



<b>1. Project Data:</b>		<b>Date Posted :</b> 03/11/2004	
<b>PROJ ID:</b> P001804		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Mozambique 2nd Roads and Coastal Shipping Project.	<b>Project Costs (US\$M)</b>	814.6	776.3
<b>Country:</b> Mozambique	<b>Loan/Credit (US\$M)</b>	188.0	186.3
<b>Sector(s):</b> Board: TR - Roads and highways (93%), Central government administration (4%), Sub-national government administration (3%)	<b>Cofinancing (US\$M)</b>	457.6	413.2
<b>L/C Number:</b> C2599			
	<b>Board Approval (FY)</b>		94
<b>Partners involved :</b> KDF, AfDB, US AID, BEDEA, EU, CFD/RSA, KfW	<b>Closing Date</b>	06/30/2001	06/30/2003

<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
Peter Nigel Freeman	John R. Heath	Alain A. Barbu	OEDST

**2. Project Objectives and Components**

**a. Objectives**

The primary objective of the project is to contribute to the restoration of economic growth through (i) improving road transport and protecting selected past road investments by rehabilitating priority roads and eliminating much of the huge backlog of deferred maintenance as well as resuming regular maintenance activities; and (ii) further strengthening the capacity of the road sector, by continuing the regulatory reform and institution building initiated under the previous Roads and Coastal Shipping Project, to ensure effective planning and monitoring by the government and the development of private sector contractors and operators, to a large extent through on-the-job-activities.

A goal of restoring 85% of the paved network and 60% of the unpaved network to good or fair condition was informally added later.

**b. Components**

Civil Works Program. US\$ 750.6m expected (US\$ 699.8m actual) comprising:

- (i) Emergency rehabilitation or "backlogged" maintenance of about 11,700 km of mainly unpaved roads, about 3,200 m of Bailey bridges and a road signing program in all 10 provinces.
- (ii) Rehabilitation of about 3,450 km of priority trunk roads.
- (iii) Labor based construction of about 3,250 km of feeder roads, and,
- (iv) Routine and periodic maintenance of that portion of the network that was in good or fair condition .

Engineering Services. US\$ 50.1m expected (US\$ 38.4m actual) such as detailed feasibility studies, design studies and supervision of civil works in support of the project .

The Continuation of the Roads and Coastal Shipping (ROCS)1 Institution Building Program. US\$ 13.9m expected (US\$ 38.1m actual) including the extension of limited technical assistance originally included in ROCS 1, assistance to the local road contracting industry, and short term assistance in engineering, policy and management issues and logistical support to the National Directorate of Roads and Bridges (DNEP) and the Provincial Department of Roads and Bridges (DEP), including office equipment, vehicles, laboratory equipment and housing .

**c. Comments on Project Cost, Financing and Dates**

The original objectives of the project remained unchanged, but over the implementation period the Credit Agreement was amended five times to accommodate the challenges the government faced in meeting its counterpart funds, to allow carrying out of emergency repairs, ( due to the extreme floods of 2000 and 2001), and to changes in the closing date to allow time for the completion of ongoing works . The existence of the ROCS Program allowed for greater flexibility and responsiveness to the emergency situation .

**3. Achievement of Relevant Objectives:**

--

#### Objective (i) (Achieved)

Key performance indicators show that targets were substantially achieved . The share of good and fair roads in the total network which was 10% at appraisal, was 56% at ICR, close to the appraisal target of 60%, while for the paved roads portion 78% of the paved road network was in good or fair condition compared to a target of 85%. The project has helped to remove bottlenecks particularly for agricultural production and distribution . GDP and exports have grown and the high rate of growth in transport construction has contributed to the overall positive picture . Job opportunities (both male and female) in the labor-based portion of the works in particular have benefitted from the expansion of this component thus directly contributing to the direct alleviation of poverty .

#### Objective (ii) (Achieved)

A Road Agency (ANE) and a Road Fund have been established with autonomous Boards . Capacity to manage the sector and sustain gains from the investments is much more assured . Some 100 road engineers were trained under the ROCS Program and 41 were eventually employed by the ANE . A competitive local road construction industry is emerging and a local contractor's association has been formed with over 50 members. The Road Fund will ensure that there is a continuous funding stream to partly sustain this initiative . Many new systems have been put in place to assist with planning and monitoring the future road network staffed partly by the influx of young engineers . There has been a strong emphasis on training and capacity building . 2,500 persons received training .

#### 4. Significant Outcomes/Impacts:

- Resumption of regular transport services to formerly inaccessible areas has occurred . Land mines have been removed and the vehicle fleet (and hence traffic growth) over the past decade has substantially increased from 13,000 to over 200,000 vehicles. On average, travel times have halved for road users . An ERR of 18% was calculated in the ICR. While this is much lower than the 45% calculated at SAR, it is still reasonably good and there are strong indications that the SAR estimation was inaccurate as much of the data input had to be guessed because there was very little information .
- HIV/AIDS, social, gender and environmental issues emerged as a major concern . This was addressed through the establishment of a Social Unit which has produced a comprehensive action plan . The Unit has developed AIDS awareness and information activities and this work is now ongoing in a follow -on project.
- Work to the value of US\$ 168m was assigned to local contractors for road maintenance works and feeder roads .
- The project financed several critical studies which will be invaluable for future planning and operations . The Bank assisted ANE to set up a research and development unit to identify alternative local materials for road construction, since the lack of adequate materials in some areas is a serious problem .

#### 5. Significant Shortcomings (including non-compliance with safeguard policies):

- Some delays were experienced by cofinanciers who utilized the Banco de Mozambique to validate direct disbursements to contractors, However, this additional level of bureaucracy led to delays in payments . ANE has indicated that in future it will encourage funding agencies to use the special bank account system as used by IDA or alternatively to make direct payments into the Road Fund .

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	

NOTE: ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

#### 7. Lessons of Broad Applicability:

- When expanding capacity to support major infrastructure development, there should be a balanced expansion of professionals so that the focus is not just on providing engineers, but also persons with economics, statistics, administrative and other skills .
- Where a Road Agency and Road Fund have been established it is preferable to ensure that fuel levies and user charges flow directly to the Fund, rather than first through a government ministry, since this facilitates timely payment .

#### 8. Assessment Recommended? Yes No

**Why?** This is a good example of a well-managed, large and complex project which had to adapt to exogenous shocks (floods). Institutional reforms have been successful to date including the establishment of a Road Agency and separate Road Fund. This is a good example of where lessons from OED on previous projects have been incorporated into the project design .

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

A minor criticism is that the ERR sample results in the ICR economic analysis are only comparable with part of the

SAR results. The SAR economic analysis was, however, largely guesswork because of the lack of data; in this case other more useful indicators, both of an impact and output nature are available to demonstrate a positive outcome . In the ICR Annex 2 the appraisal cost figures in the first table are inconsistent with those in the text .