



<b>1. Project Data :</b>
<b>OEDID:</b> C2066
<b>Project ID:</b> P001762
<b>Project Name:</b> Economic and Financial Management Technical Assistance Project
<b>Country:</b> Mozambique
<b>Sector:</b> Economic Management
<b>L/C Number:</b> C2066
<b>Partners involved :</b> none
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<b>Date Posted :</b> 08/17/1998

**2. Project Objectives, Financing, Costs and Components :**  
This technical assistance project was one of the earliest credits for Mozambique designed to support the country's transition from a centrally planned economy to one driven by a market system . The Credit was approved in October 1989 for US\$ 21 million equivalent and was closed on December 31, 1997, with cancellation of US\$ 650,000 equivalent. The main objective of this project was to provide institutional support for key economic decision making agencies involved in the Government's Economic Rehabilitation Program (ERP). The project focussed on increasing the institutional capacity of the Ministry of Finance and Plan (MPF) and the central bank, the Bank of Mozambique (BOM). This was to be achieved through training, development of analytical systems and the provision of computer hardware and software. This technical assistance sought to improve economic policy formulation, capital budgeting, central bank operations and bank supervision, and increase the supply of trained professionals in accounting, national statistics formulation and economic analysis . Related objectives covered development of a system of project monitoring, development of further programs of institutional development and support for the development of appropriate banking regulations . Project costs were allocated as follows, 66% on equipment and systems and 34% on training and direct technical assistance advice .

**3. Achievement of Relevant Objectives :**  
The project achieved all of the relevant objectives . The administration of the BOM was significantly enhanced by the introduction of more sophisticated computer technology, a Department of Organization and Informatics was established with skill upgrading of 45 technical staff, and the legal department was strengthened . In the MPF, a technical unit was successfully established to plan public expenditure and improve budget administration, together with appropriate information systems. The Credit also underwrote the training of approximately 500 accountants in both the public and private sectors . These institutional development efforts are continuing under a 1994 Credit (Financial Sector Capacity Building) and efficiency improvements, particularly in budget management, have been sustained.

**4. Significant Achievements :**  
While the early gestation period for this project was not smooth, due in part to an ongoing civil war and the unfamiliarity of the Borrower with the Bank and its procedures, once these obstacles were removed the pace of institutional development was rapid and significant . The key economic policy institutions in the country were significantly strengthened, and good progress was made in improving the quality of financial reporting in both the public and private sectors . It should also be noted that many of those trained in the public sector have subsequently moved to the private sector, but have not been lost to the country and have contributed to improving the efficiency of the country's nascent private sector .

**5. Significant Shortcomings :**  
The only significant shortcoming of this project was the Bank's underestimation of the time needed to bring about the needed organizational adjustments and acquire suitably qualified external specialists . This project also demanded a very high and costly supervision effort . Given the low levels of administrative capacity prevailing in the country this was probably unavoidable.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		Satisfactory	

**7. Lessons of Broad Applicability :**

This project clearly shows that well defined TA projects, combined with strong government commitment, can contribute to institutional development and economic policy capacity . In addition, as this project demonstrates, TA that is specifically tasked to provide on the job training ensures sustainability and maximizes the technology transfers that may be inherent in the use of external consultants . A final lesson is that realistic timetables are needed for ID projects. Inevitably the Bank underestimates the time needed for organizational change .

**8. Audit Recommended?**  Yes  No

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

The ICR is of satisfactory quality .