseases, particularly including STDs. Transport users, mobile populations and local populations in the proximity of roads and transport construction sites are vulnerable to HIV infection. Commercial sex workers, female partners of men at risk, men who have sex with men, and alcohol & drug users have been identified as vulnerable to HIV transmission through the transport sector because they can engage in risky behavior and unprotected sex. Mitigation interventions should be focused on promoting safe sex behavior. This is applicable to all transport sub-sectors and hubs (airports, ports, construction sites) in high risk zones of a project area such as construction sites or could-be ‘hot spots’ in cross-border areas, markets, hotels, bars and brothels near transport projects. Interventions should include the provision of training on HIV/AIDS risks that encourage behavior change, particularly condom use (the common preventive strategies for this aspects include behavioral communications campaign; peer counseling; and condom distribution); the treatment of sexually transmitted infections (linking a project intervention to local health and STI treatment services) and the referral of transport workers and vulnerable groups to Voluntary Counseling and Treatment (VCT) services. Behavior change among targeted groups and communities is one of the most critical components of successful interventions, particularly among those at highest risk of contracting and spreading the disease and in areas with lower HIV prevalence.<sup>26</sup> Therefore, the SDP-TA project will factor in the design of SDIs and will seek to operationalize, as an advanced institutional development element, an **HIV/AIDS prevention and mitigation Program**.
- (ii) Traffic Safety Awareness and Enforcement Program: Poor traffic safety is responsible for approximately 5000 accidents and some 2000 deaths per year in Mozambique. The development of new and/or expansion of existing transport and trade corridors will bring an increased volume of traffic and – in the absence of safety improvements -- a concomitant increase in the level of accidents and fatalities. Because of that the SDP-TA project will factor in the design of SDIs and will seek to operationalize, as an advanced institutional development element, a **Traffic Safety Standard Improvement Program**; and,

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<sup>26</sup> World Bank (2009), Transport against HIV/AIDS: Synthesis of Experience and Best Practice Guidelines, Transport Sector Board.

- (iii) Commercial Cargo Load Management Program: there is currently no public or private cargo loads management system in operation in Mozambique. Because of that, load “back-hauling” planning and practice does not take place leading, *inter alia*, to considerably higher transport costs, longer driving hours for drivers (resulting in higher accidents), sector and system inefficiencies, etc. The rationalization of cargo loads within an SDI is a critical requirement for an efficient operation of the transport and trade functions of that SDI. The proposed project will support cargo load management studies, piloting of cargo load management systems, including the setting-up of public-private partnerships and/or private sector concessions of pilot cargo load management centers to support proposed SDIs.
  
- (iv) Rural Mobility Strategy and Pilot Programs: Rural populations have a very limited access to the existing transport corridors (highways, roads and rail) because of lack of sufficient “feeder” rural roads, due to the high vulnerability of unpaved rural roads to weather (i.e., poor maintenance condition and closed for several months during rainy season) and because of high services costs. That limits their access to markets, to productive inputs, and to many different economic and human development services.<sup>27</sup> It is estimated that less than 5 percent of the population in the existing transport corridors like Beira and Nacala have access to the road and systems. In particular, the implementation of economic diversification and densification activities within SDI will require finding technically and economically viable ways to increasing rural mobility and access to markets. In particular, the implementation of economic diversification and densification activities within SDI will require finding technically and economically viable ways to increasing rural mobility and access to markets. The proposed project will finance the implementation of studies and the development of a rural mobility strategy to increase spatial mobility within the existing infrastructure constraints, and will finance the implementation of small rural mobility pilots through the deployment of low-cost rural transport systems within the SDI areas of the project. This sub-component will, *inter alia*, tap into the wealth of information and experience of the World Bank’s “Rural Travel and Transport Program (RTTP) and of the “Development MarketPlace Program” and on broader South-South Cooperation opportunities.

7. Subject to availability of budget resources within the project and to the approval by the SDP-TA Steering Committee, the project implementation process would have some flexibility to add other possible Cross-cutting Institutional Development Programs that become relevant and important during the implementation of the project and which would, in particular, increase the social benefits and/or outcomes of the SDP-TA.

**8. Component 2: Spatial Development Initiative Component (US \$5.98 million).** This component will have two parallel objectives: (i) to serve as the principal training and capacity and institutional development activity of the SDP-TA project; and (ii) prepare six actual SDI

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<sup>27</sup> Dorosh, P. and E.Schmidt (2008), “Mozambique Corridors: Implications of Investments in Feeder Roads”, The World Bank, Paper for the CEM background paper series for the Africa Transport Team and Mozambique.

“packages” for the country, broken-down into three different types of SDIs, as detailed below. **Annex 4** presents a detailed description of this component.

9. The Spatial Development Initiative (SDI) methodology seeks to increase the viability of inherent economic potential through the Coordinated and synergic configuration of unrealised economic projects and the infrastructure projects necessary to realise them, within a “Development Corridor”. The developmental potential of such large projects is further enhanced through the “deepening” (project linkages) and “densification” (provision of feeder infrastructure) of the SDI. Before an SDI is implemented in a selected area, a thorough and comprehensive concept study has to be undertaken in order to identify and assess at pre-feasibility level the economic potential (usually high-rent resources) and whether they can support (service) the provision of the requisite infrastructure.

10. *The Southern Africa Experience.* Development Corridors (DCs: also referred to as Spatial Development Initiatives) were first implemented in Southern Africa under the South African sponsored SDIs (Spatial Development Initiatives) in 1995 as a means to:

- promote trade and investment led economic growth;
- optimise the utilisation of infrastructure;
- encourage value-added processing (beneficiation); and
- enhance the competitiveness of African economies.

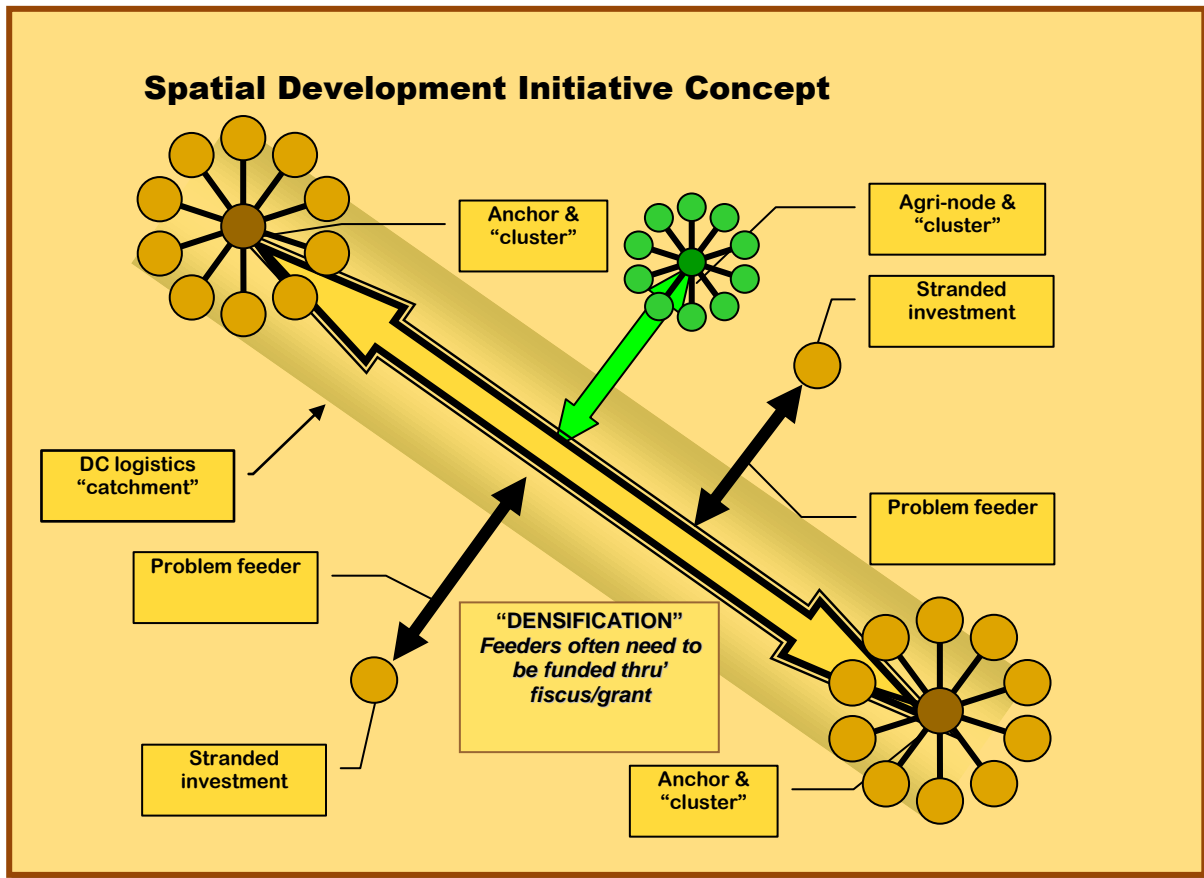
11. The first SDI was the Maputo Development Corridor (MDC) which is generally considered a success, although only limited deepening and densification took place on the Mozambican side of the Corridor. The MDC was followed by numerous other SDIs in South Africa, including two “agri-tourism” SDIs. The Regional SDI Programme (RSDIP) was launched in the late ‘90s and is still continuing, focussing on the western (Angola & Namibia) and eastern (Tanzania & Mozambique) parts of southern Africa.

12. In 2007 the NEPAD Secretariat and the African Development Bank adopted DCs as an important tool for configuring, prioritising and promoting inter-related infrastructure and large-scale economic sectoral investments in defined geographic areas. The DCs contemplated under the NEPAD SDP strategy are informed by experience with “SDIs” in the southern African region, the first of which was the MDC between South Africa and Mozambique in 1995. The MDC was itself an initiative of the South African and Mozambican Presidents (Mandela & Chissano) through their respective Ministries of Transport and Trade & Industry.

13. *Key aspects of the SDI Methodology.* The underlying driver of the SDI methodology is the coordinated and synergic development of investment projects, based on the unrealised economic potential of a given geographic area or zone, with the development of the requisite infrastructure investment projects. In general SDIs tend to have an “anchor” project (or group of anchors) that underpin the viability (usage) of the necessary infrastructure projects. The anchor project/s usage provides the infrastructure projects (transport, power, water) with the required revenue streams to permit private sector capital and skills to be deployed through PPPs. The infrastructure investments can be considerable and accordingly the anchors tend to be resource-based projects that embody large differential rents, in order to service the large capex required.

The potential (unrealised) agricultural projects seldom embody high differential rent and consequently the anchors are generally mineral-based projects (solid minerals and hydrocarbons). In the case of the MDC the two key resources were coal in South Africa (to feed the Duvha power station to provide electricity to the Mozal aluminium smelter) and gas in Mozambique (to feed the Sasol petrochemical complex). However, although the anchors and associated infrastructure usually require huge *capex*, they do not generally create many jobs (capital intensive). The main developmental impact is realised through the provision of feeder infrastructure (particularly feeder roads to SMEs: especially small-holder agriculture) along the corridor to increase the footprint (reach) of the SDI, through a process termed SDI “densification”. In addition the impact is further increased through the “deepening” of the large investment projects by identifying the project backward & forward linkages opportunities (for local SMEs to take up). **Figure 4.1** presents a summary of the structure and function of a Spatial Development Initiative.

**Figure 4.1: Spatial Development Initiative Concept**



14. The essential elements for an SDI include:

- The need for inherent economic potential, from natural resources (usually minerals and agriculture) exploitation;



- Configuration of investments to ensure infrastructure viability through sustainable revenue streams;
- “Crowding-in” of private sector investment;
- Where feasible the promotion of PPPs (public-private-partnerships);
- The securing of political commitment and provide the necessary conducive investment / business friendly environment;
- The need to ensure rapid planning and delivery of projects and programs so as to maintain the momentum; and
- The need to ensure “densification” of the benefits through insuring open-access on all infrastructure and through realising the project linkages and value-addition (processing).

15. The SDI process usually starts with a Concept Study to confirm the likely viability of the anchor project/s. This is followed by the appointment of the SDI Project Manager who’s first task is to contract capable entities to undertake the Sectoral Scans of the resource-based sectors (agriculture, minerals, forestry, tourism, fishing, etc.) and the necessary infrastructure (road, rail, ports, airports, energy, water, etc.) to realise the economic potential. This is followed by the identification of the discrete unrealised potential investment projects and the associated infrastructure projects. The “Project Identification and Preparation/Packaging” consumes the bulk of the SDI effort and budget. The proposed SDP-TA will pursue this methodology up to the level of pre-feasibility. At the same time key bottlenecks are tackled and interventions are made to strengthen the key institutions. Once the “trunk” infrastructure indicates viability (through usage by the anchor projects) then the process of identifying and configuring the critical feeder infrastructure is undertaken. Subsequently, the SDI project portfolios are developed at feasibility level and prepared for transparent and competitive concessioning (if they are based on a state asset/right) or for investor identification (if they do not involve the disposal or leasing of a state asset/right).

16. The SDI preparation process usually culminates with an “Investor Conference” where the SDI portfolios are presented and strategic anchor productive and the associated enabling infrastructure projects are announced, as well as the concessioning process for other assets. Numerous other potential investor opportunities are also floated in the form of project briefs. Based on the South African experience, a SDI “Investor Conference” can promote in excess of 100 potential investment targets (projects).

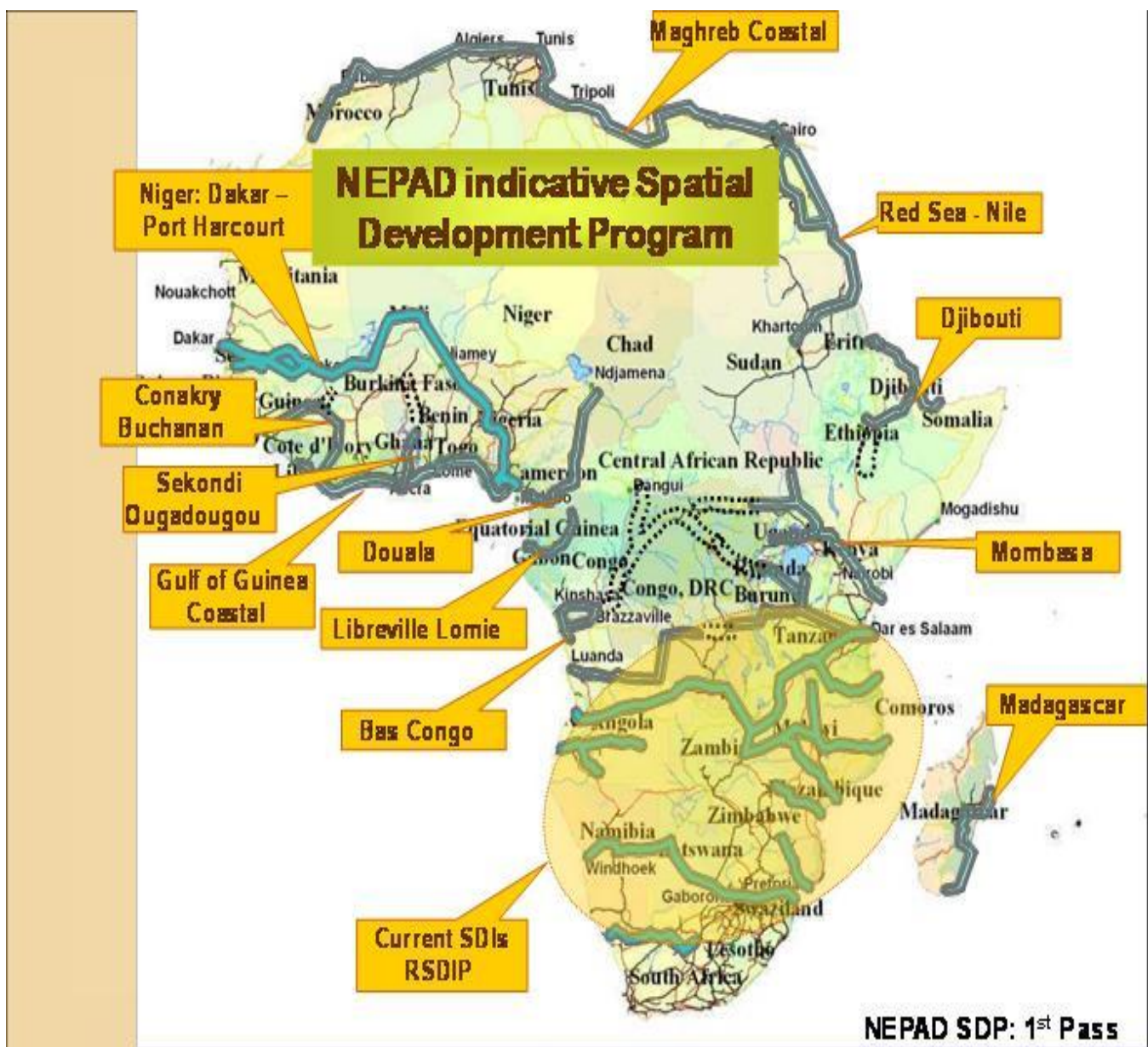
17. The SDI model provides a practical way to achieve a regional approach to development which goes beyond the limitations of multi-country projects, encouraging a sustained process of integrated development within a region defined by its economic potential rather than its political boundaries. Its value is found in the following:

- It addresses the urgent need for effective investment prioritisation based on sound economic rationale;
- It provides linkages to and synchronises private sector economic investment project opportunities with key infrastructure projects;

- It promotes the realisation of wider development potential (through densification strategies and clustering) which are catalysed by infrastructure provision and anchor investments; and
- It provides a spatial focus for strategies to optimise regional economic development and integration.

18. NEPAD has already adopted since 2000 a Spatial Development Initiatives approach. **Figure 4.2** presents a summary of NEPAD's identified spatial development initiatives at the regional level.

**Figure 4.2: NEPAD Spatial Development Corridors/Areas**



19. The undertaking of geographically-based multi-sectoral economic and social development planning is, however, much older than the SDIs and was the basis of much of the “**Regional Development Planning**” work that was done in Europe, North America and South America since the 1950’s. Of particular interest to Mozambique is the large body of work done by the Department of Sustainable Development of the Organization of American States (OAS) since the early 1970’s in the Latin America and Caribbean Region (LAC).<sup>28</sup> **Box 4.1** presents a summary of the O.A.S.’ Integrated Regional Development Planning Concept and methodology. That work is important because it provides a relatively close frame of reference for the challenges that exist in Mozambique, and because they constitute a highly relevant source for “South-South Cooperation” support on SDI work for Mozambique.

20. Within the context of the above SDI approach and methodologies, this component will finance the elaboration of three different types of SDI proposals for a selected set of six development areas in the country. While those six areas have already been selected by the Borrower, subject to the approval by the SDP-TA Steering Committee, the project will have implementation flexibility to accommodate possible limited changes in the selection of the Type II and/or Type III SDIs to realign the selection of development areas with unforeseen but legitimate changes in government policy and/or investment programs. The three types of SDI to be developed by the project are:

- **Type I:** will identify and elaborate, at pre-feasibility stage, economic diversification and densification opportunities, with major private sector participation, to complement two existing national/regional transport corridor initiatives (Maputo Corridor and Beira Corridor), with a view to maximize their social and economic development impact and increase their social and environmental sustainability and Climate Change resilience. These two specific existing corridors were selected for inclusion in the project by the Borrower because they are the principal transport and trade corridor in the country at present and already have the main infrastructure components in place and “anchor” projects under implementation or operation;
- **Type II:** will identify and elaborate, at pre-feasibility stage, and promote two national/regional multi-sector spatial development initiatives (Nacala SDI and Lubombo SDI), with major private sector participation, and based on socially and environmentally sustainable and Climate Change-resilient investment programs/projects. These two SDI were selected by the Borrower for inclusion in the project because they represent the second tier of spatial development opportunities in the country. The Nacala corridor already exists, albeit with only one third of paved highway and a railway line in need of significant rehabilitation and expansion. On the other hand, the Nacala port, situated in a completely protected harbor, is the best and safest deep-sea port in East Africa, and will become a major trade gateway for Mozambique and the region (Malawi, Zambia, Zimbabwe, etc.). The Lubombo SDI was selected because it constitutes a priority eco-tourism corridor and a regional integration corridor; and,

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<sup>28</sup> For more information on the work of the Department of Sustainable Development of the Organization of American States (DSD/OAS) see: [www.oas.org/dsd](http://www.oas.org/dsd)

## **BOX 4.1 O.A.S: Definition of “Integrated Regional Development Planning”**

The Department of Regional Development (DRD) of the Organization of American States defines a **REGION** as any subnational area that a country calls a region for purposes of planning or development. A region may also comprise parts of more than one country. It may be a geographic unit such as a river basin, or a political subdivision such as one or more *municipios*, provinces, or states. It may be the locus of a problem, as for example, an area of high unemployment, or an empty area losing its national identity due to an influx of foreign settlers, or it may even be an arbitrarily defined spatial planning unit. (Paraguay designated a triangular shaped development area for which a plan was prepared.) DRD has given assistance in regions ranging in area from a few hundred square kilometers to one million square kilometers, regions including metropolitan zones and frontier areas alike, and regions representing a wide range of cultural, ecological, and institutional conditions. In short, regions as study areas have no general distinguishing characteristics. But methodology for regional development planning does, and it is likely that what is described here will apply to a broad variety of study areas and problems.

The term **DEVELOPMENT** as it is used in this book carries with it the concept of sustainability. This goes beyond the controversy of "growth" vs. "growth with distribution." Indeed, sustainability requires dynamic stability achieved through change that is economically sound and socially just and that maintains the natural resource base. Development, according to this model, means change with growth and equity. The central development challenge is to initiate and sustain a process whereby the material and spiritual well-being of a population is improved and development proceeds are fairly distributed according to principles of social justice,

The term **PLANNING** as used here refers to the process by which the governments with DRD support produce plans and selected development projects. The final product is a report that contains the plan, the recommended development projects and programs, and relevant background material. The series of steps required to prepare the plan and projects is referred to throughout this book as a study. It is important to remember that regional development planning is an early step in the development process and that its final product is a report which contains a proposal for action, but that actual development may not occur for some time.

The word **INTEGRATED** when used in association with regional development planning is meant to stress the multisectoral and multidisciplinary character of this type of planning. It also sharply distinguishes it from more traditional sectoral planning, which is criticized throughout this book when it is the only basis for planning and project formulation. This book is about multisectoral planning in defined pieces of space.

DRD has evolved an intermediate approach inspired by practical experience in Latin America and the interpretation of development expressed in the OAS Charter. This approach to integrated regional development is characterized by distinct phases emanating initially from an overview of the region within the context of the national plan and proceeding to more detailed analysis of promising development areas. The three essential elements are diagnosis, strategy, and project development.

**Diagnosis** - A rapid analysis to determine the principal problems, potentials, and constraints of a region. The development diagnosis can include evaluation of natural resources and socio-economic conditions; delineation and analysis of subregions; identification of critical institutions, sectors, and geographic areas; generation of new information; and assembling ideas for investment projects.

**Strategy** - Selection of pressing issues and opportunities for addressing them with the resources available. These opportunities suggest actions that are politically feasible within a time frame short enough to maintain momentum. (Less critical issues can be left for another round.) Alternative strategies can be presented so the government has a choice.

**Projects** - Preparation of interrelated investment projects to implement the selected strategy. The projects, developed usually through pre-feasibility, provide a balance among infrastructure, production activities, and services. Collectively, their benefit-cost ratio must be acceptable to governments and funders. The projects are presented to the government, together with any ancillary actions required, in an action plan of short-to middle-term duration.

*Source: Integrated Regional Development Planning: Guidelines and Case Studies from OAS Experience, Department of Regional Development, Organization of American States, November 1985.*

- **Type III:** will identify, at advance profile stage, two new multi-sector spatial development initiatives (Lichinga-Mueda SDI and North-South Great East African Barrier Reef SDI), with major private sector participation, and based on socially and environmentally sustainable and Climate Change-resilient investment programs/projects. The Lichinga-Mueda SDI was selected by the Borrower for inclusion in the project because it constitutes a logical spatial extension from the Beira and Nacala SDIs. Thus its planning – and subsequent implementation – will greatly benefit from the economic dynamic of the other SDIs, facilitating their implementation and allowing for a rapid development. The Great East African Barrier Reef SDI (N-S GEABR) SDI was selected for inclusion in the project because of its significant eco-tourism potential and the Borrower’s interest in studying the economic and social development risks and impacts of potential coastal erosion.

21. The government of the Mozambique has identified 16 mayor national and/or regional development corridors. Among these the six corridors listed above have been chosen to be developed as full fledged “Spatial Development Initiatives” by the SDP-TA project. The basic description and rationale for the selection of those six corridors is presented in the section below:

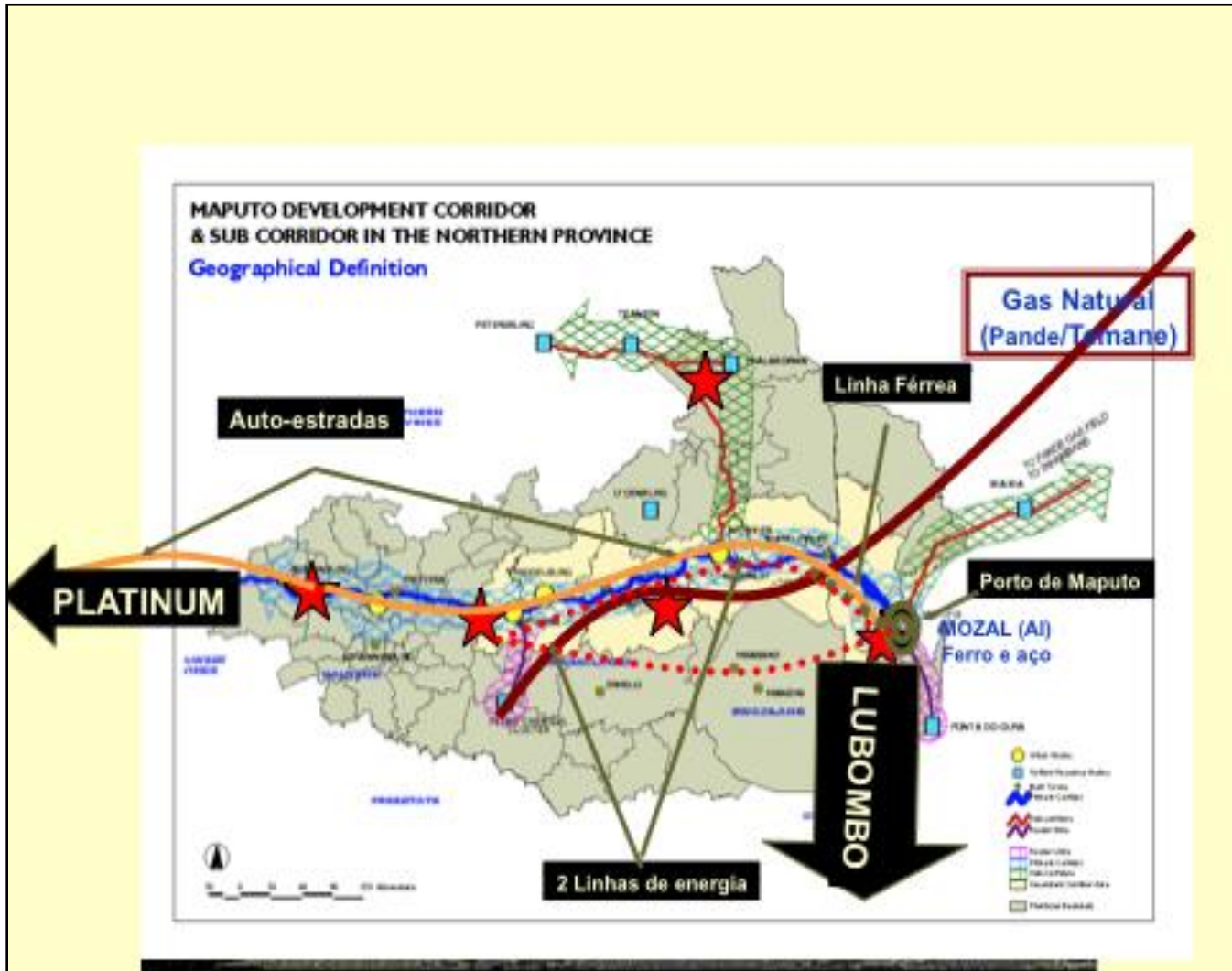
#### ***Maputo Spatial Development Initiative***

22. The Maputo Development Corridor (MDC) is an already functioning corridor that had its origins in the need to connect the Port of Maputo to the Gauteng region in South Africa. The key economic activities anchoring the corridor are the gas pipeline by Pande (through Gaza and Maputo towards South Africa), the foundry industry Aluminum (Mozal) and the transmission power line of the MOTRACO consortium. A logistics management company, jointly managed between Mozambique and South Africa, has also been established in the corridor. See **Figure 4.3**.

23. Within the consolidation and expansion of this corridor, industrial complexes of iron and steel, fertilizers, cement as well as an oil refinery have been developed, and the Moamba technology park is soon to be fully operational. The conditions are now in place for further development including intensive irrigated agriculture (cane sugar and others), the development of tourism in Maputo and its adjacent coastal zone and islands.

24. The success to date of the MDC has created opportunities to link this corridor to the corridors of Lebombo and Limpopo as a way of extending the frontier of opportunity for national economic development and regional integration.

**Figure 4.3: Area of the Maputo Spatial Development Initiative**

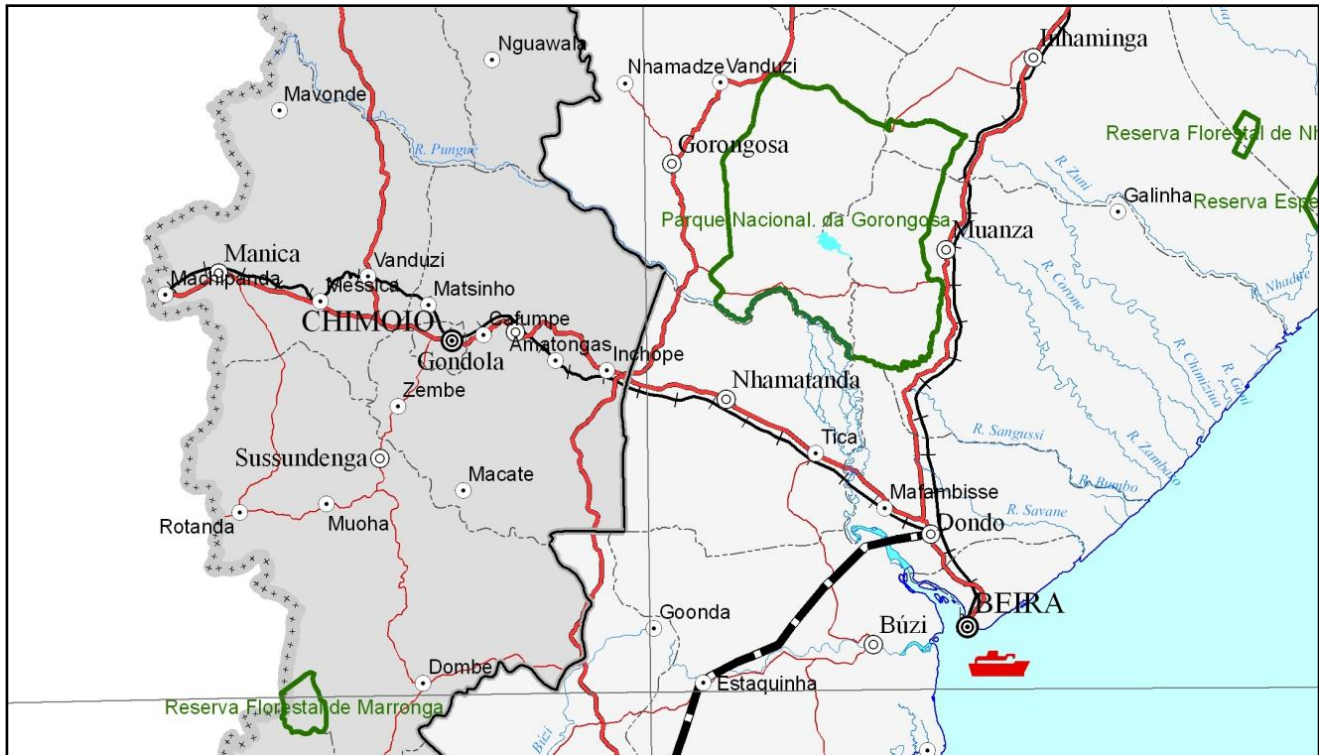


Source: MTC

***Beira Spatial Development Initiative***

25. The Beira Development Corridor (BDC) is the corridor linking Zimbabwe with the port of Beira passing through the districts of Dondo, Buzi, Inhamatanda, Gondola, Manica and Chimoio. The BDC is a growth engine unto itself. It also plays a key role in facilitating imports and exports to and from Mozambique and Zimbabwe. BDC is a multi-sector corridor that includes railways, roads and gas pipeline backbones. Agro-forestry in the provinces of Manica and Sofala, imports and exports from Zimbabwe and Sofala, coastal tourism and the Gorongosa National Park, are the three key economic activities anchoring the BDC and which need to be further developed. See **Figure 4.4**.

**Figure 4.4: Area of the Beira Spatial Development Initiative**



Source: MTC

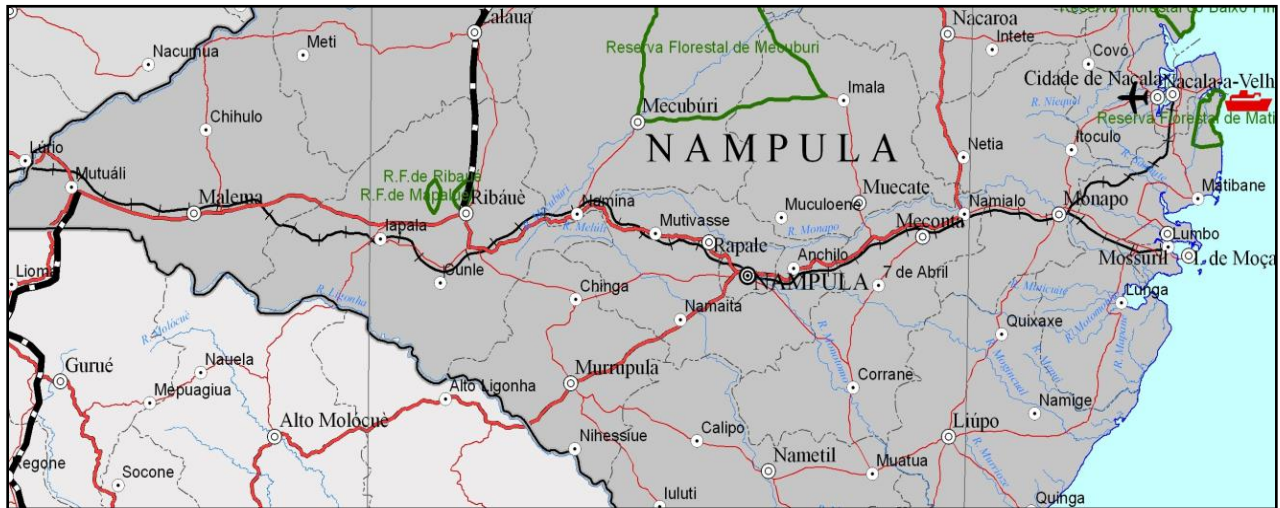
***Nacala Spatial Development Initiative***

26. The Northern Development Corridor (NDC) begins at the Nacala port and ends at Mutuali, where it merges into the MDC. Along its path, the Nacala corridor crosses the districts of Monapo, Mussoril, Muecate, Nampula and Ribawé. Beyond the railway line and road to Nacala and Mutuali, there is a need to establish a relatively large number of feeder roads, with emphasis on:

- Angoche – Liupo – Monapo – Nacala;
- Lumbo – Matibane – Nacala;
- Namialo – Nacaroa -Namapa – Pemba;
- Marrupa – Pemba;
- Mecula – Marrupa - Maua – Metarica;
- Nipepe – Marrupa.

27. The economic anchors of the NDC are the Moma titanium and mining activities; phosphates at Evate, coal extraction in Moatizel, tourism, and agriculture. See **Figure 4.5**.

**Figure 4.5: Area of the Nacala Spatial Development Initiative**

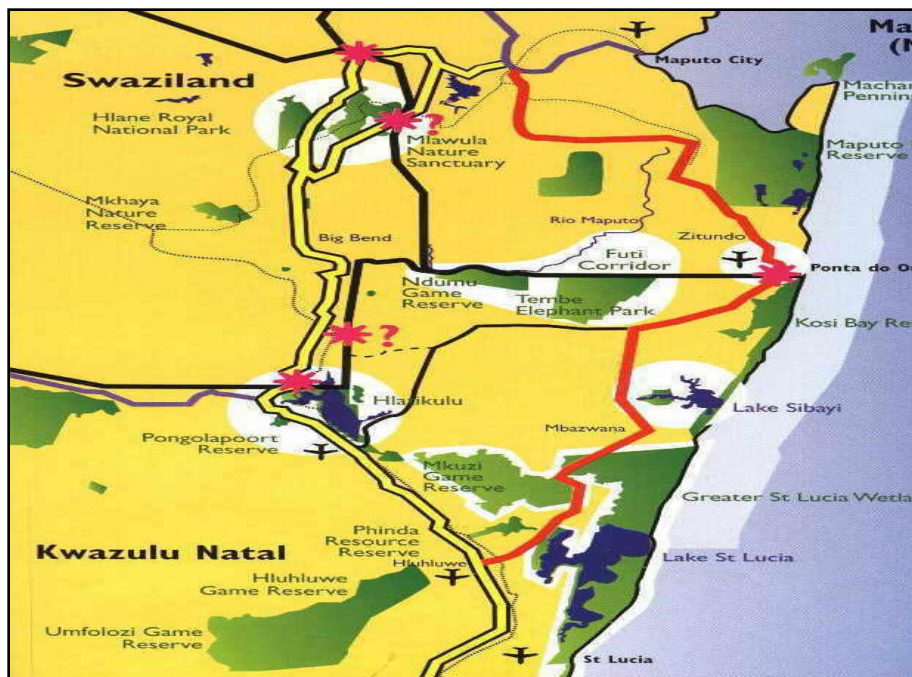


Source: MTC

**Lubombo Corridor**

28. The Lubombo Corridor overlaps with what is now known as the “Lubombo Initiative”. There is an opportunity to link this corridor to the MDC through the future bridge linking Maputo to Catembe, roads departing from Boane and Catembe to Ponta de Ouro, and a railway line from Maputo to Porto Techobanine is being designed to expand the capabilities of the port of Maputo to handle the movement of coal from Botswana and Zimbabwe. See **Figure 4.6**.

**Figure 4.6: Area of the Lubombo Spatial Development Initiative**



Source: MTC



### ***Lichinga-Mueda Development Corridor***

29. The Lichinga-Mueda Development Corridor (L-MDC) is essentially composed by the Lichinga and the Mueda corridors. The Lichinga development corridor is an extension of the NDC which starts in the city of Mutuali goes through the city of Cuamba, and ends in the city of Lichinga. See **Figure 4.7**. The influence of this corridor should be widened and requires additional road infrastructure to support traffic with particular focus on the following sections:

- Cuamba – Mandimba – Lichinga;
- Marrupa – Malanga – Lichinga;
- Metangula – Lichinga;
- Matchedja – Macaloge – Unango – Lichinga

30. The main potential of this corridor is agro-forestry and tourism in and around the Niassa Reserve and Lake Niassa.

31. The Mueda Corridor is defined by the railway line that starts in Ribaué (Nampula Province), and traverses the districts of Lalaua, Namuno, Montepuez Mueda, finishing at Mocimba Beach. Its economic value will be enhanced with the feeder road traffic dominated by the following routes:

- Maiaca – Papai – Namapa;
- Namapa – Chiure – Metoro;
- Pemba – Metoro – Montepuez;
- Montepuez – Balama – Impiri – Marrupa;
- Pemba – Bilibiza – Moaguide – Meluco – Nairoto;
- Macomia – Muedumbe – Mueda;
- Mocimba da Praia – Palma.

32. The main potential of this corridor is in agriculture; mining and tourism (Forest Reserves and Mecuburi Quirimbas National Park).



**Figure 4.9: Area of the N-S GEARB Spatial Development Initiative**



Source: MTC

35. **Table 4.2** presents the summary of the implementation plan for the six SDIs to be developed within the SDP-TA project.

**Table 4.2: SDP-TA Project – Work Program Summary of SDI Portfolio**

<b>SDI TYPES</b>	<b>SDI Name</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>SDI Type I</b>	Maputo Corridor	☒☒☒☒	☒☒☒☒	☒☒		
	Beira Corridor	☒☒☒☒	☒☒☒☒	☒☒		
<b>SDI Type II</b>	Nacala SDI		☒☒☒☒	☒☒☒☒	☒☒	
	Lubombo SDI		☒☒☒☒	☒☒☒☒	☒☒	
<b>SDI Type III</b>	Lichinga-Muenda SDI			☒☒☒☒	☒☒☒☒	☒☒
	N-SGEABR SDI			☒☒☒☒	☒☒☒☒	☒☒

☒= year quarter

36. This component will finance: **(i) Consultants:** a specialized “Senior SDI Technical Manager” for each SDI portfolio, and additional short- and medium-term local and international consultants; **(ii) travel expenses** (airfare/surface tickets and *perdiem*) for local and regional field work; **(iii) production and publication costs** of technical and promotional reports; **(iv) Annual Investor Conference:** organization of an annual Investor Conference promote the SDI portfolios prepared and/or under preparation by the project; **(v) office equipment and supplies** for the decentralized SDI offices (where applicable); and, **(vi) operating costs** for the functioning of the specific SDI teams, especially for the decentralized SDI offices (where applicable).

**Annex 5: Project Costs**  
**MOZAMBIQUE: Spatial Development Planning Technical Assistance Project**

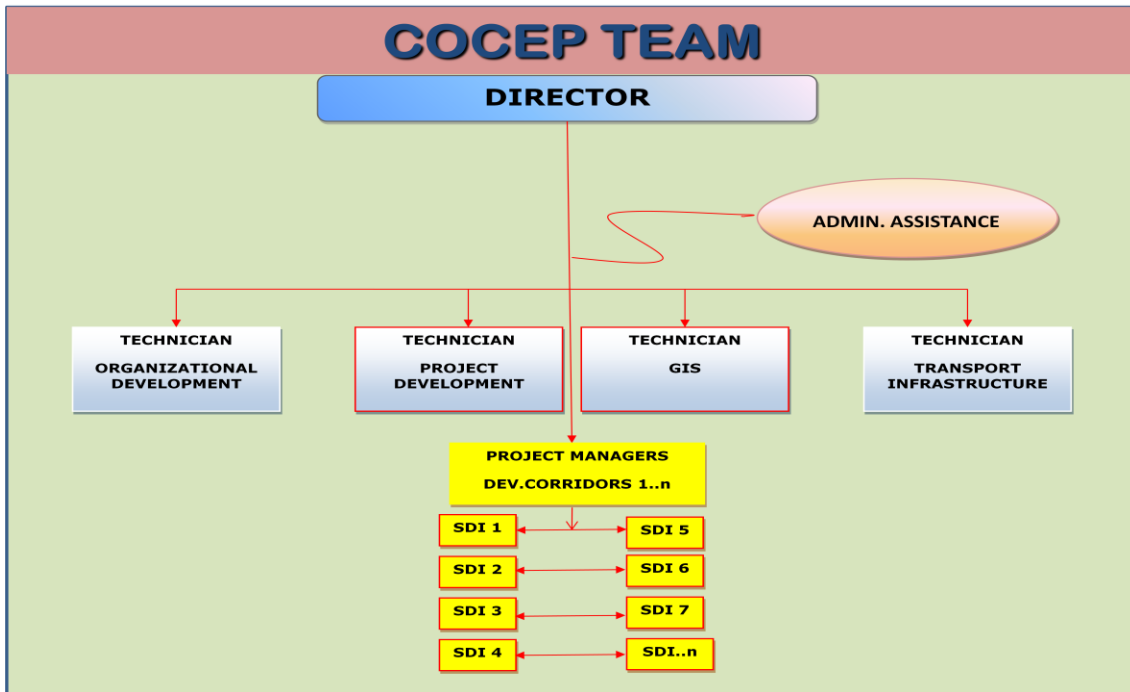
<b>SDP -TA PROJECT COMPONENTS</b>	<b>Year 1</b> US \$ '000	<b>Year 2</b> US \$ '000	<b>Year 3</b> US \$ '000	<b>Year 4</b> US \$ '000	<b>Year 5</b> US \$ '000	<b>SUB-TOTAL</b> US \$ '000
<b>COMPONENT 1: Institutional and Capacity Development</b>						
<b>Spatial Development Planning Unit Sub-component</b>						
TA Assistance:						
- SDI Steering Committee	50.0	50.0	50.0	50.0	50.0	250.0
- SDI Transport & Logistics Economist Expert		120.0	120.0	120.0	120.0	480.0
- SDI Environmental & Social Expert		70.0	70.0	70.0	70.0	280.0
- SDI Concessioning Expert		120.0	120.0	120.0	120.0	480.0
- SDI Project Preparation Technicians (2)		65.0	65.0	65.0	65.0	260.0
Data Base Costs	20.0	20.0	20.0	20.0	20.0	100.0
Consultant Services	300.0	300.0	300.0	300.0	200.0	1,400.0
Training MTC Staff	100.0	100.0	100.0	100.0	100.0	500.0
Training of Other Ministries/Agencies Staff	100.0	100.0	100.0	100.0	100.0	500.0
Communication Strategy	50.0	50.0	50.0	50.0	50.0	250.0
Operating Costs						
- Travel & Perdiem Costs	100.0	100.0	100.0	100.0	100.0	500.0
- Other	250.0	250.0	250.0	250.0	250.0	1,250.0
Office Equipment & Furniture	200.0	30.0	30.0	80.0	30.0	370.0
Vehicles	200.0			200.0		400.0
<b>Sub-Total SDPU</b>	<b>1,370.0</b>	<b>1,375.0</b>	<b>1,375.0</b>	<b>1,625.0</b>	<b>1,275.0</b>	<b>7,020.0</b>
<b>South-South Cooperation Support Sub-Component</b>						
Technical Assistance	150.0	150.0	150.0	150.0	150.0	750.0
Travel & Perdiem Costs	250.0	250.0	250.0	250.0	250.0	1,250.0
Operating Costs	50.0	50.0	50.0	50.0	50.0	250.0
Office Equipment	50.0	50.0	50.0	50.0	50.0	250.0
<b>Sub-Total S-S Cooperation</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>2,500.0</b>
<b>Cross-Cutting Institutional Development Programs Sub-component</b>						
Consultant Services	200.0	200.0	100.0	100.0	100.0	700.0
Training	100.0	100.0	100.0	100.0	100.0	500.0
Travel Costs	100.0	100.0	100.0	50.0	50.0	400.0
HIV/AIDS Prevention and Mitigation Program	100.0	100.0	100.0	100.0	100.0	500.0
Traffic Safety Awareness and Enforcement Program	50.0	50.0	50.0	50.0	50.0	250.0
Commercial Cargo Load Management Program	50.0	50.0	50.0	50.0	50.0	250.0
Rural Mobility Strategy and Pilot Program	200.0	200.0	200.0	200.0	100.0	900.0
<b>Sub-Total C-C Inst. Dev. Prog.</b>	<b>800.0</b>	<b>800.0</b>	<b>700.0</b>	<b>650.0</b>	<b>550.0</b>	<b>3,500.0</b>
<b>Sub-Total Component 1</b>	<b>2,670.0</b>	<b>2,675.0</b>	<b>2,575.0</b>	<b>2,775.0</b>	<b>2,325.0</b>	<b>13,020.0</b>
<b>Component 2: Spatial Development Initiatives</b>						
<b>Maputo SDI</b>						
Technical Assistance	200.0	180.0				380.0
Sectoral Scans	200.0					200.0
Social and Environmental Strategic Assessment		150.0				150.0
Project Elaboration and Production						-
<b>Sub-Total Maputo SDI</b>	<b>400.0</b>	<b>330.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>730.0</b>
<b>Beira SDI</b>						
Technical Assistance	200.0	180.0				380.0
Sectoral Scans	200.0					200.0
Social and Environmental Strategic Assessment		150.0				150.0
Project Elaboration and Production						-
<b>Sub-Total Beira SDI</b>	<b>400.0</b>	<b>330.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>730.0</b>
<b>Nacala SDI</b>						
Technical Assistance		200.0	180.0			380.0
Sectoral Scans		300.0				300.0
Social and Environmental Strategic Assessment			150.0			150.0
Project Elaboration and Production						-
<b>Sub-Total Nacala SDI</b>	<b>-</b>	<b>500.0</b>	<b>330.0</b>	<b>-</b>	<b>-</b>	<b>830.0</b>
<b>Lubombo SDI</b>						
Technical Assistance		200.0	180.0			380.0
Sectoral Scans		200.0				200.0
Social and Environmental Strategic Assessment			150.0			150.0
Project Elaboration and Production						-
<b>Sub-Total Lubombo SDI</b>	<b>-</b>	<b>400.0</b>	<b>330.0</b>	<b>-</b>	<b>-</b>	<b>730.0</b>
<b>Lichinga-Muenda SDI</b>						
Technical Assistance			100.0	90.0		190.0
Sectoral Scans			100.0			100.0
Social and Environmental Strategic Assessment				50.0		50.0
Project Elaboration and Production						-
<b>Sub-Total Lichinga-Muenda SDI</b>	<b>-</b>	<b>-</b>	<b>200.0</b>	<b>140.0</b>	<b>-</b>	<b>340.0</b>
<b>N-S GEABR SDI</b>						
Technical Assistance			100.0	90.0		190.0
Sectoral Scans			100.0			100.0
Social and Environmental Strategic Assessment				50.0		50.0
Project Elaboration and Production						-
<b>Sub-Total N-S GEABR SDI</b>	<b>-</b>	<b>-</b>	<b>200.0</b>	<b>140.0</b>	<b>-</b>	<b>340.0</b>
<b>General SDI Support</b>						
Consultant Services	100.0	100.0	100.0	100.0	100.0	500.0
Investment Conferences		100.0	100.0	100.0	100.0	400.0
Dissemination and Communication Costs	50.0	100.0	100.0	100.0	50.0	400.0
Operating Costs						
- Travel & Perdiem Costs	100.0	150.0	150.0	100.0	50.0	550.0
- Decentralized Operating Costs	70.0	70.0	70.0	70.0	70.0	350.0
Field Office Equipment	20.0	10.0	20.0	10.0	20.0	80.0
<b>Sub-Total General SDI Support</b>	<b>340.0</b>	<b>530.0</b>	<b>540.0</b>	<b>480.0</b>	<b>390.0</b>	<b>2,280.0</b>
<b>Sub-Total Component 2</b>	<b>1,140.0</b>	<b>2,090.0</b>	<b>1,600.0</b>	<b>760.0</b>	<b>390.0</b>	<b>5,980.0</b>
<b>Total Components 1 + 2</b>	<b>3,810.0</b>	<b>4,765.0</b>	<b>4,175.0</b>	<b>3,535.0</b>	<b>2,715.0</b>	<b>19,000.0</b>
<b>UNALLOCATED</b>					<b>1,000.0</b>	<b>1,000.0</b>
<b>TOTAL PROJECT COSTS</b>	<b>3,810.0</b>	<b>4,765.0</b>	<b>4,175.0</b>	<b>3,535.0</b>	<b>3,715.0</b>	<b>20,000.0</b>

## **Annex 6: Implementation Arrangements**

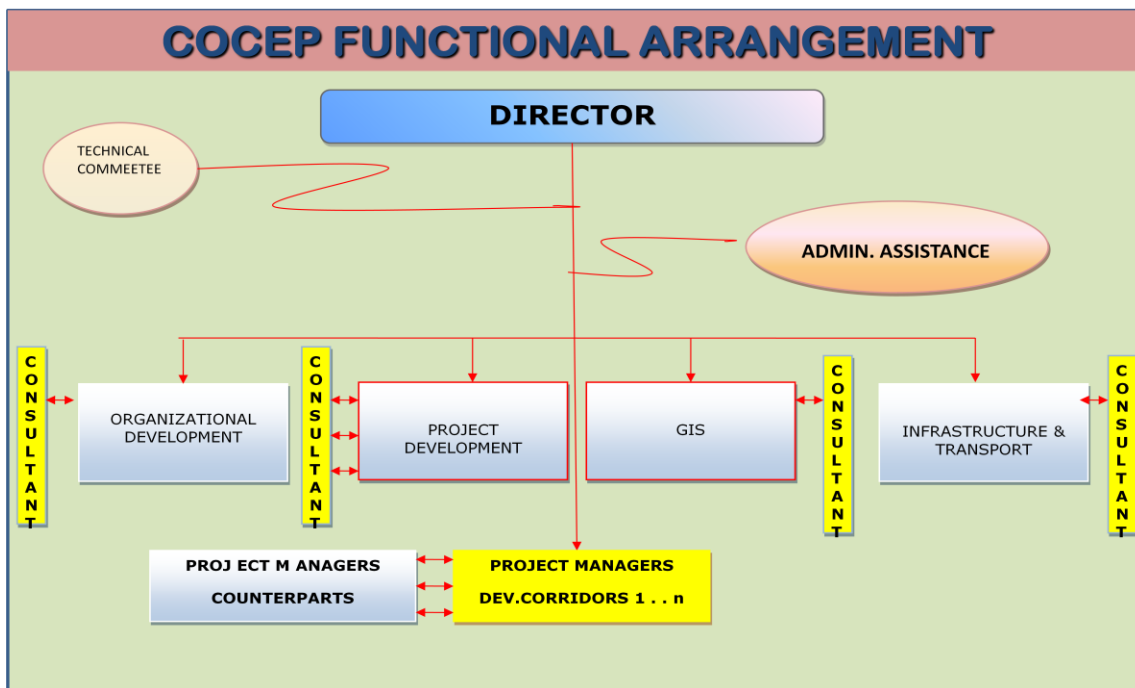
### **MOZAMBIQUE: Spatial Development Planning Technical Assistance Project**

1. The implementation of the proposed SDP-TA project will be done by the Ministry of Transport and Communication, through the “Coordination Commission for Studies and Projects (COCEP). COCEP will be established reporting directly to the Minister of Transport and Communication, who will assume the direct responsibility for overseeing the implementation of the project. The technical and conceptual implementation of the SDP-TA will be guided by an expert’s **Steering Committee (SC)**. The SC will be chaired by the Minister of Transport and Communications, and will be integrated by senior level national and/or international experts on SDI.
2. The Borrower’s reasons to housing the SDP-TA project at the MTC were: (i) MTC is responsible for the two of the key infrastructure sectors required within any spatial development scheme, transports (including rail, roads, ports and airports) and telecommunications; (ii) MTC is fully committed to develop spatial development planning as a core function of its sectoral mandate, as well as to invest in the establishment of the necessary structure and human resources to make that sustainably; (iii) MTC is already responsible for the identification, planning and promotion of extended geographic “Transport Corridors”; and, (iv) MTC is already responsible for supporting other sectoral ministries (agriculture, mining, industry, fisheries, etc.) to develop investments and new economic opportunities through the provision of transport and spatial mobility information, knowledge and services and of communications services.
3. Additionally, because of the multi-sectoral nature of the work that will be undertaken through the SDP-TA, MTC will set-up a formal **Inter-Ministerial Coordination Committee (IMCC)** for the project with the following ministries and Agencies: Ministry of Development and Planning (MPD); Ministry of Finance (MoF); Ministry of Energy (ME); Ministry of Public Works (MOP); Ministry of Agriculture (MA); Ministry of Mineral Resources (MIREME); Ministry of Environment (MICOA); Ministry of Health (MISAU); National Road Authority (ANE); Electricidade de Mocambique (EdM). MTC will also work in close collaboration with the other relevant line government agencies and academic institutions, Civil Society Organization (SCOs) and Non-governmental Organizations (NGOs) in issues and areas of the direct competence.
4. **Figures 6.1** and **6.2** respective present the proposed organizational structure for the COCEP and for the set-up for each Spatial Development Initiative to be pursued.

Figures 6.1: Organizational Structure for the COCEP



Figures 6. 2: Functional Arrangements for the Spatial Development Initiatives



## **Annex 7: Financial Management and Disbursement Arrangements**

### **MOZAMBIQUE: Spatial Development Planning Technical Assistance Project**

#### **Introduction and Background**

1. The financial management assessment was carried out at the Ministry of Transport and Communication (MTC). The objective of the assessment was to determine whether the Ministry of Transport and Communication, as the implementing agency for the project, has acceptable financial management arrangements which will ensure: (1) that the project funds are used only for the intended purposes in an efficient and economical way, (2) the preparation of accurate, reliable and timely periodic financial reports, and (3) that the entities' assets are adequately safeguarded.

#### **Summary of the Assessment**

2. The assessment of the financial management arrangements of the project in accordance with the Financial Management Manual for World Bank-Financed Investment Operations, dated March 1, 2010, took place at the *Department of Administration and Finance* (DAF) of MTC. The assessment was favorably impacted by the fact that the project will use the same financial management procedures used on a day to day basis by MTC, and which are common to all other line ministries. It was equally favored by the fact that the MTC has implemented other World Bank-financed operations in the past, even though under the PIU framework. The findings of the assessment are in the subsequent paragraphs.

3. The residual Financial Management (FM) risk rating for the project is "Moderate". A summary of the FM risks and the proposed mitigating measures is provided in the table '*Risk Rating Summary*'. These measures include the use of the government's e-SISTAFE IFMIS for financial management and reporting. The project will also take advantage of the existing FM manual which was prepared for the MEGCIP, of which MTC is also one of the implementers and customize it for this project. The use of the Supreme Audit Institution, *Tribunal Administrativo*, to audit the project funds, with assistance of a private firm of external auditors namely for the use of International Standards on Audit as well as transferring skills from the private sector to the public sector are also considered.

#### **Country issues**

4. The country's public financial management system has previously been noted as weak in diagnostic studies carried out in this area. The most recent of these is the Report based on the PFM PEFA Strengthened Approach (2006), which itself was a follow up to the country's first Public Financial Management Assessment conducted in September 2004. Prior to that, a Country Financial Accountability Assessment (CFAA) had been conducted in 2001. These early reports observed that the public sector financial management systems in Mozambique were weak and that the overall public sector fiduciary risk in Mozambique was high. Furthermore, although satisfactory improvements had been registered in the management of the economy, the comprehensiveness and transparency of the budget was poor, the medium-term planning and



budgeting was weak, while budget execution and accounting and reporting presented serious weaknesses.

5. Coming out of these diagnostic reviews, the Government of Mozambique, with the support of its development partners, instituted a number of reforms in an effort to address the weaknesses. These initiatives included the introduction of a new Financial Management law that forms the basis for the introduction and implementation of a computerized integrated financial management information system, e-SISTAFE, which has been rolled out in the Ministry of Finance, the Ministry of Planning and Development, and the majority of line ministries at national level. To accompany these, the government also: (i) issued regulations for the Financial Management law; (ii) initiated the introduction of a new and more-detailed functional classifier into the budget; (iii) introduced restrictions on bank accounts held by public institutions; (iv) started to incorporate off-budget revenues as well as donor-funded expenditures into the budget; (v) initiated training for budget staff in double-entry accounting; and (vi) established a consolidated electronic treasury account to improve control of treasury operations and cash management.

6. Comparing the situation in 2004 to that of 2006, the PEFA report confirmed that significant improvements had been achieved in the quality of PFM systems and processes, particularly in the areas of:

- Payroll, Procurement, and Internal Controls;
- Cash Management;
- Donor Practices, especially predictability of budget support disbursements;
- Revenue Collection and Management.

7. On the negative side however, the overall indicators covering accounting, recording, and reporting appear to have deteriorated slightly during the period, although even therein, improvements have been noted in the timeliness and regularity of account reconciliations, and the timeliness and regularity of in-year budget reports. What has not happened is a Public Expenditure Tracking Survey (PETS) in the last three years.

8. The report noted that the quality of the PFM was expected to continue improving as a natural consequence of ongoing reforms such as e-SISTAFE; but indicated that this would take some time. E-SISTAFE has since been rolled out to all the line ministries and provinces and to no less than fifty districts at the time of the assessment.

### **Institutional Arrangements**

9. The Ministry of Transport and Communications (MTC) will be responsible for the implementation of the project. The Coordination Commission for Studies and Projects (COCEP), yet to be established within the ministry will perform the day to day functions of the project which will be guided by a steering committee, formed by senior level national and/or international specialist on SDI, and presided by the Minister of Transport and Communication. However, FM and administrative responsibility will be vested in the Department of Administration and Finance (DAF) of MTC. It is expected that an additional Project Accountant

will be hired to support the COCEP and DAF in handling the project reporting and accounting requirements in the ministry and the point person for the FM related matters for the Bank.

10. Under the PIU framework, the MTC has been exposed to some Bank-financed operations, including for the currently active MEGCIP project.

11. Other detailed organizational arrangements within COCEP and MTC are spelt out in Annex 6 (Implementation Arrangements).

### **Governance and Accountability**

12. The government of Mozambique approved an Anti-Corruption Law in 2004. The law stipulates that all contracts to which state or municipal bodies are party must incorporate an anti-corruption clause and that whistle blowers are protected. Public officials now have to present a list of their assets every year and a final list on leaving office. Critics argue, however, that although the law is extensive in scope, implementation is lacking. The Central Office for Combating Corruption (GCCC) has been established within the Attorney General's Office, replacing the now defunct anti-corruption agency of 2003 (known as the Anti-Corruption Unit). The GCCC carries out investigations of complaints in relation to corruption-related offenses within the public sector and has delegations in Maputo, Beira and Nampula. The unit receives an increasing number of reports on corruption, but the number of investigations and prosecutions is still low, due partly to under-staffing and lack of funds.

13. Along with the above, there has been a serious government commitment against corruption, including taking decisive actions against senior government officials which were accused of fraud and corruption, including sentencing some of them to longest sentences with relation to white collar crime.

14. No specific issues of governance and accountability came to light during the FM assessment, the following steps will be undertaken to minimize the incidence of corruption during implementation of the project:

15. *PFM system development* : To enhance the use of national systems in the management of the credit proceeds, as well as ensure adherence to laid done procedures and controls, all funds flow, accounting, and reporting for the project will be through e-SISTAFE, the government IFMIS;

16. *External Audit*: The TOR s for the auditors will include specific responsibilities towards the detection and reporting of fraud and corruption in project activities. This audit may be performed by independent private firm of external auditors, acceptable to the Bank.

### **Risk Assessment**

17. The financial management arrangements should be strong enough to:

- (i) ensure that funds are used only for their intended purposes in an efficient and economical way while implementing agreed activities;
- (ii) enable the preparation of accurate and timely financial reports;
- (iii) to ensure that funds are properly managed and flow rapidly, adequately, regularly and predictably;
- (iv) enable project management to monitor the efficient implementation of the MCPSD, and;
- (v) safeguard the assets and resources procured using project funds.

18. The table below shows the results of the risk assessment from the Risk Rating Summary. This identifies the key risks that management may face in achieving the project's objectives, together with the appropriate ratings. It also outlines the risk mitigating measures that are incorporated into the project design.

### **Strengths and Weaknesses**

19. The main strength of the arrangement is use of the government accounting system, which enables the seamless incorporation of the project activities into the ministry's ongoing work. This in particular allows incorporation of project activities in the ministry's budgeting and review process, and ensures that even after completion of the project activities, targeted activities can continue to be on the ministry's radar annually.

20. The main weakness relates to the fact that the DAF does not have experience with Bank-financed operations. Additionally, making use of the government IFMIS for external funds at times proves to be difficult for the FM personnel. It is expected that there will be challenges in making this work seamlessly. Other weaknesses relate to past history of the ministry with regards to delays in the submission of quarterly reports, which will be overcome by the disbursement method to be used for the project. All quarterly reports for the closed Communications Sector Reform Project have been submitted to the Bank.

## Risk Rating Summary

Risk factors	Description of risk	Rating of risk	Mitigation measures	Rating of residual risk	Condition of Effectiveness, Board or Negotiation (Yes or No)
<b>I. Inherent Risk</b>					
Country Level	Major weaknesses exist in the FM environment (staffing, operating system, reporting), resulting primarily from low capacity. While the Government's reform program aims to strengthen accounting and audit capacity through the recruitment and training of FM specialists and accountants, this is still a long way from being achieved. Although the new integrated financial information management system (e-SISTAFE) has now been rolled out to all ministries at central level, as well as to all provinces, it is still in the process of cascading down to district level as well as other quasi-government institutions. User training is uneven, meaning that it is not yet operating at its optimal level.	S	<p>The government is committed to the reform program, and has introduced a new legal and regulatory framework that is underpinned by the introduction and roll out of the integrated financial management system (e-SISTAFE).</p> <p>The introduction of e-SISTAFE has contributed to improvements in budget execution and reduced off-budget expenditures. The process has the full support of the Development Partners, with WB support currently channeled through the ongoing Public Sector Reform Project, as well as the upcoming decentralization program that will also strengthen financial planning and management at local levels.</p>	S	No
Sector Level	There is a risk of non-compliance with financial covenants (submission of FMRs) as in the previous project implemented by the same Ministry.	S	Disbursements will be report (IFR) based and subject to TTL and FMS clearance to ensure compliance. Budgetary control through e-SISTAFE will enhance cost control, and a computerized information system to facilitate the timely preparation and submission of financial reports.	S	No

Project Level	<p>Low staff capacity in FM, constraints related to timing of budgeting and finalization and inclusion of project work plans in the budget, will affect the smooth implementation of activities.</p> <p>The DAF's lack of familiarity with Bank procedures and guidelines may delay implementation of project activities.</p> <p>Use of Country FM systems for the implementation of the project activities.</p>	S	<p>Hiring of an FM Specialist to assist the government staff to implement the project during the early stages of the project will help address the problem of capacity, while in the long run, just plain experience of using e-SISTAFE will address the issues relating to activity planning and timely incorporation of project budgets.</p> <p>Targeted training sessions for the users of e-SISTAFE to improve their abilities in using the system.</p>	M	Yes
Overall Inherent Risk		S		M	
<b>II. Control Risk</b>					
Budgeting	<p>Mismatch between work plan and budget allocation to from DNO/DNT.</p> <p>Mismatch between State budget and disbursement categories</p> <p>Delayed introduction of project budget into State budget</p>	M	<p>The DAF can make use of the sectional classifiers for the IFRs and annual financial statements.</p> <p>Following the national timetable for budget preparation will be critical, which may be difficult to attain in the project's first year of operation. However the MTC will take the necessary meetings with DNO to insert the project into the national system in the middle of the year after the stipulated date.</p>	M	
Accounting	<p>Staff may not yet be fully familiar with the financial regulations, and that these regulations and procedures may not fully comply with International Public Sector Accounting Standards.</p>	S	<p>The MTC already has a qualified Finance Manager handling project FM requirements. An accountant will be hired to work with the COCEP and be the liaison between the DAF and COCEP.</p> <p>The project accounts will be prepared on a cash basis in accordance with Mozambique government requirements,</p>	M	

	Commitments not recorded at time when legal obligation created but at time when invoices are received (not a problem for LOA, but inconsistent with SISTAFE regulations)		<p>which are said to equate to International Accounting Standards.</p> <p>Targeted capacity building to the IFMIS users on maximizing capabilities of the system and on making the system work for the users.</p>		
Internal Control	Risk is that some processes, may not be subject to the same approval regime, as well as that project assets may not be adequately recorded and managed.	M	<p>MTC's DAF is linked to e-SISTAFE, and thus its budget allocations will be subject to the same treasury requirements for payment.</p> <p>In addition, the fixed asset module of e-SISTAFE has not yet been activated across the board, hence the need for proper asset management outside of e-SISTAFE will be highlighted and auditors will be encouraged to verify the existence of project assets during their annual audits.</p> <p>Preparation of project FM manual will be an effectiveness condition.</p>	M	Yes
Funds Flow	<p>Funds will flow through the government CUT for all activities. There is a risk that project funds may be applied towards other government commitments once captured in the CUT.</p> <p>Delays in the release of funds from the Department of Treasury.</p> <p>Loss of ending balance at the end of the fiscal years.</p>	S	<p>Funds will be ring-fenced so that only MTC has access to them.</p> <p>Planning ahead and making request for funds ahead to ensure that there are sufficient funds available for payments.</p> <p>Arrangements with the Department of Treasury will be made to ensure roll-over of funds from year N to year N + 1.</p>	M	

Financial Reporting	Delays in submission of quarterly financial reports.  Lack of experience with regards to Bank's reporting requirements.	S	Use of the government IFMIS will facilitate easy reporting directly from the IFMIS.  Continued discussions prior to effectiveness with DAF personnel and COCEP FMS on the Bank's requirements and procedures.  Agreement on format of the reports has been discussed/agreed during negotiations.	M	Yes
Auditing	Risk that both coverage and technical quality may not be satisfactory, as the TA is still relatively under-capacitated.	S	The TA will be encouraged to seek the additional support of private audit firms to conduct satisfactory audits, at least in the early stages of implementation.	M	Yes
Overall Control Risk		S		M	
<b>OVERALL RISK RATING:</b>		S		M	
Key : H – High	S – Substantial		M – Moderate	L – Low	

## FM Action Plan

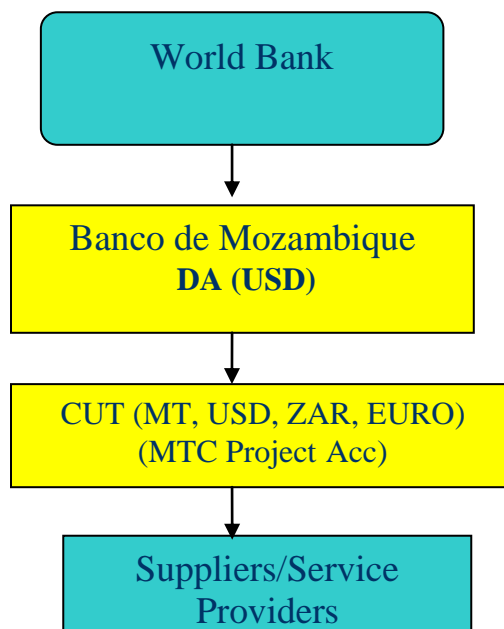
Action	Indicative Date	By whom
Agree on Formats of Reports	Done at Negotiations, July 2010	MTC/Bank
Dialogue with UTRAFE for customization of report	By effectiveness	MTC
Engage Financial Consultant	By effectiveness	MTC
FM Procedures Manual	Condition of Effectiveness	MTC
Contract external auditors	Within 3 months of effectiveness	MTC

## Funds Flow Mechanisms and Disbursement of funds

21. The project will operate a Designated Accounts in US\$ at the Banco de Mozambique as follows:

- i) US\$ Designated Account managed by the MTC, and covering all project payments going through transfers to the CUT.

22. An illustrative flow chart for the funds channeled through the CUT is shown below:





23. The MTC Designated Account funds will be disbursed through the Government ‘single treasury account, CUT, following national procedures. Expenditures will be posted directly into e-SISTAFE, enabling the project Finance Manager to collate expenditure information and produce the necessary regular reports. There could be other parallel financing for the project, which will have its own arrangements.

### **Disbursement**

24. The project will use the Advance disbursement method to operate effectively through the CUT. This will be effected by producing quarterly disbursement IFRs. Disbursements will be on a quarterly basis. Upon effectiveness of the Financing Agreement, an initial advance, based on an estimate of six months forecast financing requirements will be disbursed into the DA to cover eligible expenditure.

25. The project may also make use of other disbursement methods/procedures such as (i) Reimbursement disbursement method, whereby the Bank reimburses the Borrower for eligible expenditures that the Borrower has pre-financed from its own resources; (ii) Direct Payment method, by which at the borrower’s request, the Bank makes direct payments to suppliers and contractors from the Credit account; (iii) the Special Commitment method, whereby the Bank will issue special commitment to commercial banks for payment of eligible expenditures.

26. The Bank will issue the “Disbursement Letter” which will specify the additional instructions for withdrawal of the proceeds of the Credit.

### **SDP-TA - Allocation of Credit Proceeds**

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, consultants’ services, Training, and Operating Costs for the Project	13.6 million	100%
<b>TOTAL AMOUNT</b>	13.6 million	

## **FINANCIAL MANAGEMENT**

### **Budgeting**

27. Budgeting, budgetary control, and budget revisions will follow national procedures requiring that the project budget is inserted as part of the line ministry’s budget and approved by parliament. Approved activities on the budget will be captured in annual work plans, which for IDA purposes will be the documents driving implementation.

### **Internal control and Accounting procedures**

28. As the project is using country FM systems, the accounting will be based on the government's IFMIS, e-SISTAFE, with internal controls derived from standard government accounting and procedures as issued by Ministry of Finance. Those procedures relating specifically to Bank document processing and reporting (including IFR formats) will need to be developed and captured in the FM procedures manual for the project.

### **Accounting system**

29. Project accounts will be prepared on a cash basis in accordance with Mozambique government requirements, which are in alignment to International Public Sector Accounting Standards.

30. The project will use the government's e-SISTAFE integrated accounting and financial system. Accounting staff within MTC are already familiar with the operations of e-SISTAFE as they use this for their daily accounting. The existence of the direct link to e-SISTAFE will help to reduce the risk of human errors in record keeping, and enhances efficiency in preparing reports. Documentation will be retained at the ministry and made available upon request during supervision and audit missions.

### **Reporting Arrangements**

31. The DAF will be required to agree by project effectiveness with UTRAFE on the customization of the reports, to avoid exportation of data to spreadsheets and subsequent submission to the Bank.

32. Quarterly reports in the agreed format will be prepared and submitted to the Bank within 45 days of the end of each calendar quarter reported on. The financial reports will be designed to provide quality and timely information to project management, implementing agencies, and various stakeholders on project performance. These quarterly reports include

- Designated Account Activity Statements;
- Summary Statements of DA expenditures subject to Prior Review,;
- Summary Statements of DA expenditure not subject to prior Review;
- Sources and Uses of Funds;
- Detailed Use of Funds Schedule by Project Component/ Disbursement Categories, comparison with budgets; and short-term forecasts of expenditure; and
- A narrative summary of implementation highlights for the quarter helps the readers understand the financial statements better.

33. Audited accounts will be prepared and submitted to the Bank annually within six months of the end of the financial year audited. The audits will be conducted in accordance with international standards on auditing. The Annual Financial Statements for the project will incorporate all activities, and include:

- A Statement of Sources and Uses of Funds showing funds from IDA and how they were applied;

- A Summary of Expenditures analyzed by both Component and Category; and
- The supporting Notes in respect of significant accounting policies and accounting standards adopted by management;
- Designated Account Activity for the Year showing deposits and replenishments received, payments substantiated by withdrawal applications, interest that may be earned on the account and the balance at the end of the fiscal year;
- Summary of Withdrawals using IFRs, listing individual withdrawal applications by reference number, date and amount.

## **Oversight Arrangements: Audits**

### **Internal Auditing**

34. While MTC did not make the reports issued by the IGF available for the FM assessment, the Ministry of Finance plays a central role in the management of public finances and in the coordination of the implementation of SISTAFE. Its organizational structure includes an Inspectorate General of Finance (IGF), whose responsibilities include inspection/ internal audit of all government expenditures. For operational purposes, the IGF is split into three geographical teams based in Maputo, Nampula, and Beira, with each team covering provinces in the southern, northern, and central regions respectively. Selection of entities for audit during each year is based on the government's business needs, as well as history of performance by the subject units. Any internal audit reports produced covering project matters will be used to compliment bank supervision efforts, as well as give guidance on audit emphasis for the external audit (below).

### **External Auditing**

35. The Tribunal Administrativo (TA) is constitutionally mandated to audit all government projects. The audit may be subcontracted to a firm of private auditors, with participation by TA staff in the actual audit (private audit firms would be unable to access e-SISTAFE without this assistance). In consultation with the Bank, GOM will prepare the audit terms of reference to ensure the audit will cover all project activities. Some emphasis will be placed on verifying project assets and assessing the adequacy of the accounting arrangements for assets, due to the in-availability of the e-SISTAFE assets module at this time.

36. The audited financial statements, together with the auditor's report and management letter (incorporating management's comments) covering identified internal control and accounting system weaknesses, will be submitted to IDA within six months of the end of each financial year. A single audit opinion will be issued and will cover all project income and expenditures, Designated Accounts and quarterly reports. Any firm of auditors subcontracted to carry out the audit will meet IDA's requirements in terms of independence, qualifications and experience.

## **Conditionality:**

### **37. Effectiveness:**

- Engagement of required FM staff at COCEP.
- Approval of FM Manual.

### **38. Dated Covenant:**

- External auditors for the project to be hired within 3 months of effectiveness

### **39. Financial Covenants:**

1. Maintain the financial management system including records, and accounts in accordance with the terms of Financing agreement;
2. Prepare and furnish to the Bank interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank no later than 45 days after the end of each calendar quarter; and,
3. Have the project's Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions and the annual audited Financial Statements submitted to the Bank no later than six months after the end of GoM's fiscal year, i.e. by June 30, following the year reported on.

## **Supervision Plan**

40. Supervision will be risk based, and will include: review of quarterly IFRs; review of annual audited financial statements and management letter as well as timely follow up of issues arising; and participation in project supervision missions as appropriate. The Bank Financial Management Specialist in charge of the SDPTAP will play a key role in monitoring the timely implementation of the financial management arrangements. As a moderate risk project, a minimum of one supervision missions will initially be fielded per year.

Table 7.1: SDP-TA Disbursement Profile

### SDP-TA: DISBURSEMENT PROFILE BY QUARTER

F-Year	FY Q	CY Q	Quarterly (\$)	ACUMM	PLAN
2011	1	3	200	200	
	2	4	1,000	1,200	
	3	1	1,300	2,500	
	4	2	1,310	3,810	<b>3,810</b>
2012	1	3	1,200	5,010	
	2	4	1,200	6,210	
	3	1	<b>1,200</b>	7,410	
	4	2	1,165	8,575	<b>4,765</b>
2013	1	3	1,100	9,675	
	2	4	1,000	10,675	
	3	1	<b>1,000</b>	11,675	
	4	2	1,075	12,750	<b>4,175</b>
2014	1	3	1,000	13,750	
	2	4	935	14,685	
	3	1	<b>850</b>	15,535	
	4	2	750	16,285	<b>3,535</b>
2015	1	3	950	17,235	
	2	4	950	18,185	
	3	1	<b>950</b>	19,135	
	4	2	<b>865</b>	<b>20,000</b>	<b>3,715</b>
<b>TOTAL</b>			<b>20,000</b>	<b>19,135</b>	<b>20,000</b>

## Annex 8: Procurement Arrangements

### MOZAMBIQUE: Spatial Development Planning Technical Assistance Project

#### A. General

1. The World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 and revised in October 2006 and May 2010; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 and revised in October 2006 and May 2010, and the provisions stipulated in the Financing Agreement will be applied for procurement of the proposed project. All contracts to be funded by the Credit, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. The procurement plan will include the mitigating measures based on the specific project risk associated.

2. The Government has issued the Decree 54/2005 of December 13, 2005 enacting the Procurement Regulation and the Bank has been engaged in pursuing such sound procurement reforms. With the support of the World Bank, and the KfW and the African Development Bank, the Government has carried out in 2008 an update of the Country Procurement Assessment Report (CPAR). The 2008 CPAR highlights that the Country has adopted a new Procurement Regulation which make progress towards meeting the requirement of OECD DAC indicators as the Regulation are considered as generally meeting international standards for efficiency and accountability. Nevertheless, the CPAR recommended areas for improvement of the Regulation and the Bank and Partners will continue to engage with Government and support the implementation of the CPAR Action Plan. The following are the pillars that were subject to this assessment:

- Pillar 1: Legal and Regulatory Framework
- Pillar 2: Institutional Framework Capacity
- Pillar 3: Procurement Operations and Market Practices
- Pillar 4: Integrity and Transparency of Public Procurement

3. Along with the Decree 54/2005, the government issued standard bidding documents (SBDs) for works, goods and non-consulting services, drugs and medical supplies and a Request for Proposal (RFP) for consulting services. These SBDs are generally consistent with Bank guidelines and may be used under National Competitive bidding with exception indicated under section F below, to better align them with international best practice and the recommendations of the CPAR. Furthermore the Government has also issued a Standard Request for Proposals that has been reviewed and found to be fully consistent with Bank procedures and may be used under competition with short-lists comprised by National consultants, without additional measures.

4. **Procurement of Works:** The project will not finance any works.

5. **Procurement of Goods (US \$2.7 million):** Goods procured under this project would include: Vehicles and associated equipment, spare parts for vehicles, IT equipment, office equipment, office furniture, among others. The procurement will be done using the World Bank's Standard Bidding Documents for all International Competitive Bidding contracts. National Competitive Bidding (NCB) documents in Portuguese language, in accordance with the Mozambican Procurement Regulations, as per Decree 54/2005, and with the exceptions under Section F below, may be used for contracts estimated to cost less than US\$500,000 equivalent per contract. Small value goods estimated to cost less than \$75,000 per contract may be procured under the Shopping procedures based on comparing price quotations obtained from several suppliers, with a minimum of three, to assure competitive prices, and is an appropriate method for procuring readily available off-the-shelf goods.

6. **Selection of Consultants (US \$11.85 million):** Consulting services under this project will include: Spatial Development Planning Studies, Environmental and social studies, Identify and elaborate, at pre-feasibility stage, complementary spatial development activities, amongst others. All consulting service contracts estimated to cost more than US\$ 200,000 equivalent per contract for firms will be awarded through Quality and Cost Based Selection (QCBS) method. Contracts for assignments estimated to cost less than US\$ 200,000 equivalent and or with a short list comprised only of national consultants, may be contracted through Consultants' Qualification (CQS) or the provisions of the Decree 54/2005 may also apply.

7. Least-Cost Selection (LCS) will be used for selecting consultants for assignments of a standard or routine nature, such as audit services, where well-established practices and standards exist, and estimated to cost less than US\$ 200,000.00.

8. Single Source Selection (SSS) may be employed with prior approval of the Bank and will be in accordance with paragraphs 3.9 to 3.12 of the Consultant Guidelines.

9. All services of individual consultants (IC) will be procured under individual contracts in accordance with the provisions of paragraphs 5.1 to 5.4 of the Guidelines.

10. All terms of reference (TOR) for the selection of firms and individual consultants, regardless of the estimated value of the assignment, will be subject to Bank review and no-objection.

11. **Training (US \$1.5 million):** This category would cover all costs related to the carrying out of training and workshops, conferences, i.e. hiring of venues and related expenses, stationery, resource required to deliver the workshops and per diem and travel costs of participants. Training programs would be part of the Project's Annual Work Plan and Budget and will be included in the procurement plan. Prior review of all training will be required, only on annual basis, including proposed budget, agenda, participants, location of training and other relevant details.

12. **Operating Costs (US \$2.95 million):** Operating costs will be included in the procurement plan and shall consist of office supplies; operation and maintenance costs for vehicles and equipment; travel expenses and subsistence expenditures; remuneration of project staff but excluding Recipient's civil servants, among others. The operating costs will be procured

using the administrative procedures of MTC which will be reviewed by the Bank for its satisfaction for use under the Project.

13. **Conflict of Interest:** The Government officials and civil servants cannot be hired under any circumstances by the agency for which they previously worked, or when their employment would create a conflict of interest. Government officials and civil servants may only be hired under consulting contracts, either as individuals or as members of a team of a consulting firm, if they (i) are on leave of absence without pay; (ii) are not being hired by the agency they were working for immediately before going on leave; and (iii) their employment would not create a conflict of interest. When members of a team of a consulting firm, they would have to be on leave without pay at the time the consulting firm submits its proposal.

14. The procurement procedures and SBDs to be used for each procurement method, as well as model contracts for works and goods procured, will be detailed in the Project Implementation Manual to be prepared by the Borrower and acceptable to the Bank.

## **B. Assessment of the agency's capacity to implement procurement**

15. The implementation of the proposed SDP-TA project will be done by the Ministry of Transport and Communication, through the "Coordination Commission for Studies and Projects – COCEP. COCEP will be established reporting directly to the Minister of Transport and Communication, who will assume the direct responsibility for overseeing the implementation of the proposed SDP-TA. The SDP-TA will be further guided by a Steering Committee, formed by senior level national and/or international specialist on SDI, and presided by the Minister of Transport and Communications.

16. The UGEA at the MTC responds to the Ministry's Permanent Secretary. The MTC's Permanent Secretary Act as the Competent Authority, who has authority to take decisions and sign on behalf of the MTC as defined in the Mozambican Procurement Regulation Decree 54/2005.

17. The UGEA is not physically housed and equipped and no permanent staff is assigned to it. Five (5) staff, including the head of UGEA who is head of Department of development of enterprises, comprises the UGEA and are available on an ad hoc demand basis to carry out the specific UGEA's tasks.

18. The key issues and risks concerning UGEA procurement capacity for implementation of the project have been identified as the need of assigning a permanent staff, identify offices and provide it with all basic facilities, hire a technical assistance that can provide effective on-the-job training to UGEA. In addition UGEA will undertake its own contract monitoring. Furthermore, to enhance oversight and accountability, only operating costs and activities agreed in the Procurement Plan will constitute eligible expenditure under the Project. The corrective measures which have been agreed are listed on the Action Plan below:



## Procurement Management Action Plan to Mitigate Procurement Risk

<b>Risk</b>	<b>Action</b>	<b>Due Date</b>
1. UGEA with inadequate capacity to manage procurement;	MTC has assigned permanent staff to the UGEA, with appropriate job description for each one, and has assigned suitable office space and working conditions.  Procurement Specialist experienced with Bank procedures should be hired for a period of up to 12 months to provide on-the-job training.	Effectiveness  Effectiveness
2. Procurement Manual does not Exist.;	A Practical Procurement Manual shall be prepared and should clearly lay out all procurement procedures applicable under the project, and includes the Approval Arrangements by the Ministry and other Governmental Institutions.	Effectiveness

19. While the country context risk for procurement is rated Moderate, the current capacity of the MTC's procurement unit to implement the procurement activities is low, therefore the risk for procurement is **High**.

### C. Frequency of Procurement Supervision

20. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended semi-annual supervision missions to visit the field and review the progress of implementation of the project. The Bank will carry out post review of procurement at least one per year. The Supervision missions will also include on-site visits, at least once every year.

21. The thresholds for the use of the various procurement and selections methods are summarized below:

#### Thresholds for Procurement Methods and Prior Review

Expenditure Category	Contract Value Threshold (US\$)	Procurement Method	Contracts Subject to Prior Review <sup>29</sup>

<sup>29</sup> The Bank may, at its own discretion, require that a sample of contracts below the threshold be subject to prior review, at any time or when the Procurement Plan is updated

Expenditure Category	Contract Value Threshold (US\$)	Procurement Method	Contracts Subject to Prior Review <sup>29</sup>
1. Goods and Services (other than Consultants' Services)	>500,000 75,000 - 500,000 <75,000	ICB NCB Shopping Direct Contracting	All None None All
2. Consultants' Services Firms	>200,000 <200,000	QCBS, LCS and CQS Single Source	All None All
3. Individuals	>100,000 <100,000	IC IC Single Source	All None All

#### D. Procurement Plan

22. The Borrower developed the procurement plan for the project and agreement on it was reached between the Borrower and the MTC Team during Appraisal. The agreed procurement plan will be posted in the ImageBank and also will be available in the project's database. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

#### E. Details of the Procurement Arrangements Involving International Competition

##### 1. Goods

Ref. Nr.	CONTRACT DESCRIPTION	Estimated Cost	Procurement Method	Bank Review (Prior/Post Review)	Bid Opening	Comments
1	Rural mobility Equipment	700,00	ICB	Prior review	TBD	

(a) Contract estimated to cost above \$500,000 equivalent for goods and services per contract and all direct contracting will be subject to prior review by the Bank.

##### 2. Consulting Services

Ref. Nr.	CONTRACT DESCRIPTION	Estimated Cost	Selection Method	Bank Review (Prior/Post Review)	Expected Proposals Date	Comments
1	Cross-Cutting Institutional Development Program Consultant Services	700,000	QCBS	Prior review	2/8/2010	

- (a) Consultancy services estimated to cost above US \$200,000 equivalent per contract for firms and US\$100,000 equivalent per contract for Individual consultant and single source selection of consultants will be subject to prior review by the Bank.
- (b) Short lists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than US \$200,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

## **F. NCB**

24. National Competitive Bidding (NCB) for Goods and Works, in accordance with the Mozambican Procurement Regulations, as per Decree Number 54/2005 may apply subject to the following additional provisions:

- (i) Eligibility. No bidder, foreign or domestic, shall be precluded from participating in the bidding process for reasons unrelated to their eligibility or capability to perform the contract. Examples of reasons that may not be used to preclude a bidder from so participating include the following: proof that the bidder is not under bankruptcy proceedings in the territory of the Recipient; appointment by the bidder of a local representative in the territory of the Recipient; prior registration by the bidder in the territory of the Recipient; or license or agreement allowing the bidder to operate in the territory of Recipient.
- (ii) Qualification. Bidders shall be post-qualified unless the Procurement Plan explicitly provides otherwise. Irrespective of whether post qualification or prequalification is used, both national and foreign bidders who meet the qualification requirements stated in the bidding documents shall be allowed to participate in the bidding process.
- (iii) Bidding Documents. Bidders shall use standard bidding documents for the procurement of goods, works and services, consistent with the provisions of the Procurement Guidelines.
- (iv) Preferences. No preference for domestically manufactured goods or for domestic contractors shall be allowed.
- (v) Bid evaluation. The qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such criteria so specified shall be used to determine whether a bidder is qualified; the evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid. Evaluation of bids shall be made in strict adherence to the criteria set forth in the bidding documents; criteria other than price should be quantified in monetary terms. A contract shall be awarded to the qualified bidder offering the lowest technically responsive evaluated bid. Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

- (vi) Rejection of All Bids and Re-bidding. In cases where the Recipient rejects all bids and solicits new bids for a contract, it shall, as soon as possible, notify the Association of such decision.
- (vii) Complaints by Bidders. Complaints by bidders shall be handled by the Recipient, who shall inform the Association of any such complaint.
- (viii) Right to Inspect/Audit. Each bidding document and contract financed out of the proceeds of the Financing shall provide that the bidder, supplier or contractor, and any subcontractor, shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have these accounts and records audited by auditors appointed by the Association. An act by the bidder, supplier, contractor or subcontractor intended to materially impede the Association's exercise of its inspection and audit right constitutes an Obstructive Practice, thus, the following provision shall be added in the bidding documents:

[“obstructive practice” is:

- (aa) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
- (bb) acts intended to materially impede the exercise of the Bank's inspection and audit rights].

## **Annex 9: Economic and Financial Analysis**

### **MOZAMBIQUE: Spatial Development Planning Technical Assistance Project**

1. As a Technical Assistance Credit with no tangible investment activities, neither economic nor financial analyses were undertaken for the project.

## Annex 10: Safeguard Policy Issues

### MOZAMBIQUE: Spatial Development Planning Technical Assistance Project

#### A. Social

1. As a technical assistance project with no material investments the proposed SDP-TA project will have no adverse direct or indirect social impacts, nor will it finance any activities involving land acquisition and involuntary resettlement. Rather, it is expected that the establishment of the proposed spatial development planning and analytical capacity within government will generate important national and sub-national **social benefits** as a result of improved development and investment planning and policy making in the country.

2. Since the project will finance the identification and preparation up to “advance profile stage” of spatial development initiatives (SDI), which includes the identification of potential specific investment projects to be subsequently implemented by government, the private sector, and/or PPPs, the project will finance:

- a. The recruitment of specialized medium- and long-term TA to assist COCEP to ensure that the social dimension and issues are fully addressed along the entire SDI preparation process, and not only at the end of the stage of identification and selection of concrete investment projects within each SDI proposals. That is, rather than the social considerations being treated as "tail-end check-lists" or "barriers", they will become integral elements an early **qualitative and quantitative "filters"** in the SDI preparation process; and,
- b. The preparation of **strategic environmental and social assessments (SESAs)**<sup>30</sup> for each of the SDI “packages” to be prepared in order to: (i) analyze at a strategic level possible environmental and social issues affecting the development of SDIs; and (ii) advise the government on the application of appropriate social protection measures for the development of SDIs, including social assessments. In the event of further IDA involvement in the financing of the implementation of any given SDI, or specific project within an SDI, such projects would be required to comply with IDA’s safeguards policies.

#### B. Environment

3. As a technical assistance project with no material investments the proposed SDP-TA project will have no adverse direct or indirect environmental impacts. Rather, it is expected that the establishment of the proposed spatial development planning and analytical capacity within government will generate important national and sub-national **environmental benefits** as a result of improved development and investment planning and policy making in the country.

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<sup>30</sup> Draft Terms of Reference for the SESAs have been prepared and disclosed.

4. Since the project will finance the identification and preparation up to “advance profile stage” of spatial development initiatives (SDI), which includes the identification of potential specific investment projects to be subsequently implemented by government, the private sector, and/or PPPs, the project will finance:

- a. The recruitment of full-time specialized environmental TA to assist COCEP to ensure that the environmental issues are fully addressed along the entire SDI preparation process, and not only at the end of the stage of identification and selection of concrete investment projects within each SDI proposals. That is, rather than the environmental considerations being treated as "tail-end check-lists" or "barriers", they will become integral elements an early **qualitative and quantitative "filters"** in the SDI preparation process. Additionally, the early identification of **natural hazards and risks** will also be part of the SDI methodology; and,
- b. As indicated in paragraph 2(b) above, the preparation of **SESAs** for each of the SDI “packages” could help the government analyze at a strategic level possible environmental and social issues affecting the development of SDIs. They could also provide guidance to the government on the use or application of appropriate environmental measures and instruments, including Environmental and Social Impact assessments, environmental management plans, etc. In the event of further IDA involvement in the financing of the implementation of any given SDI, or specific project within an SDI, such projects would be required to comply with the IDA’s safeguards policies.

### C. Safeguard policies

<b>Safeguard Policies Triggered by the Project</b>	Yes	No
<a href="#">Environmental Assessment (OP/BP 4.01)</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Natural Habitats ( <a href="#">OP/BP 4.04</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management ( <a href="#">OP 4.09</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Physical Cultural Resources ( <a href="#">OP/BP 4.11</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement ( <a href="#">OP/BP 4.12</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples ( <a href="#">OP/BP 4.10</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests ( <a href="#">OP/BP 4.36</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams ( <a href="#">OP/BP 4.37</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas ( <a href="#">OP/BP 7.60</a> )*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways ( <a href="#">OP/BP 7.50</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The project is Category C.

\* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

**Annex 11: Project Preparation and Supervision**  
**MOZAMBIQUE: Spatial Development Planning Technical Assistance Project**

	Planned	Actual
PCN review	March 25, 2010	March 25, 2010
Initial PID to PIC	April 22, 2010	May 18, 2010
Initial ISDS to PIC	April 22, 2010	May 18, 2010
Appraisal	May 4, 2010	June 7 – 17, 2010
Negotiations	May 18, 2010	June 21-23, 2010
Board/RVP approval	September 30, 2010	
Planned date of effectiveness	December 31, 2010	
Planned date of mid-term review	July 10, 2013	
Planned closing date	December 31, 2015	

Key institutions responsible for preparation of the project:

1. Ministry of Transport and Communication (MTC)
2. Ministry of Planning and Development (MPD)

Bank staff and consultants who worked on the project included:

Name	Title	Unit
Boris E. Utria	Sector Leader/TTL	AFTEG
Cecilia Briceno-Garmendia	Sr. Infrastructure Economist/Co-TTL	AFTSN
Ali Alwahti	Urban Development Specialist	ATFUW
Anne Louise Grinsted	Economist	AFCS2
Jose Domingos Chembeze	Transport Specialist	AFTTR
Jutta U. Kern	Sr. M&E Specialist	AFTRL
Mohamed Arby Ben-Achour	Lead Social Dev. Spec.	AFTCS
Robert Robelus	Environmental Spec.	AFTUW
Antonio Chamuco	Sr. Procurement Specialist	AFTPC
Amos Malate	Procurement Analyst	AFTPC
Elvis Langa	Financial Sector Specialist	AFTFM
Marjorie Mpundu	Senior Counsel	LEGAF
Suzanne Morris	Sr. Disbursement Specialist	CTRFC
Arlete Q. Comissario	Team Assistant	AFCS2
Regine Mpoyi	Program Assistant	AFTEG

Bank funds expended to date on project preparation:

1. Bank resources: \$50,000
2. Trust funds: None
3. Total: : \$50,000

Estimated Approval and Supervision costs:

4. Remaining costs to approval: \$50,000
5. Estimated annual supervision cost: \$75,000



## Annex 12: Documents in the Project File

### MOZAMBIQUE: Spatial Development Planning Technical Assistance Project

- Briceño-Garmendia, Cecilia, and Vivien Foster. 2009a. *Democratic Republic of Congo: Prioritizing Infrastructure Investments—a Spatial Approach*. World Bank, Washington, DC.
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- República de Moçambique Ministério dos Transportes e Comunicações, 2010. *Processo de Preparação para a Implementação da Estratégia de Desenvolvimento de Transportes*, ToR
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**Annex 13: Statement of Loans and Credits**  
**MOZAMBIQUE: Spatial Development Planning Technical Assistance Project**

Project ID	FY	Purpose	Original Amount in US\$ Millions				Cancel.	Undisb.	Difference between expected and actual disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P104566	2008	MZ-Water Services & Inst. Support	0.00	15.00	0.00	0.00	0.00	13.36	1.30	0.00
P083325	2007	MZ-APL2 Roads & Bridges	0.00	100.00	0.00	0.00	0.00	87.70	36.31	0.00
P096332	2007	Maputo Municipal Development Program	0.00	30.00	0.00	0.00	0.00	16.63	6.09	0.00
P071465	2006	MZ-TFCA & Tourism Dev (FY06)	0.00	20.00	0.00	0.00	0.00	14.29	1.38	0.00
P093165	2006	MZ-Market Led Smallholder Dev (FY06)	0.00	20.00	0.00	0.00	0.00	16.14	2.44	0.00
P087347	2006	MZ Tech & Voc Edu & Training (FY06)	0.00	30.00	0.00	0.00	0.00	24.25	8.92	0.00
P086169	2006	MZ-Financial Sector TA Project	0.00	10.50	0.00	0.00	0.00	7.36	0.36	0.00
P082618	2005	MZ-Beira Railway SIL (FY05)	0.00	110.00	0.00	0.00	0.00	26.09	-6.53	0.00
P069183	2004	MZ - Energy Reform and Access APL-1	0.00	40.26	0.00	0.00	0.00	23.79	18.56	9.92
P001807	2004	MZ-Decentr Planning &Fin SIL (FY04)	0.00	42.00	0.00	0.00	0.00	1.38	-1.99	-5.03
P078053	2003	MZ-HIV/AIDS Response SIL (FY03)	0.00	55.00	0.00	0.00	0.00	19.95	12.91	0.00
P072080	2003	MZ: Pub Sec Reform (FY03)	0.00	25.60	0.00	0.00	0.00	5.04	1.27	0.00
P073479	2002	MZ-Com Sec Reform	0.00	14.90	0.00	0.00	0.00	2.30	0.17	-0.98
P069824	2002	MZ-Higher Education SIM (FY02)	0.00	75.00	0.00	0.00	0.00	9.44	-15.53	0.00
P042039	2000	MZ-Railway & Port Restr (FY00)	0.00	100.00	0.00	0.00	0.00	0.78	-5.10	-5.10
P052240	1999	MZ-Natl Water 2 (FY99)	0.00	90.00	0.00	0.00	0.00	1.86	-20.90	-6.85
Total:			0.00	778.26	0.00	0.00	0.00	270.36	39.66	- 8.04

**MOZAMBIQUE**  
**STATEMENT OF IFC's**  
**Held and Disbursed Portfolio**  
**In Millions of US Dollars**

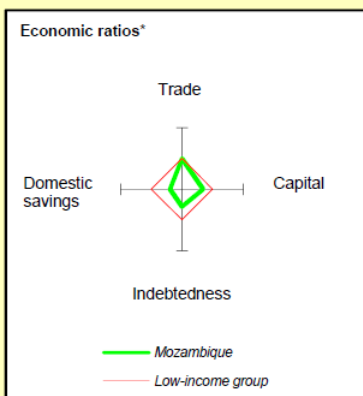
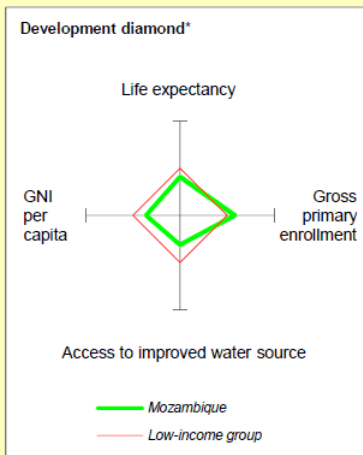
FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
2004	ENH	0.00	18.50	0.00	0.00	0.00	13.37	0.00	0.00
	GTFP BDC	0.11	0.00	0.00	0.00	0.11	0.00	0.00	0.00
1997	MOZAL	29.70	0.00	58.50	0.00	29.70	0.00	58.50	0.00
2001	MOZAL	10.12	0.00	0.00	0.00	10.12	0.00	0.00	0.00
2000	SEF Ausmoz	0.72	0.00	0.00	0.00	0.72	0.00	0.00	0.00
1997	SEF CPZ	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00
2000	SEF Cabo Caju	0.58	0.00	0.00	0.00	0.51	0.00	0.00	0.00
2001	SEF Grand Prix	0.33	0.00	0.00	0.00	0.33	0.00	0.00	0.00
2004	SEF Merc	1.02	0.00	0.00	0.00	1.02	0.00	0.00	0.00
Total portfolio:		43.58	18.50	58.50	0.00	43.51	13.37	58.50	0.00

		<b>Approvals Pending Commitment</b>			
FY Approval	Company	Loan	Equity	Quasi	Partic.
Total pending commitment:		0.00	0.00	0.00	0.00

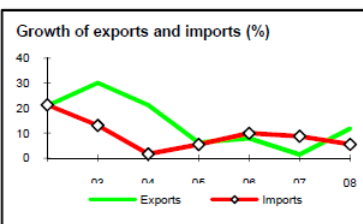
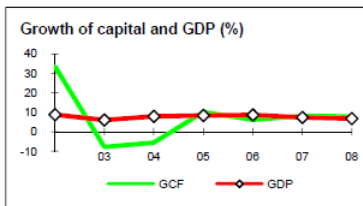
## Annex 14: Country at a Glance

### MOZAMBIQUE: Spatial Development Planning Technical Assistance Project

POVERTY and SOCIAL	Mozambique	Sub-Saharan Africa	Low-income		
<b>2008</b>					
Population, mid-year (millions)	22.4	818	973		
GNI per capita (Atlas method, US\$)	380	1,082	524		
GNI (Atlas method, US\$ billions)	8.4	885	510		
<b>Average annual growth, 2002-08</b>					
Population (%)	2.5	2.5	2.1		
Labor force (%)	2.4	2.8	2.7		
<b>Most recent estimate (latest year available, 2002-08)</b>					
Poverty (% of population below national poverty line)	54	..	..		
Urban population (% of total population)	35	36	29		
Life expectancy at birth (years)	48	52	59		
Infant mortality (per 1,000 live births)	90	89	78		
Child malnutrition (% of children under 5)	21	27	28		
Access to an improved water source (% of population)	42	58	67		
Literacy (% of population age 15+)	44	62	64		
Gross primary enrollment (% of school-age population)	114	98	98		
Male	121	103	102		
Female	107	93	95		
<b>KEY ECONOMIC RATIOS and LONG-TERM TRENDS</b>					
	<b>1988</b>	<b>1998</b>	<b>2007</b>	<b>2008</b>	
GDP (US\$ billions)	2.1	4.2	8.0	9.8	
Gross capital formation/GDP	21.4	18.3	17.9	18.5	
Exports of goods and services/GDP	8.1	12.2	36.9	33.3	
Gross domestic savings/GDP	-7.8	6.0	7.2	6.1	
Gross national savings/GDP	..	..	..	..	
Current account balance/GDP	-31.4	-17.7	-19.6	-20.5	
Interest payments/GDP	1.7	0.9	0.3	0.3	
Total debt/GDP	198.9	197.2	37.4	34.9	
Total debt service/exports	27.1	18.1	1.1	1.3	
Present value of debt/GDP	..	..	11.7	11.4	
Present value of debt/exports	..	..	30.4	35.3	
	<b>1988-98</b>	<b>1998-08</b>	<b>2007</b>	<b>2008</b>	<b>2008-12</b>
(average annual growth)					
GDP	4.7	7.7	7.4	6.8	4.6
GDP per capita	1.8	4.9	4.8	4.3	2.3
Exports of goods and services	13.0	19.3	1.4	11.9	11.6



STRUCTURE of the ECONOMY	1988	1998	2007	2008
(% of GDP)				
Agriculture	42.9	30.8	28.1	28.6
Industry	25.4	22.0	25.9	24.3
Manufacturing	..	11.1	14.9	13.9
Services	31.7	47.2	46.0	47.1
Household final consumption expenditure	95.9	86.3	81.0	81.7
General gov't final consumption expenditure	11.9	7.7	11.7	12.1
Imports of goods and services	37.3	24.6	47.6	45.7
	<b>1988-98</b>	<b>1998-08</b>	<b>2007</b>	<b>2008</b>
(average annual growth)				
Agriculture	3.6	6.1	7.7	9.5
Industry	5.1	11.5	5.0	3.5
Manufacturing	7.2	11.7	1.3	2.9
Services	4.5	7.0	8.6	8.9
Household final consumption expenditure	3.8	5.6	9.6	4.2
General gov't final consumption expenditure	0.0	-3.7	17.2	7.5
Gross capital formation	5.3	6.2	8.0	7.9
Imports of goods and services	3.6	6.0	8.8	5.5



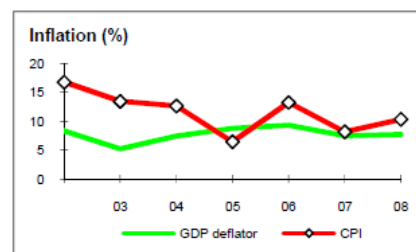
Note: 2008 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

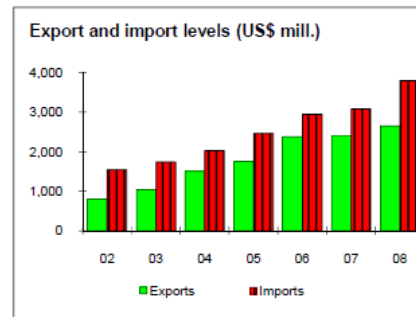
\* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

**PRICES and GOVERNMENT FINANCE**

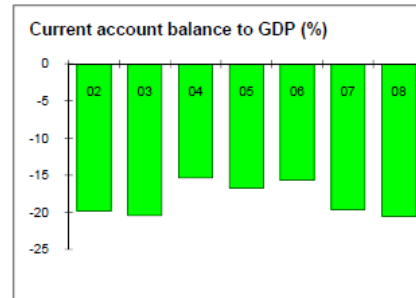
	1988	1998	2007	2008
<b>Domestic prices</b> (% change)				
Consumer prices	58.5	0.6	8.2	10.3
Implicit GDP deflator	48.3	5.4	7.5	7.7
<b>Government finance</b> (% of GDP, includes current grants)				
Current revenue	15.9	14.1	19.8	19.7
Current budget balance	2.3	3.9	4.5	4.0
Overall surplus/deficit	-11.5	-5.8	-9.2	-7.9


**TRADE**

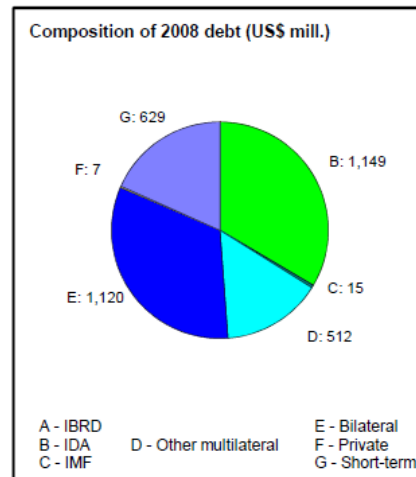
	1988	1998	2007	2008
<i>(US\$ millions)</i>				
Total exports (fob)	103	245	2,412	2,653
Cashew nuts, raw cashew and cashew oil	27	41	20	23
Prawn	44	73	63	45
Manufactures	..	14	28	30
Total imports (cif)	658	817	3,092	3,804
Food	..	32	195	203
Fuel and energy	..	84	526	754
Capital goods	..	166	915	1,154
Export price index (2000=100)	135	96	227	224
Import price index (2000=100)	100	98	161	188
Terms of trade (2000=100)	136	99	141	119


**BALANCE of PAYMENTS**

	1988	1998	2007	2008
<i>(US\$ millions)</i>				
Exports of goods and services	188	531	2,991	3,297
Imports of goods and services	730	1,064	3,860	4,521
Resource balance	-542	-533	-869	-1,223
Net income	-115	-216	-707	-798
Net current transfers	0	0	0	0
Current account balance	-657	-749	-1,576	-2,021
Financing items (net)	682	840	1,712	2,181
Changes in net reserves	-25	-92	-136	-159
<b>Memo:</b>				
Reserves including gold (US\$ millions)	190	629	1,524	1,605
Conversion rate (DEC, local/US\$)	0.5	12.1	25.9	24.3


**EXTERNAL DEBT and RESOURCE FLOWS**

	1988	1998	2007	2008
<i>(US\$ millions)</i>				
Total debt outstanding and disbursed	4,163	8,362	3,012	3,432
IBRD	0	0	0	0
IDA	127	1,335	902	1,149
Total debt service	70	105	34	43
IBRD	0	0	0	0
IDA	1	12	6	8
Composition of net resource flows				
Official grants	564	674	1,269	1,463
Official creditors	153	183	316	351
Private creditors	-4	-4	6	-1
Foreign direct investment (net inflows)	5	213	427	587
Portfolio equity (net inflows)	0	0	0	0
World Bank program				
Commitments	75	36	275	150
Disbursements	44	131	212	255
Principal repayments	0	3	0	0
Net flows	44	128	212	254
Interest payments	1	9	6	8
Net transfers	43	119	206	247



Note: This table was produced from the Development Economics LDB database.

12/9/09

