



## 1. Project Data

<b>Project ID</b> P124615	<b>Project Name</b> MZ- PFM for Results Program
<b>Country</b> Mozambique	<b>Practice Area(Lead)</b> Governance

<b>L/C/TF Number(s)</b> IDA-H9680	<b>Closing Date (Original)</b> 31-Mar-2018	<b>Total Project Cost (USD)</b> 46,574,090.07
<b>Bank Approval Date</b> 24-Jun-2014	<b>Closing Date (Actual)</b> 31-Mar-2019	

	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	50,000,000.00	0.00
Revised Commitment	50,000,000.00	0.00
Actual	46,574,090.07	0.00

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## 2. Project Objectives and Components

### a. Objectives

According to the Financing Agreement (p. 4), the Program Development Objective (PDO) was *to improve the transparency and efficiency of expenditures for the storage, distribution and availability of medicines, and for more transparent and accountable management of Complete Primary Schools*. The Program Appraisal Document (PAD, p. 20) had the same PDO. "Complete Primary Schools" are schools that include school years one to seven.



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

No

**c. Components**

The PDO was to be achieved by a Program for Results (PforR) operation supporting the government's ongoing public financial management (PFM) reform program, and in particular the piloting of its "PFM for results" program focused on the introduction of performance-based allocations and capacity development in the provision of health and education services. It included the following activities:

1. Paying operational costs for the medicines supply chain and the management of Complete Primary Schools;
2. Implementing mechanisms for enhanced cooperation between the Ministries of Finance, Education, and Health (MoF, MoE and MoH);
3. Using performance-based allocations to motivate improved performance of targeted health and education sector institutions to achieve the objective of the Program; and
4. Carrying out capacity building activities for sector and PFM institutions to improve their ability to identify and resolve problems that hinder the achievement of results.

Nine disbursement-linked indicators (DLIs) were defined, against which the Bank was to disburse funds (Section 3b).

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

Program Cost. The appraisal estimate for the Program was US\$130.6 million. Actual expenditures at closing were US\$81.37 million. Expenditures included operating costs and performance-based allocations; they did not include expenditures relating to teaching staff, nor did they include procurement of medicines.

Financing. The Program was financed by an IDA grant of US\$50.00 million, of which US\$46.57 million was disbursed. The difference reflects exchange rate fluctuations. The undisbursed balance was cancelled when the Program closed.

Borrower contribution. The borrower contribution estimated at appraisal was US\$80.60 million. The actual borrower contribution was US\$34.80 million due to economic and financial difficulties that arose immediately after effectiveness.

Dates. The Program was approved on June 24, 2014 and became effective on September 19, 2014. The original closing date March 31, 2018 was extended once, to March 31, 2019. The extension allowed the completion of Program activities.



### 3. Relevance of Objectives

#### Rationale

Despite successful central PFM reforms, gaps remained between laws, policies and systems, and their implementation in sectors, provinces and districts. The “PFM for Results” program supported by this operation was the government’s response to bridging the gaps in PFM implementation and resulting service delivery underperformance. The operation supported cross-cutting pillars, fostered good governance and macroeconomic stability, and built on the government’s National Supply Chain Logistics Plan of Action 2013 and the Pharmaceutical Logistic Strategic Plan 2013–2017, and the Bank’s approach to cross-sectoral reforms in its Country Partnership Framework (CPF) for 2017-2021. It piloted the PFM for results program combining the use of performance-based allocations with capacity development to achieve defined PFM service delivery results in two key programs – the storage and distribution of essential medicines, and school-based management in education. The experience gained under the pilot is to be gradually extended to other sectors.

The objectives were clear and realistic, limited in scope to outcomes that the project could reasonably be held accountable for. They were management outcomes that would be expected to contribute to improved quality of health and education services. The DLIs, the government’s action plan for supply chain logistics, and legal covenants all created a plausible causal chain between actions supported by the project and achievement of the objective. However, by keeping outcomes at the management level, there was no guarantee that desired outcomes of improved health and educational service quality would be achieved.

#### Rating

Substantial

### 4. Achievement of Objectives (Efficacy)

#### Objective 1

##### Objective

To improve the transparency and efficiency of expenditures for the storage, distribution and availability of medicines

##### Rationale



The objective was to be achieved by avoiding stock-outs of essential medicines by applying performance-based allocations (DLIs) and capacity development to improve the quality and timeliness of information flows and the flow of medicines through the public drug delivery system. Outcomes were to be determined by (i) improved communications between CMAM and sub-national levels (province, district, health facility) to allow accurate forecasting of medicines needs; (ii) better inventory management at provincial levels, including reporting of stock-outs and fill rates at facility levels; and (iii) such reporting increasingly channeled through the supply chain management information system.

## Outputs

- The proportion of treatment sites with stock-outs of a tracer set of ARVs at the end of each semester fell from 27 percent in 2013 to 7 percent in 2019, compared to a target of 10 percent (DLI 4)
- The percentage of districts that report logistics information to CMAM using the supply chain management information system increased from 77 percent to 93 percent between mid-2012 and mid-2019, compared to a target of 87 percent (DLI 5)
- The fill rate of approved requisitions from CMAM's clients for tracer medicines increased from 71 percent in 2013 to 86.7 percent in 2019 compared to a target of 84 percent (DLI 6)
- With a baseline of zero in 2013, by 2019, 10 out of 11 provinces achieved an acceptable score from internal audits of warehouse standards for medicine

## Outcomes

- The average availability of a tracer set of essential maternal and reproductive health medicines at health facility levels increased from 78.6 percent in 2013 to 87.4 percent in 2018, almost reaching the target of 88 percent. (DLI 1)
- The number of provinces achieving the minimum acceptable score of compliance with standards for stock management, warehousing and distribution of medicines increase from a baseline of zero in 2013 to 10 in 2018, compared to a target of 8 provinces. (DLI 2)

The ICR (pages 22 and 23) noted the following additional impacts of the project: (i) a satisfaction survey undertaken by MoF notes that 189 respondents were satisfied and 133 moderately satisfied with the availability of essential reference medicines from a total sample of 353 respondents; (ii) monitoring of the supply chain has improved, strengthening the DLI verification process; (iii) performance-based allocations are motivating change, as was the case with capacity building using coaches and facilitators.

All these outcomes and impacts point to a stronger, more effective and efficient supply chain, as well as to the creation of incentives for better management, the latter an underlying feature in the longer-term objective of improving PFM.



**Rating**  
Substantial

## **Objective 2**

### **Objective**

To create a more transparent and accountable management of complete primary schools

### **Rationale**

The objective was to be achieved by applying performance-based allocations (DLIs) and capacity development to increase the proportion of complete primary schools that comply with standards for transparency and accountability that emphasize (i) community involvement in school councils; (ii) timely disbursement of school funds to strengthen school-based management; and include (iii) a revised budget classification and reporting system that allows greater transparency in budget allocations and stronger expenditure monitoring; and (iv) enhanced school supervision.

### **Outputs**

- The proportion of complete primary schools that received direct school grant funds on or before February 28 each year (the end of the previous fiscal year) rose from a baseline of zero in 2013 to 100 percent in 2019 against a target of 90 percent (DLI 3)
- The budget classification of schools by sub-sector was configured and first applied in 2017 (DLI 8)
- Proportion of complete primary schools visited for supervision by district services increased from zero in 2013 to 85 percent in 2018, against a target of 50 percent (DLI 9) **Outcomes**

- The proportion of complete primary schools that comply with defined standards for transparency and accountability set in 2014 was 76 percent in 2018 against a target of 60 percent
- From 2014 to 2018, teacher and student attendance improved due to increased supervision activities and the accountability culture they helped to create
- Student learning outcomes improved, and improved teacher attendance resulted in an increase in the amount of time available for instruction from an average of 1 hour and 43 minutes in 2014 to 2 hours and 38 minutes in 2018
- Audit reports and a 2018 survey concluded that 76 percent of complete primary schools visited have functional school councils, including parents and the wider local community

**Rating**  
Substantial



**Rationale**

**Overall Efficacy Rating**

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**5. Efficiency**

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**Efficiency Rating**

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

	<b>Rate Available?</b>	<b>Point value (%)</b>	<b>*Coverage/Scope (%)</b>
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

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

**6. Outcome**

Relevance of objectives was rated **high**, as they aligned with both government and Bank priorities for the country. Relevance of DLIs was **substantial**, reflecting their consistency with the PforR objectives and outcome indicators, although in some cases aiming at ambitious outcomes that were not always achieved. Reflecting that, efficacy was also rated **substantial**.

**a. Outcome Rating**

Satisfactory



## 7. Risk to Development Outcome

The PFM for Results Program was an innovative design in an environment of political volatility and substantial fiduciary risk. While these risks are likely to remain, they are counterweighed by a strong and continued government commitment to PFM reform and the relatively successful implementation of this Program for Results pilot. Sector risks – in education and health – appear to be modest as the reforms are largely institutionalized – in large part because of the broad engagement of actors – ministries, government levels and communities.

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

The Program was strategically relevant. Its piloting of a “PFM for Results” approach helped build a platform for an expansion of the approach to other sectors of the reform. The Bank invested considerable time and resources between concept and approval to create understanding and acceptance of the innovative concept and modalities, with a number of workshops bringing key stakeholders together to build ownership. This was helped by a proactive Bank team with co-TTLs stationed in the country, along with interest and support from the Country Management Unit.

Program design drew on Bank projects in health and education, and it complemented capacity development under the Bank-financed National Decentralized Planning and Finance Program. A Health Commodities Security Project financed commodity procurement, analytical studies and supply chain-related equipment purchases, as well as computers for the country's logistics MIS. Design largely used country financial management systems which had progressively been strengthened through government efforts. It was coordinated with the activities of other donors supporting the PFM reform. The results framework was internally consistent, with DLIs and other indicators measurable and linked to outcomes.

### Quality-at-Entry Rating

Satisfactory

### b. Quality of supervision

Project implementation benefited from a diverse team of experts, including field-based Bank staff, which was able to respond adequately to government implementation concerns and collaborate with other donors. The team focused on ensuring maximum impact, reflected in the extension of the program closing date to allow strengthening inter-sectoral collaboration. Still, implementation did not proceed without challenges, as both the Bank team and the Borrower were experiencing a learning curve, reflected in delays in communications of information, in the disbursement of funds and the recruitment of teams for some activities. These challenges were addressed with innovative approaches not foreseen in the PAD, including the use of rapid results initiatives, supported by internationally certified coaches and national facilitators.



### **Quality of Supervision Rating**

Moderately Satisfactory

### **Overall Bank Performance Rating**

Satisfactory

## **9. M&E Design, Implementation, & Utilization**

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

The results framework for the operation provided a logical sequence of activities that was consistent with key outcomes and the PDO. For M&E it used existing systems in the health and education sectors. For health, this included CMAM's pharmaceutical logistics performance framework; and for education, existing data collection and monitoring systems. An independent evaluation of the PFM for Results Program was commissioned to review Program data during implementation.

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

Monitoring information was collected by the Program coordinating team, drawing on a variety of monitoring information, including implementation and performance of PFM management capacity development, and performance-based allocations by sector.

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

Collected data was used to inform decision-makers on various activities, adjust the approach (for instance extend the project by a year to maximize both learning and impact). More importantly, the information was to be used to make plausible assessments about whether the use of performance-based allocations and capacity development were being successfully adopted in developing processes.

### **M&E Quality Rating**

Substantial

## **10. Other Issues**

### **a. Safeguards**

The Program was assessed as a category C project. As the PFM for Results Program mainly supported changing incentives and providing technical assistance to strengthen PFM systems for results in target sectors, direct environmental and/or social impacts were not anticipated for the most part. The





environmental risks associated with program were assessed as moderate and mainly related with the inadequate disposal of pharmaceutical waste. Still, the Bank prepared a comprehensive Environmental and Social Systems Assessment (ESSA) for the Program and identified unintended generation and inappropriate disposal of pharmaceutical waste resulting from expired or damaged medicines as the main environmental risks. The ESSA recommended two safeguards activities: (i) satisfactory completion of norms for disposal of pharmaceutical products and plans for implementation at main warehouses; and (ii) satisfactory implementation of the norms through review of routine reporting on volumes and methods of pharmaceutical waste disposal.

## **b. Fiduciary Compliance**

**Financial Management:** The financial management guidelines in the Operational Manual incorporated the necessary internal control guidelines using the country financial management arrangements. The internal controls of the Program worked as intended. All key Program staff attended training workshops to fully understand the approved Manual. The quarterly interim unaudited financial reports were submitted to the Bank on time. The final audit for the Program was carried out by an internationally affiliated firm in full compliance with the international standards. The auditors expressed an unqualified audit opinion on the financial statements.

**Procurement:** Given the nature of the Program, the Bank did not review procurement packages but assessed that all the prerequisites for procurement planning and implementation were in place to help ensure successful implementation. The Program fully utilized the country procurement system. Besides small value purchases of an operational nature, medicines and capacity development activities were the two main procurable items which were managed at the central level. The Program's procurement specialist played an important liaison role between working teams at different levels of the Program, adhering to the government's procurement regulations and to Program requirements as was set out in the Program's Operations Manual.

## **c. Unintended impacts (Positive or Negative)**

None were noted in the ICR.

## **d. Other**

**Externalities.** The following positive externalities related to the project's design as a PFM for Results Program were recorded in the ICR: (i) appreciation of the results-based approach as a means of raising efficiency in public finances; and (ii) adoption of the approach by other donors.



**Gender.** The Program included features of gender mainstreaming: school councils were to be established based on gender equity; access to medicines for reducing maternal death rates and improving reproductive health; capacity building for teachers and nurses, many of whom were women.

### 11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	---
Bank Performance	Satisfactory	Satisfactory	---
Quality of M&E	Substantial	Substantial	---
Quality of ICR		Substantial	---

### 12. Lessons

The following Lessons are drawn from the ICR:

**All stakeholders should be involved in a program from the beginning to minimize misunderstandings during implementation.** The Program had multiple stakeholders at different levels of the political structure in Mozambique, and with different functions. A common platform for fulfillment – in this case PFM for Results – served as a uniting reference point for the Bank, government entities, and donors.

**Understanding priorities in a complex environment is essential.** The Program had a strong results framework that set out the logic of the intervention, defined priorities and facilitated dialogue when implementation issues arose.

**Information and logistics are key elements in a results-based operation that operates at several levels.** Timely availability of financial resources was key to ensuring a well-functioning education system and timely availability of necessary drugs for addressing major health issues. One factor of success was the timely intra-governmental and inter-sectoral information flows

### 13. Assessment Recommended?

No

### 14. Comments on Quality of ICR



The ICR is well argued, but at just over 39 pages is much longer than the normal length of 15 pages. That said, it provides a solid description of the PFM for Results instrument and its challenges. This allows a fair assessment of the results and ratings of the operation.

**a. Quality of ICR Rating**  
Substantial