



Report Number : ICRR0021033

## 1. Project Data

**Country**  
Mozambique

**Practice Area(Lead)**  
Environment & Natural Resources

**Programmatic DPL**  
**Planned Operations:** 3

**Approved Operations:** 2

**Operation ID**  
P128434

**Operation Name**  
MZ:Climate Change DPO

**L/C/TF Number(s)**  
IDA-51950

**Closing Date (Original)**  
30-Jun-2013

**Total Financing (USD)**  
50,000,000.00

**Bank Approval Date**  
24-Jan-2013

**Closing Date (Actual)**  
30-Jun-2013

	<b>IBRD/IDA (USD)</b>	<b>Co-financing (USD)</b>
Original Commitment	50,000,000.00	0.00
Revised Commitment	50,000,000.00	0.00
Actual	49,255,666.00	0.00

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**Operation ID**  
P146398

**Operation Name**  
Second Climate Change DPO ( P146398 )



<b>L/C/TF Number(s)</b>	<b>Closing Date (Original)</b>	<b>Total Financing (USD)</b>
IDA-51950,IDA-55650,IDA-D0130	30-Jun-2015	50,000,000.00
<b>Bank Approval Date</b>	<b>Closing Date (Actual)</b>	
23-Dec-2014	30-Jun-2015	
	<b>IBRD/IDA (USD)</b>	<b>Co-financing (USD)</b>
Original Commitment	50,000,000.00	0.00
Revised Commitment	50,000,000.00	0.00
Actual	47,351,800.00	0.00

## 2. Program Objectives and Policy Areas

### a. Objectives

The program development objective of the Program of three Climate Change Development Operations (DPOs) was based on Mozambique's Strategic Program for Climate Resilience (SPCR) to "build effective institutional and policy frameworks for climate resilient development" to be achieved through two pillars: (i) Strengthening national policy and institutional frameworks for climate resilient planning, and (ii) Strengthening climate resilience in sectors (Program Document for DPO1, December 27, 2012, pages iv and v).

Due to serious shortfalls in Mozambique's macroeconomic framework (because of non-disclosure of non-concessional loans) the third DPO was cancelled. In accordance with IEG Guidelines, this Review will assess the results of the program based on the series-level objectives and policy areas (pillars). Therefore, this Review will also take account of the extent to which intended prior actions and program results for DPO 3 (as appraised by the Bank) were achieved despite the absence of Bank financing.

### b. Pillars/Policy Areas

The objective of the program was to be achieved through two pillars:

**Pillar 1: Strengthening national policy and institutional framework for climate action.** This pillar supported cross-cutting reforms that institutionalize and implement climate change actions at national, sector and provincial levels. (PD for DPO1, para 8).

**Pillar 2: Strengthening climate resilience in sectors.** This pillar supported the integration of climate resilient planning and development at the sector level including: agriculture, human development (health and social protection) and infrastructure (energy, road and hydrometeorology) (PD for DPO1, para 8). In the



program documents for DPO2, the disaster risk management was added to the list of sectors (PD for DPO2, para 9). Furthermore, disaster risk management and hydrometeorology were grouped together as an area of support (PD for DPO2, para 54 and 55). The program document explains that the sectors were chosen by the Government of Mozambique (DP for DPO2, para 9).

### c. Comments on Program Cost, Financing, and Dates

**Program Cost.** At appraisal, the total cost of the program was estimated at US\$150 million (PD 2014, pg. 2) based on US\$50 million for each of three DPOs. It was originally intended that there would be three DPOs in a consecutive series of DPOs. The actual cost for DPOs 1 and 2 was US\$50 million each.

**Financing.** For the first DPO, IDA disbursed a single tranche of SDR32.6 million (Financing Agreement, pg. 11). For the second DPO, IDA disbursed SDR34 million of which SDR17 million were an IDA credit and SDR17 million an IDA grant (PD for DPO2, page v).

**Borrower Contribution.** There was no counterpart funding from the borrower, the Republic of Mozambique.

**Dates.** The first Development Policy Operation was approved on 01/24/2013 and became effective on 06/06/2013 and closed on 06/30/2013. The second Development Policy Operation was approved on 12/23/2014 and became effective on 03/25/2015 and closed on 06/30/2015. The third Development Policy Operation was appraised on 03/28/2016, but Bank approval was withdrawn due to the deterioration in Mozambique's macro-economic policy framework mentioned above (ICR, pg viii, and para 3).

## 3. Relevance of Objectives & Design

### a. Relevance of Objectives

**Country Context.** Mozambique regularly experiences seasonal patterns of extreme weather events including drought, flooding, epidemics, and tropical cyclones. These weather patterns cause coastal erosion, storm surges, and rising sea levels. Climate change therefore poses a challenge to Mozambique's future economic growth and social development. Effective institutional and policy frameworks for climate resilience development, aimed at through this DPO series, are consequently imperative to mitigate some of the climate change risks that Mozambique faces.

**Alignment with World Bank Country Assistance Strategy.** The DPOs program objective was consistent with priorities outlined in CPS 2012- 2015 in which Pillar II focused on Vulnerability and Resilience. The objectives of the three DPOs contributed to improving resilience to natural disasters and the impacts of climate change (CPS 2012-2013, para 93). Therefore, the objective of the DPO was aligned with the country partnership strategies for Mozambique. The objective of the program also aligns with the current World Bank Country Partnership Strategy (CPS) 2017-2021. Focus Area 3 of the CPS is titled Enhancing Sustainability and



Resilience. This focus area aims to address fiscal, institutional, social and environmental risks caused by climate change in order to enable sustainable growth and poverty reduction (CPS, para 86). Under this focus area, there is an objective that aims to improve the management of climate risk and natural resources (CPS 2017-2021 pg. 52). According to the strategy several ongoing and new projects are to be implemented to meet this CPS objective.

**Country Development Priorities.** In 2010, the Government of Mozambique issued a report "The Economics of Adaptation to Climate Change", which drew the attention of policy makers to the cost of inaction on climate change in Mozambique. The Government prepared a Strategic Program for Climate Resilience, which was the foundation to create policy and institutional reforms across different sectors. Climate resilience plans were also introduced in the Government's poverty reduction and development agenda (PARP 2011-2014) and articulated in the Strategic Program for Climate Change. Thus, the objectives of the DPO also supported country development priorities.

**Previous Sector Experience.** Mozambique has been implementing projects to address climate change since at least 2012. These projects addressed the impact of climate change on different sectors including water resources, agricultural productivity, cities and social protection programs, and deforestation and forest degradation. (CPS 2012-2015, pg 40- 41; and CPS 2017-2021 pg 52, and ICR para 47d). The objective of the DPO, to build effective institutional and policy frameworks, complements and is consistent with current and previous work in the subject area.

Overall there was strong alignment of the program objectives with the country development priorities and strategy, and with the World Banks assistance strategy. In addition, the objectives build on prior and future sector analyses and experiences.

## Rating

High

## b. Relevance of Design

**Theory of Change** - The DPO had one broad objective with a focus on two pillars intended to lead to a range of results (outcomes and actions). The results framework in the program documents, however, had some gaps between inputs to final outcomes. For example, the theory of change could have been more clear about how national level policies or institutions affected or influenced sector level outcomes.

**Prior Actions** - For the first DPO, prior actions involved the approval of the legal and strategic policy framework to address climate change. The actions included: National Climate Change Adaptation Strategy, a Disaster Risk Management Bill, a strategic plan for the National Institute for Meteorology, the Strategic Plan for Agricultural Development (PEDSA), a National Productive Social Action Plan, and a Process for Development of a Wind Power Park. There is some ambivalence about the extent to which some of these conditions were truly prior conditions. For example, according to the Program Document for DPO1, PEDSA was a plan for the years 2010 to 2019 (paragraph 135) and hence inaugurated two years ahead of the DPO.



The prior actions for the second DPO involved the creation of institutions to operationalize the strategic policy frameworks. Key prior actions included: creating and establishing technical coordination units within different government departments and establishing sector specific action plans. It also involved creating the National System for Monitoring and Evaluation of Climate Change, as well as the Renewable Energy Feed-in-Tariff.

Finally, the prior actions for the third DPO were focused on ensuring that climate change efforts were mainstreamed into key aspects of selected sectors and included at a local level. Key prior actions included: the approval of local climate change adaptation plans, drafting climate change indicators into the new Government five-year plan, new protocols for Health Sector Preparedness, Climate Risk Screening requirements for Public Works, Housing and Water Resources.

**Timing** - The prior actions for DPO1 were timely. DPO1 was approved and became operational within six months of the prior actions being achieved. The prior actions for DPO2 were therefore also timely without major gaps between the achievement of prior actions and credit approval.

**Macroeconomic Framework** - There was an adequate macroeconomic framework in place at appraisal, including an appropriate treatment of macroeconomic risks and mitigating factors (PD 2012, pg 3). As noted already in this Review, Mozambique's macroeconomic framework was found in 2016 to have collapsed leading to the cancellation of DPO3 by the Bank even though the Government had achieved the prior actions and Bank appraisal of DPO3 was completed.

**Lending Instrument** - The rapid nature of the DPO instrument enabled the Government of Mozambique to bring together a policy and institutional climate change response that enabled a cross-sectorial approach, engagement with NGO and donor-supported initiatives (ICR, para 49).

**Rating**  
Substantial

## 4. Achievement of Objectives (Efficacy)

### Objective 1

#### Objective

To build effective institutional and policy frameworks for climate resilient development through:

- (i) Strengthening national policy and institutional frameworks for climate resilient planning

#### Rationale

#### Outputs

A series of national policies and institutional frameworks were established and strengthened as prior actions during the course of the DPOs 1 and 2, as well as during the proposed DPO3 which the Government



pursued without Bank financing.

A Climate Change Coordination Unit was also approved by Council of Ministers in April 2013. This unit helped coordinate the implementation of climate change policies across relevant government institutions and it became fully functional in 2014. This unit was responsible for coordinating the work of the Inter-Institutional Group for Climate Change, which aimed at addressing issues requiring coordinated and multi-sectoral approaches at the technical level. In 2015, the Government of Mozambique created a new Ministry of Land, Environment and Rural Development and established a Climate Change Department within this ministry, which housed the Climate Change Coordination unit (ICR, para 53). This unit was responsible for the creation of the first national M&E Framework for Climate Change, which was approved by the Council of Ministers (PID 2014, 21 and ICR, pg 29).

### **Outcomes**

Local Adaptation Plans (LAPs), which were a part of the National Climate Change Strategy (DPO1), were facilitated and monitored by the Climate Change Coordination Unit during PDO2. Creation of the LAPs required extensive community participation to assess vulnerabilities and adaptation options, including building capacity of local government officials (ICR, para. 86). By the end of DPO3, a total of 11 out of 50 districts had incorporated climate resilience measures from their local adaptation plans into their five-year district development plans. Thirty-nine local adaptation plans were also approved and awaiting financing over the course of the DPO (ICR, xxii-xxiii). Moreover, by the end of the project these 11 districts were already implementing activities (ICR, xxii). Some of the LAPs included a request for funds for conservation agriculture, water harvesting and barns for livestock, as well as coastal protection (World Bank task team).

The DPO met the target outlined in the National Climate Change Adaptation Mitigation Strategy to have 13 sectors report through the national climate change M&E framework (i.e. target of 13 was met). Sectors reporting through this mechanism included: land, environment, fisheries, roads, water resources, meteorological services, agriculture, social protection, gender, disaster risks, health environment, energy and finance.

Finally, climate change was also integrated into the national Five-Year Plan (2015-2019), which was approved by Parliament in April 2015. Key climate change priorities in this Plan included: promotion of green and blue economic development, improve early warning systems, promotion of conservation agriculture, and establishment of standards and criteria for climate resilient infrastructure. The Plan included indicators to monitor the roll-out of the local adaptation plans which were associated with community awareness of climate change and disaster risks in vulnerable areas (ICR, para 55).

The efficacy of the pillar aimed at "strengthening national policy and institutional frameworks for climate resilient planning" is rated substantial.

**Rating**  
Substantial



## **Objective 2**

### **Objective**

To build effective institutional and policy frameworks for climate resilient development through

(ii) Strengthening climate resilience in sectors.

### **Rationale**

The Program also focused on strengthening climate resilience in four key sectors: agriculture, human development (health and social protection), infrastructure (roads and energy), and disaster risk management and hydrometeorology.

#### **1 . Conservation Agriculture**

##### **Outputs**

The National Agricultural Strategy integrated climate resilient crops into its investment plans, including budgeted programs to expand conservation agriculture (DPO1). The National Directorate for Agricultural Extension, a unit that addresses climate resilient agriculture, was also strengthened through the DPO2. In addition, the following policy reform or infrastructure actions were taken:

- Implementation of New Action Plan for Climate Smart Agriculture to scale up climate resilient agriculture in small holding farming
- Reforms processes and internal discussion within the Ministry of Agriculture and Food Security
- Removal of key constraints in order to implement the Unified Extension Service Policy
- Establishing a New Technology and Climate Change Unit to transfer technology to farmers
- Incentive structure to support performance based service careers development were set up during DPO 3 (ICR, para 57b, pg 30 and xxiv)

##### **Outcome**

The ICR stated that these initiatives contributed to 41,015 farmers adopting conservation agriculture across ten provinces (original target: 32,000; target met). Some of the practices that these farmers are undertaking include zero tillage, use of drought tolerant seeds, and improved soil and moisture management (PD 2014, para 60). The Ministry of Agriculture was responsible for setting the target, developing the baseline, and for scaling up performance (World Bank task team).

#### **2. Human Development (health and social protection)**

##### **Outputs**

The DPO leveraged work on human development by other Bank-assisted projects by supporting the integration of climate risks into the National Social Protection Program and the National Health Strategy (DPO1). A training program for field staff was also implemented to incorporate climate risks into social programs. The new National Health Strategy includes: measures to address severe and long-term climate





risks, developed protocols for health sector preparedness, and respond to extreme weather events (DPO3). While the protocols have been approved, they have yet to be tested and implemented (ICR, pg xxvi). The new national Health Strategy also identified priority areas for a new Environmental Health Action Plan (ICR, para 57a).

### **Outcome**

As a result of the DPOs focus on the human development sector, a targeting system was developed to registered individuals living in vulnerable areas that could experience severe floods and droughts. The National Social Protection Program has registered over 50,000 beneficiaries (ICR, para 57a). The National Social Protection Program provides eligible households and social protection beneficiaries with a payment system in times of stress (ICR pg. xv and World Bank task team). The goal of the program was to boost climate change resilience through social payment for work (World Bank task team). According to an INE household survey data, at least 10,000 households in vulnerable districts were supported through the National Productive Social Action Program (ICR, pg. xx).

## **3. Infrastructure (Road Sector, and Energy Sector)**

### **Road Sector**

#### **Outputs**

The National Administration of Roads was established and its capacity strengthened to promote climate resilience. This unit is fully operational and has focused on the reconstruction of rural roads damaged by floods that took place in 2013. It undertook a climate risk assessment of road networks and is in the process of preparing a climate resilient road standard scheduled to be completed in 2018 (ICR, para 57c).

#### **Outcome**

A National Institute of Statistics household survey estimated that 10,000 households in climate vulnerable districts benefited from public works activities (i.e. target met, see ICR, pg xxv). Two out of the four classified road projects were tested against the new climate risk screen road tool (ICR, xxvii).

### **Energy Sector**

#### **Outputs**

A Renewable Energy Feed-in-Tariff mechanism was established by the Council of Ministers and approved for implementation by several key Ministries. This mechanism sets a tariff ceiling for different renewable energy technologies (DPO1 and DPO2). Regulations and energy efficient measures were established in the plans for DPO3. Financing agreements are underway to establish wind power park and solar energy projects. (ICR, para 57d).

**Outcome-** The ICR reported that 104 MW of additional renewable energy is now available via hydro, solar and biomass sources according to the National Energy Fund Reports (Baseline: 0, Target 45 MW; Target met) (ICR, xxxviii and pg 32). In addition, over 50,000 standard light bulbs have been replaced by compact fluorescent lamps (ICR, para 57d).





#### 4. Disaster Risk Management and Hydrometeorology

##### Outputs

The DPO enabled the enactment of the Disaster Risk Management law which supported (i) the preparation and implementation of regulations including a revision of the statutes of the National Emergency Operations Center, and (ii) the approval of the National Meteorological Institute strategic and organizational structure (DPO1). There was also an improvement of flood risk modeling through the development of digital elevation models in key vulnerable areas of Mozambique. The DPO 2 supported the establishment of three regional meteorological centers to create regional forecasts (ICR, para and pg 29).

##### Outcome

The DPO aimed to have daily meteorological forecasts delivered to farmers and fishermen in Gaza and Inhambane Provinces by the National Meteorological Institute. While general daily forecasts are available to all users, they were "not yet specifically delivered to farmers and fishermen". At the time of the project closing, a working group was addressing how best to tailor the forecasts to farmers and fishermen in Gaza and Inhambane provinces (ICR xxiv).

The efficacy of the pillar aimed at "strengthening climate resilience in sectors" is rated modest.

**Rating**  
Modest

#### 5. Outcome

Overall there was a high degree of alignment of the program's objective with the country context, strategy, and Government development priorities. The objective built on the analysis of prior and expected future sector experience. The relevance of the three Climate Change Development Operations to the program of the was high.

The results framework in the program document had some gaps, but the prior actions were coherent. Prior actions throughout the series were timely, although it was not clear in the ICR that all prior conditions involved additional policies. While Mozambique presented an adequate macroeconomic framework at appraisal, along with appropriate provisions for addressing macroeconomic risks, the collapse of the macroeconomic framework in April 2016 forestalled Bank financial support for DPO3. Nevertheless, the Government financed the implementation of DPO3. The overall relevance of the design for the series was assessed to be substantial.

The rapid nature of the DPO instrument enabled the Government of Mozambique to strengthen policy and institutional arrangements for a response to anticipated climate change using a cross-sectoral approach, engagement with NGO, and complementary donor-supported initiatives.



The DPO strengthened national policy and institutional frameworks, which enabled the inclusion of climate change initiatives into Local Adaptation Plans (LAPs) at the district level. The achievement of the LAPs can be attributed to the program. Even though implementation of the LAPs require additional funding, it was a substantial contribution to the expected achievement of the objective. While results at the sector level were not always apparent during the program's short implementation period, according to the ICR the program made substantial contributions to improving conservation agriculture and climate change resilience through the National Social Protection Program. Based on the information in the ICR there were only moderate achievements in the areas of climate change resilient road design, renewable energy, and meteorological forecasts during the program period, but there is evidence to suggest that the country is well placed to institute the institutional framework on future investments.

On balance, there were minor shortcomings in the achievements of the program if one takes into account the strengthened policy and institutional frameworks established during the program period which are expected to pay dividends by reducing the negative impact of climate change on Mozambique's economic and social development in the future. Therefore, the overall outcome of the program has been rated satisfactory.

**a. Outcome Rating**  
Satisfactory

## 6. Rationale for Risk to Development Outcome Rating

**Macro-economic Risk and Financial Risks:** The slowdown in the Mozambique economy due to the debt crisis, and the overall fiscal tightening posed a high risk to the sustainability of outcomes from this project. The project implementation already slowed down after the debt crisis and when Bank support for the DPO3 was cancelled. With a tightening budget and competing priorities, some of the climate change priorities may not be implemented. As the ICR states, it is clearly a very difficult time to expect continued support for the implementation of policy reform to address climate change. This is particularly critical for hydro-meteorological services, road infrastructure, and environmental health where advances were made but resources are needed to complete the work (ICR para 70).

**Technical Risks:** According to the ICR, while there was improved capacity of public administration, lack of budgetary resources could limit the pace and deepening of reforms (ICR, para 71). This Risk could be potentially mitigated through other technical assistance provided through bi-lateral donors and the Bank (ICR, para 71).

**Institutional Arrangements and Governance:** Strong progress has been made to ensure that work continues on cross-cutting issues by setting up coordinating units and inter-institutional groups within critical departments to address climate change, including the Inter-Institutional Group for Climate Change. When the project closed the program already experienced staff turnover after the Coordination Unit was moved from the National Council for Sustainable Development to the Ministry for Coordination of Environmental Affairs. The risk of staff turnover combined with the technical risks outlined above pose a threat to the sustainability of the program's



outcomes.

**Institutional Support, Environmental and Social Risks:** A Strategic Environmental Assessment (SEA) concluded that environmental and social risks for these reforms were moderate. That said, climate change and severe weather-related events in the short term could absorb limited Government financial resources and delay implementation of further long-term climate resilience policies and institutional frameworks (ICR, para 74).

**a. Risk to Development Outcome Rating**

Substantial

## 7. Assessment of Bank Performance

**a. Quality-at-Entry**

The Bank made significant contributions to the climate change reform agenda in Mozambique prior to DPO1, namely through the National Strategic Program for Climate Resilience (SPCR). It supported the Government of Mozambique in identifying climate change as a key environment priority and through consultative processes to develop a national strategy (ICR, para 10 and 75). In addition, prior to the DPO, several studies were commissioned on: the Economics of Adaptation, a Strategic Environmental Assessment and a Poverty and Social Impact Assessment of the proposed policy actions. The Bank leveraged the Climate Change Technical Assistance Project (CCTAP) to provide support to the government in design and content of policy actions.

The results framework for the DPO had some gaps in the results chain between national level policy change and sectoral level activity. Changes to indicators were made throughout the program because of emerging and insufficient institutional capacity, technical feasibility, and Government reorganization (ICR, para 75 and 76). The project team could have anticipated that some of the outcome indicators were too ambitious at the design stage.

**Quality-at-Entry Rating**

Satisfactory

**b. Quality of supervision**

According to the ICR and IEG interviews with the Bank's task team, the Bank office in Mozambique worked closely with the Government of Mozambique by monitoring the program's implementation and the progress towards achieving policy and institutional reforms (ICR, para 77 and Staff Interview). There were eight formal supervision missions which were well documented in Aid-Memories and management letters to the Government (ICR, para 77). The Bank participated in coordinating meetings with other bilateral donors and the Government as it related to climate change.

The Bank's task team leader (TTL) was based in Madagascar and the co-TTL was in Maputo. Bank staff played a role in coordinating meetings and ensuring that sectoral level work received timely attention and approval by the Minister of Finance and Cabinet (Bank task team). IEG was also advised by the Bank task



team that it worked closely with other Bank colleagues implementing technical assistance programs that related to or complemented climate change initiatives.

As noted already, at the end of DPO2, the implementation of the program slowed down. The Government restructured and moved the Climate Change Coordinating Unit to a newly created Ministry of Land, Environment and Rural Development (MITADER). As a result, some of the staff in the Coordinating Unit did not move into the MITADER and found other employment (ICR, para 78). The transition of the Climate Change Coordinating Unit into a newly created Ministry, coincided with macroeconomic crisis in April 2016 which interrupted budget support and the ultimate cancellation of the Bank's financial support for DPO3.

### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Satisfactory

## **8. Assessment of Borrower Performance**

### **a. Government Performance**

The highest level of the Government of Mozambique and the Council of Ministers were involved in critical policy actions of the program. This is an indication of the Government's commitment to the policy reform. As the ICR indicates, the Government of Mozambique demonstrated strong leadership during the development of the policy program by facilitating an inclusive consultative process among ministries and non-governmental stakeholders, and with development partners, on the policy actions before their approval (paras 24 and 80).

In April 2016, a serious deterioration in Mozambique's macroeconomic framework led to the cancelation of Bank support for the third and last operation in the DPO series. At that time, it emerged that Mozambique had contracted previously undisclosed loans in non-concessional debt between 2009 and 2014 by issuing guarantees to state-controlled companies and through direct borrowing from bilateral lenders. This debt had not been previously disclosed to the World Bank and the International Monetary Fund (ICR para 29).

Despite the Government's support for actions to address climate change, the collapse of the macroeconomic framework was an important influencing factor on Government performance because it was a contractual precondition in the Financing Agreement.

Furthermore, momentum of Program implementation slowed as policy makers had to divert attention to impacted fiscal space and department budget allocation (ICR, para 31). Therefore, the macroeconomic situation does affect Government performance rating.

### **Government Performance Rating**

Moderately Unsatisfactory



## **b. Implementing Agency Performance**

The implementing partner and arrangements were largely the same throughout the program, the coordination role was played by the Climate Change Coordination Unit (UMC) which was within CONDES which reported to the Prime Minister's Office (ICR, para 30). This unit was responsible for: (i) day-to-day coordination, monitoring, and reporting on the implementation of the Climate Change Strategy and the policy reform program; (ii) further strengthening the capacity to promote mainstreaming of climate resilience across the government program; and (iii) coordinating the existing inter-ministerial group on climate change (GIIMC) which meet regularly to address issues requiring coordination and multi-sectoral approaches at the technical level (ICR, para 34).

According to the ICR, the MEF and the MITADER provided strong and consistent leadership throughout the DPO program (ICR, para 80). These ministries worked together with other sector ministries in developing and agreeing the proposed prior actions, triggers and milestones. (ICR, para 80).

Furthermore, at least eight other ministries and many district governments were involved in the delivering policy actions within their own sectors and achieving sectoral-level indicators.

Even though the third DPO was cancelled, the ICR argues that sustained engagement and consistency helped to ensure that there were no significant changes in the DPO series design or content, and that implementation progress was steady and significant overall albeit slower in some areas (para 30).

### **Implementing Agency Performance Rating**

Satisfactory

### **Overall Borrower Performance Rating**

Moderately Satisfactory

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

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

The DPO program policy matrix and results framework and the M&E Design for the DPO listed indicators for each of the objectives and in key sector area. The original indicators were ambitious and were consequently modified throughout the implementation of the series due to issues such as measurability and institutional capacity.

Indicators were also dropped due to slow implementation progress. For example, the ICR states that the third program indicator for DPO1 ("Number of municipalities adopting specific climate action in the Disaster Risk Management Master Plan" was dropped during the preparation of DPO2 because of slow implementation progress (ICR para 43). This was a sign of flaws in the M&E framework and program design, and/or unrealistic expectations.

The results framework in the Program Document indicates which ministry was responsible for collecting the



data, and it includes baseline data . For example, the results framework included mandatory annual reporting by the Ministry for Coordination of Environmental Affairs (MICOA) to the Cabinet to assess the implementation and impacts of the climate change strategy.

Overall, the Ministry of Planning and Development (now Ministry of Economy and Finance) was responsible for working with sectoral focal points and it coordinated and consolidated the process to present the M&E report to the Council of Ministers (ICR, para 41). This set up, along with the work conducted by the Climate Change Coordinator Unit, embedded the M&E system institutionally within the government. Studies and collection of data were also conducted by the National Institute of Statistics.

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

Monitoring and Evaluation of Climate Change DPO involved conducting baseline surveys and collecting data on indicators. Having a centralized unit enabled the consolidation of data across several ministries in order to report on the progress of the DPO on a regular basis (ICR, para 44).

The M&E system that was developed went through some changes and modification. For instance, it started with 13 key indicators but overtime it expanded to include all areas of the climate change strategy. According to the ICR the M&E system also faced operational challenges, including: capacity for data gathering and storing at sub-national level (ICR para 45). In order to formalize protocols, collect data at the district level, and improve staff capacity, the M&E framework was in need of further technical and human capacity (ICR, para 45). These challenges may hinder the sustainability of the long-term implementation of the M&E system, however the ICR points out that there are bilateral donors willing to provide support to improve the system (para 45).

Overall, the ICR presents evidence that there was ownership of M&E processes by various Ministries.

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

Setting up the M&E system was an integral part of the program. The first annual report utilizing data from the M&E system was written in 2015 and published 2017. That said, given the short duration of the two completed operations, the M&E system focused on monitoring. There was no opportunity to amend the program in response to monitoring data or conduct an evaluation of the results.

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

Substantial

## **10. Other Issues**

### **a. Environmental and Social Effects**



A rapid Poverty and Social Impact Analysis (PSIA) was conducted in the lead up to the second DPO. This study was used to make recommendations for adjustments on the policy actions to strengthen the DPOs contribution to the Governments poverty reduction strategy. The PSIA also reported that climate disaster related shocks have longer term consequences for the poor and vulnerable - especially female headed households. The DPO strengthened the National Climate Change Adaptation and Mitigation action plan by including provisions for more access by women to local institutions and to decisions regarding climate change policy (ICR, para 65). The ICR does not, however, include information about which provisions were introduced to include more women.

A Strategic Environmental Assessment (SEA) was also conducted in 2013 and updated in 2015. This assessment, along with the PSIA, helped identify DPOs sectors, policy and institutional actions, and risk and mitigation measures (ICR, para 39)

These two assessments concluded that potential environmental and social risks associated with the DPO series were moderate, although climate disaster events posed a continuous threat to Mozambique (ICR, para 74).

## **b. Fiduciary Compliance**

The Program Documents for the first DPO identified that Mozambique's financial management system was considered adequate (PD for DPO1, para 122). At the same time, the program document also highlighted the potential macroeconomic risks, including deterioration of the global economy, potential deterioration of terms of trade, reduction of FDI, and potential reduction of donor disbursements (PD for DPO1, para 128).

The Program Documents for the second DPO state that macroeconomic risks could be moderate (PD for DPO2, para 99). Potential scenarios included: worsening current account deficits, risking external debt, or unexpected external shock (PD for DPO2, para 99).

Due to serious shortfalls in Mozambique's macroeconomic framework (because of non-disclosure of non-concessional loans) financing by the Bank of the third DPO was cancelled.

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

Several development partners provided technical assistance programs to the Government of Mozambique on specific climate change related policy reforms. The DPO enabled an opportunity for these donors to come together and work with the Government of Mozambique not only on issues related to climate change but also overall reform programs (ICR, para 11).

Similarly, this DPO series provided a platform for various government ministries and institutions to work together.





d. Other

None

## 11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	---
Risk to Development Outcome	Substantial	Substantial	---
Bank Performance	Satisfactory	Satisfactory	---
Borrower Performance	Moderately Satisfactory	Moderately Satisfactory	---
Quality of ICR		Substantial	---

### Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

## 12. Lessons

The following three lessons learned which had general applicability beyond this project were, with some editing, derived from the ICR:

- 1. Progress on climate change-related policy and institutional reforms requires effective inter-sectoral coordination and dialogue because climate change affects many sectors.** For example, in Mozambique, building upon the coordination functions of Ministry of Planning and Development and Ministry of Environmental Affairs, the preparation of the National Strategy for Adaptation and Mitigation to Climate Change strategy marked a significant shift and provided the initial platform for inter ministerial collaboration (ICR, para 84).
- 2. High level engagement with the government, supported by strategic and targeted technical assistance, is essential to achieving reforms on climate change.** While the World Bank had given technical assistance to various sectors in Mozambique, engaging with the Ministry of Planning and Development and the Council of Ministers ensured that climate change policy reforms was a "priority development issue" (ICR, para 85). Moreover, having a coordinating body helped ensure that sector-level climate change priorities were discussed and resolved by the Council of Ministers (Bank task team).
- 3. To ensure sustainability of reforms climate resilience needs to be mainstreamed into sector strategies and be reflected in actual budget.** For example, policy actions strengthening the extension



service to promote the uptake by farmers of conservation agriculture. This led to a new risk management capacity within the crop production department, and the opening of the extension service to the private sector for services, related to conservation agriculture (ICR, para 88)

### **13. Assessment Recommended?**

No

### **14. Comments on Quality of ICR**

The ICR was well written, although at times repetitive. Sections that were refreshingly candid included Risk and Mitigation and changes in design in Section 1.3. There were some inconsistencies between the narrative in the text and the content of Table 5 which presented a Summary of Actions of the DPO series. More analysis and detail would have been useful in the ICR particularly as it related to Achievement of Program Development Objectives, the Bank's performance, and M&E utilization. The section on lessons learned was thought provoking, evidence-based, and for the most part potentially relevant to other development policy operations concerning climate change.

#### **a. Quality of ICR Rating**

Substantial